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How can businesses increase value with a sustainable corporate social responsibility strategy? A case study

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<p>This thesis focuses on sustainable corporate social responsibility (CSR) in enterprises and how it affects organisations. Different CSR and sustainability implementation frameworks and strategies are investigated and analysed.</p> <p>This research aims to explore the influence that the development of a well-structured corporate responsibility strategy exerts in the company's potential to create revenue and how companies can increase their value while gaining a good reputation when implementing these strategies. This research focuses on the company HUGO BOSS and the analysis of key performance indicators as well as looking at the different aspects the company has chosen to focus on for the development of its strategy.</p> <p>The findings seem to indicate that the company's implementation of a sustainable CSR strategy will generate additional revenues while bettering its reputation and competitiveness as well as increasing the attractiveness in the market. Nevertheless, there are unclear aspects such as losses in profit in other areas and employee satisfaction, which may arise.</p>	
Keywords	Corporate social responsibility, social responsibility, integrated report, sustainability, sustainable strategy, corporate strategy, environmental impact

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Glossary

CSA	Corporate Sustainability Assessment.
CSR	Corporate social responsibility.
DJSI	Dow Jones sustainability index.
ESG	Environmental, social, governance.
GHRM	Green human resource management.
GRI	Global reporting initiative.
IR	Integrated reporting.
KPI	Key Performance Indicator.
SDG	Sustainability development goals.
NFI	Non-financial statement.

1 Introduction

Corporate social responsibility (CSR) is a topic that has been in the business world for many decades and even centuries. However, the term social responsibility started circulating in the 20th century concerning the need to increase the well-being of the workforce to support productivity, but Fisher, Lovell & Valero-Silva (2013) state that the desire to make corporations take a bigger responsibility of their actions has been going on for many decades. For example, in 1879, when the Cadbury Brothers started operating their confectionery, that still lives on, and although they did not use CSR the way companies do today, they believed in treating the workers well and creating a working environment that would bring positive energy into the production and overall operations of the business (Clubclass, 2018).

As there is no real data to compare and determine how a company can increase profitability through CSR, the actual benefits and costs of a sustainable CSR strategy need to be assessed and evaluated to be able to answer this question. Developing a successful CSR strategy requires time and work, the process is long and comes with challenges that could lead to innovative solutions within the company structure. Trying to be sustainable can bring new ideas to the table, improving not just the reputation but also the company's manufacturing strategies. Good business practices can ultimately contribute positively to society and companies might become ethical role models as moral considerations impact employees at all levels of the corporate hierarchy. Law and restrictions are not enough to reduce or eliminate environmental problems because every country has different policies, but companies have a great influence and power that could make a significant difference in the future, for this reason, it is important to go beyond the mere revenue-related benefits that come with the implementation of sustainable business practices and a CSR strategy; also, the image of the business can not be the only factor of importance. From the first stage of the manufacturing process to the final step in the supply chain, when the product reaches the customer, there is a potential for improvement. Costs can be reduced through the production line and the supply chain just by changing the packaging, and the energy used when manufacturing. Reducing waste and emissions benefits the environment first, and overall finance follows because while companies gain a better reputation, they also start improving their production processes with efficient and profitable business solutions. The reputation of the company plays a significant role when achieving a brand and a strategy

differentiation, which affects competitors, as they will need new tools to improve because they will not be able to directly copy the process and manufacturing. As companies try to grow and become better than competitors, they raise standards and motivate other enterprises to reach and surpass the achieved levels of efficiency and effectiveness. This dynamic benefits society because, although it is unknown whether companies can lead to a change on their own, bettering the environment and the society will not be possible without the input of enterprises.

2 Corporate Social Responsibility

According to Werther & Chandler (2011, p. 5) corporate social responsibility can be defined as “a view of the *corporation* and its role in *society* that assumes a *responsibility* among firms to pursue goals in addition to profit maximization and a *responsibility* among a firm’s stakeholders to hold the firm accountable for its actions” (italics in the original text). CSR comprises everything that happens within an enterprise and around it, from the manufacturing of products and its impact on the environment and the workers and how they are treated, to the business partners and the behaviour that the company has towards society. Many definitions and conceptualizations have been discussed throughout the years. Enterprises seek to increase profit and revenues to ensure a long-lasting business life. The implementation of a well-developed CSR strategy is one of the aspects many authors focus on when choosing a successful business strategy, for example, Baily, Farmer, Crocker, Jessop & Jones (2015) state “...continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large” (p. 485). The challenge of a sustainable behaviour goes beyond business facilities, and it also includes business partners because their CSR strategies influence the supply and value chain.

The most accepted model of CSR (Minou Zarbafi, 2011, p.50; Khanka, 2014, p.150) refers to four areas that are represented in Carroll’s “Four-Part Definitional Framework for CSR” (2016), which are philanthropic, ethical, economic and legal. All these areas influence the stakeholders of a company, which are the group of people affected by the advantages or disadvantages of implementing a CSR strategy, therefore their wishes and needs need to be considered. We can differentiate between internal stakeholders, that operate inside a business, and external stakeholders, that are influenced by the business’ performance. Both of these groups are independent of each other, although to ensure a long-lasting business life it is important to have a harmony and a balance between them when it comes to goals, interests, advantages, among other factors.

2.1 Four-Part Definitional Framework for CSR

This model divides the CSR strategy into the four areas, that is, philanthropic, ethical, economic and legal, which are interlinked and need to be equally developed. It is

essential to evaluate each area, so that they are at the same level of development, creating an overall balance in the company's strategy.

Sustainability. The sustainable dimension of CSR is described as philanthropic, and it is where environmentally friendly business practices come into play. Grant, Trautrim & Wong (2015) assert that sustainability is linked to CSR because a "socially responsible firm should ensure its impact on the natural environment is minimized" (p. 31), defining sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (Brundtland, 1987, cited in Grant et al., 2015, p. 31). However, the concept of sustainability is problematic due to the lack of a single definition (Fisher et al., 2013, p. 376). The discussion about environmental awareness among businesses has been going on for more than 20 years. The importance of a green mentality is leading big companies to shift their corporate structures introducing green strategies. Business practices are being modified ever since the environmental revolution started (Hart, 1999, p. 122). Nevertheless, not all the aspects related to implementing green practices come with advantages as sustainability implies "escalating costs" for enterprises (Lanoie & Tanguay, 2000, cited in Dixon & Clifford, 2007, p. 326). There are different points of view regarding the profitability of sustainability, and there is no explicit mathematical equation to calculate the success or the setback that can occur with sustainable business strategies. An in-depth discussion and analysis of the costs and benefits are needed to come to a more precise conclusion. Controversies still stand about the equations used to calculate these figures because of the many definitions of CSR and sustainability in the literature.

Among the different definitions of corporate social responsibility are:

"Corporate social responsibility is seriously considering the impact of the company's actions on society" (Carroll and Buchholtz, 2006, p. 30).

"...the idea of social responsibility... requires the individual to consider his [or her] acts in terms of a whole social system, and holds him [or her] responsible for the effects of his [or her] acts anywhere in that system" (Carroll and Buchholtz, 2006, p. 30).

