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Motivation for Corporate Social Responsibility (CSR)

Practices: A Study of Five Finnish Apparel Brands

Metropolia University of Applied Sciences

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<p>The aim of this study was to find out the motivation behind CSR activities of Finnish apparel brands. The study also aimed at elaborating CSR activities and CSR perception of Finnish apparel brands. In addition, with the help of the data obtained, an attempt has been made to analyse future prospects of CSR in light of emerging trends such as of ethical clothing and sustainability.</p> <p>Five Finnish apparel brands – Makia, Vietto, Papu, Kiks and Second Chance – were selected for the study by using the purposive sampling method. The selected brands labelled themselves as sustainable or ethical brands. Primary data was collected by conducting email interviews with top executives of the selected companies. Secondary data was obtained from the companies’ annual reports, websites, web publications and blogs.</p> <p>The findings indicate that several factors such as hope for a competitive advantage gain, recognition of CSR as a right thing to do and personal beliefs and convictions of founders and top executives motivate the apparel brands to initiate and implement CSR activities. Common CSR activities implemented by the apparel brands include philanthropic donations, contribution and collaboration in awareness raising, use of sustainable raw material and, assurance of fair pay and safe working conditions. It was also found that for some brands CSR still remains an extra activity, while some have centred their business around the very concept of CSR and sustainability.</p> <p>In addition, the findings also show that the apparel brands perceive CSR not just a right thing to do, but also as a component that plays positive role in overall success of their business. Four out of the five brands studied reported rising pressure for CSR/sustainability activities in Finland, while all of the brands studied seemed aware of rising consumer awareness on CSR, sustainability and ethical issues.</p>	
Keywords	Corporate Social Responsibility (CSR), CSR of Finnish apparel brands, Ethical fashion, CSR Motivation, Sustainability, Ethical clothing, Qualitative Research, Email interviews

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List of abbreviations

CEO: Chief Executive Officer

COO: Chief Operating Officer

CSP: Corporate Social Performance

CSR: Corporate Social Responsibility

GRI: Global Reporting Initiative

NGO: Non-Governmental Organization

SME: Small Medium-sized Enterprises

UAS: University of Applied Sciences

UN: United Nations

UNECE: United Nations Economic Commission for Europe

1 Introduction

There is no business to be done on a dead planet. - David Brower, founder of the Sierra Club, quoted in Gunther (2013)

When I found out what goes on in the clothing production cycle, I started to move away from it. Live animals are subjected to chemical baths to soften their wool and clean it. When their fibres are spun, and woven into fabric, textile mills vent pollution into the air and pump poisons into the water table. The textiles get sent to Third- World sweatshops where workers endure human rights violations. (Johanna Hofring, Ekovaruhuset, 2009) ¹

Corporate Social Responsibility or CSR is a well-known practice in the business world. Even though much of academic research on the topic has emerged only after the 1950s, CSR as a practice itself has been practiced in different forms for decades, if not for centuries. Different statistics show that global awareness and demand for CSR has been on the rise. For instance, a 2014 survey by Nielsen, a global measurement and data analytics company, shows that globally nearly 70% people prefer to work for socially responsible companies, whereas 55% would pay extra for products and services from companies committed to positive social and environmental impact (Nielsen 2014).

Research shows that there is a great deal of sectoral and regional differences in CSR practices (See, for instance, Gjølborg 2009, Habisch et al. 2005). In addition, motivations and outcomes of CSR also differ according to sectoral, cultural and regional variations. On the other hand, CSR has been increasingly linked to issues of global development, climate change and sustainability, and mechanisms such as UN Global Impact² and GRI Initiative ³ reinforce the importance of sustainability and corporate responsibility in today's globalized world.

The issue of corporate social responsibility in the apparel industry has received widespread interests as many clothing companies face criticisms for not doing enough in the area. Even though the apparel industry remains one of the most globally integrated

¹ <http://csr2.mofcom.gov.cn/article/cooperation/200905/20090506244499.shtml>

² The United Nations Global Compact is a UN initiative which aims to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.

³ GRI helps businesses and governments worldwide understand and communicate their impact on critical sustainability issues. The GRI Sustainability Reporting Standards are the first and most widely adopted global standards for sustainability reporting. For more on GRI, see globalreporting.org

(Diviney & Lillywhite 2007), as a field of research it remains relatively new (Dickson & Eckman 2006).

It is important to note that corporate social responsibility (CSR) has also gained attention because of some high-profile scandals involving big companies. For instance, Nike's forced child labours and other incidents violating human rights in Southeast Asian factories in 1990s (DeTienne and Lewis 2005), and Enron and Worldcom's unethical accounting scandals at the beginning of the 21st century (Albaum and Peterson 2006) serve as two major examples of ethical crisis in the business world. It has been argued that incidents like these ones encouraged the world to think of social problems or other ethical issues and increased the need for information transparency (ibid).

