



UNIVERSITY OF GOTHENBURG  
SCHOOL OF BUSINESS, ECONOMICS AND LAW

# A Must or a Will?

*A study of the motives behind fashion retailers' engagement in welfare projects  
in Bangladesh*

**Department of Business Administration**

International Business

Bachelor Thesis

Spring 2020

**Authors**

Iris Ekman 970802

Karin Lindqvist 961231

**Tutor**

Dr. Richard Nakamura

## Abstract

Fashion retailers operate in an industry characterized by outsourced production in countries with poor living and working conditions. The low control that consequently follows, is a challenge for fashion retailers to handle. In the past decade, awareness of the prevailing circumstances in the production countries has increased. Engaging in local welfare projects has thus become a common response to mitigate negative outcomes and contribute to development in local communities affected by production. This thesis aims to investigate the motives behind why fashion retailers engage in welfare projects in Bangladesh, one of the world's largest readymade garment (RMG) exporters, by examining KappAhl, Lindex, and Bik Bok. The thesis was conducted through a qualitative approach, using both primary and secondary data to provide a holistic view of the situation. The conclusion is that the motives for implementing CSR practices can be traced back to external push factors and internal pull factors. Push factors are of results of societal pressure due to poor conditions and inadequate enforcement of codes of conduct in producing countries. By transparently engaging in welfare projects, corporations can accommodate societal pressure, gain legitimacy and improve corporate reputation at once. Pull factors are corporate desires to create value for the fashion retailers' stakeholders by giving back to local communities affected by their production, and moreover create value for customers and employees. An additional motive is that it increases efficiency and creates goodwill for the company itself. Push and pull factors thus motivates fashion retailers to engage in welfare projects, as it is a tool to meet societal demands, gain legitimacy, improve corporate reputation, and create value for stakeholders - simultaneously.

*Keywords: Fashion industry, CSR, welfare projects, push factors, pull factors.*

## Acknowledgment

*Completing this study has been a long but rewarding journey, which would not have been possible without our supervisor, Dr. Richard Nakamura. You have given invaluable feedback and supported us throughout this process.*

*Thank you!*

## Definition List

**Code of conduct:** *A set of rules outlining how corporations conduct business in an ethically, socially and environmentally sustainable manner.*

**CSR:** *Corporate social responsibility, a concept encompassing corporate responsibility within three main fields; environmental, social, and economic development.*

**Goodwill:** *Intangible asset which can be increased from an improved brand reputation.*

**Legitimacy:** *An attribute attained by conforming to recognized societal norms, values, and ethics.*

**NGO:** *Non-governmental organization, an organization that is independent of governmental involvement.*

**Outsourcing:** *The practice of obtaining products or services from a third-party provider, which is not owned or employed by the company.*

**RMG industry:** *Readymade garment industry, the textile sector which produces standardized garments, as opposed to tailor-made garments.*

**Stakeholder:** *Anyone who can have an impact on a company or anyone of whom the company may have an impact upon, directly or indirectly.*

**Supply chain:** *The sequence of activities involved in the production and distribution of products.*

**Welfare/CSR projects:** *Temporary investments in programs with the intention to improve problematic conditions for individuals, families, or communities.*

**Push factors:** *External factors that motivate companies to implement CSR.*

**Pull factors:** *Internal factors that motivate companies, of own will, to implement CSR.*

## Table of Content

<b>1 Introduction</b>	<b>9</b>
1.1 Background	9
1.2 Problem Discussion	11
1.2.1 Research question	12
1.3 Delimitations	12
<b>2 Theory</b>	<b>14</b>
2.1 Theoretical Frameworks	14
2.1.1 Stakeholder theory	14
2.1.2 Legitimacy theory	16
2.1.3 CSR	17
2.1.3.1 Definition of CSR	17
2.1.3.2 The CSR pyramid	18
2.2 Literature Review	21
2.2.1 Outsourcing in the fashion industry	21
2.2.2 Societal monitoring of the fashion industry	22
2.2.3 Deficiencies of codes of conducts	23
2.2.4 Welfare projects	24
2.3 Conceptual Analysis Model	25
<b>3 Methodology</b>	<b>27</b>
3.1 Research Approach	27
3.2 Study Design	28
3.3 Research Process	29
3.4 Data Collection	30
3.4.1 Primary data	30
3.4.2 Secondary data	31
3.5 Analysis Method	32
3.6 Quality of Study	33
3.6.1 Credibility	33
3.6.2 Transferability	34
3.6.3 Dependability	35
3.6.4 Confirmability	36
<b>4 Empirics</b>	<b>37</b>
4.1 The RMG Industry in Bangladesh	37
4.2 Introduction - KappAhl, Lindex and Bik Bok	38
4.2.1 KappAhl	38
4.2.2 Lindex	39

4.2.3 Bik Bok	39
4.2.4 Summary	39
4.3 Fashion Retailers' CSR Projects	39
4.3.1 KappAhl	40
4.3.1.1 Background and start-up	40
4.3.1.2 The training center	40
4.3.1.3 Results in Bangladesh	41
4.3.1.4 Results for KappAhl	42
4.3.2 Lindex	42
4.3.2.1 Background and start-up	42
4.3.2.2 WE Women	43
4.3.2.3 HERproject	44
4.3.2.3.1 HERhealth	44
4.3.2.3.2 HERfinance Wage Digitalization	44
4.3.2.4 Results of HERproject	45
4.3.3 Bik Bok	46
4.3.3.1 Background and start-up	46
4.3.3.2 The Bangladesh project	46
<b>5 Analysis</b>	<b>48</b>
5.1 Push Factors - Societal Pressure	48
5.1.1 Deficiencies of codes of conduct	48
5.1.2 Gender inequality in the Bangladesh RMG industry	50
5.1.3 Corporate reputation	50
5.2 Pull Factors - Value Creation	52
5.2.1 Value creation for suppliers	52
5.2.2 Long-term value creation for suppliers	52
5.2.3 Value creation for customers	53
5.2.4 Value creation for employees	54
5.2.5 Value creation for the company	54
5.3 CSR Implementation - Welfare Projects	56
5.3.1 Codes of conduct versus welfare projects	56
5.3.3 Implications of engagement in CSR projects in the fashion industry	57
5.4 Summary of Analysis	58
5.5 Limitations of the Study	58
<b>6 Conclusion</b>	<b>59</b>
6.1 Push Factors	59
6.2 Pull Factors	59
6.3 Implications of Welfare projects as CSR practice	60
6.4 The CSR Diamond	60

	8
6.4.1 Explanation of the CSR diamond	61
6.5 Implications	61
6.5.1 Managerial implications	62
6.5.2 Theoretical implications	63
6.5.3 Suggestion for future research	63
<b>7 Literature list</b>	<b>65</b>
<b>8 Appendix</b>	<b>76</b>
8.1 Interview Guide	76



## **1 Introduction**

Over the past century, awareness of the corporate impact on society and the planet has increased. This is something companies, especially within the labor-intensive fashion industry, have had to take into account while operating in foreign countries (Edward Freeman, Harrison, Wicks, Parmar & de Colle 2010). As a consequence, implementing corporate social responsibility (CSR) in business models has gained importance in recent years (Wang, Tong, Takeuchi & George 2016). Castellani, Narula, Nguyen, Surdu, and Walker (2018 p. 17) describe CSR as ‘the continuing commitment by business to behave ethically and contribute to economic development by improving the quality of life of the workforce and their families as well as of the local community and society at large’. As the fashion industry has grown significantly in recent decades, Bangladesh is one of the countries which has developed its fashion production, and is today one of the world's largest RMG exporters. Although it has certainly strengthened the economy of the country, the fact remains that Bangladesh is one of the world's poorest countries with an exposed population and poor conditions (Ahmed, Rifat, Nisha & Uddin 2015). Touching on this subject, this thesis will further examine the motives why fashion retailers engage in local welfare projects located in Bangladesh by investigating the CSR projects of Bik Bok, KappAhl, and Lindex.

### **1.1 Background**

Through the majority of history, Sweden has had a domestic textile- and garment-production, and been relatively self-sufficient within clothing production (Gråbacke 2019). This changed at the beginning of the 1960s, when world trade increased at a rapid pace, introducing international competition to the Swedish garment producers (Schön 2014). The Swedish industry was met with international competition from developing countries, that had the ability to push down wages more than the Swedish RMG industry. As a labor-intensive industry, outsourcing production to these parts of the world enabled Swedish fashion retailers to reach cheaper prices (Dicken 2015). As a consequence, the vast majority of the domestic

RMG production became internationally outsourced, and as of today this is still the case. The change to internationally sourced production reshaped the characteristics of the supply chain, bringing with it challenges of a different nature. The degree of control over production decreased significantly, due to a lack of ownership of the factories (Stentoft et al. 2015). Differences in social and economic standards between countries, as well as prevalent exploitation of human resources, led to a wave of scandals and criticism. Today, problems are still severe, and this way of working has led to society questioning the fashion industry and its way of production (Schön 2014).

One of the countries fashion retailers source large portions of their production from is Bangladesh. In line with a growing fashion industry, the RMG production has taken off in Bangladesh at a fast pace. The production is mainly devoted to exports, and the RMG industry today stands for the vast majority of Bangladesh's exports (Wieland & Handfield 2013). Consequently, the economy in Bangladesh has grown at a rapid pace and the employment rate in the country has greatly increased. Although, Khosla (2009) argues that social development has not improved at the same pace as economic development. Gender inequality issues and poor working conditions are prominent in the Bangladesh RMG industry (Anner, Bair & Blasi 2013). Moreover, women make up for a vast majority of the workforce and represent a vulnerable group in the Bangladesh society Khosla (2009). Thus, there is a widespread pressure on the fashion industry to review their impact on stakeholders in local communities through implementing CSR initiatives in their business models (Castellani et al. 2018). To mitigate shortcomings related to these matters, codes of conduct have been put into place but, have nonetheless proved to be an insufficient CSR tool to reach satisfactory results. Thus, CSR projects have become a supplementing approach to achieve positive outcomes in local communities (Castellani et al. 2018). This new way of implementing CSR has brought up the question of what motivates fashion retailers to invest resources in these kinds of projects.

## 1.2 Problem Discussion

CSR is a broad concept that encompasses several aspects within different markets, industries, countries, and areas. An immense amount of research has been done within the field of CSR in the fashion industry, due to its nature of labor-intensive production and historical exploitation of human resources. Codes of conduct, governance of suppliers and enforcement of regulations has been widely studied in academics (e.g. *'Governance of Sustainable Supply Chains in the Fast Fashion Industry'* 2014, *'From Resistance to Opportunity-Seeking: Strategic Responses to Institutional Pressures for Corporate Social Responsibility in the Nordic Fashion Industry'* 2014 and *'Conceptual framework development: CSR implementation in fashion supply chains'*2013). Moreover, the fashion industry is heavily monitored by media, which constantly examines the conditions of fashion retailers' supply chains. The situation illustrated shows severe shortcomings in many aspects of the fashion industry's supply chains, and indicates an unsustainable way of working with suppliers (Anner, Bair & Blasi 2013; Stentoft, Mikkelsen & Johnsen 2015).

Fashion retailers' involvement in local welfare projects is a relatively new CSR concept in the fashion industry, and today many of the bigger retailers in the industry work with local welfare projects as part of their CSR initiatives (Castellani et al. 2018). As a consequence, the initiation of welfare projects has been increasingly adopted by fashion retailers as part of their CSR initiatives. These initiatives include welfare projects of different nature, size, and with varying results. The motives behind the engagement in local welfare projects by fashion retailers have not yet been analyzed at depth in the light of classical CSR theories (Turker & Altuntas 2014). Moreover, there is a lack of studies regarding CSR projects and their effects on workers' well-being beyond the factory floor, according to Prentice, De Neve, Mezzadri and Ruwanpura (2018).

The shift towards an increased engagement in CSR projects has made scholars, (e.g. Robeyns 2017; Vallance, Perkins & Dixon 2011) question to what extent classical CSR theories are applicable to today's way of working with CSR. They thus call for qualitative research of capacity building CSR initiatives as opposed to quantitative measures of traditional codes of

conduct. Thus, there is a reason to qualitatively examine the motives behind why fashion retailers implement social welfare projects, in the light of classic CSR theories. Through this, a further comprehension of why resources are invested in CSR projects can be attained, and if engagement in this newly emerged CSR practice has any implications on classic CSR frameworks' applicability.

### ***1.2.1 Research question***

Based on the arguments above, the research question is specified as per below;

*-What are the motives for fashion retailers to engage in local welfare projects in Bangladesh?*

### **1.3 Delimitations**

CSR is a broad term, which includes a wide spectrum of aspects encompassing environmental, social, and financial corporate responsibilities. In order to more thoroughly examine and fully comprehend the research undertaken, the term CSR needed to be delimited to a more specific area. Thus, the CSR aspects which will be further studied are delimited to social CSR initiatives in the form of welfare projects, located in Bangladesh. Bangladesh was chosen as it is a country which largely depends on and is affected by their RMG industry, and export large quantities to Sweden. Moreover, the thesis will examine the CSR projects undertaken within the fashion industry, and focus on three fashion retailers that operate in Sweden. In order to gather a sufficient amount of data to base the analysis on, the fashion retailers chosen are all large enterprises with several retail stores each (fashion store chains).

The welfare projects which this thesis will examine are located in Bangladesh. The choice of geographically delimiting the location of the projects to Bangladesh was taken on the basis of the country's large portion of exportation to Sweden. Although Sweden import more RMG products from China, it was considered more interesting to focus on Bangladesh as the RMG industry represent a much larger part of the Bangladesh' exports than China's (SCB 2019; Wieland & Handfield 2013). Consequently, the RMG industry influences and characterizes

Bangladesh on a larger scale. Moreover, welfare projects in Bangladesh are undertaken in different ways and with different aims. To narrow down even more, the welfare projects chosen to investigate, emanate from the United Nations' (UN) Sustainable Development Goals (hereafter called UN Goals) four and five. Goal four concerns education, which is one of the most important foundations for prosperity, health, and equality (United Nations 2019). Goal five aims to improve gender equality, and implies a fair distribution of power, influence, and resources between both sexes and is a prerequisite for sustainable development (United Nations 2019).

## 2 Theory

The theory presented aims to help answer the research question “What are the motives for fashion retailers to engage in local welfare projects in Bangladesh”. The first section of the theory chapter presents three theoretical frameworks to help create an understanding of CSR projects and the motives behind them. The theoretical frameworks are followed by a literature review where previous research is presented in order to lay a foundation for understanding the motives, the occurrence, and the importance of CSR. By presenting these theoretical frameworks in combination with the literature review, this thesis aims to provide the reader with a holistic view of the motives why fashion retailers engage in local welfare projects, where all parts are of relevance and follow a common thread.