"A view of the corporation and its role in society that assumes a responsibility among firms to pursue goals in addition to profit maximization and a responsibility among a firm's stakeholders to hold the firm accountable for its actions" (Werther and Chandler, 2011, p. xii).

“Corporate social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.” (World Business Council for Sustainable Development cited by Baily et al., 2015, p. 485).

As well as for CSR, there are also different conceptualizations of “sustainability”, for example:

“business that meets the needs of the present without compromising the ability of future generations to meet their own needs” (World Commission on Environment and Development cited by Carroll and Buchholtz, 2006, p. 463).

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Werther and Chandler, 2011, p. xiii).

“...the belief that we should be able to meet our own needs without leaving a legacy of depleted resources for future generations (Gibson, 2007, p. 217).

Regarding CSR and sustainability, the problem lies in establishing a framework on which a company can base its standards to develop successful strategies. The different definitions of these terms give the strategic developers and stakeholders freedom to decide what they are willing to consider as a well-developed strategy. Companies can use marketing for improving their reputation with CSR or sustainability practices, but the question is: *has the CSR strategy been thoughtfully worked on and developed, or is it only covering the essential reglementary aspects?* Even though some codes of conduct have been established regarding business practices, few law requirements deal with corporate social responsibility standards (Pohl and Tolhurst, 2010, p. 71).

Ethics and businesses. These are two correlated aspects. The ethical aspect of the four-part model deals with the dilemma of businesses and ethics colliding. Depending on the adopted corporate strategy, these two aspects may not always go hand in hand, affecting the economic aspect described in Carroll’s model. Green strategies are rather society-focused than implemented to rapidly increase the company’s profit, and if a company does not gain a certain advantage out of their corporate strategy, there might not be a motivation to adopt it. Historically, enterprises were founded to serve a purpose in society, but modifications in legislation for British enterprises in 1855 propelled a change in the way corporations operated. In the second half of the 19th century during the so-called “revolution” of business that started in the USA and Germany giant-scaled

mass manufacturing became popular and corporations pushed for increased profitability, which led to workforce exploitation. (Davies, 2005)

Wages are an essential factor in a sustainable CSR strategy, as workers influence the working environment directly. For example, an article published in the journal "The Guardian" (Paul, 2019) described an experiment implemented in the Microsoft Company in Japan in late 2019, where the working week was reduced from a 5 to a 4-day week. The results showed that employees were not only happier in their everyday work life, but their productivity also increased by 40%. One could argue that many factors could have caused the sudden productivity; nevertheless, no other known factor changed in the working environment. As a result, one could argue that the costs are a long-term investment, and that not solely the wages are part of the process towards a sustainable corporate strategy, the working environment also needs to be considered, thus the atmosphere and the workforce behaviour must be adjusted accordingly. A CSR strategy would increase costs because of the resources required to implement it, which is not a positive aspect for shareholders. "Treating the workers well is costly" (Edmans, speech, 2015) and "making the decision of behaving responsibly can be difficult because the truth remains that a low-paying job is better than no job at all" (Werther & Chandler, 2011, p. 77). However, the example of a Microsoft corporation in Japan gives a different perspective, that is, recategorizing costs as long-term investments.

According to Weybrecht (2014, p. 15), sustainable development seeks to achieve a balance between three different factors: social equity, environmental protection and economic development. Many organizations have already adopted a sustainable strategy, certifying the goods produced with labels that ensure customers the products they are buying are produced according to the three aspects of sustainability. Certification not only proves the company's sustainable business processes and the resulting reduction of their ecological impact but also increases its market attractiveness, which could potentially lead to an increase in revenue in the long run. Nonetheless, the lack of available data on actual profit maximization of a 'green' brand image causes uncertainty. Rainforest Alliance, Fairtrade and UTZ are some of the institutions certifying companies, each of these institutions follows different standards and different methods when they analyse the companies' activities, but all three aim at certifying transparency in operations, protection of the environment, and economic and social development. Regarding economic and social development, the main points that must be respected are minimum wages for the workers, the reduction of intermediaries, which will also

reduce the carbon footprint of the company, gender equality and the total prohibition of child labour (Rainforest Allianz; UTZ Rainforest Allianz, 2020; Fairtrade). In some cases, revenues made by certified companies are destined for charity or other social purposes, which increases their reputation and credibility. Consequently, customers do not mind paying slightly higher prices for certified goods, as seen in a study performed by Fairtrade, where 77% of the customers are shown to be “positively impacted” by these products (Sherres, 2019).

Legal. The legal aspect of this four-aspect model addresses legislation and general operating policies. Throughout the years, there have been legal changes that make certain aspects of CSR mandatory (Pohl and Tolhurst, 2010, p. 64), notwithstanding, the legislation and the ethical aspects of a CSR strategy are not developed parallelly, as legislation develops at a slower pace while ethics are not always firmly embedded in some business cultures or cultures in general. As a result, it is hard for businesses to adapt to changing conditions.

2.2 The triple bottom line

The social responsibility within a company cannot be measured mathematically because there are no explicit quantifiers of environmental impact. Profit is quantifiable, but a good CSR strategy also requires converting the impact on people and the planet into numbers (Gibson, 2007, p. 219). The triple bottom line, a method popularized by John Elkington (1998, cited in Gibson, 2007 p.217), requires companies to convert non-quantifiable aspects into numbers to be able to calculate the environmental impact a company has. It sustains that businesses must find certain stability in the markets they operate in, and a regular customer base to forge a good future potential, as they should generate profit and, at the same time, ensure sustainable behaviour. The method has been defined as “an evaluation of businesses by comprehensively assessing their financial, environmental and social performance” (Werther and Chandler, 2011, p. xiii), differentiating between three levels, or “bottom lines”: the economic, the social and the environmental sustainability level. The first bottom line deals with profit, the second looks at the social impact of the company and how it affects its reputation, while the third deals with the environmental impact of the company. The conceptualization of each of these levels of sustainability can be, nonetheless, problematic. The conceptualization of the economic level is often clear, for it comprises the actual profit from the business

operations and it is the only figure that is directly recorded as a number, notwithstanding, quantifying environmental and social sustainability is more difficult (Gimenez, Sierra & Rondon, 2012). According to Gibson (2007, p. 218), the social level of this model intends to “asses impact on society and the degree of trust and dependability the company has with stakeholders”, and the environmental level focuses on “the operations affecting the integrity of essential ecosystems and how it deals with substitutable resources”. In sum, one could say this model intends to record all the positive and negative impacts of the enterprise and analyse how it influences its presence in the market. Notwithstanding, quantifying the impact is only one step towards a well-developed CSR strategy. Hart (1999) writes about a 3-stage sustainability model, which is a more in-depth strategy for the environmental area of the CSR strategy. It presents three aspects that should be integrated into the company’s portfolio to reduce the ecological footprint and control the environmental impact of the business: preventing pollution, product stewardship and clean technology.