On the other hand, academic literature on the motivation of CSR activities is highly divided. Some scholars argue that companies' CSR engagement is about improving competitiveness and acting out of a sense of responsibility and higher moral standards (Aguinis & Glavas 2012), whereas, other scholars advocate that CSR can be used by companies to all sorts of purposes, including to distract public attention (McKibben 2006) and project a false image of innocence (Smith 2003).

CSR in Finland⁴ has been affected by local as well as global realities. In the early years of the twentieth century, industrialization, heavy use of natural resources and working conditions of labourers inspired debate and action on CSR. Whereas the Finnish CSR debate of the twenty-first century is often linked to environmental awareness and globalization. On the other hand, the role of local communities, non-governmental organizations and consumers has significantly increased as stakeholders of CSR, whereas, authorities and trade unions have lost their traditionally influential role in the Finnish CSR scenario. (Pätäri et al. 2016)

A 2017 Flanders Investment and Trade Market Survey found that, as of 2015, there were more than 3,600 fashion and textile companies in Finland that employed around 22,100 people. The same survey found that on average, a Finn spends around €870 on textiles and clothing a year and the net revenue of the sector, in 2015, was €4.2 billion. A year

⁴ For a detailed historical overview of evolution of CSR in Finland, see, for instance, Mikkilä et al. 2015

later, in 2016, the value of Finnish clothing and textile exports was estimated to be €272 million (Flanders Investment & Trade 2017: 7-13).

Despite being such a huge industry, studies that deal with CSR practices of Finnish clothing brands are very minimal or almost non-existent. Even though some researchers have researched and written about the topic, their work is published mostly in the Finnish language, and is limited to Finnish-speaking audiences only.

In this study, I examine five Finnish apparel companies, Makia, Vietto, Papu, Second Chance and Kiks and investigate their CSR activities, motivation behind CSR activities and their future plans regarding ethical clothing and sustainability. The primary aim is to understand the motivation of small clothing brands for CSR and the idea is also to find out their understanding of CSR. In this way, this thesis contributes to fill the knowledge gap in literature regarding CSR activities of clothing brands, their motivation and also their future plans.

1.1 Research Questions & Objectives

In line with the arguments made above, the main aim of this study is to find out the motivation behind CSR activities of five 'sustainable' apparel brands – Makia, Vietto Papu Second Chance and Kiks. All five brands are Finnish brands and based in Finland. Vietto, Papu, Second Chance and Kiks were selected from the Weecos marketplace, which employs an auditing process for sustainability criteria and claims to host brands that pass their sustainability test, whereas, Makia was selected from a list of sustainable brands that I have been following as a fashion enthusiast myself. All brands fulfil the same selection criteria which are described in this chapter's data sampling section.

As already mentioned above, the reason behind intending to research this topic is because, as far as I know, there have been little or no studies carried out on this specific topic, i.e. motivation for practicing CSR activities in Finnish apparel brands' context.

Even though the main research question that I intend to address is the motivation behind CSR activities of the selected apparel brands, this study also addresses some secondary questions as well. The secondary questions include:

1. What are current CSR activities of the selected apparel brands?
2. How do their CSR activities differ from other companies' CSR activities?
3. What are the barriers they face in implementing CSR activities?
4. What is their perception of 'ethical clothing'? What do they think of issues such as animal testing?
5. How do they ensure safe labour conditions in their production houses?

1.2 Thesis Structure

This thesis is divided into four chapters. In Chapter I, I present research questions and objectives as well as explain my choice of research method and discuss data sampling method and process. In the same chapter, I address issues of research ethics, validity and reliability. In addition, I reflect upon my own motivation for choosing this particular research topic and discuss the study's significance as well as limitations.

In Chapter II, I provide a critical overview of some major theoretical ideas, concepts and previous studies relevant to this study. I start with different definitions of CSR and offer a brief historical overview of CSR and its evolution overtime. As a theoretical framework, I discuss and evaluate academic literature on CSR motivation and CSR in the clothing industry. I conclude Chapter II by discussing the issue of CSR in the Finnish context and offer an overview of a few studies on that very topic.

In Chapter III, I discuss my findings in detail. I start with a brief introduction of the selected brands and shed light on their CSR activities. Their understanding of CSR and the challenges they face in implementing CSR activities are also discussed. I then move onto the question of motivation, as to what motivates them for initiating and implementing CSR activities. Finally, a wide range of issues including demand for CSR, future prospects of ethical clothing, the companies' own plans regarding CSR and ethical clothing are discussed.

Chapter IV offers main conclusions of the study. Based on my findings of this study, I also make a few recommendations to companies seeking to initiate or implement CSR

activities. I conclude the final chapter by reflecting upon my own professional development during this study and thesis writing process and suggest some topics of research in the field of CSR which other researchers might find useful.