### 2.1 Theoretical Frameworks

*In this section, the stakeholder theory is initially presented as it addresses the importance of creating value for stakeholders in the value chain. Secondly, legitimacy theory is introduced which explains the importance for corporations to reflect the values of the surrounding society when conducting business in order to remain legitimate. Lastly, the definition of CSR and the CSR pyramid are presented in order to explain the occurrence and meaning of CSR as a concept, and to what degree it can be carried out.*

#### 2.1.1 Stakeholder theory

Stakeholder theory is essential to illustrate, as it addresses the importance of implementing CSR practices to create value for stakeholders. The theory is about creating value for all stakeholders, i.e. anyone who can have an impact on a company or anyone of whom the company may have an impact upon, directly or indirectly. Examples of stakeholders include employees, customers, suppliers, and owners (Edward Freeman 1984). Edward Freeman et al. (2010) explain that this theory highlights awareness of corporations' impact on the environment and communities. It has raised questions of how to understand the effects of

capitalism, and how these can be taken in regard by those who are in charge of making decisions and not solely by external actors. The division of business and ethics has been questioned, and a demand for companies to consider ethical aspects and consequences of their business behavior has been raised (Scherer & Palazzo 2007). Stakeholder theory thus aims to create an understanding of the interaction between business and ethics, and the integration of the two is a fundamental aspect of stakeholder theory.

Stakeholder theory emphasizes the importance of creating value for stakeholders in corporate decision making. It highlights that corporate decision making ought to take into account aspects which encompass who value is created or destroyed for, and who will be harmed or benefited by the decision (Edward Freeman et al. 2010). Moreover, the decisions made should include both ethics and business, and combine these to create value for both stakeholders and the corporation. Edward Freeman et al. (2010 p. 54) argue that 'it makes no sense to talk about business without talking about ethics, it makes no sense to talk about ethics without talking about business, and it makes no sense to talk about either business or ethics without talking about human beings'. Moreover, according to Jones, Harrison and Felps (2018 p.388), employing stakeholder theory in business strategies can largely contribute to creating a 'sustainable competitive advantage because such capabilities are likely to be rare and are very difficult to imitate, even in contexts in which they are the most advantageous'.

Duckworth and Moore (2010) underline the importance of taking stakeholder interests into account as part of social responsibility and explain that stakeholder theory is commonly established in business models in regards to CSR. However, how stakeholder theory is implemented in corporate strategies has changed over time, as the theory has evolved since its emergence (Duckworth and Moore 2010). Stakeholder theory was first brought up in literature by Ian Mithoff in his book 'Stakeholders of the organizational mind', released in 1983. However, Edward Freeman is usually regarded as 'the father' of the theory as he established the framework and defines its essence (Donaldson & Preston 1995). Consequently, as this thesis aims to create a conventional understanding of stakeholder theory, Edward Freeman's interpretation of the theory has been used in this study as it is the academically recognized framework of stakeholder theory. However, important to mention is

that several scholars have conducted further research on stakeholder theory, for instance, Donaldson and Preston (1995) developed stakeholder theory with the focus on the interaction between stakeholders, characteristics, and behaviors of firms and their management. Another important point to highlight is that criticism has been directed at stakeholder theory. Boubaker and Nguyen (1999) declare the difficulties in implementing the theory and put it in practice. They emphasize that stakeholders have contradictory interests, which thus entails difficulties to simultaneously create value for all. 'Creating value' does not necessarily mean increased value for all parts. Hence, a company might not 'act as it should' according to certain stakeholders. The gap between how a company 'should act' in relation to how it acts is further explained in the legitimacy theory below.

### ***2.1.2 Legitimacy theory***

Legitimacy theory is related to stakeholder theory, but instead of focusing on value creation for corporate stakeholders, legitimacy theory examines the relationship between society and corporations. This theory was first brought up in literature by Guthrie and Parker, in their empirical study from 1989 (Bela 2008). Since then, it has been widely used in academics, and is one of the most cited theories within the area of CSR (Susith & Stewart 2014). This theory explains how corporations can gain legitimacy by acting in accordance with society's ethical and moral standpoints (Brown & Deegan 1998; Deegan 2002). Legitimacy is an attribute that can be achieved by conforming to recognized societal norms, values, and ethical standpoints (Lindblom 1994). Dowling and Pfeffer (1975, p. 122) defines legitimacy as 'a condition or status which exists when an entity's value system is congruent with the value system of the larger social system of which the entity is a part. When a disparity, actual or potential, exists between the two value systems, there is a threat to the entity's legitimacy'. By gaining legitimacy, businesses tend to establish a stronger market position and improve the corporate reputation, and is thus viewed as one of the most important corporate qualities to attain (Meyer & Rowan 1977).

Deegan (2002) argues that a core feature in legitimacy theory is the assumption of a 'social contract' between the society and businesses, implicating that companies need to follow the



ethical and moral standards set by their surrounding society in order to gain or retain legitimacy. Violations of the social contract is referred to as ‘legitimacy gaps’. Legitimacy gaps symbolizes to the difference between how companies *should act* according to the social contract, and how they *do act* (Lindblom 1994). If a legitimacy gap is too big, there is a threat to the company’s legitimacy, which can be problematic as society has the power to punish corporations in this position. This can be done in different ways, and Deegan (2002 p. 285) exemplifies this by stating that ‘consumers may reduce the demand for the organization’s products [...] to prohibit those actions which do not conform with the expectations of the community’. A problematic feature of the social contract is the fact that it is constantly changing, as society’s expectations are dynamic and altering through time. This brings up a risk of increased legitimacy gaps, which gives rise to the importance of corporate transparency (Lindblom 1994).

Corporate transparency is important in order for society to track the changes companies make in order to reduce the legitimacy gap (Deegan 2002). Lindblom (1994) suggest that corporate strategies to achieve legitimacy can thus be by engaging in CSR practices, and being transparent in the reporting of these CSR initiatives. According to Villiers & van Staden (2006, p. 763), to achieve legitimacy ‘corporations will do whatever they regard as necessary in order to preserve their image of a legitimate business with legitimate aims and methods of achieving it’. This includes refraining from disclosing negative results of CSR engagement or exaggerate the positive outcomes of CSR initiatives (Susith & Stewart 2014; Lindblom 1994). Nonetheless, implementing CSR practices in a transparent manner is a vital way for corporations to gain legitimacy.

### **2.1.3 CSR**

#### **2.1.3.1 Definition of CSR**

Stakeholder theory and legitimacy theory are important aspects of the CSR concept, which help explain motives to implement CSR, and thus illustrates why corporations act in certain ways. However, CSR itself is a complex concept and its meaning has been widely debated. It

is an umbrella expression that encompasses three major aspects creating the so-called triple bottom line; environmental, social, and economic responsibilities (Elkington 1998). The discussion on the definition of CSR is continuously ongoing, and there is no single commonly accepted definition as of today (McWilliams & Siegel 2001). However, Carroll's (1979 p. 500 ) definition is regularly referred to in academics, defining that 'corporate social responsibility encompasses the economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organizations at a given point in time'. Furthermore, in 1991 Carroll developed the definition, adding to it the importance of incorporating ethical and social standards in corporate activities, *on a voluntary basis* (Carroll 1991). The European Commission (2011 p. 6) states that to fulfill CSR objectives, corporations ought to 'have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders. Moreover, Ljungdahl (1999) explains that CSR is undertaken in industry-specific patterns, where procedures and structures commonly align and are similar within each and every industry.

### **2.1.3.2 The CSR pyramid**

A frequently used framework to categorize the extent to which businesses implement CSR in corporate activities is Carroll's CSR pyramid (1979). Lee (2008, p. 62) explains the importance of this theoretical tool, describing it as 'one of the most widely cited articles in the field of business and society'. This model splits CSR responsibilities into four separate levels; economic, legal, ethical, and philanthropic responsibilities, which are explained below and illustrated in figure 1.

The shape of a pyramid symbolizes the foundational structure of CSR. Attending economic responsibilities is fundamental for corporate survival and enables further CSR initiatives. Accordingly, it is of great importance that the corporation itself maintains profitability, making economic responsibilities the first building block in the pyramid. Carroll (1979, p. 498) explains that 'the infrastructure of CSR is built upon the premise of an economically sound and sustainable business'.

As explained in Carroll's (1979) framework, the next building block in the CSR pyramid is the aspect of legal responsibilities. Society sets a number of standards, embodied in the form of laws, regulations, and institutionalized demands. These standards encompass society's moral and ethical standpoints, which are expected to be followed by all members of society, especially businesses. Compliance with these regards is critical in order to proceed with corporate activities, thus making it a crucial block in the pyramid.

The third aspect of this pyramid is attending to ethical responsibilities. Ethical responsibilities address the limitations of societal regulations and encompass the belief that companies should set a higher standard than the minimally required when needed. Ethical responsibilities are not legally required, but ethically expected by society. It corresponds to corporations contributing to a positive impact by conducting business in a virtuous and fair way (Carroll 1979).

Carroll (1979) asserts that the final building block consists of philanthropic responsibilities, which address the activities corporations conduct to give back to society. The merge of capitalistic objectives and philanthropic virtues in corporate behavior can be exemplified by corporations contributing to educational opportunities for employees. A key feature in the philanthropic aspects is the belief of corporate selflessness, where corporations seek to improve life quality for others, without an expected return. The level of philosophical outreach can be both societal, local, or individual.



*Figure 1: Authors' compilation of Carroll's CSR Pyramid (1979)*

Carroll's CSR pyramid may be one of the most cited CSR frameworks, however, scholars have expressed concerns regarding the model. The framework has been thoroughly tested in Western contexts but has yet to be explored in different cultures which may have implications to the meaning of the components and their importance (Burton, Farh, & Hegarty 2000; Crane, 2000; Edmondson & Carroll 1999). Moreover, attempts have been made to revise the construction of the model, as the order of the pyramid blocks has been questioned. It is argued that the legal responsibilities should make up the foundation of the pyramid instead of economic responsibilities, as businesses need to comply with legal regulations in order to operate in the first place. E.g. Friedman (1970), Nobel laureate in Economics, states that corporations' main responsibility is to *make a profit in a legal way*. However, despite this criticism, Carroll's CSR pyramid is nonetheless still thoroughly used in today's academics and is considered an accepted tool to classify CSR work (Lee 2008).

## **2.2 Literature Review**

*In this section, previous research in the investigated area is presented in order to provide the reader with a broader understanding of the fashion industry's structure, challenges, and conditions. Furthermore, more specifically to what extent welfare projects are implemented, its background, emergence and, impact regarding the fashion industry is presented.*

### **2.2.1 Outsourcing in the fashion industry**

Today's fashion industry is characterized by a large amount of outsourcing in developing countries. This development has its origin in the fact that the industry demands much manual labor for its production, which is cheaper to access in developing countries (Mark 2006). Through outsourcing, corporations do not own the factories or production units themselves, as opposed to offshoring when production units are moved abroad but still remain an in-house activity which is owned by the corporation. As a consequence, a higher degree of flexibility is achieved as the buyers have the ability to terminate the contract in times of recess or change suppliers to reach the cheapest price (Schön 2014). This development has made fashion retailers less sensitive to changes in demand and enabled a cheaper production (Anner, Bair & Blasi 2013).

Problems related to outsourcing are mainly connected to the loss of control over production units. The degree of control over the supply chain decreases due to lack of ownership, since fashion retailers do not have the ability to implement rules directly themselves in the factories (Stentoft et al. 2015). Anner, Bair, and Blasi (2013 p.3) problematize this, stating that problems related to loss of control in the supply chain are a 'pervasive and predictable outcome in an industry dominated by firms whose business model is predicated on outsourcing apparel production'. Outsourcing has thus led to the inability to, in an efficient way, improve insufficient working conditions in factories. This has made society react and

question in what ways fashion retailers impact stakeholders in developing countries affected by their production (Hopkins 2007).

### ***2.2.2 Societal monitoring of the fashion industry***

The relationship between society and corporations is an important aspect to consider in regards to CSR motives. Societal pressure is a common driver for implementing CSR in business models as governments, stakeholders, and media increasingly pressure corporations to take responsibility for their actions ( Van Tulder and Van Der Zwart 2006; Wang et al. 2016). Scherer and Palazzo (2007) explain that society expects corporations to act in an ethical way, and argues that when laws are insufficient, corporations ought to operate above minimum legal requirements to satisfy the societal demand. These expectations exist because corporations exercise much power over their suppliers, and have the ability to either improve or deteriorate life quality for numerous stakeholders affected by their business (Hopkins 2007). The latter has been a common outcome in the fashion industry, and poor working conditions, commonly used child labor and next to non-existent hourly wages are examples of deficiencies that have been subject to scandals in the fashion industry worldwide (Anner, Bair & Blasi 2013). Due to high media attention regarding corporate malfeasance, increased pressure has been placed on companies to maintain an adequate reputation. As a consequence, CSR initiatives are commonly adopted to mitigate these effects, and having transparency in regards to the CSR work undertaken can further enhance corporate reputation (Lodge & Wilson 2006). Engaging in CSR projects through collaborations with non-governmental organizations (NGOs) tends to have a positive effect on corporate reputation, as found in Fontana's (2017) study. Moreover, a study conducted by Shaw, Shiu, Hassan, Bekin, and Hogg (2007) showed that customers are inclined to support fashion retailers which contributes to positive outcomes in developing countries, which additionally motivates corporations to implement CSR in business models.

### ***2.2.3 Deficiencies of codes of conducts***

The traditional way to set standards and implement CSR in producing divisions is by putting demands on the factory owners through the enforcement of codes of conduct. Codes of conduct are a set of rules which outline requirements suppliers need to meet within ethical, social, and environmental aspects when conducting business (Perry & Towers 2013). There is an ongoing debate about whether codes of conduct actually improve working conditions in factories, or whether it is only a manner to display the company in a favorable way to the outside world. According to Elg and Hultman (2011), Swedish fashion retailers commonly lack sufficient governance of CSR performances, even though codes of conduct are generally formulated. In a study conducted by Egels-Zandén and Lindholm (2015), this statement was further strengthened as it was found that codes of conduct are prevalent in the fashion industry, but nonetheless do not guarantee proper working conditions. The vast investments made in codes of conduct have thus been questioned. E.g. Anner, Bair, and Blasi (2013 p. 2-3) states that ‘this approach [codes of conduct] assumes that labor violations are a factory-level problem and that the only entity that needs to be regulated is the contractor factory.[...] Labor violations are not simply a factory-level problem that can be corrected by improved compliance monitoring’.

Anisul Huq, Stevenson, and Zorzini (2014) explain that failure to fulfill codes of conduct can commonly be traced back to socio-economic and cultural differences between the Western world and the producing countries where codes of conduct are to be implemented. These cultural barriers create an obstacle to fulfill the required standards. Another flaw in codes of conduct is the fact that they generally aim to fulfill basic standards, and do not seek to improve more soft and complex concerns of workers’ safety and health, such as decreasing workplace stress or building social networks (Prentice et al. 2018). Moreover, when evaluating the results of codes of conduct, income-based measurements are generally used to determine the degree of success regarding the workers’ outcome and increased well being (Hossain 2012). Banerjee (2003) argues that measuring social welfare solely on the basis of quantitative measurements, such as income, can be problematic since it only corresponds to a limited part of human well being. Additionally, Hossain’s (2012) study concluded that the

ability for women to control their financial resources are commonly limited due to societal contexts, making resource-based metrics insufficient. Instead, a more soft way of measuring welfare ought to be undertaken, which further evaluates more soft aspects of human well being, according to the studies of Hossain (2012). Implementing social welfare project is one of the ways to achieve results in aspects related to these measurements.