2.3 Successful integration of a sustainable CSR strategy

The corporate strategy chosen by a business can be defined as:

...the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals; produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities. (Andrews, 1999, p. 13)

According to Weele (2018, p. 367), there are several stages involved while trying to integrate CSR into the corporate structure of a company, and the question is what it takes to fulfil these stages and how the enterprise can move from one to the next. There is a need for creating an appropriate balance between social, environmental and financial performance, and companies need to find the right tools to create this balance. One of the tools mentioned previously, the triple bottom line, requires businesses to transform the impact they exert in society and environment into numbers to be able to quantify the real profit that comes when operating according to a well-developed CSR strategy. All of the “bottom lines” should englobe all the positive and negative impacts that companies have in their operating areas. These “bottom lines” are useful to foresee how these impacts will affect the business in the near and more distant future and, although the

perfect balance may not exist, there are strategies that help come close to it. The challenge is how to measure these areas accurately.

Furthermore, productivity increases when the motivation is not just solely money; an example of this can be found in the Dominican Republic with the search engine Ecosia (<https://www.ecosia.org/?c=en>). The Dominican Republic has added ecotourism or geotourism to its already vibrant tourism market, that is, providing products or services which benefit the underprivileged population and/or the environment, and also resulting in financial profitability. Companies that trade fairly and ethically require appropriate practices from all of their suppliers and service providers.

2.4 Sustainability reporting

European businesses used to have a free choice of reporting and omitting certain aspects that they did not want to publicly share, until the financial year of 2017. New policies have been established, and companies with more than 500 employees need to record their behaviour regarding the protection of the environment, social responsibility, employees, human rights, equality within the company and corruption. These aspects need to comply with the law and can be reported in various manners in the so-called non-financial statement (NFI). (Ministry of Economic Affairs and Employment of Finland, 2017)

Furthermore, there are also other frameworks that companies can adopt voluntarily. The Global Reporting Initiative (GRI) implemented sustainability reporting in 1997, which encourages enterprises to publish specific information regarding their economic, environmental and social activities, to gain an overview of their impact on sustainability. To present this information, the GRI developed three sets of standards to be used by all the organisations that wanted to start with sustainability reporting. These sets serve as a guide for the companies to understand what and how the relevant information for these reports should be presented. Beyond these sets, the GRI also developed industry-specific standards that could be used differently from enterprise to enterprise, and deal with reporting manners regarding the economic, environmental and social data from the companies. Once a company starts reporting using the GRI standards, they can decide if they want to report solely according to the basic standards or if they want to also use the industry-specific sets. Nowadays, the GRI standards are very popular among

companies that report on sustainability because, besides the large number of topics they cover, they were the first standards aimed at sustainability reporting.

Some companies can gain market share and advantages by investing in their reporting methods because they can be classified in different indices when they have outstanding performances, attracting a wider span of investors. CSR Indices are used worldwide to measure CSR in general and sustainability specifically, examples are the Calvert Indexes, the FTSE4GOOD series, the FTSE Johannesburg Stock Exchange Socially Responsible Index (JSE SRI), the Sao Paulo Stock Exchange Corporate Sustainability Index (ISE) or the KLD Global Sustainability Index Series (GSI). All these indices focus on analysing the CSR strategy of the company in slightly different areas. Nevertheless, they are all based on the environmental, social, governance (ESG) standards and the conditions of the human capital. In this paper, I will focus on the Dow Jones Sustainability Indices (DJSI) to get a further understanding of what categories are measured and how this is done. The relevance of these indices is based on the research data gathered from HUGO BOSS entries in 2018, which are the focus of this case study.

The DJSI (<https://www.robecosam.com/csa/indices/djsi-index-family.html>), established in 1999, were the first indices used to monitor the companies' ESG policies. Investors usually refer to them to identify companies operating according to specific sustainability standards. These businesses record their sustainable business practices, as well as their CSR strategies, in their financial reports; and are introduced in these indices because of outstanding performance. Only one-tenth of the enterprises that score the highest in the SAM Corporate Sustainability Assessment (CSA) are introduced in the global DJSI. This assessment is run every year, and enterprises from all areas have the chance to score a higher number to get into the indices. The RobecoSAM AG, an enterprise that operates internationally and focuses mainly on investments related to sustainability, states in the "2019 SAM Corporate Sustainability Assessment - Annual Scoring & Methodology Review" that the CSA is done with questionnaires addressing sustainability matters and the outlook of the company's operations. These questionnaires have to be answered using mainly information that is available for the public; however, in some cases, data that is not available for external stakeholders may be used if it is strictly necessary.

Another example of a framework that can be used in sustainability reporting is Integrated reporting (IR), which aims to increase businesses' engagement in CSR strategy recording non-financial assets into the annual balance sheet. The next subchapter will

explain IR more in detail as it is not solely a sustainability reporting strategy, as it covers many other subjects.

2.5 Integrated Reporting

Integrated reporting (IR) (<https://integratedreporting.org/>) consists of recording, analysing and representing financial data within a company to create financial reports that also comprise sustainability data. Although it englobes many areas and it is not strictly focused on sustainability, this type of report helps the enterprise to gain a long-term view of its potential success and problem areas by showing how every aspect concerning all the different areas that may affect the business' performance and stakeholders are intertwined, however, the short-term perspective is also considered. To develop a logical and concise report, six interlinked categories or "capitals" (International Integrated Reporting Council, 2013a) are established (See chart below).

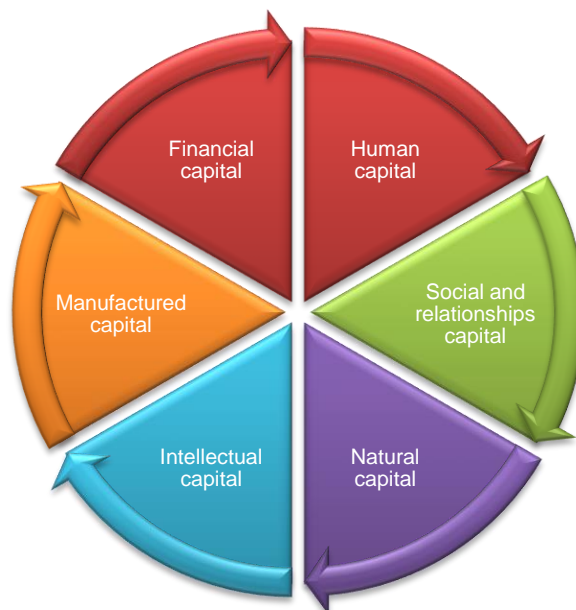


Figure 5. The 6 capitals of integrated reporting (adapted from International Integrated Reporting Council, 2013a)

These areas are essential because "together they represent stores of value that are the basis of an organization's value creation" (International Integrated Reporting Council, 2013b, p.1). Notwithstanding, more aspects need to be considered when developing an integrated report. Specific guidelines and different key rules need to be followed, which

help the company to generate a successful and well-structured report covering seven topics (International Integrated Reporting Council, 2013a p. 5): (1) strategic focus and future orientation of the company, (2) connectivity of information within and outside the enterprise, (3) stakeholder relationships, (4) materiality of the business performances, (5) conciseness of the presented information, (6) reliability and completeness as well as (7) consistency and comparability of the information in the report. Although all of these topics are carefully explained in the International Integrated Reporting Council's work "The International <IR> Framework" (2013) and need to be considered to create an integrated report that leads to recognizing if the company has a well-developed CSR strategy, in this paper I will focus on "materiality". This focus is justified by the extensive use of sustainability frameworks that focus exclusively on this area and help businesses record and link information affecting the outer business environment to the factors occurring within the enterprise. Below I will explain the concept and how to perform a materiality assessment.