1.3 My Motivation

If I have to remember myself after a long time, I would remember me as a girl who passionately loved clothes. It's fair to say that I have been into fashion since an early age. I have always loved buying new clothes, not just for the sake of buying and wearing, but what I love most is feeling the fabric and play with the patterns in them. When it's time to watch TV, my eyes run towards fashion channels and look for people wearing sleek designer clothes. I know that designing clothes is my passion and I have always wanted to be a fashion designer. I have always wanted to make my career out of it, and I know that more than money, I am interested in designs and the creative aspect of designing clothes.

As an aspiring fashion designer and also as a business student of Metropolia UAS, I started following and reading about contemporary issues of the fashion industry. During my studies at Metropolia, I had the opportunity to take courses, such as Social Impact Management and Global Political Economy, where the issue of ethics in multinational corporations in particular and any businesses in general kept coming. In addition, I also had the opportunity to study reports and watch documentaries on fashion products and their production which made it clear that every year millions of animals are subjected to cruelty and are killed mercilessly in the name of fashion. I saw in documentaries fur farms and slaughterhouses where animals were subjected to suffering and killed so that people could wear leather jackets, shoes, belts and wool sweaters. On the other hand, I have seen videos of cramped cloth factories known as 'sweat shops' in the developing countries where working conditions are so poor that many label the practice as modern slavery.

In a way, this period of nearly four years has been a period of self-reflection for me. Instead of just designing clothes for the sake of making money, I have thought about various ethical issues involved in the fashion/clothing industry. I still want to make a

career in fashion designing and have recently registered a start-up company in Finland, but I want to grow not just as an entrepreneur, but as an ethical entrepreneur.

So, the motivation for choosing this topic for my bachelor thesis is primarily my own passion and interest in the area. I am aware of the knowledge gap in literature, however, I am also aware that this research is also a product of my own personal beliefs and my will to grow as a responsible entrepreneur. I believe that findings of this research will be useful to me as well as other aspiring entrepreneurs to pursue ethical entrepreneurship and be aware of CSR issues in the area of clothing industry.

1.4 Research Method & Data

This is a qualitative research, and I believe that qualitative research methods are best suited to study the research questions that I have prepared. Sofaer (1999: 1101) argues that qualitative research methods are particularly useful in providing "rich descriptions of complex phenomena" as well as in "illuminating the experience and interpretation of events by actors with widely differing stakes and roles". Similarly, Snape & Spencer (2003: 5) define qualitative research as a "blend of empirical investigation and creative discovery" and claim that "qualitative methods are used to address research questions that require explanation or understanding of social phenomena and their contexts." They conclude that qualitative research methods are "particularly well suited to exploring issues that hold some complexity and to studying processes that occur over time" (ibid).

I make use of both primary and secondary data for this research. Primary data consists of interviews with representatives of the selected companies, four of which are CEOs/founder and one is an executive responsible for CSR and sustainability issues. Secondary data comes from the companies' annual reports, websites, web publications and blogs.

I believe interview and qualitative method in general is best suited approach to study an issue of this type. Altinay & Paraskevas (2008: 107), for instance, argue that data collected through the interview method is rich and deep in knowledge production.

Interview method can be both advantageous and disadvantageous though. On the positive side, it provides the information that is rich and highly valuable but it poses some

threats to the reliability of facts, too. When doing an interview, there is the possible risk of the respondent giving the answers that he or she believes the interviewer wants to hear. Moreover, interviews are time consuming and it can be difficult to interpret the data (Denscombe 2000).

Since the respondents of the selected companies preferred to have an email interview, the interviews were conducted in the form of email conversation. In that sense, methodically, this is also a new experiment in computer-mediated communication and research.

Even though email interviews are not very common in academic research, some researchers have documented their benefits and have argued in favour of using email interviews for rich and in-depth data. McCoydy & Kerson (2006: 403), for instance, found that email interviews seemed to “generate particularly detailed and thoughtful responses” and can be considered “respectful format for gathering information from people who are eager to share their stories, but frightened or hesitant to do so in a face-to-face interview” (ibid).

In this research, as data is collected from more than one source, information gathered through interviews allows the functionality of data comparison. I can compare the data with the findings derived from documents and web content. This way the different data collection tools also serve as a validating tool for each other.

1.5 Data Sampling

Out of five companies chosen for this study, four – Vietto, Papu, Second Chance and Kiks– were chosen from Weecos Sustainable Marketplace⁵ whereas Makia was chosen from a list of Finnish sustainable fashion brands that I had been following personally. Established in 2013, Weecos provides an online marketplace platform for sustainable fashion and clothing products in Finland. Weecos claims that companies and brands on its online marketplace go through a pre-registration assessment and have to answer in

⁵ To know more about Weecos, visit www.weecos.com

detail a set of questions. According to Weecos, its platform is available only to companies that produce ecological and ethical products. They state:

The reason we decided to start Weecos is because we care. We care for the environment and all the living things. In addition to the production process and the materials used in making the products, we are interested in people inside and behind the process – who are those people turning the wheels and how they take care of those who work for them. All of us here at Weecos share the idea of caring and that idea can be seen in everything and in everyone who is involved – in the entrepreneurs, in their products and their services (Weecos 2018).