#### ***2.2.4 Welfare projects***

The implementation of CSR in the fashion industry has greatly evolved in the last decade. From mainly enforcing codes of conduct at factory level, there has been a shift towards an increased engagement in CSR projects to take further social responsibility in supply chains (Anner, Bair & Blasi 2013). These projects have shown to have a direct positive effect on communities, and are commonly implemented through collaborations between corporations and NGOs (Castellani et al. 2018). According to Castellani et al. (2018), these projects can moreover be a way to compensate for earlier failures, and lead to long term spillover effects. Manski (1993) states that spillover effects occur when ‘an agent’s actions or behaviors indirectly affect other agents’ outcomes through peer effects, social interactions, externalities, or other types of interference’. Spillover effects can occur on multiple levels, ranging from individual, national or societal. The term includes both positive and negative effects. According to Castellani et al. (2018), companies can contribute with spillover effects in the host country by providing education and knowledge to workers in outsourced factories. Furthermore, companies can have an impact at a regional level by conducting CSR projects that may include different types of training programs. These projects can be initiated through collaborations with other companies or NGOs, from either the home or the host country (Isaksen & Kalsaas 2009). Education and knowledge are considered vital factors that contribute to economic growth and moreover help improve societal structures and cultural standpoints. By conducting projects which aim to provide local communities with knowledge and education, change is set in motion and a cultural ripple effect can be created (Castellani et al. 2018).



### 2.3 Conceptual Analysis Model

The theory above aims to help answer the research question '*What are the motives for fashion retailers to engage in local welfare projects in Bangladesh?*'. Three theoretical frameworks are presented that explain the underlying motives of CSR engagement; legitimacy theory, stakeholder theory, and the CSR pyramid. They are presented along with a literature review which helps explain the contextual setting. Together, they present as a holistic view of the motives behind CSR projects, which helps answer the research question in a nuanced way.

In order to conduct the analysis methodically and to follow a clear structure, the below conceptual analysis model has been created. It divides the theoretical motives to implement CSR projects in two categories - push and pull factors. The identified push factors are connected to legitimacy theory, as this theory brings up the importance of meeting societal pressure and acting in accordance with the ethical standpoints of the surrounding society. Underlying drivers that push corporations to engage in CSR projects to achieve legitimacy include present previous theory which has been presented in the literature review, i.e. lack of control due to outsourcing, societal monitoring, and deficiencies of codes of conduct. These factors will be further examined as push factors and analyzed in the light of legitimacy theory.

The pull factors identified in the theory are connected to stakeholder theory, as the pull factors stem from the corporations' internal motives to create value for stakeholders. Stakeholder theory helps explain how value is created and for whom, and is thus considered a framework that corresponds to pull factors. The arrow between the push and pull factors represent that some of the explanations categorized as push factors can also be considered as pull factors, and the other way around. The push and pull factors are thus a broad categorization of motives behind why fashion retailers choose to engage in CSR projects in Bangladesh, however it is still acknowledged that the situation can be more complex than this broad division between the two factors. The engagement in CSR projects will finally be analyzed in regard to the CSR pyramid, representing the last part of the conceptual analysis model.

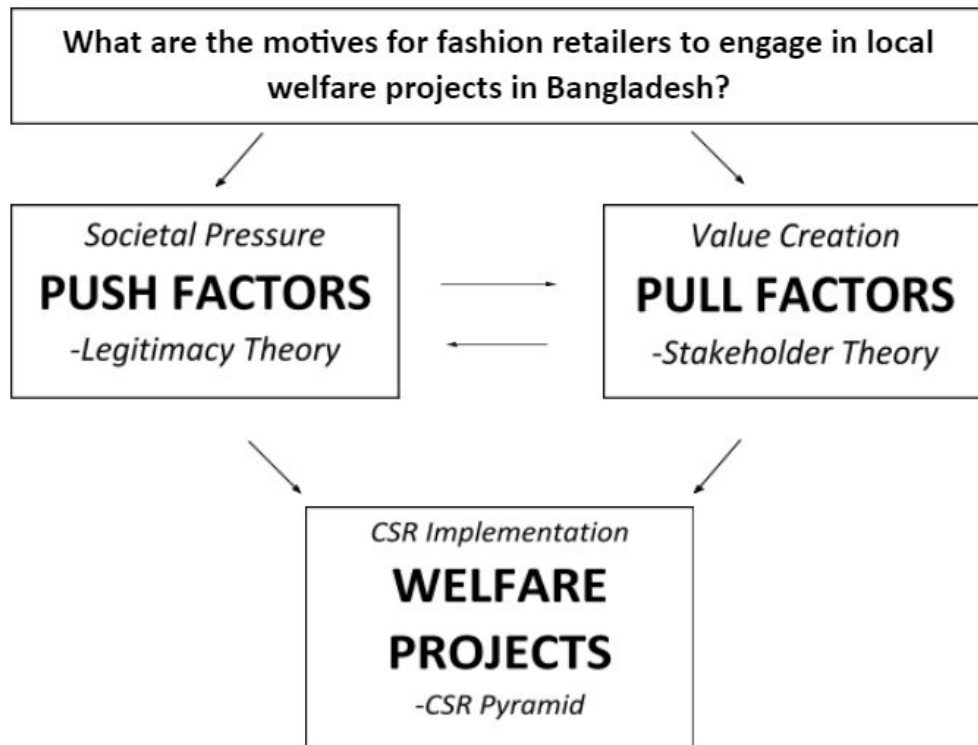


Figure 2: The conceptual model of this thesis (own compilation).

### 3 Methodology

*This chapter is a review of the methodological course of action to accurately find the answer to the research question.*

#### 3.1 Research Approach

When conducting a study, the choice of research approach is of great importance. According to Jacobsen (2002), the research approach undertaken ought to be chosen based on the nature of the research question. There are two main research approaches; the deductive and the inductive approach. The deductive approach originates in the theoretical context where a hypothesis generally is formulated, which is then rejected, corrected, or accepted based on empirical findings. On the contrary, the inductive approach has its starting point in the empirics, which is then interpreted through theoretical reasoning and a hypothesis is formulated. The middle ground between the two is the abductive approach. The research question presented in this thesis is of explanatory nature and Flick (2011) argues that abductive reasoning is an advantageous approach for explanatory studies, due to its more adaptable nature of the process. Sober (2013) explains that this as a process in which conclusions are drawn by a set of observations, and that the focus shifts between empirics and theory (Danermark, Ekstrom, & Jakobsen 2005). According to Bryman and Bell (2015), the abductive approach overcomes the methodological constraints of the deductive and inductive approach, and can thus be viewed as a more flexible research approach. During the study, the focus shifted between theory and empirics, which left room for an open-ended discussion in regards to what may be the conclusion to the research question (Sober 2013). Consequently, the research was conducted on the basis of abductive reasoning. The conclusion established through abductive reasoning is, due to limited information, only a best guess given the observations (Danermark, Ekstöm, & Jakobsen 2005). Though the lack of certainty can be seen as a weakness, this approach leaves room for creativity in the reasoning which can be seen as a strength, as it helps foster innovation and new ways of thinking. Beghetto and Schreiber (2017, p.77) argue that through abductive reasoning, attempts to understand

observations ‘may result in creative resolution of doubt and the development of a new and personally meaningful understanding’.

Moreover, in order to accurately answer the research question, a qualitative method has been used. According to Flick (2011), undertaking a qualitative research approach when conducting an explanatory study is favorable as quantitative methods commonly fail to interpret more complex circumstances of reality. Qualitative studies aim to describe the general picture of a phenomenon, creating a holistic view of the situation. Undertaking a holistic viewpoint means considering that nothing can be described individually without context (Holme & Solvang 1997). Guba (1981 p. 84) further explains this viewpoint, stating that ‘the "reality" of the situation is that many factors, bearing a variety of relationships to one another [...], form a "whole" that cannot be understood if dismembered’. Accordingly, the information stems from both primary and secondary sources, and a relatively broad theoretical foundation is presented to more correctly interpret the empirical findings. Qualitative approaches commonly help draw conclusions in regards to possible hypotheses, which then becomes subject to quantitative assessments (Ryen 2004). The conclusion established in this thesis ought therefore to be quantitatively measured in order to further ensure accuracy in the findings.

### **3.2 Study Design**

In order to answer the research question, an observational study design was used. The study examined a sample of three corporations to represent the population of fashion retailers operating in Sweden, that engage in CSR projects in Bangladesh. This study design was used as it gave an opportunity to identify patterns but also compare differences regarding motives to engage in welfare projects within the same industry. Moreover, the research undertaken in this study corresponds to a cross-sectional study, considering it describes and analyses existing motives of three corporations within the same industry, at a specific point in time (Miksza & Elpus 2018).

### 3.3 Research Process

The conditions in which this thesis was produced were extraordinary, as the pandemic Covid-19 was spreading in fast pace worldwide, forcing companies to shut down or work remotely. As a consequence, the ability to conduct interviews was reduced, which obstructed the gathering of primary data for the empirics. 26 individuals, both representatives for fashion retailers but also experts within the area, were contacted through email regarding being interviewed for the data gathering, but due to the situation, only KappAhl was able to help. An adjustment in the gathering of data was thus necessary in order to proceed with the thesis. The chosen research focus for this thesis was thus adapted according to where it was possible to get access to a person with experience, competence, and expertise in their field, who was also able to take part in an interview despite the aggravating conditions of Covid-19. Accordingly, the research question “*What are the motives for fashion retailers to engage in local welfare projects in Bangladesh?*” was formulated.

Initially, previous research in the field was examined in order to identify research gaps and select relevant theories to base the thesis on. Accordingly, theories that process varying areas within CSR were investigated, which explain the motives behind CSR implementation. For the empirical chapter, to obtain an in-depth understanding of the field, an interview was conducted with a sustainability project manager at one of the investigated companies. All the questions asked during the interview were connected to the theories previously examined. In order to gain a wider perspective, information was gathered from secondary sources of two additional companies in the industry that work with welfare projects in a similar context.

To methodically analyze the empirics and theory, a conceptual analysis model was created. The model was based on the reasoning that none of the theoretical frameworks could exclusively explain the motives behind the engagement in CSR projects. Accordingly, though developing a holistic conceptual model that thematically took into account aspects of several different theories, the empirics could more accurately be analyzed and interpreted.

### **3.4 Data Collection**

*This thesis contains information from both primary and secondary sources, which was necessary to gain both a broad, unbiased, and deep understanding of the field.*

#### **3.4.1 Primary data**

The primary data used stems from a qualitative, in-depth interview with Eva Kindgren de Boer, conducted on the 21st of April 2020. Kindgren de Boer is the sustainability project manager at KappAhl in Mölndal, Sweden, and is responsible for KappAhl's CSR projects. She has been involved in several projects and lived three years in Bangladesh as part of her work with projects in developing countries. Furthermore, she is part of KappAhl's sustainability management team and accordingly works with questions regarding KappAhl's sustainability strategy. Thus, Kindgren de Boer is well educated, informed, and experienced within the area of CSR welfare projects, which made her an ideal respondent for the research. However, interviewing an employee at the investigated company entails a risk of bias, something which will be further discussed in the section 'quality of the study'. Before the interview was undertaken, both authors researched KappAhl's CSR projects to be well informed and obtain a pre-understanding of the situation. According to Dalen (2007), having a pre-understanding will enhance the quality of the meeting as it enables a more complex interaction, instead of passive listening. Moreover, a well established pre-understanding enables an improved interpretation of the empirical data, as the findings can be interpreted in the light of the researchers' own view of the broader situation (Dalen, 2007).

The interview was conducted virtually. Preferably, the interview would have been conducted at a personal meeting as the quality of communication deteriorates through virtual meetings (Branson, Thomas & Chung-Hsien 2008). However, due to Covid-19, this was not possible to achieve. To overcome this deficiency and avoid inaccuracies due to impaired communication, the interview questions were sent to the respondent one week before the interview was conducted, where the purpose of the interview was clearly stated. This gave the respondent

the opportunity to ask questions in the event of uncertainty, and allowed time for preparations to accurately answer the questions during the interview (Dalen 2007). To avoid distortion and enable transcription, the interview was recorded for further accuracy. In accordance to Jacobsen's (2002) suggestion, the authors began the interview by introducing themselves and explained the purpose of the thesis, in order to establish trust and to be as transparent as possible. The format of the interview can be categorized as semi-structured, meaning the questions asked were of general wording and left room for an open discussion (Bryman & Bell 2015). Accordingly, the questions asked were broad questions, which can be advantageous in an explorative study as it gives space for analysis, reflection, and inclusion of personal values of the respondent (Edmondson & Mcmanus 2007, Fletcher 2017). The interview questions can be found in the appendix.

#### ***3.4.2 Secondary data***

Due to the circumstances prevailing because of Covid-19, the access of primary data was limited, thus a number of secondary sources have been used to gain a broader foundation of data. As a consequence, it was of utmost importance to critically review the secondary sources to ensure a high degree of quality and trustworthiness. The theoretical frameworks presented in the thesis, i.e. stakeholder theory, legitimacy theory, and the CSR pyramid, are conventional and well established theories within the area of CSR literature. The information derives from secondary sources such as books and academic articles written by researchers in the specific area, with the aim of disseminating knowledge. To achieve the highest possible degree of trustworthiness, all academic articles used have been impartially peer-reviewed. The criteria of using peer-reviewed sources, which had been thoroughly examined by experts in the area, were of utmost importance due to the amount of secondary data as a result of Covid-19. Moreover, the publishers of scientific journals were investigated to ensure a high level of authenticity. The databases used to obtain theoretical findings include Google Scholar, Google Books, and Gothenburg University's online library. Examples of search terms include *CSR in the fashion industry*, *fashion industry supply chain*, *CSR initiatives*, *welfare projects in the fashion industry*, *RMG industry Bangladesh*.

To present an unbiased and broad perspective in the empirics, data was collected from differing sources and points of view, e.g. NGO reports, websites, through personal communication, press releases, government reports, news articles, and academic articles. This broad foundation of sources was used to give a holistic view of the situation. In order to investigate the fashion retailers, information has been obtained from the respective companies' websites, which, however, entails a risk that the information is angled. To counteract this, as the companies surveyed collaborate with NGOs, the information has been compared with how the projects are compiled from NGOs' reports and websites. With these shortcomings in regard, the empirics were further supplemented with press releases and news articles. Moreover, recently written academic articles published in academic journals were used which examined the situation in Bangladesh, for example, Ahkter's (2019) article *Sufferings in silence: Violence against female workers in the ready-made garment industry in Bangladesh: A qualitative exploration*. In addition, a report was used by Swedwatch, which is a party-politically independent organization that examines Swedish companies in developing countries. The report included information of the thesis' investigated companies' engagement in welfare projects in Bangladesh. Moreover, Swedish governmental reports from the Central Bureau of Statistics (SCB) was furthermore used to retrieve statistics for the thesis.