Materiality. As part of IR, materiality refers to the factors that have an influence on the diverse ESG matters and on the enterprise's stakeholders, which would also affect its market share and overall performance. Every company that wants to carry out a materiality assessment needs to identify the factors that influence its capability to generate value, and they need to classify these factors based on the degree by which they affect this capability, at the same time as developing a plan to present this data coherently (International Integrated Reporting Council, 2013a). A materiality assessment consists in allocating all the information regarding materiality to the different areas they belong to, stating the company's vision (potential future market position) and mission (short- and long-term objectives), while at the same time ensuring that the report is clear and concise, as "the interrelation among objectives is the key to coherence and consistency" (Andrews, 1999, p. 15). An essential part of the materiality assessment is to show how the different factors affecting a company's performance are interlinked. An example can be seen with the materiality graph by the German company "SAP SE" (see figure below). Eleven key areas are established: employee engagement, growth, profitability, customer loyalty, GHG (greenhouse gas) footprint, total energy consumed, capability building, social investment, women in management, employee retention and BHCI (business health culture index). These areas are analysed in-depth and linked.

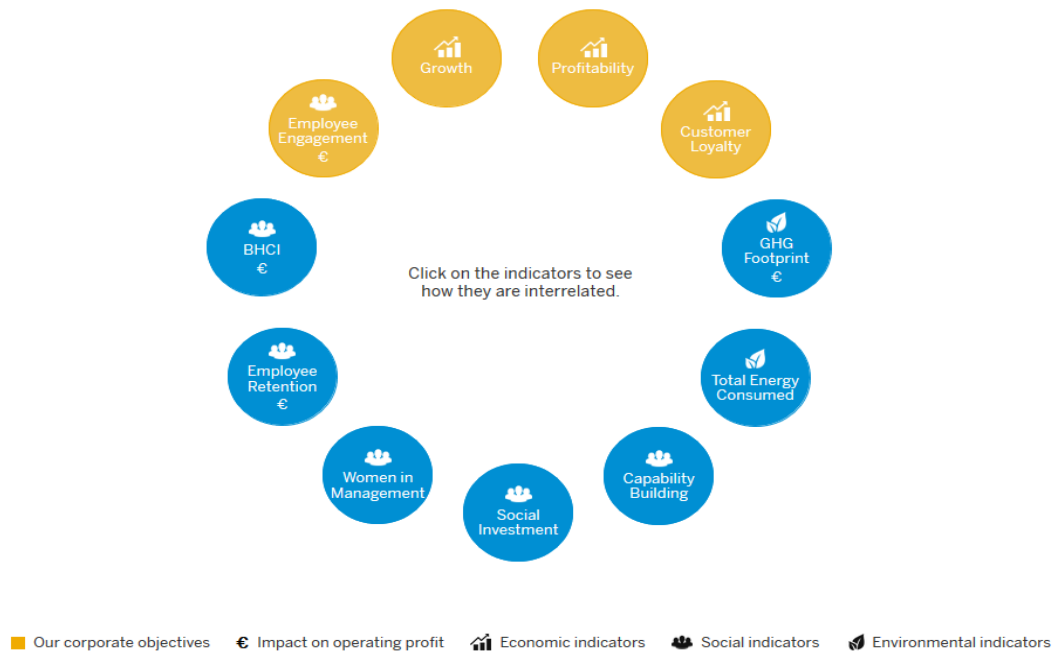


Figure 6. SAP SEs Connectivity Chart (SAP SE, 2019)

The following figure shows how the different areas could be interconnected to the "growth" section of SAP SE's business culture.



Figure 7. SAP SEs Active Connectivity Chart (SAP SE, 2019)

Depending on the chosen area, the connectivity arrows linking the sectors vary as correlations change.

As we have seen (Edman, 2015; Werther & Chandler, 2011), many authors point to the disadvantages of CSR. Pohl & Tolhurst (2010) also recognized that some businesses were not successful in their implementation of CSR strategies and referred to “the triple curse”, alluding to three factors they established as primary triggers of unsuccessful CSR strategies. Firstly, policies are not strong enough to allow CSR to make a difference in the environment and society, and the natural environment is depleting at a much higher speed. Secondly, although some departments or staff in managerial positions may be supporting and implementing CSR strategies, not all stakeholders are interested in investing in it. The third and final factor they recognised was that CSR is not always profitable; consequently, it is only implemented in certain areas and does not result in a robust and well-developed strategy which encompasses workers, partners and environment. To achieve a successful CSR that can be maintained in the long-term, a balance between various aspects is needed. Profit must be regarded as long-term because the initial costs to implement the strategy will be high. Future goals, benefits and the environment must be viewed as a tripod when structuring a CSR strategy. Consumer and employees’ engagement and loyalty will be the primary response to a well-structured corporate environment. Social responsibility does not just benefit customers; it also increases the revenue of the enterprises. As an example of customers’ benefits, we have the Netherlands because when customers decide to buy electric cars, they will not have to pay taxes (Volkswagen AG, 2019). The challenge is to manage the strategy well to not to affect profitability. There is no need for a significant investment to behave sustainably and, if done correctly, it will probably result in long-term cost savings.

CSR goes beyond reducing the impact on the environment, many companies also focus on social responsibility activities, like investing in charity (schools, child-work, health organizations) and visibly contributing on the life of the suppliers. Still, implementation affects the whole structure of the organization. Weele (2018, p. 367) divided the process of adopting a CSR strategy in 6 stages. The first stage is the “denial” of companies about the need for a CSR strategy because their sole purpose is still to increase profit. The second stage is “opportunism”, which means that the company sees a potential benefit in utilising the strategy for marketing purposes. The third stage is “compliance with the law”, which refers to the factors that need to be monitored to avoid breaking the law. The fourth stage is “sustainability as a driver for lower-cost”, which is the potential reduction

of costs that comes with implementing more efficient strategies in a company's production processes. The fifth stage is "sustainability as a driver for product and business innovation", in which innovative ideas are developed thanks to the newly introduced strategies. When the CSR strategy is completely embedded into the company's corporate structure, we arrive at the sixth and last stage, which is where the company starts creating shared value.

The ethical effect of business must be measured as well as the impact of the non-financial figures that come when measuring impact and the response a CSR strategy brings in customers and connections. An integrated report quantifies the materiality of figures, yet its development remains a challenge.

Sustainable development goals (SDGs) are objectives that can be integrated within a company's corporate culture, working towards different goals that aim at improving social wealth and protecting the environment. These goals were established by the United Nations Conference on Sustainable Development in the year 2012 (UNDP, 2020). They are no poverty, zero hunger, good health and well-being, quality education, gender equality, clean water and sanitation, affordable and clean energy, decent work and economic growth, industry, innovation and infrastructure, reduced inequality, sustainable cities and communities, responsible consumption and production, climate action, life below water, life on land, peace and justice strong institutions, and partnerships to achieve the goals. Again, the gains can only be regarded as long-term; the short-term effect of implementing strategies needed to achieve these goals may lead to a loss of some of the assets the company owns.