I use the purposive sampling method to select my sample for this study. The purposive sampling method, also known as judgment sampling, is the “deliberate choice of an informant due to the qualities the informant possesses. It is a nonrandom technique that does not need underlying theories or a set number of informants” (Tongco 2007: 147). In other words, while using the purposive sampling method, the researcher decides what needs to be known and sets out to find people who can and are willing to provide the information by virtue of knowledge or experience (Bernard 2002).

As of September 2018, the Weecos Marketplace had 251 brands selling various products. In order to narrow down the sample, brands selling men’s, women’s and children’s clothes were considered for this study. As a result, brands that sold only other products such as beauty and cosmetics, bags and backpacks, cleaning and home decor products, jewellery etc. were excluded. Out of more than 100 brands that sold (men’s, women’s and children’s) clothing products, the sample was further narrowed down to 25 by applying three criteria. First, brands that had less than 10 clothing products to sell were excluded. Second, brands without a website were also avoided. Finally, brands that lacked at least some information on their websites on topics such as CSR, sustainability or ethical clothing were also excluded from the study.

The 25 brands that were selected by following the above-mentioned criteria were approached with an email and were requested to participate in the study. They were provided information on the study’s aims, objectives and were offered the possibility of both in-person and email interviews. Nearly half of the emails were replied, however, only four brands – Vietto, Papu, Second Chance and Kiks – agreed to participate in the study through email interviews. The ones that declined participation often mentioned that they were too busy this time of year.

Since I wanted to study more than just four brands, I approached other five brands that I had been following as sustainable or ethical brands. The criteria applied in the previous cases also applied to these brands, i.e. they had more than ten products to sell, they sold either men's, women's or children's clothes and they had a website with information on CSR and sustainability issues. In this phase, out of five, only one, Makia, agreed to participate in the study.

1.6 Research Ethics, Validity and Reliability

Since this was my first truly independent, in-depth academic research, initially, I wasn't aware of various ethical issues that I needed to deal with during a research process. However, since I started this study, I consulted academic literature on research ethics and got a broader view of ethical issues that I needed to address. For dealing with ethical issues, I adopt an approach of reflexivity recommended by Guillemin & Gillam (2004). In their view, being reflexive in an ethical sense "means acknowledging and being sensitized to the micro ethical dimensions of research practice and in doing so, being alert to and prepared for ways of dealing with the ethical tensions that arise" (Guillemin & Gillam 2004: 278).

Throughout the study period, I was careful and aware of underlying ethical issues and ethical choices that I had to make. For instance, in practice, I was very careful to use a respectful language when contacting my would-be respondents. In addition, they were informed about the aim and objective of this study and were briefed about the use of data that is obtained from them. They were also informed about the importance of their contribution and were ensured protection of their identity and assurance of confidentiality, whenever needed. Finally, it was made clear that participation as respondents was voluntary and they were free to decline my request.

Similarly, when preparing my interview questions, I was careful to avoid questions that were culturally sensitive, not related to my research, would make my correspondents feel uncomfortable or anyway expose their privacy. On the other hand, a written consent was obtained from each respondent to quote them directly and use interview data in this thesis.

Reliability and validity in qualitative research are two important components to consider seriously. Reliability is referred to the stability of findings, whereas validity is represented the truthfulness of findings (Altheide & Johnson 1994).

I use data triangulation as a method of ensuring validity. Triangulation refers to the use of multiple methods or data sources in qualitative research to develop a comprehensive understanding of phenomena (Patton 1999). Triangulation can be of various types (a) method triangulation, (b) investigator triangulation, (c) theory triangulation, and (d) data source triangulation (Denzin 1978, Patton 1999).

Cohen and Manion (1986: 254) define data triangulation as an "attempt to map out, or explain more fully, the richness and complexity of human behaviour by studying it from more than one standpoint." Whereas, Carter et al. (2014: 546) argue that data triangulation in qualitative research gives "a broader understanding of the phenomenon of interest".

As an attempt to ensure data triangulation, in addition to interviews, I use company annual reports, blog posts and website content as well. This way, the study is not completely dependent on the opinions of the interview respondents. By using more than one data sources, on the other hand, any discrepancies of facts can be detected. Similarly, inclusion of more than one company for investigating the same research question broadens sample size and can be argued to be another way of strengthening validity of this research.