To help explain the findings from an even more nuanced perspective, the ambition was to retrieve information from newspapers published in Bangladesh. This would have been beneficial in order to further examine the situation from the perspective of the investigated local communities. However, the degree of trustworthiness was hard to estimate due to linguistic constraints, consequently, the number of newspapers from Bangladesh was limited to one. The newspaper used is the independent 'Bangladesh Pratidin', which is one of Bangladesh's most circulated dailies. Moreover, the information in the article was cross-examined with other news articles to establish further trustworthiness.

### **3.5 Analysis Method**

A thematic analysis method was used in this thesis, meaning that themes were identified in the empirical data, which were then interpreted and analyzed in the light of existing theories.



Braun and Clarke (2008, p. 78) highlights the benefits of thematic analysis, stating that ‘through its theoretical freedom, thematic analysis provides a flexible and useful research tool, which can potentially provide a rich and detailed, yet complex, account of data’.

Through analytical reasoning, the motives as to why companies in the fashion industry engage in welfare projects were investigated. Connections were drawn to classical theories, and patterns between empirical findings and previous research in the area were identified. In the analysis, it was concluded that today's existing theories cannot alone explain the reasons why CSR is implemented, as the motives stated in the empirics are linked to different theories. The findings entailed that two categories of motives exist which motivate companies to implement CSR. These motives can be categorized as push and pull factors. To fill in a research gap and contribute to the research area, a new model, the CSR diamond, was created, which explains the motives why corporations implement CSR practices.

### **3.6 Quality of Study**

#### ***3.6.1 Credibility***

Guba (1981) states that the degree of credibility corresponds to how truthful the findings can be considered to be, given the investigated subjects and the context in which the research is carried out. In order to increase the credibility of the thesis, systematic peer debriefing was undertaken throughout the research process, in accordance with Guba's (1981) suggestion. The peer debriefing was conducted in two ways. Firstly, by attending seminars with peers, an opportunity was given to interact and get a debriefing on the development of the thesis. Secondly, weekly meetings with a supervisor were undertaken to continuously get a third party opinion which questioned and gave insights regarding the research.

As the prerequisites for accessing several people to interview were reduced, the person chosen to interview was well informed to be able to answer the questions asked. By conducting an interview with a professional who works actively in the chosen research area,

it was possible to get accurate answers, which facilitated the gathering of information for the empirics. In order to gain a deeper and more nuanced perception of the situation, thus increasing the credibility, it would have been beneficial to use prolonged engagement at the companies, to observe their mindset regarding CSR implementations (Guba 1981). Unfortunately, this was not possible due to the prevailing Covid-19 situation. However, by adapting member checks through maintaining a continuous dialogue with the interviewed respondent, the data was tested to be credible. If any uncertainties or questions arose, they were directly brought up with the respondent. Moreover, the respondent read through the data once transcribed to ensure that it was correctly interpreted.

For further credibility, the empirical findings were tested against each other to establish coherence, as suggested by Guba (1981). However, it was acknowledged that there were different explanations to some specific data, which according to Patton (1980) is natural and acceptable given that the researchers are able to interpret the reasons behind the contradictions. Accordingly, large amounts of data were examined to compile and interpret the findings. However, although a large amount of data was investigated, to cope with contradictory findings, the fact remains that sources used in the thesis mostly originate from Western perspectives. Consequently, there is a risk that the ability to correctly display the situation in Bangladesh is restricted, as the possibility of obtaining a Bangladesh perspective of the situation has been limited. However, to achieve a higher degree of credibility, triangulation has been used to an extent as great as possible. It would have been beneficial to use triangulation even more frequently. However, due to the prevailing situation of Covid-19, the possibilities to gather primary data and thus achieve a higher degree of triangulation in the empirics were limited. Given the difficulty of the situation, secondary sources were used in order in order to overcome these restraints, and achieve higher levels of triangulation in the empirics.

### ***3.6.2 Transferability***

Transferability explains to what degree it is possible to apply the findings of research to other contexts (Yin 2017). Accordingly, transferability was aspired for as the CSR diamond was created to be applicable in other contexts as well as the examined. In order to increase the

degree of transferability, a relatively large amount of data has been presented in the empirics, which allows for a comparison of different contexts and perspectives. However, collecting even more thick data would be favorable. For instance, a bigger sample size could have been investigated, and moreover, if more primary data would have been retrieved it could have contributed to a more accurate description of the situation. In the case of KappAhl and Lindex, a higher degree of transferability was achieved as a larger amount of data was retrieved. However, for Bik Bok, the access to information was limited, which may affect the trustworthiness of the findings due to a small amount of data for this company. This scarcity can be traced back to Covid-19 and the limitation of time. However, to overcome these limitations, the investigated corporations were chosen through theoretical purposive sampling, as they represented different ways of working with and originated from varying motives in their engagement in welfare projects, in accordance with Guba's (1981).

Since this thesis is conducted through a qualitative research approach and solely examines a sample of three companies in one industry, statistical generalizability has not been attainable. Nevertheless, it was possible to do an analytical generalization, meaning a hypothetical suggestion can be presented which ought to be further tested in order to be validated (Yin 2017). However, this approach can contribute to understanding causation with respect to engagement in CSR projects, and the conclusion can thus only partly inform other situations.

### ***3.6.3 Dependability***

Dependability refers to how consistent the findings can be assumed to be if the study were to be replicated (Guba 1981). By combining several kinds of methods, a higher dependability can be achieved, as methods can compensate each other. By combining methods, it is thus possible to overcome weaknesses related to the methods (Bryman & Bell 2015). Accordingly, both primary data was retrieved through an interview, as well as gathering of information from secondary sources. Qualitative data has moreover been supplemented with quantitative data and several theories were presented in the theoretical chapter to supplement each other. Furthermore, by gathering data from various sources, from differing perspectives and through using triangulation, further dependability was achieved in the interpretation. All sources used, are moreover clearly shown in the running text as well as in the reference list. Moreover,

according to Guba (1981), the degree of dependability is higher if the findings of the methods show similar outcomes. This was identified in the thesis, as findings amongst the investigated subjects were similar to each other and followed a pattern.

To further higher the degree of dependability, Guba (1981) suggests undertaking stepwise replication, which has been done throughout the research. This has been carried out as the authors of this thesis divided the research, separately examined information and collected data within the research field. Daily meetings were conducted to discuss the course of the study and to cross-check development. The findings were then compared and discussed to ensure the consistency of the findings in order to facilitate replication of the study (Guba 1981). Moreover, as the methodological course of action has been thoroughly planned, clearly established and easy to follow, a structured and clear process has been achieved in the study, which enhanced dependability further.

#### ***3.6.4 Confirmability***

To achieve confirmability in the research, the findings must rely on the conditions of the actual subjects, from unbiased views (Guba 1981). A part of the empirical data stems from the interview with Kindgren de Boer. As the respondent works for and thus represents KappAhl, there is a risk that the data derived is not completely value-free. The incentive to present KappAhl's CSR work in an overly positive manner is acknowledged, and this may reduce the confirmability of the data. However, to prevent bias to the biggest possible extent, the questions asked in the interview was designed to outline both positive and negative aspects of the CSR initiatives undertaken by KappAhl. Furthermore, the data was critically analyzed and compared to secondary sources as a complement to higher the degree of confirmability. In order to obtain the highest possible confirmability, it has strived for that every point of view would be argued for from at least two sources, in accordance with Jacobsen's (2002) suggestion. Moreover, conformability was obtained through peer reviews and regular meetings with a supervisor who continuously reviewed the development of the thesis. Adjustments were then made accordingly to the obtained feedback in order to maintain subjectivity and avoid personal perspectives.

## 4 Empirics

### 4.1 The RMG Industry in Bangladesh

Bangladesh is one of the world's poorest countries, and a large part of the population lives in poverty and suffers from malnutrition (Ahmed et al. 2015; Anner, Bair & Blasi 2013). The main export of the country is RMG, and it is the second largest exporter of garments to Sweden after China. In recent years, the Swedish import of garments from Bangladesh has increased appreciably. This can be seen as between 2014 and 2018, the import of garments from Bangladesh rose with 48%, to a total of 27 600 tons of garments imported in 2018, according to SCB (2019). Both KappAhl, Lindex, and Bik Bok source large quantities of their production from Bangladesh. Hourly wages in the RMG industry in Bangladesh are as low as SEK 4.5. As a consequence, textile workers commonly spend 10-12 hours per day, 6-7 days per week working in order to survive on the salary (Dagens Nyheter, 15 June 2019). According to the Global Living Wage Coalition (2019), the minimum wage of SEK 894 per month corresponds to less than half of the amount needed to survive in Bangladesh. Moreover, workers who vouch for higher wages risk being dismissed from work. The Workers Rights Consortium (2019) concludes that almost 12,000 textile workers were dismissed due to protesting for higher wages during 2018.

More than four million people have been put into employment within the RMG industry in Bangladesh and among them particularly women who represent over 90% of the workforce (Wieland & Handfield 2013; Ahmed et al. 2015). These are commonly uneducated women with no previous experience or skills from the rural countryside, and represent a group that often lives a vulnerable life with few rights and lack education. This enables factory owners to pay low salaries and exploit the workforce to a large degree (Khosla 2009). Moreover, inequality and gender discrimination is a severe problem in the workplace (Ahmed et al. 2015; Anner, Bair & Blasi 2013). Despite that more than 80% of the RMG factory workers in Bangladesh are women, men account for over 95% over line-supervisors, according to the International Labour Organization (2016). Moreover, a report published in the Bangladesh

Pratidin newspaper brought up a number of shortcomings in the RMG industry related to women in the workforce. Addressed issues include prevalent sexual harassment and abuse, lack of maternity benefits, overworking pregnant women and inability to use the restroom frequently when menstruating (Bangladesh Pratidin 2019).

The majority of CSR initiatives to improve working conditions in Bangladesh are factory-based codes of conduct, but several fashion retailers, have expressed the need for increased engagement in local CSR projects which involve the local communities (Swedwatch 2012). Fair Action (2020) argues that Swedish fashion retailers carry a great influence and responsibility regarding the RMG production in Bangladesh, stating that business profits must not be made at the expense of the textile workers. According to Babul Akhter, the secretary-general at the Bangladesh Garment and Industrial Workers Federation, Swedish fashion retailers commonly lack trade unions for their textile workers in Bangladesh, leaving them vulnerable in the workplace. However, Akhter recognizes that the Swedish fashion industry is trying to improve working conditions for the RMG workers in Bangladesh (Dagens Nyheter, 15 June 2019). For example, in 2010, twelve international fashion retailers, including Lindex and KappAhl, reached out to the government of Bangladesh and requested regularly revised wages and vouched for improved rights to unionize. However, the requests presented in the letter were never taken in regard by the government (Swedwatch 2012).

## **4.2 Introduction - KappAhl, Lindex and Bik Bok**

*Below follows a brief introduction of each investigated fashion retailer in order to create a perception for their size and connection to Bangladesh.*

### **4.2.1 KappAhl**

KappAhl is a major fashion retailer in northern Europe, with over 370 stores located in Sweden, Norway, Finland, and Poland. KappAhl source their garment production from Bangladesh, China, India, Turkey, and Myanmar. However, Bangladesh is the main production market as it represents 41% of KappAhl's total sourcing (KappAhl 2020a).

#### 4.2.2 Lindex

Lindex was founded as a lingerie store in 1954 in Alingsås, Sweden. Since, it has expanded to become an international fashion retailer with 460 stores in 18 markets, mainly located in Scandinavia. Lindex's source production from Bangladesh, Hong Kong, India, China, Myanmar, and Turkey (Lindex 2020a).

#### 4.2.3 Bik Bok

Bik Bok was founded in 1973 in Norway and operates in the fashion industry with stores in Norway, Sweden, and Finland. They have over 1400 employees and own over 200 stores. Bik Bok mainly source production from Bangladesh, India, Turkey, and China (Bik Bok 2020a).

#### 4.2.4 Summary

	<b>KappAhl</b>	<b>Lindex</b>	<b>Bik Bok</b>
Year founded	1953	1954	1973
Number of employees	≈ 4,000	≈ 5,000	>1,400
Number of markets	4	9	3
Number of stores	≈ 370	460	200

*Table 1: Corporate information*

### 4.3 Fashion Retailers' CSR Projects

*In this section, gathered data for each investigates fashion retailers regarding their engagement in welfare projects in Bangladesh is presented.*

### **4.3.1 KappAhl**

#### **4.3.1.1 Background and start-up**

KappAhl is one of many companies in the Swedish fashion industry that expresses the need for increased engagement in local CSR projects (Swedwatch 2012). In accordance, the way of working with CSR in the fashion industry has changed considerably over the last decade, with an increased focus on CSR projects. For KappAhl, this has resulted in the initiation of a training center in Bangladesh. Kindgren de Boer expresses that ‘we make a difference where we *can* make a difference’ (Kindgren de Boer, personal interview, 21 April 2020). In the interview, Kindgren de Boer argues that fashion retailers bear a great responsibility in regards to working in a sustainable manner, a responsibility that extends beyond the supply chain. Kindgren de Boer states that it is easier to implement CSR initiatives that are in line with legal regulations. However, implementing improvements that go beyond legal requirements is more difficult, e.g. decrease the use of chemicals, alter energy consumption, and improve purification of water. Establishing local welfare projects, on the other hand, is appreciated and welcomed by suppliers. CSR projects are thus considered a favorable way to implement CSR as they are received well and are an efficient way to improve the livelihoods of local workers and communities. This is why they have chosen to invest resources in starting up the training center in Bangladesh. Through increased knowledge and experience among stakeholders both internally and externally, combined with more collaboration in the industry, major improvements have been observed in regards to CSR implementations as this project has developed (Kindgren de Boer, personal interview, 21 April 2020).

#### **4.3.1.2 The training center**

As part of KappAhl’s CSR initiatives, a training center in Bangladesh has been initiated to help improve the livelihoods of local workers and communities. The training center is located on the outskirts of the capital Dhaka and is run by the TCM Foundation (KappAhl 2020b).



The focus is on women, since they represent a vulnerable group and make up for the majority of the workforce in the Bangladesh RMG industry. Moreover, Kindgren de Boer underlines that Kappahl's main target customers are women, thus a focus on this group lines up well with KappAhl's strategy. The aim is to give women the opportunity to enter the workforce by providing them with education, as it is considered an efficient tool to increase the status of women. The project takes shape by allowing women who do not have formal education, to during three months take part in education provided at the center. In the mornings, they learn to sew and in the afternoons they learn to read, write, and calculate. Additionally, they learn about health issues and the rights they have in the workplace. Furthermore, the center provides the opportunity to create a social network. When the training is completed, women are still allowed to visit and discuss issues or concerns with workers at the center. Women commonly return on their days off to receive support and help, something which is considered important as these women represent a vulnerable group in society (Kindgren de Boer, personal interview, 21 April 2020).