Fisher et al. (2013) describe the minimum requirement for CSR as the fulfilment of the companies' legal obligations or the absence of "harm" (p. 335). Therefore, there is a considerable room for companies to not really make an improvement in society but just to restrict their practices to damage their environment the bare minimum that is required. However, law and ethics do not always comply with each other; that is why companies must set standards for themselves, knowing what kind of reaction they want to achieve from the market. To monitor the company's position and performance in the market, specific figures, called "key performance indicators", are usually utilised by the management department of the businesses. These strategic figures can focus on different areas, such as employees, customers or partners, among others. I have chosen to focus on two specific KPIs for this research, whose importance I will explain below.

Workforce KPIs. According to Merriman (2017, p. 9), human capital is one of the most valuable factors in an enterprise. There could not be a business without employees creating, manufacturing and delivering products and/or services. As mentioned in the section "Ethics vs. Business" of the second chapter, the test carried out by Microsoft in Japan reducing the working week to four days did not only result in happier employees and higher motivation but also in a 40% improved efficiency (Paul, p. 2019). This experiment supports the view that the CSR strategy aspect related to the workforce is of crucial importance for the success of a company. Furthermore, it allows the company to save in employees' costs, which leads directly to the next KPIs relevant to this study.

Financial KPIs. The proportional increase or decrease in revenues and value that companies have experienced in the last five years can be indirect indicators of how their CSR strategies have impacted their market share, which will have a direct impact on the attractiveness the company has for its stakeholders.

The critical question that this research intends to explore is how exactly business can leverage value through the implementation of a well-developed CSR strategy, which would comprise all the aspects affecting the company and its stakeholders.

3 Methodology

A case study is “an in-depth inquiry into a topic or phenomenon within its real-life setting” (Yin, 2018, cited in Saunders, Lewis & Thornhill, 2019, p.196) and allows to examine a research topic and explore the validity of a hypothesis. Usually, an individual or an entity acts as a research object, and qualitative (e.g. interviews, focus groups, other case studies) and/or quantitative (e.g. surveys, experiments, observations) data may be included to explore the research topic (Williamson, 2002). This paper is a case study. In the following, it will be more specifically described what kind of data will be gathered, how this is going to be carried out and how the data is going to be evaluated.

3.1 Data gathering

The data for this research will be taken from the annual reports of an organization within the textile industry: HUGO BOSS AG (from now on referred to as HUGO BOSS). The reason why HUGO BOSS is of meaning to this research dates back to 2017 when the company entered the DJSI, which evaluates and ranks companies according to their ESG data. HUGO BOSS was also listed in the indices in 2018. From 2500 companies that were analysed this company was one of the five textile industries that entered the DJSI in 2019, proving the best strategy in 5 different categories (HUGO BOSS AG, 2019). The company has a vision of how the future is going to look like; therefore short-term objectives are established to grow, gain market share, satisfy customers’ needs and to attain a more significant long-term goal: perdurability in the market and success. The enterprise offers different services and goods, and the goals need to be set regarding the specific business field, considering that although the management is free to create a business plan and develop a strategy, they intend to boost the company’s market position at the same time. Recently, with the increased importance of CSR, the leadership of HUGO BOSS operating businesses have had to adapt and adjust or create their strategic market approach. The first aspect to be analysed in this case study is its strategic plan and how it has changed in recent years. The focus will be on the different goals set towards the CSR strategy as well as the progress regarding these goals, and the forecast on their impact on ESG factors. These indicators are expected to show whether companies can raise their business value investing in the development of a sustainable CSR strategy. The annual reports from the years 2014 to 2018 will be compared to monitor how the CSR and sustainability strategies have changed. It is also

important to assess how CSR has affected the business culture and practices and how internal and external stakeholders have reacted to those modifications. Afterwards, I will look at the numbers HUGO BOSS has gathered regarding each category in the sustainability reports. I will also evaluate how every post of the CSR strategy is measured as part of the financial information, its performance and its business partners. The information concerning these topics will be gathered from the company's annual reports and its website. Credibility, transparency and communication within the business and with business partners will also be analyzed, as these are essential factors in the development of a successful CSR strategy. This case study aims at the investigation of possible changes in profit and costs following the implementation of the CSR strategy and, if they have, I will look at how and why exactly they have fluctuated. Some enterprises that already work towards the goal of quantifying the impact that businesses have on the environment are:

Trucost (<https://www.trucost.com/>). Investigates the different risks that companies may have towards the environment and other ESG related aspects.

Sustainalytics (<https://www.sustainalytics.com/>). Uses the ESG information that is gathered from companies to rank them from the best to the worst ESG behaviour.

Refinitiv (<https://www.refinitiv.com/en/financial-data/company-data/esg-research-data>). This company adapts to the individual needs of the customer, not only analyzing factors related to sustainability and the environmental impact the company exerts, but also collecting, sorting and analyzing other information that may be meaningful for the hiring enterprise.

Calvert (<https://www.calvert.com/>). This organization manages funds that seek for a constant improvement of their ESG activities.

These enterprises have distinct analysing methods, which they have developed to meet the customers' requirements as best as possible, and they base their studies on data gathered by hiring companies concerning ESG areas. This data always varies because all the companies monitor and record information differently; therefore, there is no fixed method they can use for every organisation. Nevertheless, their overall goal is to create a case study for the hiring company providing as much information as possible regarding their environmental impact and the areas where it could be optimized. Since these case

studies are not fully available, there is no specific company or data set I can use as a guideline for this research; consequently, I will develop a plan to be able to explore the research question.

First, I will look at some specific key performance indicators (KPIs). There is a wide variety of KPIs that could be informative, and they can be divided into different categories, depending on the factors that they are measuring. This study will focus on two specific KPIs, which are workforce and financial KPIs. Workforce KPIs are essential because, as mentioned, the employees are one of the most valuable factors in a company (2017, p. 9). Within this category, I will look at:

1. Employee increase rate. Describes the increase of employees from one year to the next in per cent and will indicate how the company manages to be attractive as a potential employer by being able to recruit new workforce.
2. Employee satisfaction rate. Shows how satisfied employees are with their working environment and conditions.

Within the category of financial KPIs, I will focus on three profitability ratios and compare them for the years 2014-2018 to assess the company's ability to earn profit with their developing CSR strategies.

1. Return on sales = $\text{Net income} / \text{Net sales}$
2. Return on equity = $\text{Net income} / \text{Total owners' equity}$
3. Earnings per share

Within this category, the figure "cost of goods sold" will be considered to measure how the implementation of the CSR strategy has influenced the costs of the items and the workforce needed in production.

The analytical approach will be based on the triple bottom line explained in chapter 3; thus, different figures will be selected and sorted according to the following categories: people, profit or planet. Within the category "planet", the 3-stage sustainability model

proposed by Hart (1999) will be used to define the extent to which the figures comply with its different stages: preventing pollution, product stewardship and clean technology.

3.2 Analytical approach

Once the data has been collected, key figures will be compared to evaluate the difference in the amount of benefit the company has had throughout the years and to analyse if the effort and development of the strategy had a significant impact. Furthermore, I intend to perform a materiality assessment. This is normally used in integrated reporting to establish the different factors about sustainability, partnerships and stakeholders and aspects related to the interconnectivity within and outside the enterprise, and it is key to ensure long-term success. A potential materiality matrix with the possible areas that can be implemented in the company corporate culture will also be created for this study. The materiality assessment, according to Weele's CSR adoption strategy (2018, p. 367), will establish the stage the company is currently in and it will contribute to a better reporting strategy aimed at improving businesses' sustainability reporting.