On the other hand, I took the following measures to ensure that the study process itself and the findings are reliable. First, the study was planned in advance with a research proposal which was approved by my supervisor at Metropolia. I took his advice and suggestions and implemented them in the research design and implementation process. Second, when selecting sample for the study, I didn't cherry-pick, but chose from a reliable online platform/marketplace and approached companies that I was familiar with. Similarly, I refrained from interviewing just anyone who was available, but chose company CEOs or people responsible for CSR activities. Third, I formulated interview questions in such a way that I would get as detailed response as possible. When necessary, I contacted my respondents for further clarification. Finally, I was extra careful in handling interview data and ensured their safe storage so that any data loss was avoided.

1.7 Significance & Limitations

Previous research has shown that textile production has a significant impact on the environment. Approximately 25 per cent of all the chemicals produced worldwide are used for textiles (UNECE 2017). According to Statistics Finland, in the year 2015, manufacturing textiles, wearing apparel and leather products created in total 10,304 tons of waste of which 1,026 tonnes were found to be hazardous and 205 tonnes of the total waste were found to be chemical waste (Statistics Finland 2018). Cheaper garments have likewise changed consumption patterns. In the first decade of the 21st century, clothing prices in Europe fell by over 26 percent in real terms, and in the US by 17 percent (Anson 2010). In situations like this, CSR in clothing brands is a relevant topic to investigate further and a research that deals with these issues can be deemed significant.

Against this backdrop, a study such as this one has significance for several reasons. First, I couldn't find any studies carried out on this particular topic in the Finnish context. I did an extensive search, but couldn't find any studies that focused on the motivation for CSR activities of Finnish fashion brands. I couldn't find any literature at least in the English language. Second, as CSR has grown as a trend, there is a need to identify what types of activities are carried out as CSR, and more importantly, it is very important to know what motivates companies to design and implement CSR activities. As I choose my sample from an online marketplace that hosts 'sustainable' fashion brands and the companies that label themselves as sustainable, my findings shed light on how so-called sustainable fashion brands in Finland approach CSR. This will help understand how CSR is practiced in different types of fashion brands. On the other hand, since all of the brands I study are relatively small without an extensive international reach, the findings also help understand what motivates small brands for CSR, how they understand CSR. On the other hand, this study also gives glimpses of how small brands manage to maintain CSR activities while being able to stay in market with big competitors.

Similarly, this study uses email interviews as data collection method, which is not a widely used method in social sciences. In that sense, this study also has methodological significance as it shows that email interviews can be equally useful in conducting research in social sciences as in-person interviews.

This study also has a few limitations that require some discussion and explanation. First, my sample size (of five companies) is rather small given that there are hundreds of clothing brands in Finland. Second, while the email interviews were useful in obtaining important information that address my research question, I missed non-verbal communication, spontaneous responses and other cues that would have been possible in an in-person interview. Third, the data I gathered, both from interviews and other sources, represent the views of the selected companies. So, what they are saying or publishing might not necessarily demonstrate what is going on in reality. It's their version of reality and it's how they want to project the image of their company. Alexiades (1996), for instance, argues that informants may give unreliable data voluntarily or involuntarily because they are eager to please, may have hidden purposes and intentions and have their own emotional issues, principles, and viewpoints. In addition, I also didn't visit the company premises or their production sites, so I wasn't able to observe and verify what the respondents explained in the interviews was necessarily true.

For qualitative researchers, it is essential to acknowledge and take into account their own biases as a method of dealing with them (Rajendran 2001). In that respect, it is also essential that I declare and recognize some possible biases that I possibly hold as a person who is passionate about issues of ethical clothing and sustainability. As a practicing vegan and aspiring ethical entrepreneur, I do strongly oppose animal testing and advocate for ethical and sustainable clothing. So, these opinions of mine might have somehow affected the analysis that I carry out in this study. However, I have tried my best to avoid any biases and be as objective as possible.

2 Review of Literature: CSR and Theoretical Perspectives

In this chapter, I provide an overview of some major previous research and theoretical concepts relevant to my study. First, I offer a brief history of CSR as a theoretical concept and discuss how it has evolved over time. Then I move on to the definition of CSR itself and analyse how the notion is rather complex and multidimensional. I provide a few influential and widely-cited definitions and conclude that, despite many attempts, it is not possible to have a single and universal definition of CSR.

In the second section of this chapter, I focus on the theoretical issues associated with the main research question that I have, which is the issue of motivation, i.e. what motivates companies to have CSR policies and CSR activities. In this section, I critically review a few major studies that deal with CSR motivation.

In the third section, I focus mainly on the CSR in the clothing industry. I try to assess different CSR practices in various forms and discuss why CSR has been a 'burning' issue especially in the clothing industry. In addition, I provide an overview of how CSR in the clothing industry differs from other areas and discuss some critiques as well.

Finally, I discuss CSR practices in the Finnish context in particular and Scandinavia in general. Due to a lack of studies particularly done on CSR activities of Finnish clothing brands, I mostly use studies on CSR activities of any Finnish brands. In the same section, I also briefly discuss questions raised by other researchers in relation to Finnish CSR context.