#### **4.3.1.3 Results in Bangladesh**

As of today, KappAhl's website shows that over 800 people have completed the training program. The education offered has not only had an influence on those who have been in the training center, it has additionally had a positive impact in the local communities as the women who receive education commonly share their gained knowledge with others (KappAhl 2020b; TCM Foundation 2020). A significant result of the training center is that women without experience have been able to enter the workforce, and thus get an income. Kindgren de Boer explains that by becoming self-sufficient, many women have increased their societal status and testifies that 'we are not a burden to our family anymore' (personal interview, 21 April 2020). However, a previous study which examined the results of this project concluded that its impact for the women is positive compared to their previous lives, but argued that 'given the poor living conditions of the women, any change for the better may be perceived as disproportionately good and thus may divert the attention away from large inequalities and miseries that continue to persist in their lives' (Nylöf and Stoy 2019).

Kindgren de Boer brings up aspects of the project which has not had the intended outcome. A large part of the project is about empowering women and encouraging them to take more space, and it was hoped that more women would strive for higher positions in the factory. However, the women seemed to lack interest in building a career within the garment production at the factory. Kindgren de Boer mentions that 'the female workers dream of having a shop in the countryside; no one dreams of having a career in the factory'. These aspirations are based on cultural values, which is something that takes significant time to change and may demand more drivers than corporate CSR projects, according to Kindgren de Boer (personal interview, 21 April 2020).

#### **4.3.1.4 Results for KappAhl**

According to Kindgren de Boer, the project has not led to any increased efficiency in production for KappAhl. The project is neither something that has strengthened the market position, since few know about it, and it is not used in marketing. However, Kindgren de Boer explains that this has never been the aim; the purpose has been to help and support the women in Bangladesh. It is an initiative for the sole purpose of helping women, and what the project gives in return is that the staff of KappAhl feel proud of their work and it provides the feeling of working at a good company. Regarding the future of the project, the next efforts are being made to accommodate more women in the educational program, as the interest in taking part has increased. Future projects are also planned to be dedicated to women. Kindgren de Boer points out that there is still great development potential in the area. 'We will never be done,' she says (Kindgren de Boer, personal interview, 21 April 2020).

### **4.3.2 Lindex**

#### **4.3.2.1 Background and start-up**

In their CSR work, Lindex is involved in a number of CSR initiatives and partnerships and is one of the many companies which have expressed the need of increased engagement in local CSR project (Swedwatch 2012). However, relevant for this thesis are their projects connected

to Bangladesh. Lindex is not involved in any project that exclusively takes place in Bangladesh. Nevertheless, We Women by Lindex and Health Enables Return project (HERproject) are the two projects which were chosen to examine as both projects are partly located in Bangladesh. Both projects have a focus on women, as Lindex' targeted customer segment is women. They explain the female CSR focus by stating that 'Lindex is filled with and surrounded by women, and we feel a responsibility to every single one of them. Women are not only the ones who love to wear our garments – they populate every part of our value chain, from field to fitting room' (Lindex 2019).

#### **4.3.2.2 WE Women**

'WE Women' is a three-year project developed through a collaboration between Lindex, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), and Business for Social Responsibility (BSR). GIZ works with international education cooperation, and BSR develops sustainable business strategies and solutions through consultancy services, research, and collaborations across multiple sectors and local organizations. The project strives for a more equal and inclusive workplace by educating management in the factories about gender equality and how it can be integrated into their daily operations. Through this Lindex tries to influence leadership to implement a more gender-equal way of working and to include more women in management. Moreover, the improved ratio between men and women in management is an aspect that Lindex can take into account when evaluating gender equality for suppliers (Lindex 2020b).

Lindex hopes to lay a foundation for the future with this project, and believe that through strengthened self-esteem, women can reach their full potential by giving them the opportunity to identify themselves with success. Creating an environment with equal rights, where women have a greater influence in the workplace is also believed to have a positive impact on women's roles within their family and in society. Even though Lindex expresses awareness of how time-consuming it is to achieve a change in the existing social structures. Through the project WE Women by Lindex, they hope to put change in motion that can make a difference in the long term, where women believe in themselves and their full potential (Lindex 2020b).

### **4.3.2.3 HERproject**

Since 2012, Lindex has collaborated with BSR on the HERproject. It is a training program aimed at improving the situation for female textile workers (Lindex 2020c). The project aims to provide women in factories with knowledge about health and finances, and includes two programs, called HERhealth and HERfinance Wage Digitalization. The goal is to improve the well-being and economy of female textile workers and to enable them to increase their societal position (Business for Social Responsibility 2020). To raise awareness of HERproject, Lindex has used the project in marketing at events and launched a campaign where a portion of all sales go towards HERproject (Elle 2017).

#### ***4.3.2.3.1 HERhealth***

Through the HERhealth initiative, female textile workers receive health education and better access to health-related services (Lindex 2020c). By teaching and helping women about health issues, HERhealth help reduce unreported absence from work and improve the overall wellness amongst the workforce. The main health issues identified by HERhealth are anemia and poor nutrition, reproductive tract infections, lack of access to family planning, poor maternal health, sexually transmitted infections, and diabetes. Moreover, the manager for HERproject in Bangladesh, Nazneen C. Huq, states that there is a severe lack of previous education amongst women regarding reproductive health. A major problem is related to menstruation, as few workers are educated on how to manage their period and thus stay at home during the period (Swedwatch 2012).

#### ***4.3.2.3.2 HERfinance Wage Digitalization***

HERfinance Wage Digitalization provides financial education within areas such as planning, budgeting, savings, and loans. The program is dedicated to both women and men, however, it has a major impact on women as it is common for them to lack access and influence over financial resources. Furthermore, the program includes training for employees and management in the digitization of payroll services (Lindex 2020c).

#### 4.3.2.4 Results of HERproject

Studies conducted by BSR show beneficial results from HERhealth project, both financially and health-wise. Through HERhealth, knowledge of health issues such as menstruation increased, leading to women attending work to a higher degree (Swedwatch 2012). According to the studies, improved health services and education helped reduce absenteeism by almost 20% over the course of one and a half years, decreasing staff turnover by nearly 50%. As a consequence, a return of up to four dollars per each dollar invested in HERhealth was achieved (Swedwatch 2012). Moreover, the digital payroll attained through HerFinance Wage Digitalization has shown to increase security, efficiency, and productivity in the factories (Lindex 2020c).

HERproject is based on peer education, where the participants become peer educators with the aim of spreading the knowledge to others in the factories. The knowledge gained from HERproject is thus not exclusive to the women who participate in the program - on average, each woman shares the gained knowledge to four other women (Dagens Handel, 21 March 2017). The project has educated around 22,000 women, mostly located in Bangladesh, meaning that 88,000 other women can be assumed to have benefited from HERproject indirectly (Aktuell Hållbarhet 2018). Ingvar Larsson, former CEO of Lindex states that 'I am proud of our commitment to HERhealth. Women are central to our business and we will continue to support initiatives that work to empower women around the world' (Dagens Handel, 21 March 2017).

The project has been found to be appreciated by factory owners as profitability increases, and has moreover improved the relationship between those working in and the factory and management (Lindex 2020c). It had a positive impact on the workers as well, who testified that their view of factory management improved as a result of the project, which increased their loyalty towards the company (Swedwatch 2012). According to Lindex, HERproject creates a closer dialogue between workers and management. Furthermore, in many factories, management has continued investment in similar projects, since HERproject has made it clear that when women feel better, productivity rises. The fact that the factory will continue with the projects is also a goal with the program, according to Lindex (Aktuell Hållbarhet 2012).

### **4.3.3 Bik Bok**

#### **4.3.3.1 Background and start-up**

Since 2011, Bik Bok has collaborated with the children's rights organization Plan International. The collaboration has mainly consisted of that Bik Bok through the campaign "Because I am a Girl" has raised money for Plan International in order to promote equality and to support girls to help them out of poverty (Bik Bok 2020b). In 2014, Bik Bok launched a three-year project together with Plan International at their own initiative. The project was located in Vietnam and after successful results, it was decided that in 2018, to initiate another three-year project together with Plan International, this time located in Bangladesh (Bik Bok 2020b). This was partly decided as it was shown that the CSR project was an appreciated initiative by customers. An additional reason to initiate the project was that it was shown that the employees at Bik Bok felt proud to be able to help vulnerable girls. Lina Tellström at Bik Bok states that the successful results from the Vietnam project have made the employees motivated and excited about the project in Bangladesh (Plan International 2020).

#### **4.3.3.2 The Bangladesh project**

The project was initiated by issuing a campaign to promote and raise money towards girls in Singimari, located in northern Bangladesh. In this area, nearly 80% suffer from poverty and it is a region where child marriage is common. The project aims to strengthen girls, provide them with education and prevent child marriage. Returning to school after a marriage is unusual and because of that, schooling for approximately 40% of girls ends in second grade. Moreover, Bik Bok believes that working with gender equality will be necessary to attain a long-term change, which starts with education. By offering children and especially girls education, it is hoped to prevent child marriage to a higher degree. Other aspects the project addresses are creating safe environments in schools as well as encouraging parents, teachers and the community to support girls. In the project, 3,500 children are expected to benefit from the actions taken and measures implemented (Bik Bok 2020c).

Emma Gustafsson, Marketing Manager at Bik Bok, states in a press release that the reason why it was chosen to focus on girls is that Bik Bok's target customer segment is primarily women (Bik Bok 2018). A reason why Bangladesh was chosen is because a large part of Bik Bok's suppliers are located there. Being active in the fashion industry entails a number of challenges as the supply chain is complex. Bik Bok constantly tries to meet the difficulties that follow by focusing on commitment to laying the foundation for improvement (Bik Bok 2020c). The results of the project are yet to be evaluated.

## 5 Analysis

*To answer the research question, the below analysis is conducted through the previously presented conceptual analysis model.*

### 5.1 Push Factors - Societal Pressure

*When examining motives to implement CSR projects, it could be identified that an important driver for corporations in the fashion industry to invest resources in local welfare projects is due to external pressure from the surrounding environment. These external pressures are categorized as push factors, which are forces that pressure corporations to implement certain activities, in this case, local welfare projects, in order to maintain legitimacy in accordance with legitimacy theory (Deegan 2002). These motives will be further analyzed below.*

#### 5.1.1 Deficiencies of codes of conduct

A clear pattern which is identified amongst the investigated companies is that they have all outsourced their garment production, consequently achieving a cheaper and more flexible production, for the price of decreased control over production units (Mark 2006; Schön 2014; Stentoft et al. 2015). It is clear that the lower degree of control hardens the implementation of sufficient working conditions. The most common way to implement CSR practices in the factories, through codes of conduct, has been shown to be insufficient in regards to CSR outcomes (Egels-Zandén & Lindholm 2015; Perry & Towers 2013; Elg & Hultman 2011). Though implementing codes of conduct may be an attempt to enforce improved standards in factories, it is identified that the lack of control due to outsourcing, hardens the enforcement of the requirements. This is strengthened as both KappAhl and Lindex express that codes of conduct are insufficient measures to reach a satisfactory CSR outcome, however, Bik Bok has not expressed any concerns regarding the situation.

Codes' of conduct lack of efficiency poses a risk of increased legitimacy gaps for fashion



retailers, due to its failure to ensure satisfactory conditions for workers in outsourced divisions. This gap represents how fashion retail do act, compared to how they should act according to society (Lindblom 1994). As a consequence, consumers may reduce the demand for the organization's products as a form of punishment for not following the social contract described in legitimacy theory (Deegan 2002). The difficulties in controlling and influencing working conditions have thus shown to be a pressuring motive why welfare projects have become a common way of addressing these issues as it has shown to be a way to achieve greater influence in the supply chain. This can be exemplified as Kindgren de Boer states that 'we make a difference where we *can* make a difference'(personal interview, 21 April 2020). Accordingly, due to lack of efficiency of codes of conduct, fashion retailers are pushed to implement CSR in a new, more influential way - through CSR projects Castellani et al. (2018).

Moreover, codes of conduct have shown to lack the assessment of more soft and complex aspects of the workers (Hossain 2012). Evaluation of code of conducts are often income-based, and measuring social welfare on a basis of income can be problematic, since it only corresponds to a limited part of human well being (Banerjee 2003). Additionally, the ability of women to control their financial resources is commonly limited due to societal contexts (Hossain 2012). An increased pressure is thus put on corporations to implement CSR practices that address to more soft aspects of human well being, and which provide women with non-income based resources. Engaging in CSR projects is an efficient tool to satisfy these demands. A non-metric approach to achieve these outcomes in welfare projects is by teaching women to read, write and calculate. Providing these essential skills is something that has been identified that all three subjects work within their educational CSR projects. These knowledges are considered life-changing and are tools that can not be taken away by men in the women's surroundings, as opposed to a salary (Hossain 2012). The projects have further shown to reach softer outcomes such as the creation of social networks, which is important as these women represent a vulnerable group in society (Kindgren de Boer, personal interview, 21 April 2020).

### ***5.1.2 Gender inequality in the Bangladesh RMG industry***

The investigated companies' outsourced divisions greatly align in terms of geographical location, as both KappAhl, Lindex, and Bik Bok outsource large quantities of production to Bangladesh. This has shown to be a market that has many problems associated with poor working conditions and gender inequalities (Anner, Bair & Blasi 2013; Ahmed et al. 2015). Women, who make up the majority of the workforce, are a vulnerable group who can easily be exploited due to their lack of education, low societal position, and low self-esteem (Khosla 2009; Anner, Bair & Blasi 2013). Gender inequality is prevalent in the Bangladesh RMG industry, which can be seen as more than 80% of the factory workers are women, yet men account for over 95% over line-supervisors, according to International Labour Organization (2016).

The CSR projects undertaken by all three investigated subjects addressed shortcomings in the communities where production is located, issues which are mainly related to the cultural aspect of gender inequality. This is identified as all three subjects aimed to help locally by educating women in one way or another. For example, KappAhl aims to increase the status of women in Bangladesh by helping them to enter the workforce by providing them with education. Moreover, Bik Bok conducts projects which provide girls with education, and states that working with educational CSR projects is vital to attain long-term change regarding gender inequality. Lindex also works to educate women within both health and finances, and aims to empower women in the factories. The nature of these CSR projects is thus in line with legitimacy theory, as it is seen that fashion retailers are pushed to work with issues that have been addressed by the surrounding society, in order to maintain legitimacy (Brown & Deegan 1998).

### ***5.1.3 Corporate reputation***

The overall RMG industry in Bangladesh suffers from severe shortcomings which have been greatly addressed by media and made society push for an increased corporate responsibility in regards to these matters (Hopkins 2007; Anner, Bair & Blasi 2013; Lodge & Wilson 2006). These shortcomings pose a threat to the fashion retailers' corporate reputations.