4 Hugo Boss

HUGO BOSS is a German company, which has achieved a position as a global leader in the apparel sector with different types of fashion products aimed at women and men. In 2018 its revenue reached 2.8 billion €. The main strategic goal of the company is to continue increasing its market share by increasing its attractiveness with customers and other stakeholders. Customers can find HUGO BOSS products in 129 different countries under the brand names “BOSS” and “HUGO”. (HUGO BOSS AG, 2018b)

As an established and strong company in the retail sector, HUGO BOSS has recorded data throughout the years to improve attractiveness. Based on this information, they have concluded that their target group enjoys products that not only have a good quality but are manufactured responsibly. Innovation in the manufacturing process resulted in added value, and new innovative technologies will increase the company's success outlook and viability. HUGO BOSS considers sustainability to be based on innovative quality products and ensuring ethical corporate governance. Their first sustainability report dates back to 2013, and since then, they have improved their activities regarding their CSR strategy. Their reports follow the GRI framework, with an emphasis on materiality. Still, they go even further, setting specific targets rooted on the three key terms “quality”, “innovation” and “responsibility”, and basing their strategy on an encompassing conceptualization of sustainability. Next, I will present the meanings that the key terms have for the company. (HUGO BOSS AG, 2020b)

Quality. The quality of their products allows for a high durability rate. To achieve this quality, they must pay special attention to their suppliers and their core values, and develop an understanding of the needs of both parties. The materials must have good quality and be safe at the same time, which means that chemicals are also monitored. This process is not easily done. Therefore, HUGO BOSS prefers long-term partners that comply with their standards. (HUGO BOSS AG, 2020b)

Innovation. Using sustainability as a base for its manufacturing processes, the company is always looking for new ideas to produce the items. Recently founded companies and partners that want to achieve the same goals are prioritized, making it possible to develop innovative solutions. They aim at cost savings reducing waste and unnecessary consumption of energy in the production chain. (HUGO BOSS AG, 2020b)

Responsibility. As mentioned, the company chooses its partners carefully. The selection process can be lengthy due to audits, training and other modifications that the companies intending to become HUGO BOSS' partners have to make to comply with its standards. (HUGO BOSS AG, 2020b)

4.1 Business partners

The company pays close attention to the enterprises they work with, for their values need to follow the ones HUGO BOSS defends. The company has its production facilities, where 17% of its products are manufactured, while the rest comes from its business partners. Production within the enterprise is monitored and continuously analysed to be made more efficient. When it comes to sourcing, the company prefers to rely on long-term business partners that have passed tests and audits, to ensure that they are operating according to the moral values that HUGO BOSS lives by, while increasing the customer base by making the enterprise more attractive for their target group. (HUGO BOSS AG, 2020a)

Long-term business partners are not solely beneficial to sourcing purposes; they also allow the creation of larger projects and help the projects concerning the “people” category of the triple bottom line. These long relationships create the necessary trust to work together towards initiatives on a bigger scale. This also facilitates the achievement of possible goals and objectives in the future vision of the corporations.

Although this company has already strict policies for acquiring business partners, it has also set KPIs for the outlook of this area. They englobe their aim at an entirely transparent supply chain regarding ESG aspects by 2025, as well as an increase in their suppliers' results in audits and an increase in the workforce's environmental knowledge by 2020 (HUGO BOSS AG, 2020c).

4.2 KPIs and the triple bottom line

The triple bottom line (1998, cited in Gibson, p. 2007) deals with three key areas that affect a business' performance: profit, planet and people, and HUGO BOSS already sets specific KPIs that can be categorized into these areas.

Profit KPIs comprise the use of new, innovative technologies that are not just beneficial for the environment but also have a cost-saving potential, making the manufacturing process more efficient. In the category that deals with the **planet**, the KPIs implemented relate to environmentally friendly behaviours by managing its production facilities and monitoring its logistical processes globally, and they aim at a constant efficiency increase. Although emissions and waste cannot be eliminated entirely, their current goals include achieving a 30% reduction in the used energy; 40% in CO₂ emissions and utilisation of water by 2025 (using 2016 as the comparison year); developing and implementing a sustainable “store concept” by 2025, and aiming at a 2% more environmentally friendly logistical process as well as a 4% reduction of the shipment-related emissions by 2018. HUGO BOSS’ **people KPIs** are aimed at the workforce. The company intends to renew their occupational health and safety structure to generalize it and use it in the entire HUGO BOSS group by 2020, establishing the value of the different employment positions in the company by 2019, and ensuring a higher involvement of the workforce with the help of continuous surveys. Aside from the workforce, the company aims at contributing to society with activities that go beyond business tasks. They already contribute to third world countries’ development participating in projects that support women and children in matters regarding education and equality, among other things. Within the framework of those projects, they have further KPIs that involve helping 2,100 women with economic problems through training in a specific project, 1,400 children with their education program by 2025 and creating and utilising a flagship project that contributes to the community by 2020. (HUGO BOSS AG, 2020c)

For the category planet, the 3-stage sustainability model (Hart, 1999) can be utilised to evaluate the extent to which the company considers the prevention of pollution, the product stewardship and clean technologies in its strategy. The company prevents pollution by monitoring and carrying out their transportation of goods. The product stewardship and implementation of clean technologies play an important role because HUGO BOSS aims at an increase in efficiency in its production processes reducing the use of energy and reducing water waste. All of the three stages are covered in its CSR strategy, ensuring consistency in the company’s corporate values and creating a balance within the three stages of this model, without ignoring any important aspect that impacts the environment.

Key workforce factors. In this category, I will compare the KPI’s that relate to the employees.

1. Employee increase rate.

The following table presents the number of employees the company has had throughout the years assessed, as well as the percentile evolution. This table aims to show the change in workforce numbers and to evaluate whether the CSR strategy of the company has led to a more attractive position in the labour market.

Table 1. HUGO BOSS: Employees

Year	2014	2015	2016	2017	2018
Quantity	12,990 (HUGO BOSS AG, 2017, p.49)	13,764 (HUGO BOSS AG, 2017, p.49)	13,798 (HUGO BOSS AG, 2017, p.49)	13,985 (HUGO BOSS AG, 2017, p.49)	14,700 (HUGO BOSS AG, 2018a, p.38)
Change from the previous year	--	+5,96%	+0,25%	+1,36%	+5,11%

This enterprise was ranked as one of the “top 100 most attractive employers in Germany” in 2018 (HUGO BOSS AG, 2018a, p.38). If we look at the years between 2015 and 2018, these are the ones where the most remarkable changes took place, with an increase in the workforce of more than 5%, in 2016 and 2017 there were only slight increases in these numbers. From this table, we can say that HUGO BOSS has experienced a steady increase in employee numbers. Nevertheless, this is not enough to arrive at a conclusion because other factors may have played a role, like the creation of new physical stores that need workforce, or the expansion of production facilities that require more employees to assemble the items. To be able to investigate further if this increase may be related to the CSR strategy, there is another KPI that can be helpful: the employee satisfaction rate.