I conclude this chapter by arguing that there is a lack of research that deal with motivation for CSR activities of Finnish fashion brands and further research is needed to fill that knowledge gap.

2.1 The Concept of CSR and its Historical Evolution

Corporate Social Responsibility or CSR has been a buzzword in both business and non-business world for a long time. It appears that it is very common for businesses to have at least some form of CSR activities as part of their business, communication or sustainability strategy.

While CSR as an activity in different forms might have been practiced for centuries, when looked at as a theoretical concept, many researchers point to the 1950s as the beginning

of the contemporary era of CSR. In his widely-cited literature review of CSR definitions in academic literature, Carroll (1999) argues that the 1950s marks the start of the modern era of CSR. In addition, he points out that CSR definitions were expanded during the 1960s and 70s, whereas the emphasis in the 1980s was less on new definitions and more on empirical research. In his view, that empirical research gave birth to new and alternative themes in the field of CSR. Such alternative themes included concepts of corporate social performance (CSP), stakeholder theory, and business ethics theory (Carroll 1999, 268).

CSR researchers, including Carroll himself, have mentioned and cited a few works of other scholars that indicate that the concept of corporate responsibility emerged already in the 1930s and 1940s. Some notable references of those time include Chester Barnard's (1938) "The Functions of the Executive", J. M. Clark's (1939) "Social Control of Business", and Theodore Krepes' (1940) "Measurement of the Social Performance of Business" (Carroll 1999: 269).

However, the modern period of CSR literature is referred to be started after the publication of Howard R. Bowen's 1953 book "Social Responsibilities of the Businessman". In the book, Bowen defined social responsibilities of a business as "the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society" (Bowen 1953: 6). Bowen viewed social responsibility less as a panacea, but believed that it contained "an important truth that must guide business in the future" (Carroll 1999: 270).

Since Bowen's definition of CSR, countless other definitions of CSR have emerged. Already in 1960, Davis defined CSR as "businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest" (Davis 1960: 70). In the same year, Frederick argued social responsibility as a "public posture toward society's economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms" (Frederick 1960: 60).

For looking at more recent definitions and understanding of CSR, Alexander Dahlsrud's 2008 article 'How Corporate Social Responsibility is Defined: An Analysis of 37 Definitions'

is very useful. In the article, Dahlsrud presents five dimensions of CSR by carrying out a content analysis of existing CSR definitions. He uses Google frequency counts to analyse the frequency of these dimensions.

Dimensions	The definition is coded to the dimension if it refers to	Example phrases
The environmental dimension	The natural environment	'a cleaner environment' 'environmental stewardship' 'environmental concerns in business operations'
The social dimension	The relationship between business and society	'contribute to a better society' 'integrate social concerns in their business operations' 'consider the full scope of their impact on communities'
The economic dimension	Socio-economic or financial aspects, including describing CSR in terms of a business operation	'contribute to economic development' 'preserving the profitability' 'business operations'
The stakeholder dimension	Stakeholders or stakeholder groups	'interaction with their stakeholders' 'how organizations interact with their employees, suppliers, customers and communities' 'treating the stakeholders of the firm'
The voluntariness dimension	Actions not prescribed by law	'based on ethical values' 'beyond legal obligations' 'voluntary'

Figure 1: Dahlsrud's five dimension of Corporate Social Responsibility (Dahlsrud's 2008: 4)

Dahlsrud's five dimensions, as summarized in figure 1, are environmental, social, economic, stakeholder and voluntariness dimensions and include a wide range of phrases, including 'ethical values' and 'contribute to a better society'.

I find it relevant to mention that in Dahlsrud's study the definition that received the highest frequency count (286) is the 2001 CSR definition of the Commission of the European Communities. According to that definition, CSR is a:

A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis (The Commission of the European Communities 2001, cited in Dahlsrud 2008: 7).

However, despite its popularity, this definition, too, doesn't seem very holistic as CSR of the 21st century should be more than just integration of social and environmental concerns in business operations.