Consequently, fashion retailers are pushed to take their CSR implementations one step further, in order to maintain an adequate corporate reputation and minimize legitimacy gaps (Lodge & Wilson 2006; Lindblom 1994; Brown & Deegan 1998). Scherer's and Palazzo's (2007) states that corporations ought to operate above minimum legal requirements to satisfy the societal demand, which is also expressed by Kindgren De Boer, who argues that fashion retailers bear a great responsibility to work in a sustainable manner in local communities (personal interview, 21 April 2020).

Engaging in CSR projects can be a way to compensate for earlier failures and mitigate supply chain deficiencies, and can be an efficient way to improve corporate reputation (Castellani et al. 2018). Moreover, being transparent in the CSR work undertaken can further enhance the corporate reputation, and is additionally considered to be a way to gain legitimacy (Deegan 2002; Lodge & Wilson 2006). Engaging in welfare projects can thus be a tool to meet societal demands, gain legitimacy, and improve corporate reputation simultaneously. This strategy can be identified with all three investigated subjects, as their work with CSR has changed in the last decade in line with an increased awareness of corporate malfeasance in developing countries (Wang et al. 2016). Their CSR work has gone towards an increased involvement in welfare projects, as a supplement to codes of conduct. The subjects are furthermore all transparent in their work with the CSR projects, as they reveal their involvement on the corporate websites, in marketing, and through press releases. A pattern that is identified is thus that as society's awareness of supply chain deficiency has increased, corporations have adapted their way of working with CSR and taken it one step further by engaging in local welfare projects. This aligns well with the legitimacy theory, where the actions of the corporations follow society's ethical standpoints and are transparently shown to society. Through this, corporations act in accordance with the 'social contract' mentioned in legitimacy theory and thus minimize legitimacy gaps, maintain an adequate corporate reputation and gain legitimacy (Deegan 2002; Lodge & Wilson 2006).

## **5.2 Pull Factors - Value Creation**

*The background to why companies engage in welfare projects may seem to be due to societal pressure and that they are obliged to implement CSR practices in order to achieve legitimacy. However, patterns have been identified that there are additional drivers for companies to act in this way. In accordance with stakeholder theory, all surveyed companies display their own internal ambition to act ethically and create value for stakeholders. These motives are categorized as pull factors and are in conformity with stakeholder theory, and will be further analyzed below (Edward Freeman 1984).*

### **5.2.1 Value creation for suppliers**

According to stakeholder theory, corporations strive to create value for stakeholders in their value chains (Edward Freeman et al. 2010). This is something that has also been identified in the gathered data, as all three investigated subjects express an aspiration to improve the situation of the workers in their production. Kindgren de Boer argues that all companies have a responsibility where they operate (personal interview, 21 April 2020). Moreover, according to the definition of CSR, companies operating in another location ought to contribute positively where business is conducted (Castellani et al. 2018). Both KappAhl and Lindex state that there is a great need to contribute to development in Bangladesh, which both of them, along with Bik Bok do as they establish welfare projects that favor and create value for local communities in Bangladesh. The ambition to create value for suppliers in Bangladesh is considered to be essential as the suppliers constitute an important part of the value chain and furthermore, because they largely suffer from poor living and working conditions (Anner, Bair & Blasi 2013; Ahmed et al. 2015).

### **5.2.2 Long-term value creation for suppliers**

One identified pull factor is the aspiration to create value by setting change in motion and creating spillover effects. According to previous research, engaging in welfare projects have proven to have a positive impact on both an individual level, but also for entire communities (Castellani et al. 2018; Nylöf and Stoy 2019). All three investigated subjects believe that

education is the most efficient tool to reach this outcome. For example, Kappahl states that their goal is to through education enable women to enter the workforce, as it is considered a tool to increase the societal status of women. Moreover, in the case of Bik Bok it was stated that educational welfare projects are essential tools to put change in motion and have a long term spillover effect to improve women's status in Bangladesh (Bik Bok 2020c). This view is additionally shared by Lindex, who also believes that education is an efficient tool to contribute to societal change and long term spillover effects. Moreover, it is in line with the argument of Castellani et al. (2018) that increased education contributes to long-term effects as it sets change in motion. This has also been shown to be the case, according to the results of the investigated fashion retailers' welfare projects. It was shown that as women's knowledge increased in Bangladesh as a result of the welfare projects, knowledge was spread further in the local communities and the women testified that they were not a burden to their families anymore (Kindgren de Boer, personal interview, 21 April 2020). According to Lindex (2020), each woman on average, shared her knowledge with four others and Kindgren de Boer states that it is favorable to educate women as they largely strive to share their knowledge in the local communities (personal interview, 21 April 2020). Thus, it can be seen that corporations create value both on individual levels in local communities, but also on a societal level by setting change in motion, consequently creating long term spillover effects in accordance with Manski's (1993) definition. These positive spillover effects and the opportunity to have a greater impact in value chains are regarded as motives for engaging in welfare projects as it evidently creates value for local communities affected by the fashion retailer's production, in accordance with stakeholder theory (Edward Freeman 1984).

### ***5.2.3 Value creation for customers***

Another motive that seems to pull companies to engage in welfare projects is the possibility to create value for customers. Previous research shows that customers tend to support companies that engage in CSR practices (Shaw et al. 2007). This was seen in the case of Bik Bok, where one of the reasons why another welfare project was conducted was because it was found to be appreciated by customers (Bik Bok 2018). Moreover, all three fashion retailers have a focus on women in their welfare projects, partly since women make up a vast majority of their customer segments. However, in Kappahl's case, the aim is not to mainly create

value for customers. However, it is viewed as a positive side effect of their welfare project. This is identified as Kindgren de Boer states that the value creation for customers is limited, since very few customers are even aware of their training center in Bangladesh since it is not used in marketing (personal interview, 21 April 2020). Hence, it is identified that another motive which pulls fashion retailers to engage in welfare projects is to create value for customers, in line with stakeholder theory (Edward Freeman 1984). However, it is seen that the degree of value creation for customers vary amongst the investigated subjects, and that it may not be the main stakeholder group for which value is intended to be created.

#### ***5.2.4 Value creation for employees***

Regarding employees, Kindgren de Boer states that working with welfare projects creates pride and value among the employees (personal interview, 21 April 2020). Furthermore, it was shown that for Bik Bok (2020) the projects create pride and motivate employees, and are thus regarded as yet another motive which pulls companies to engage in these projects. Moreover, it lines up with previous research which states that working at a company involved in CSR practices increases the utility for employees (Fontana 2017). No information was retrieved in regard to Lindex's employees due to the prevailing situation of Covid-19. However, it is assumed that companies want to create value for their employees in accordance with stakeholder theory and since, according to both empirical and previous research, it appears that initiating welfare projects can be a way to achieve this. Accordingly, value creation for employees is considered one of the pull factors, in accordance with stakeholder theory (Edward Freeman 1984).

#### ***5.2.5 Value creation for the company***

Pull factors do not necessarily have to stem from ethical motives, they can also originate from financial motives. Financial motives can be considered pull factors for companies to engage in welfare projects, as they have shown to have the ability to improve market positions, which creates value for the corporation itself (Meyer & Rowan 1977; Jones, Harrison & Felps 2018). According to Meyer and Rowan (1977), CSR practices can strengthen a company's market position as it increases corporate legitimacy, something which can be

considered a competitive advantage which is hard to imitate. Moreover, it can create goodwill for the company, meaning that the improved brand reputation can be considered an intangible asset, according to Jones, Harrison, and Felps (2018). This was seen in the case of Bik Bok as they started their project in Bangladesh by issuing a campaign to promote and raise money, and thus used their work with welfare projects in marketing (Bik Bok 2018). Lindex has also used their project in marketing when they promoted their project at an event (Elle 2017). Another example of self-interest is seen at Lindex's website where it is stated that through the project WE Women, gender equality in the factories increases which is advantageous for the factory audits, thus creating a goodwill. For KappAhl, on the other hand, the CSR projects do not seem to have a financial effect on the company as it is not used in marketing. However, it is possible to identify that a pull factor for Lindex and Bik Bok to engage in welfare projects is to strengthen their market positions and increase their goodwill (Meyer & Rowan 1977; Jones, Harrison & Felps 2018). Creating value for the corporation itself is evidently furthermore an important aspect of stakeholder theory (Edward Freeman et al. 2010).

An additional financial motive that creates value for the fashion retailers is that welfare projects may contribute to increased efficiency in the factories. Castellani et al. (2018) argue that welfare projects can result in increased profits and can, therefore, be a motive to engage in welfare projects. This is visible in Lindex's strategy as one result of the project 'HERhelth' project has shown financial benefits, as workforce absence decreases through increased health. Furthermore, through the digital payroll obtained in Lindex's project HERFinance Wage Digitalization, increased security, efficiency, and productivity has been attained in the factories related to financial services. Initiating welfare projects for increased efficiency was also thought to be one of the reasons in KappAhl's case, since a part of their project involves training in sewing, which later on can be beneficial in production. However, according to Kindgren de Boer, this is not the goal of the welfare projects (personal interview, 21 April 2020). Neither Bik Bok seems to strive for increased efficiency as their project does not focus on the workforce in production, instead, their focus is merely on girls' living conditions in local communities. Having financial motives for initiating welfare projects may be considered unethical, however, Carroll (1979) argues that financial sustainability is necessary to be able to engage in any CSR practices at all. That there is a financial motive that pulls companies to engage in welfare projects is therefore believed to result in more projects than

what would otherwise be implemented, and in that way is possible to create value for several stakeholders simultaneously.

### **5.3 CSR Implementation - Welfare Projects**

*The above section includes an analysis, focusing on the motives of why fashion retailers engage in CSR practices in welfare projects. Below follows a discussion on the implications of their engagement in CSR projects analyzed in the light of the CSR pyramid.*

#### **5.3.1 Codes of conduct versus welfare projects**

The push and pull factors presented above are considered motives for fashion retailers to implement CSR practices in their business models. Ljungdahl (1999) explains that companies within the same industry tend to work with CSR in industry-specific patterns, where procedures and structures commonly align and are similar within each and every industry. This is also shown in the fashion industry as codes of conduct is the main way to work with CSR, however, implementing CSR projects has become more frequently used. Codes of conduct are according to Swedwatch (2012) responsibilities that tend not to go beyond the factory walls. It is a type of CSR implementation which generally aim to fulfill basic legal standards, and do not seek to improve more soft and complex concerns of workers' safety and health, such as decreasing workplace stress or building social networks (Prentice et al. 2018). The implementation of codes of conduct can thus be categorized as attending to legal, or in some cases even ethical responsibilities in Carroll's (1979) CSR pyramid, since they aim to fulfill regulatory standards commonly establish by minimum laws (Prentice et al. 2018). This is exemplified as Kindgren de Boer states that it is easier to implement CSR practices which are in line with legal regulations while implementing improvements that go beyond legal requirements is more difficult (personal interview, 21 April 2020). However, codes of conduct can also include requirements that aim to go beyond the minimally required standards, and can thus partly be categorized as taking on ethical responsibilities with an aim to conduct business in a virtuous and fair way (Carroll 1979).



The type of CSR engagement examined in this thesis is the one of CSR welfare projects, which can be viewed as taking on corporate responsibility on an ethical and philanthropic level, in accordance with Carroll's (1979) CSR pyramid. Through engagement in welfare projects, a merge of capitalistic objectives and philanthropic virtues can be identified. It is a way for fashion retailers to act in a selfless way and improve life quality for others without an expected return, which corresponds to taking on ethical and philanthropic responsibilities (Carroll 1979). However, when examining the motives behind the engagement in CSR projects, it becomes clear that not all motives stem from a philanthropic standpoint. In accordance with Lodge's and Wilson's (2006) statement that CSR is commonly implemented to improve corporate reputation. Other spectrums of the framework can be also be identified in the motives, as drivers include financial objectives as the projects have been used as a form of marketing, a way to improve sustainability statistics and a tool to avoid loss of income due to scandals. Though the act of implementing welfare projects can be characterized as philanthropic behavior, the motives behind this behavior can thus be far from philanthropic.

### ***5.3.3 Implications of engagement in CSR projects in the fashion industry***

A remarkable aspect to consider is that fashion retailers commonly fail to fulfill the more basic aspects of the CSR pyramid, i.e. taking on legal and ethical responsibilities, yet still engage in philanthropic welfare projects - responsibilities located at the top of the pyramid (Carroll 1979). Here, a contradiction in fulfilling the steps of the CSR pyramid is identified in the fashion industry. A financially stable ground is essential to carry out CSR practices (Carroll 1979). Accordingly, to successfully fulfill the base of the pyramid and be financially profitable (economic responsibilities), a high degree of outsourcing is employed. However, as a result of outsourcing, the control over working conditions is reduced and codes of conduct are evidently insufficient tools to ensure decent conditions (Mark 2006; Stentoft et al. 2015). Consequently, legal and sometimes ethical responsibilities fail to be met as workers are not paid enough to sustain themselves, and commonly work in extremely poor working conditions (Anner, Bair & Blasi 2013). Instead, fashion retailers turn to engage in CSR projects to mitigate damage, thus fulfilling the philanthropic responsibilities in the CSR pyramid (Carroll 1979). This pattern can be identified with all three investigated corporations. A contradiction can thus be identified between the different steps of the

pyramid, as these companies tend to “jump over” levels in the CSR pyramid - going from economic responsibilities to philanthropic. This finding indicates that Carroll’s CSR pyramid may be an insufficient tool to explain the implementation of CSR in today’s fashion industry, something which has also been brought up by other scholars in literature, e.g. Friedman (1970).

#### **5.4 Summary of Analysis**

Given the findings in the analysis above, the key motives for fashion retailers to engage in CSR projects can be summed up as: Insufficient CSR outcomes of codes of conduct, poor living and working conditions and an increased awareness of these deficiencies in producing countries, societal pressure to take further corporate responsibility, a need to attain legitimacy and maintain a good corporate reputation, and value creation for stakeholders among suppliers, customers, employees and the corporation itself. These motives can be categorized as push and pull factors, which will be further explained in the conclusion.

#### **5.5 Limitations of the Study**

Though patterns and differences amongst the subjects could be identified in the analysis, a limitation of the conclusion is that the findings of this thesis are based on a few number of companies. This limits the degree to which the findings may be applicable to the overall fashion industry. Additionally, difficulties of collecting primary data due to the circumstances of Covid-19 limited the amount of primary data presented in the empirics. However, secondary sources were gathered in an attempt to present a picture as accurately as possible to reality. Moreover, a limited amount of time to conduct the thesis hindered a more thorough gathering of data. Thus, a more nuanced understanding of the situation and more precise information on the issues related to the research question may limit the accuracy of the generalizations made. Furthermore, due to financial limitations and Covid-19, no presence was established in Bangladesh. This may entail in the angled perception of the situation as the study has been conducted from a Western perspective.