2. Employee satisfaction rate.

This KPI is based on a survey that HUGO BOSS carries out every year intending to know their employees’ degree of overall satisfaction in the workplace, which includes the analysis of how happy they are working for this company.

Table 2. HUGO BOSS: Employees' Satisfaction

Year	2014	2015	2016	2017	2018
Satisfaction rate	80% (HUGO BOSS AG, 2014, p.51)	80% (HUGO BOSS AG, 2015, p.55)	72% (HUGO BOSS AG, 2017, p.51)	77% (HUGO BOSS AG, 2017, p.51)	74% (HUGO BOSS AG, 2018a, p.39)
Change from the previous year	--	0%	-8%	+5%	-3%

The percentages show that the company experienced a significant reduction (8%) in the result of their workforce's satisfaction from 2015 to 2016 and, although the number increased by 5% in 2017, it did not reach the original 80% satisfaction that the surveys showed in the first two years depicted, and the rate decreased again in 2018. The company may have ranked among Germany's 100 most attractive employers (HUGO BOSS AG, 2018a), but the results in this table do not mirror the previous ones that showed a steady increase in workforce, it seems like the happiness has decreased even if the CSR strategy has been continuously evolving at the same time, and the company was also listed in the DJSI in 2018 (HUGO BOSS AG, 2019).

Key financial factors. In this section, I will look at the financial KPIs that were explained in the analytical approach from the methodology chapter.

1. Return on sales = Net income/Net sales

The following table will present the results from the calculations resulting from the division of the net income by the net sales, which is the percentage achieved by the company that tells us if the return they are getting from the sold products is good or could be improved.

Table 3. HUGO BOSS: Return on Sales

Year	Net income	Net sales	Return on sales	Change
2014	334,480 thousand € (HUGO BOSS AG, 2014, p.155)	2,571,616 thousand € (HUGO BOSS AG, 2016, p.3)	13,01%	--
2015	319,418 thousand € (HUGO BOSS AG, 2015, p.171)	2,808,746 thousand € (HUGO BOSS AG, 2015, p.171)	11,37%	-1,63%
2016	193,645 thousand € (HUGO BOSS AG, 2016, p.141)	2,692,846 thousand € (HUGO BOSS AG, 2016, p.142)	7,19%	-4,18%
2017	231,201 thousand € (HUGO BOSS AG, 2017, p.141)	2,732,573 thousand € (HUGO BOSS AG, 2017, p.141)	8,46%	+1,27%
2018	236,200 thousand € (HUGO BOSS AG, 2018a, p.137)	2,795,963 thousand € (HUGO BOSS AG, 2018a, p.137)	8,45%	-0,01%

The results of the calculations show that the return on sales from 2014 to 2018 has remarkably decreased. The “change” column presents the percentage by which the return on sales number has varied in comparison to the previous year. The most significant change can be seen from the year 2015 to the year 2016, which represents a substantial decrease in the company’s return on sales, and although they recovered more than 1% from this loss the following year, the growth remained stagnant until 2018. To deepen the analysis, I will also look at the **costs of goods sold** and how they relate to the net sales figures.

Table 4. HUGO BOSS: Costs of Goods Sold

Year	2014	2015	2016	2017	2018
Net sales	2,571,616 thousand € (HUGO BOSS AG, 2016, p.3)	2,808,746 thousand € (HUGO BOSS AG, 2015, p.171)	2,692,846 thousand € (HUGO BOSS AG, 2016, p.142)	2,732,573 thousand € (HUGO BOSS AG, 2017, p.141)	2,795,963 thousand € (HUGO BOSS AG, 2018a, p.137)
Costs of goods sold	872,523 thousand € (HUGO BOSS AG, 2014, p.155)	955,930 thousand € (HUGO BOSS AG, 2015, p.171)	915,384 thousand € (HUGO BOSS AG, 2016, p.141)	924,278 thousand € (HUGO BOSS AG, 2017, p.141)	972,241 thousand € (HUGO BOSS AG, 2018a, p.137)
Proportion	294,73%	293,82%	294,18%	295,64%	287,58%
Change	--	-0,91%	+0,35%	+1,47%	-8,06%

The “proportion” line in the table is calculated by dividing the net sales by the costs of goods sold, and the “change” line shows how the previous figure has fluctuated. The fact that there was an 8,06% decrease in the year 2018 is suspicious and alarming because

a CSR strategy comes with constant improvement of processes, which brings new, more efficient and innovative ideas for production and should lead to a continuous decrease in costs.

2. Return on equity = Net income/Total owners' equity

The following table will present the results from the calculations resulting from the division of the net income by the total owners' equity, which is the percentage achieved by the company that tells us if the return they generated in comparison to their equity is good or could be improved.

Table 5. HUGO BOSS: Return on equity

Year	Net income	Total owners' equity	Return on equity	Change
2014	334,480 thousand € (HUGO BOSS AG, 2014, p.155)	844,438 thousand € (HUGO BOSS AG, 2014, p.157)	39,61%	--
2015	319,418 thousand € (HUGO BOSS AG, 2015, p.171)	956,138 thousand € (HUGO BOSS AG, 2015, p.173)	33,41%	-6,20%
2016	193,645 thousand € (HUGO BOSS AG, 2016, p.141)	886,503 thousand € (HUGO BOSS AG, 2016, p.143)	21,84%	-11,56%
2017	231,201 thousand € (HUGO BOSS AG, 2017, p.141)	915,055 thousand € (HUGO BOSS AG, 2017, p.143)	25,27%	+3,42%
2018	236,200 thousand € (HUGO BOSS AG, 2018a, p.137)	980,997 thousand € (HUGO BOSS AG, 2018a, p.139)	24,08%	-1,19%

Although there was an increase in the percentage on their return on equity in 2017, the decrease that took place in 2015 and 2016 was quite significant, and it continued decreasing in 2018 but at a slower speed than in the two previous years. Overall, these numbers do not show a favourable economic recent past for the company.

3. Earnings per share

The following table will present the results from the company's annual earnings from its shares, as well as the percentual variations in comparison to the previously depicted year.

Table 6. HUGO BOSS: Earnings per Share

Year	Earnings per share	Change
2014	4,83 thousand € (HUGO BOSS AG, 2016, p.3)	--
2015	4,63 thousand € (HUGO BOSS AG, 2015, p.171)	-4%
2016	2,80 thousand € (HUGO BOSS AG, 2016, p.142)	-40%
2017	3,35 thousand € (HUGO BOSS AG, 2017, p.141)	+20%
2018	3,42 thousand € (HUGO BOSS AG, 2018a, p.137)	+2%

Once again, we can see that the years 2015 and 2016 came with losses for the company. The earnings per share started increasing in 2017. Nevertheless, they have not reached the numbers in 2014.

4.3 Materiality analysis

HUGO BOSS has already been doing its materiality analysis to present the results to its stakeholders appropriately. The company's webpage explains in detail how the materiality assessment is carried out. The most recent materiality analysis was published in 2017. The results show that the increase in time and other resources invested in implementing this company's CSR strategy have been fruitful, bringing meaningful profit and advantages. To understand better which resources have had which impact in the business practices, the corporation developed a tailored method to create its materiality analysis, ensuring that the GRI standards were used as a baseline to present the results.