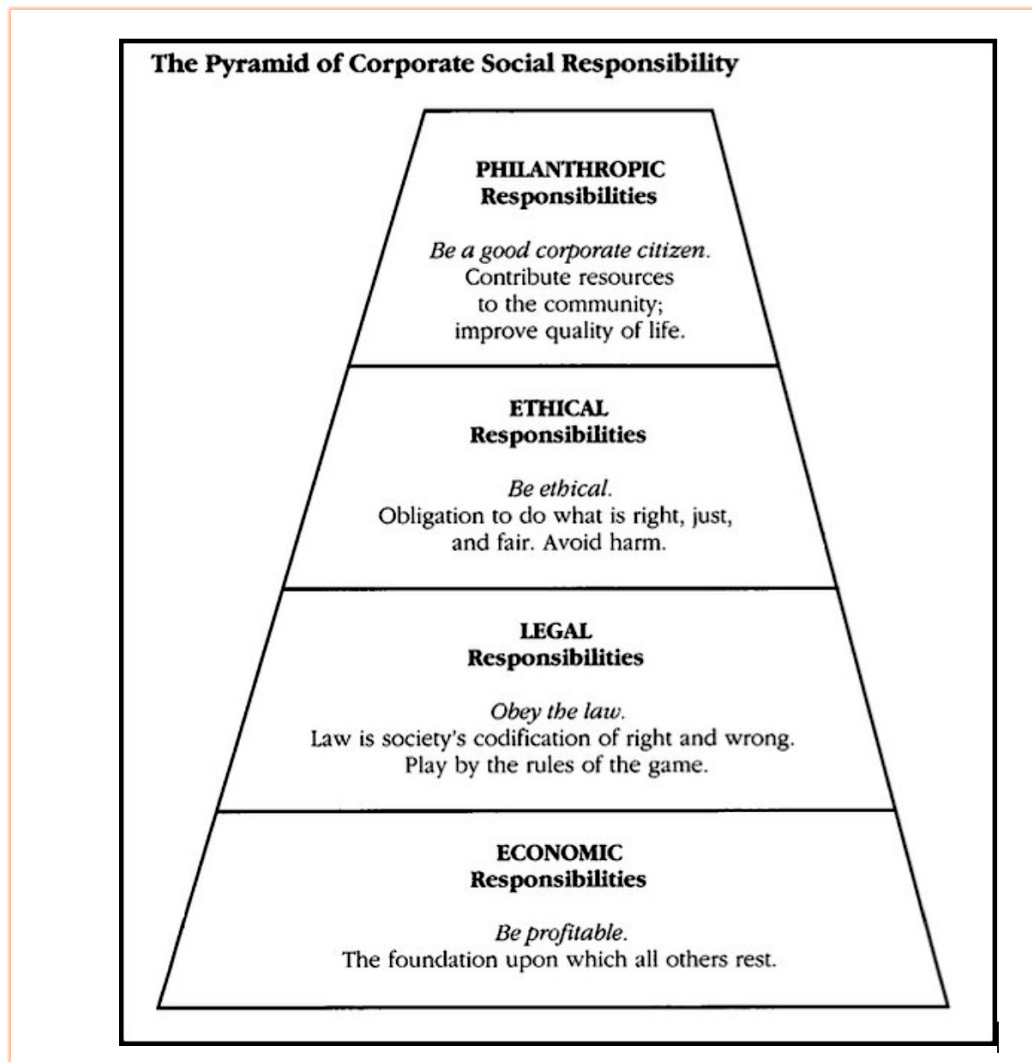


Figure 2: The pyramid of corporate social responsibility, Carroll (1991)

Another widely referred work in CSR literature is the CSR pyramid (in figure 2) of Archie Carroll, which he originally conceptualized in 1979 and presented as a pyramid in 1991. Through the pyramid, he proposes CSR as a collection of four responsibilities, of which the most fundamental or foundation of all has to be the economic one, i.e. a business has to be profitable and only then it paves the way for other responsibilities. Other segments in Carroll's CSR pyramid include legal, ethical and philanthropic responsibilities, and that businesses have the responsibility to "obey the law", "be ethical" and "be a good corporate citizen" (Carroll 1991: 42).

Carroll's proposition and the pyramid itself has been criticized on many grounds. One notable critique is of Visser (2006:48) who applied Carroll's model to the African context and noted that "the relative priorities of CSR in Africa are likely to be different from the

classic, American ordering". Visser's re-created version of Carroll's CSR pyramid placed philanthropic responsibilities on top of economic responsibilities, whereas in Carroll's pyramid legal responsibilities followed economic responsibilities.

Thereby, Visser's emphasis is on the importance of cultural context in determining CSR priorities and their appropriateness. Similar remarks have been made by Crane & Matten (2004) in the European context. They, too, find that though all levels of Carroll's CSR pyramid can be found in Europe, their significance and the way they interlink differ.

While going through the literature on CSR, it becomes very obvious that there is no one universally agreed definition. And there is no need for one either. CSR practices certainly differ in different cultural, political and socio-economic contexts, which makes the aspiration for universal, standardized approach to CSR rather irrelevant.

My approach to CSR is based on that very idea that CSR is not similar everywhere. While going through the vast amount of CSR literature, I came across a few scholars who used 'social constructivist' approach (see, for instance, Creyer 1997), and that's the approach I am going to associate with this study as well.

CSR activities are certainly shaped by social, economic, political or legal conditions of particular time, space and culture. For instance, CSR activities of Finnish fashion brands should be studied in relation to those particular conditions and expectations that are relevant in the Finnish or Nordic context. In that respect, the following argument made by Halme & Laurila (2009) is very relevant.

Corporate CR activities do not take place in a vacuum. Companies are an integral part of society and their CR activities should therefore be understood in relation to the social structure in which the company operates. Different social structures call for different corporate responsibility inputs. CR needs are different in a developing country with a neo-liberal economy than they are in an established welfare state (Halme & Laurila 2009: 336).