## 6 Conclusion

*The conclusion of this thesis, which answers the research question 'What are the motives for fashion retailers to engage in local welfare projects in Bangladesh?' indicates that there are different motives that can be divided into push and pull factors. These factors will then determine the choice of CSR practice to implement, which in this study showed to be welfare projects, and will be presented below.*

### 6.1 Push Factors

The analysis points out that there are external factors that have pushed fashion retailers to gradually increase their CSR responsibilities, and that today CSR projects are a common way to mitigate negative effects fashion retailers have had in local communities. The pattern that pushes the investigated companies to engage in welfare projects in Bangladesh is *increased awareness* about inadequate living and working conditions in Bangladesh by Western society. Due to *increased media attention* in the matter, this has led to a *societal pressure* on fashion retailers to take on a higher degree of responsibility regarding their production. Moreover, as the *conditions are difficult to control* in the factories and *codes of conduct are insufficient* in terms of CSR outcomes as a consequence of outsourcing, welfare projects are thus initiated as a response to societal pressure. By transparently engaging in welfare projects as a response to push factors, corporations can *accommodate societal pressure, gain legitimacy* and *improve corporate reputation* simultaneously which is also in accordance with the social contract as mentioned in legitimacy theory (Lindblom 1994).

### 6.2 Pull Factors

Moreover, it has emerged that there is an inherent desire for fashion retailers to *create value* for stakeholders in accordance with stakeholder theory (Edward Freeman 1984). These drivers are categorized as internal pull factors, which motivate corporations to engage in welfare projects. An important pull factor to engage in local welfare projects is the fashion

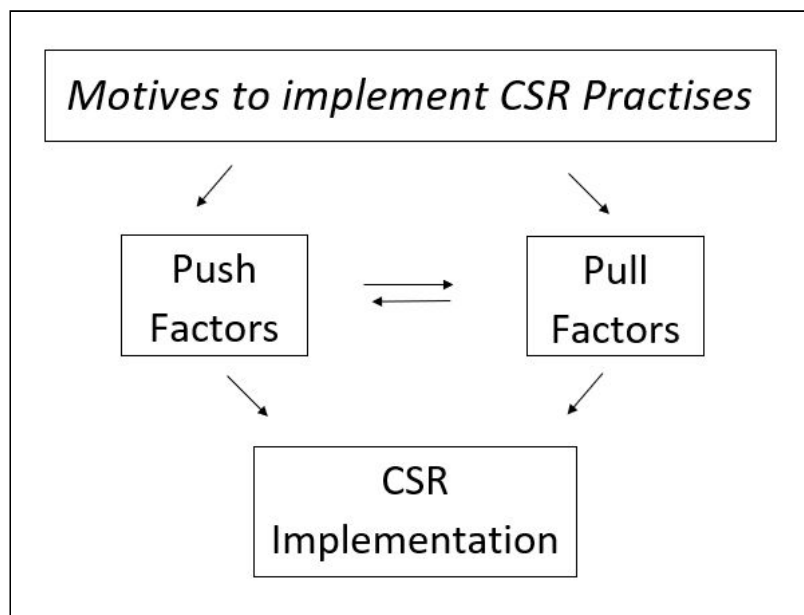
retailers' aspiration to *improve the living and working conditions* in Bangladesh for workers as well as local communities through spillover effects. Moreover, creating value for *employees* is achieved by creating a pride amongst the staff and creates a feeling of working at a good company. Another pull factor is creating value for the *corporation itself*. Firstly, working at a company that engages in welfare projects creates a pride among the *employees*. Moreover, involvement in welfare projects has been proved to have a financial positive impact as it contributes to *goodwill* and can potentially *increase efficiency* in the factories.

### **6.3 Implications of Welfare projects as CSR practice**

The fact that welfare projects have become common in the implementation of CSR practices by fashion retailers does not add up to the signification of Carroll's CSR pyramid (Carroll 1979), as the previous steps have not been fulfilled. However, working philanthropically is a manner in which fashion retailers, due to prevailing circumstances of outsourcing and inefficient codes of conduct, can actually have an impact in local communities. Nevertheless, the conclusion is that the motives to implement this type of CSR practice is a result of push and pull factors, and the choice of CSR practices emerges in welfare projects is because by conducting welfare projects it is possible to *mitigate negative side effects of production* and at the same time *create value for corporate stakeholders*.

### **6.4 The CSR Diamond**

A further finding is that no CSR theory brings up the concept of push and pull factors as motives behind the implementations of CSR, nor can alone explain the motives behind CSR practices. Thus, the need for a new CSR model was identified. Consequently, the analysis was embodied in the form of a new CSR framework - the CSR Diamond, which is a model that compiles existing theory, explains its connection, and moreover supplements the shortcomings where current theories lack. The model is shown below in figure three together with an explanation.



*Figure 3: The CSR Diamond, general model (own compilation)*

#### **6.4.1 Explanation of the CSR diamond**

Push factors are the external factors that motivate companies to implement CSR in order to achieve legitimacy. Pull factors are the internal factors that motivate companies, of own will, to implement CSR in order to create value for stakeholders. Important to state is that push factors shall not be something striving to avoid, rather something to take into account as it is beneficial to have an understanding of its existence when choosing which CSR practice to implement. However, what is considered to be a push or pull factor is not always obvious, and some motives can be characterized as both push and pull factors simultaneously. Therefore the arrows in between the push and pull factors indicate a relationship between the two of them, as certain factors may fall under both headings and one does not necessarily exclude the other. Together push and pull factors create motives for companies to implement some form of CSR practice along with what is suitable for each company and industry.

#### **6.5 Implications**

*Below follows theoretical and managerial and implications, originating from the findings in the analysis. Finally, a suggestion for future research is presented.*

### ***6.5.1 Managerial implications***

Evidently, welfare projects have been an effective CSR practice for fashion retailers to contribute to positive outcomes, set change in motion, and create spillover effects in local communities. As involvement in welfare projects can accommodate societal demands and simultaneously create value for stakeholders, a win-win situation is created. A managerial implication for fashion retailers is therefore to keep engaging in welfare projects. However, the fact that problems in outsourced production units demand more actions than exclusively working with welfare projects is acknowledged. Therefore, involvement in CSR projects ought to be supplemented with a wider discussion on how to more efficiently implement and enforce codes of conduct. Codes of conduct are vital to ensure decent working conditions, and shall not be neglected due to successful welfare projects. Welfare projects and codes of conduct fulfill different functions, where both are necessary responsibilities to take on as a fashion retailer. Thus, a parallel involvement in improvements of codes of conduct to ensure decent working conditions and satisfactory wages, as well as the engagement in CSR projects to create spillover effects and set change in motions is the overall suggestion for fashion retailers.

Furthermore, a specific proposal regarding the focus of the future welfare projects is to base their theme on the UN's global goals four and five, i.e. address gender equality and education. In the delimitation of this thesis, it was chosen to examine projects in accordance with these goals, as a pattern was identified that a large part of fashion retailers' welfare projects focus on women and education. In the fashion industry, problems related to these goals are evidently prominent, and it was thus shown to be two efficient goals to focus on in CSR practices in order to reach satisfactory CSR outcomes. The final managerial implication is therefore for fashion retailers to specifically integrate these two goals in their CSR practices, to maintain a focus on where improvements are required and can make a difference.

### ***6.5.2 Theoretical implications***

In order to contribute to research, a new model that encompasses aspects derived from several theories has been designed to fill a research gap identified in the field of CSR. The CSR diamond complements existing theory as it takes several aspects into regards. One finding is that no theory alone can explain the reasons why companies implement CSR practices and, as a solution, the CSR diamond combines the stakeholder theory, legitimacy theory, and the CSR pyramid to explain the phenomenon. This model contributes to research as it complements existing theories as well as integrate them, consequently, this creates a greater understanding of corporate behavior in the field of CSR.

Important to acknowledge is that this framework has been identified from the perspective of one specific industry, whose CSR engagement is located in one specific geographical area (Bangladesh). Moreover, the framework is solely based on three corporations and a large part of the data stems from secondary sources, due to the unfortunate circumstances of Covid-19. However, there are reasons to believe that this model is applicable in other industries and contexts as well, although the motives behind why a company implements CSR can differ depending on the industry, context, and corporation. Consequently, varying motives may affect the choice of CSR practice to implement, and is thereby individual for each company. Moreover, the push and pull factors identified in the model represent a broad categorization of motives behind why fashion retailers choose to implement CSR initiatives. It is acknowledged that the motives can be of a more complex nature than this broad division of the two factors, as the motives can influence each other, be categorized as both push and pull, vary in strength, and so on.

### ***6.5.3 Suggestion for future research***

As previously mentioned, a new model has been created that aims to complement where existing theories prove to be inaccurate or insufficient. However, even though the model has the potential to be applicable in several contexts, it has for now, solely been examined in one context. Therefore, more research on the applicability of the model is requested, to confirm

the applicability of the CSR diamond from additional points of view and within varying industries.



## 7 Literature list

- Ahmed, J, Rifta, A, Nisha, N & Uddin, M 2015, 'Desi Dosh: the case on integration of ten rivals in the fashion industry of Bangladesh', *Springer Link*, vol. 42, pp. 87-103.
- Akhter, S, Rutherford, R & Chu, C 2019, 'Sufferings in silence: Violence against female workers in the ready-made garment industry in Bangladesh: A qualitative exploration', *Women's Health*, vol. 15, pp. 1-10.
- Aktuell Hållbarhet 2018, *Lindex: Kollektivavtal i textilfabrikerna ingen garanti för anständiga arbetsvillkor*, Aktuell Hållbarhet, accessed 4 May 2020, <<https://www.aktuellhallbarhet.se/miljo/klimat/lindex-kollektivavtal-i-textilfabrikerna-ingen-garanti-for-anstandiga-arbetsvillkor/>>
- Anisul Huq, F, Stevenson, M, & Zorzini, M 2014, 'Social sustainability in developing country suppliers: An exploratory study in the ready made garments industry of Bangladesh', *International Journal of Operations & Production Management*, vol. 34, pp. 610–638.
- Anner, M, Bair, J & Blasi, J 2013, 'Toward joint liability in global supply chains: addressing the root causes of labor violations in international subcontracting networks', *Comparative Labor Law & Policy Journal*, vol. 35, pp.1-43.
- Banerjee, S. B, 2003, 'Who sustains whose development? Sustainable development and the reinvention of nature', *Organization Studies*, vol. 24, pp. 143–180.
- Bangladesh Pratidin 2019, *Female garment workers are victims of sexual harassment step by step*, Bangladesh Pratidin, accessed 8 April 2020, <<https://www.bd-pratidin.com/last-page/2019/06/26/434575>>
- Beghetto R.A, Schreiber J.B 2017, 'Creativity in Doubt: Toward Understanding What Drives Creativity in Learning', in Leikin, R & Sriraman, B's *Creativity and Giftedness*, Springer,

New York, US.

Bela, A. R 2008, *Corporate social responsibility reporting in developing countries: The case of Bangladesh*, Ashgate Publishing, Aldershot, U.K.

Bik Bok 2018, *Bik Bok förlänger samarbetet med Plan International*, accessed 16 April 2020,

<<http://www.mynewsdesk.com/se/bikbok/pressreleases/bik-bok-foerlaenger-samarbetet-med-plan-international-2737176>>

Bik Bok 2020a, *Om BikBok*. BikBok, accessed 5 April 2020,

<<https://bikbok.com/sv/corporate-sv/om-bik-bok-sv/om-bikbok/>>

Bik Bok 2020b, *About The Initiative*, Bik Bok, accessed 5 April 2020,

<<https://bikbok.com/sv/corporate-sv/girlsrighttoeducation/about-the-project/>>

Bik Bok 2020c, *A future through*, Bik Bok, accessed 5 April 2020,

<<https://bikbok.com/sv/corporate-sv/girlsrighttoeducation/bangladesh/>>

Boubaker, S & Nguyen, B 1999, *Corporate Governance: Recent developments and new trends*, Springer, Berlin, GE.

Branson, L, Thomas, S, & Chung-Hsien 2008, 'Group style differences between virtual and F2F teams', *American Journal of Business*, vol. 23, pp. 65-70.

Braun, V & Clarke, V 2008, 'Using thematic analysis in psychology', *Qualitative Research in Psychology*, vol. 3, pp. 77-101.

Brown, N, & Deegan, C 1998, 'The public disclosure of environmental performance information-a dual test of media agenda setting theory and legitimacy theory', *Accounting and Business Research*, vol. 29, pp. 21-41.

Bryman, A, & Bell, E 2015, *Business research methods*, Oxford University Press, Oxford, UK.

Burton, B.K, Farh, J.L & Hegarty, W.H 2000 “A cross-cultural comparison of corporate social responsibility orientation: Hong Kong vs. united states students,” *Teaching Business Ethics*, vol. 4, pp. 151-167.

Business for Social Responsibility 2020, *What we do*, Business for Social Responsibility, accessed 5 April 2020, <<https://herproject.org/about/what-we-do>>

Carroll, A.B 1979, ‘A three-dimensional conceptual model of corporate social performance’, *Academy of Management Review*, vol. 4, pp. 497–505.

Carroll, A.B 1991, ‘The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders’, *Business Horizons*, vol. 34, pp. 39-48.

Castellani, D, Narula, R, Nguyen, Surdu, I & Walker, J 2018, *Contemporary Issues in International Business - Institutions, Strategy and Performance*, Springer Nature, Berlin, GE.

Crane, A 2000, ‘Corporate greening as amoralization’, *Organization Studies*, vol. 21, pp. 673-696.

Dagens Handel 2017, *Lindex donerar till kvinnohälsa*, Dagens Handel, accessed 1 May 2020, <[https://www.dagenshandel.se/article/view/394326/lindex\\_donerar\\_till\\_kvinnohalsa?rel=related](https://www.dagenshandel.se/article/view/394326/lindex_donerar_till_kvinnohalsa?rel=related)>

Dagens Nyheter 2019, *Textilarbetare jobbar för 4,50 i timmen – fackföreträdare från Bangladesh vädjar till Kappahl, MQ och HM*, accessed 20 April 2020, <<https://www.dn.se/ekonomi/textilarbetare-jobbar-for-450-i-timmen-fackforetradare-fran-bangladesh-vadjar-till-kappahl-mq-och-hm/>>

Dalen, M 2007, *Intervju som metod*, Gleerups Utbildning AB, Malmö, SE.

Danermark, B, Ekstrom, M, & Jakobsen, L 2005, *Explaining society: An introduction to critical realism in the social sciences*. Routledge, Abingdon, UK.

Dowling, J & Pfeffer, J 1975, 'Organizational legitimacy: Social values and organizational behavior', *Pacific Sociological Review*, vol. 18, pp. 122-36.

Deegan, C 2002, 'The Legitimizing Effect of Social and Environmental Disclosures - A Theoretical Foundation', *Accounting, Auditing and Accountability Journal*, vol. 15, pp. 282-311.