First, setting stages to separate the areas that are involved in the production of the items. Each one of these areas has a function that adds value to the future product. In the first area, there are "raw materials, fabrics and trimmings", the processing of these items must be monitored. In the second area, we find the "finished goods", which comprises the sourcing of the goods. The third area deals with the company's "own operations". The fourth area is "products and services". "Logistics processes", which are the transportation of the goods from the production facility to the end consumer make up the fifth area. The main aspects that are considered from these areas are the environmental

factors, emissions, contamination and damage caused on fauna, as well as the influence the company's choices have in society. Furthermore, different topics that influence sustainability are also chosen within these different areas. Each one of these topics is analysed according to its "importance", "impact" and "relevance" for the business, the people that are affected by the corporate practices and the environment.

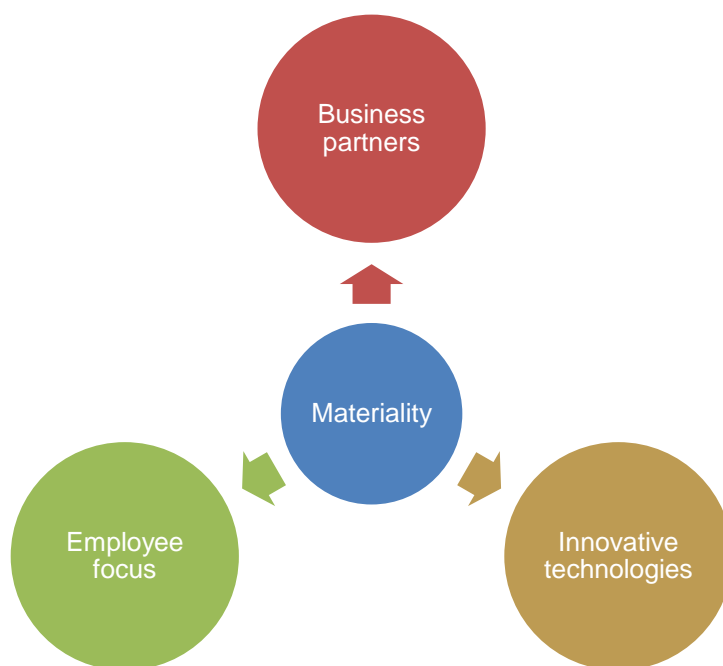


Figure 8. Future materiality of HUGO BOSS (2020)

The previous figure shows the possible areas that HUGO BOSS could still focus on and develop to introduce them into its materiality analysis. The company may try to search for new partners to forge new long-term connections to improve their efficiency because their "costs of goods sold" figures show a clear increase, which should not happen with the implementation of new technologies and innovative processes that can be gained with partnerships. The partner companies benefit at the same time as they bring benefit to HUGO BOSS by exchanging information and cooperation to develop new innovative solutions. Another pillar that could be looked further into is employee satisfaction because the company is already carrying out yearly surveys, and the overall satisfaction has been affected during the years that were investigated in this research.

Weele's strategy on adopting a CSR strategy (2018, p. 367) divided the process into six stages, which were explained in chapter two. HUGO BOSS has already been actively implementing this strategy for years since they started publishing their sustainability

report in 2013. All the information regarding the activities that have an impact in the environment can be found in this report, which made it possible for the company to get listed in the DJSI in 2018 and 2017. The business partners ensure the introduction of more effective business practices, which lead to reducing costs for HUGO BOSS as well as new ideas to manufacture their products, but not only this, the partners also benefit from this partnership profiting from the cooperation, carrying out projects that benefit the involved companies and increasing the quality of produced goods that leads to an added value, from which all stakeholders can benefit. In conclusion, HUGO BOSS has managed to complete the six stages described by Weele, and it is already creating shared value from the implementation of its CSR strategy.

5 Discussion

Returning to the topic this case study wanted to explore: how can businesses increase value with a sustainable corporate social responsibility strategy? This question remains difficult to answer because there is no globally accepted definition of the term sustainability, nor of the term corporate social responsibility. Businesses are free to decide how they regard a sustainable CSR strategy, and they decide how much resources they want to invest in the development of this strategy; therefore it is essential that they choose early on, how they want to define these terms. Furthermore, besides the NFI framework, which is only relevant for European enterprises, companies only need to ensure that their business practices comply with the laws established by the countries they operate in. HUGO BOSS AG decided to go much further than solely obeying the law and sticking to the NFI framework, the management team wanted to generate a real value-added for the business and developed and incorporated a CSR strategy in a manner that all stages presented by Weele (2018, p. 367) are currently fulfilled. Businesses aiming at an added value should also consider going beyond reporting according to NFI. HUGO BOSS AG reports its activities according to the GRI reporting standards, which are not mandatory. They also developed their materiality analysis to ensure the long-term existence of the business as well as an ongoing success. I would recommend other enterprises to also introduce this in their reports because they will gain more attractiveness in the market and they will be able to have a better overview of future challenges, problems or even strengths that can be explored and used in their advantage. The SDGs can also serve as a guideline to implement a sustainable CSR strategy and, although there are many SDGs, companies do not need to consider all of them in their strategy, they can choose some goals, which will automatically increase the company's attractiveness.

Surprisingly, after analysing all the data presented in this research, the outcome of integrating a sustainable CSR strategy into the business culture is dubious. Working from the start to implement sustainability will bring short term losses, which are mainly due to the initiating costs of developing a strategy that better fits the business but in the long term, not just the businesses' reputation will have a more solid base, also the workers will be more effective. The aspect that may be complex in this research and may complicate the presentation of the conclusions is the fact that HUGO BOSS AG is an already established company that has been implementing the CSR strategy since 2013. To be able to gain a better knowledge of the long-term effects of the strategy, an

assessment of the general growth of profit and benefits for the company since it was introduced is needed and looking at the years 2014 to 2018, which this case study focused on may lead to unfavourable results for the research question. Another hindering aspect is that a company has many areas that have to be considered and many outer factors can influence how the business performance is affected, because it has already passed the stage where the advertising of the CSR strategy would bring them a competitive advantage, therefore there are more resources needed to implement a well-developed strategy than merely basic factors related to marketing purposes.

In closing, like I mentioned in the analysis of HUGO BOSS AG's business partners, a company will most definitely reduce costs implementing a sustainable CSR strategy because new technologies that are more effective and efficient are part of this implementation; nevertheless, this machinery needs to be acquired and it is not the only factor that will influence the expenses that the companies have to incur in. Business partners play a major role, delivering goods that need to comply with standards of sustainability, increasing the company's potential to satisfy customer needs, comply with the law, meet stakeholders' expectations, enhance their reputation, differentiate from other enterprises, attract employees of quality and investors, new opportunities, increase transparency and a greater potential for innovative ideas. When looking at a long-term perspective, an enterprise can leverage value through the implementation of a successful business strategy, but the market situation may bring some setbacks along the way. The ultimate goal should comprise the steady improvement of all the aspects that are linked to a sustainable CSR strategy to ensure that the company can grow on an ongoing basis and exert a more significant impact on its stakeholders as well as on society, guaranteeing that the long-term profit also depicts an increase when looking at past figures.

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