Dicken, P 2015, *Global Shift*, 7th edn, Guilford Publications, New York, US.

Donaldson, T & Preston, L 1995, 'The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications', *Academy of Management Review*, vol. 20, pp. 65-91.

Duckworth, H.A & More, A.M 2010, *Social Responsibility: Failure mode effects and analysis*, CRC Press, Florida, US.

Edmondson, V.C, & Mcmanus, S. E 2007, 'Methodological fit in management field research', *Academy of Management Review*, vol. 32, pp. 1155–1179.

Edmondson, V.C & Carroll, A.B 1999, 'Giving back: An examination of the philanthropic motivations, orientations and activities of large black-owned businesses', *Journal of Business Ethics*, vol. 19, pp. 171-179.

Edward Freeman, R 1984, *Strategic Management: A Stakeholder Approach*, Cambridge University Press, Cambridge, UK.

Edward Freeman, R, Harrison, R, Wicks, S.J, Parmar, C.A, & de Colle, S 2010, *Stakeholder Theory: The State of the Art*, Cambridge University Press, New York, US.

Egels-Zandén, N, & Lindholm H 2015, 'Do Codes of Conduct Improve Worker Rights in Supply Chains? A Study of Fair Wear Foundation', *Journal of Cleaner Production*, vol. 107, pp. 31-40.

Elle 2017, *Mingel: Eller + Lindex firade Internationella Kvinnodagen*, Elle, accessed 2 May 2020, <<https://www.elle.se/mode/mingel-elle-lindex-firade-internationella-kvinnodagen/>>

Elg, U and Hultman, J 2011, 'Retailers' management of corporate social responsibility (CSR) in their supplier relationships – does practice follow best practice?', *The International Review of Retail, Distribution and Consumer Research*, vol. 21, pp. 445-460.

Elkington, J 1998, 'Partnerships from Cannibals with Forks: The Triple Bottom Line of 21st-century Business', *Environmental Quality Management*, vol. 8, pp. 37–51.

European Commission 2019, *Corporate Social Responsibility & Responsible Business Conduct*, European Commission, accessed 9 April 2020, <[https://ec.europa.eu/growth/industry/corporate-social-responsibility\\_en](https://ec.europa.eu/growth/industry/corporate-social-responsibility_en)>.

Fair Action 2020, *Stuck in the starting blocks: Swedish sporting retailers on transparency*, Fair Action, Stockholm, SE.

Fletcher, A. J 2017, 'Applying critical realism in qualitative research: methodology meets method', *International Journal of Social Research Methodology*, vol. 20, pp. 181–194.

Flick, U 2011, *Introducing research methodology: a beginner's guide to doing a research project*, Sage, Los Angeles, US.

Fontana, E 2017, 'Strategic CSR: a panacea for profit and altruism? An empirical study among executives in the Bangladeshi RMG supply chain', *European Business Review*, vol. 29, pp. 304-319.

Friedman, M 1970, *The Social Responsibility of Business Is to Increase its Profits*, New York Times Magazine, 13. Sept. 1970, accessed 14 May 2020.

Global Living Wage Coalition 2019, '*Global Living Wage Series Bangladesh*', industry report, Global Living Wage Coalition, accessed April 21 2020,  
<[https://www.globallivingwage.org/wp-content/uploads/2018/05/Dhaka\\_Living\\_Wage\\_Benchmark\\_Infographic.pdf](https://www.globallivingwage.org/wp-content/uploads/2018/05/Dhaka_Living_Wage_Benchmark_Infographic.pdf)>

Gråbacke, C 2019, *Kläder, shopping och flärd : modebranschen i Stockholm 1945-2010*, Stockholmia, Stockholm, SE.

Guba, E.G 1981, 'Criteria for Assessing the Trustworthiness of Naturalistic Inquiries', *Educational Technology Research and Development*, vol. 29, pp. 75-91.

Holme, I & Solvang B 1997, *Forskningsmetodik : Om Kvalitativa Och Kvantitativa Metoder*, Studentlitteratur, Lund, SE.

Hopkins, M 2007, *Corporate Social Responsibility and International Development: Is Business the Solution?* Routledge, Abingdon, UK.

Hossain, N 2012, 'Women's empowerment revisited: From individual to collective power among the export sector workers of Bangladesh', *IDS Working Papers*, vol. 389, pp. 1-40.

International Labour Organization 2016, *Bangladesh - Improving working conditions in the ready made garment industry: Progress and achievements*, International Labour Organization, accessed 15 April 2020,  
<[https://www.ilo.org/dhaka/Whatwedo/Projects/WCMS\\_240343/lang--en/index.htm](https://www.ilo.org/dhaka/Whatwedo/Projects/WCMS_240343/lang--en/index.htm)>

Isaksen, A & Kalsaas, B.T 2009, 'Suppliers and Strategies for Upgrading in Global Production Networks: The Case of a Supplier to the Global Automotive Industry in a High-cost Location', *European Planning Studies*, vol. 17, pp. 569-585.

Jacobsen, D. I 2002, *Vad, hur och varför? Om metodval i företagsekonomi och andra samhällsvetenskapliga ämnen*, Studentlitteratur, Lund, SE

Jones, T, Harrison, J & Felps, W 2018, 'How applying Stakeholder Theory can provide sustainable competitive advantage', *Academy of Management Review*, vol. 43, pp. 371-391.

KappAhl 2020a, *Vilka vi är*, KappAhl, accessed 8 April 2020, <<https://www.kappahl.com/sv-SE/om-kappahl/om-oss/om-oss/vilka-vi-ar/>>

KappAhl 2020b, *Kvinnor och barn i fokus*, KappAhl, accessed 8 April 2020, <<https://www.kappahl.com/sv-SE/om-kappahl/hallbarhet/var-produktion/kvinnor-och-barn-i-fokus/>>

Khosla, N 2009, 'The ready-made garments industry in Bangladesh: A means to reducing gender-based social exclusion of women?' *Journal of International Women's Studies*, vol. 11, pp. 289–303.

Lee, M 2008, 'A review of the theories of corporate social responsibility: its evolutionary path and the road ahead', *International Journal of Management Reviews*, vol. 10, pp. 53–73.

Lindblom, C.K 1994, 'The Implications of Organizational Legitimacy for Corporate Social Performance and Disclosure', *Social and environmental accounting*, vol. 2, pp. 29-32.

Lindex 2019, *Our promise to future generations*, Lindex, accessed 5 April 2020, <<https://about.lindex.com/files/documents/lindex-promise-for-future-generations-2019.pdf>>

Lindex 2020a, *About Lindex*, Lindex, accessed 3 April 2020, <<https://about.lindex.com/about/>>

Lindex 2020b, *WE Women by Lindex*, Lindex, accessed 3 April 2020, <<https://about.lindex.com/sv/hallbarhet/hur-vi-jobbar/initiativ-och-partnerskap/we-women-by-lindex/>>

Lindex 2020c, *HERproject*, Lindex, accessed 3 April 2020,  
<<https://about.lindex.com/sustainability/how-we-work/initiatives-and-partnerships/herproject/>>

Ljungdahl, F 1999, *Utveckling av miljöredovisning i svenska börsbolag: praxis, begrepp, orsake*, Lund University Press, SE

Lodge, G and Wilson, G 2006, *Corporate Solution to Global Poverty: How Multinationals Can Help the Poor and Invigorate Their Own Legitimacy*, Princeton University Press, US.

Manski, C 1993, 'Identification of endogenous social effects: the reflection problem', *Review of Economic Studies*, vol. 60, pp. 531–42.

Mark, A 2006, 'Globalization, Power, and Survival: an Anthropological Perspective', *Anthropological Quarterly*, vol. 79, pp. 484-486.

Miksza, P & Elpus, K 2018, *Design and Analysis for Quantitative Research in Music Education*, Oxford University Press, Oxford, UK.

McWilliams, A & Siegel D 2001, 'Corporate Social Responsibility: A Theory of the Firm Perspective', *Academy of Management Review*, vol. 26, pp. 117-127.

Meyer, J.W & Rowan, B 1977, 'Institutionalized organizations: Formal structures as myth and ceremony', *American Journal of Sociology*, vol. 83, pp. 340-363.

Nylöf, E & Stoy, P.C 2019, 'Trained but trapped? A case study on capacity building and female garment workers' well-being on and beyond the shop floor in Bangladesh', MSc Thesis, Stockholm School of Economics, Stockholm.

Patton, M. Q 1980, *Qualitative evaluation methods*, Sage Publications, Beverly Hills, US.



Perry, P, Towers, N, 2013, 'Conceptual Framework Development for CSR Implementation in Fashion Supply Chains', *International Journal of Physical Distribution & Logistics Management*, vol.43, pp.478–500.

Plan International 2020, *Bik Bok + Plan = Utdanning for jenter*, Plan International, accessed 8 April 2020, <<https://www.plan-norge.no/bedrifter/partnere/bik-bok>>

Prentice, R, De Neve, G, Mezzadri, A, & Ruwanpura, K. N 2018 'Health and safety in garment workers' lives: Setting a new research agenda', *Geoforum*, vol. 88, pp. 157–160.

Robeyns, I 2017, *Wellbeing, freedom and social justice: The capability approach re-examined*, Open Book Publishers, Cambridge, UK.

Ryen, A 2004, Fackgranskning: från vetenskapsteori till fältstudier, *Liber ekonomi*, Malmö, SE.

Shaw, D, Shiu, E, Hassan, L, Bekin, C & Hogg, G 2007, 'Intending to be ethical: an examination of consumer choice in sweatshop avoidance', *Advances in Consumer Research*, vol. 34, pp. 31-38.

Statistiska Centralbyrån 2019, 'Utrikeshandel med varor', market report, Statistiska Centralbyrån, accessed 21 April 2020, <<https://www.scb.se/hitta-statistik/statistik-efter-amne/handel-med-varor-och-tjanster/utrikes-handel/utrikeshandel-med-varor/>>

Scherer, A & Palazzo, G 2007, 'Globalization and Corporate Social Responsibility', in Crane, A, McWilliams, D, Matten, J & Moon, D's , *The Oxford Handbook of Corporate Social Responsibility*, pp. 413-431, Oxford University Press, UK.

Schön, L 2014, *En modern svensk ekonomisk historia; tillväxt och omvandling under två sekel*, 4th edn, Studentlitteratur, Lund, SE.

- Sober, E 2013, *Core Questions in Philosophy: A Text with Readings*, 6th edn, Pearson Education, Boston, US.
- Stentoft, J Mikkelsen, O & Johnsen, T 2015, 'Going Local: A Trend towards Insourcing of Production?', *Supply Chain Forum*, vol. 16, pp. 2-13.
- Susith, F & Stewart, L 2014, 'A theoretical framework for csr practises: Integrating legitimacy theory, stakeholder theory and institutional theory', *The Journal of Theoretical Accounting*, vol. 10, pp. 149-178.
- Swedwatch 2012, *A lost revolution? Empowered but trapped in poverty. Women in the garment industry in Bangladesh want more*, Swedwatch, Stockholm, SE.
- TCM Foundation 2020, *KappAhl Garments Training Center*, TCM Foundation, accessed 21 April 2020, <<https://www.foundationtcm.org/kappahl-garments-training-center>>
- Turker, D & Altuntas, C 2014, 'Sustainable supply chain management in the fast fashion industry: An analysis of corporate reports', *European Management Journal*, vol. 32, pp. 837-849.
- United Nations 2019, *The Sustainable Development Goals Report 2019*, United Nations, New York, US.
- Vallance, S, Perkins, H. C & Dixon, J. E 2011, 'What is social sustainability? A clarification of concepts', *Geoforum*, vol. 42, pp. 342–348.
- Van Tulder, R & Van Der Zwart, A 2006, *International business-society management: linking corporate responsibility and globalization*, *Routledge*, London, UK.
- Villiers, C & van Staden, C. J. 2006, 'Can less environmental disclosure have a legitimising effect? Evidence from Africa', *Accounting, Organizations and Society*, vol. 31, pp. 763- 781.

Wieland, A & Handfield R 2013, 'The Socially Responsible Supply Chain: An Imperative for Global Corporations', *Supply Chain Management Review*, vol. 17, pp. 22-29.

Wang, H, Tong, L, Takeuchi, R & George G 2016, 'Corporate Social Responsibility: An Overview and New Research Directions', *Academy of Management Journal*, vol. 59, pp. 534–544.

Workers Rights Consortium 2019, *Banning Hope Bangladesh Garment Workers Seeking a Dollar an Hour Face Mass Firings, Violence, and False Arrests*, Workers Rights Consortium, accessed April 19 2020

<<https://www.workersrights.org/wp-content/uploads/2019/04/Crackdown-on-Bangladesh.pdf>>

Yin, R.K 2017, *Case Study Research and Applications: Design and Methods*, 6th edn, Sage Publishing, Los Angeles, US.

## 8 Appendix

### 8.1 Interview Guide

#### **Part 1 - Introduction**

- What is your professional title and what does your work include in your role at KappAhl?
- According to you, what responsibilities does Swedish fashion retailers, and specifically KappAhl, bear when it comes to social sustainability?
- Regarding sustainability issues, what does the collaboration between companies in the industry look like, can you give an example?
- How has your sustainability work looked historically, and how has it changed until today? (For example, the extent to which it is being worked with and the measures/activities taken)
- If it has changed, what would you say are the root causes?
- How do you feel that the work to implement sustainability in KappAhl goes?
- Are there development potential within KappAhl's CSR work at local levels [in producing countries]?
- What difficulties do you experience in implementing CSR? Is the work more difficult because KappAhl does not its own factories? Can you give an example?

- What is the response of your CSR initiatives at the local level where your suppliers are located?
- Is there any difference in response depending on the type of CSR activity?

### **Part 2 - General questions about welfare projects**

- What is the reason why you chose to devote resources to start up your local welfare projects?
- When did it become a priority for KappAhl to get involved in welfare projects?
- What is the biggest difference with working with projects that are largely outside production, compared to implementing tools directly in the production phase?
- Do you see any difference in the result of conducting welfare projects in local communities, compared to the implementation of CSR directly in the production phase?
- How has the response to your projects been from a consumer point of view? Although it is difficult to say, do you think it has led to increased sales or that KappAhl as a brand is consequently valued higher?

### **Part 3 - The Women's training center in Bangladesh**

- Why did you decide to set up the training center in Bangladesh?
- Can you tell us briefly about the training center in Bangladesh?
- How came you chose a training center for women to be your welfare project?
- What results have you seen of your work in Bangladesh? For example, has it caused spillover effects in local communities?

- What do you hope/expect to see in regards to long-term results?
- Is this type of project something you will continue with? In that case, when and what will it look like?

**Part 4 - The future of welfare projects**

- Back to welfare projects as a concept, do you think we will see more of this in the future? If so, what is the reason? (Both within the industry and for KappAhl)
- In conclusion, it is possible to see how these projects benefit communities at the local level, but can you describe how you see that this will give back and benefit you as a company in the long term?