In this study, my attempt is to use that concept of 'social constructivist' to understand the motivation behind CSR activities of Finnish fashion brands. As already mentioned above, my study is based on the idea that CSR activities and motivation for them cannot be understood by a universal lens of CSR, but instead they should be studied and understood in relation to social conditions in which they operate. In that sense, my analysis

of CSR motivation will take note of factors such as current legal and political realities, international laws and obligations, the idea of Nordic business identity, consumer demand and awareness, effects of traditional and social media and so forth.

2.2 An Assessment of CSR Critics

An elaborate discussion of CSR definitions and their critics is beyond the scope of this thesis. However, it is certainly necessary and useful to look at some significant critiques of CSR as a practice and also as a theoretical concept.

For some, the entire issue of CSR is irrelevant to business practice (Freeman & Liedtka, 1991), while for others, despite its relevance as a noble concept, it is an inherently bad idea for business (for instance, Friedman 1962, 1970). There are a number of other scholars that consider CSR as a tool of strategic importance to a business (Asongu 2007: 2).

Probably the most commonly-cited critique of CSR comes from Milton Friedman, a Nobel-prize winning American economist, who wrote in a New York Times Magazine article in 1970 that:

There is one and only one social responsibility of business — to use it resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud (Friedman 1970).

Friedman's statement undermines the fact that businesses have at least some legal and ethical responsibilities that they must follow, which constitute some form of social responsibility. In that sense, Friedman's opinion of CSR is very narrow and businesses should aim for more than just generating profit for their shareholders.

Other critics of CSR have been that businesses are not equipped to handle social issues and that managers are trained to deal with finance and operations, but may lack skills, such as social skills, required for CSR (Davis 1973). Similarly, some critics (for instance, Hayek 1969: 225) also argue that introduction of CSR might dilute businesses' primary purpose, while some find it problematic to endow 'social power' to businesses who already enjoy enough power (Davis 1973).

More critical voices against CSR often argue that by nature corporations cannot be benevolent in nature, and thus social responsibility is not in their DNA. Blowfield & Frynas (2005: 506) raise the issue of many companies resisting to CSR, while Doane (2005: 27) argues that even though huge amount of money has been spent on showing the benevolent face of corporation, the primary obligation of corporation, however, "is to serve itself". Devinny (2009: 46) raises similar concerns arguing that "corporations, by their very nature, have conflicting virtues and vices that ensure that they will never be truly socially responsible by even the narrowest of definitions".

Devinny is doubtful of the argument that there is any good in CSR at all. Very skeptical of CSR as a noble practice, he argues:

CSR is no free lunch and that despite hopes to the contrary there is little if any logical or empirical evidence that more social activities on the part of corporations are likely to be socially enhancing, and that in fact they can be socially harmful. In other words, the holy grail of CSR - "doing well by doing good" - is an illusory goal that is noble in spirit but unachievable in practice (Devinny 2009: 45).

Similarly, Frynas (2005: 598) makes similar concerns related to the very nature of CSR. He argues that since "the CSR discourse appears to have marginalized debates on governance and macro-level solutions to complex society-wide problems, there is a real danger that a focus on CSR may divert attention from broader political, economic and social solutions to such problems".

While acknowledging corporations' attachment to greed and growth, McKibben (2006), however, stresses that politics should set limits to corporate behaviour and make them more socially responsible. He argues:

Corporations are the infants of our society—they know very little except how to grow (though they're very good at that), and they howl when you set limits. Socializing them is the work of politics. It's about time we took it up again (McKibben 2006).

These critics do question the relevance of CSR as a useful practice, and that is a matter of further research and investigation for sure. One fact is clear: CSR is practiced widely worldwide and it's not going anywhere soon. On the other hand, it's rather extreme to label all CSR activities useless since they differ according to social and cultural contexts. In that sense, it is certainly useful to critically study them and their different variations than to totally negate their existence. What is important, I argue, is to critically analyse

their cultural context and analyse their motivation for CSR and help them to be more responsible and improve their CSR approaches.

2.3 Motivation for CSR Activities

What motivates Finnish fashion brands to initiate or engage in CSR activities? That's the main question that I try to address in this study. In line with my main research question, the issue of motivation is of great importance. In this section, I review a few theoretical concepts related to that very subject – as to what motivates businesses to get involved in CSR activities. I find it necessary to emphasize that academic literature on CSR motivation is highly fragmented as CSR is studied through a wide range of disciplinary and conceptual lenses (Waddock 2004).

CSR itself is a very vast topic and its boundaries seem limitless. While differentiating between CSR and non-CSR activities is a difficult job in itself, variations within CSR are equally vast. Devinney (2009) categorises CSR activities on the basis of their orientation and that approach seems very logical and useful. He proposes that a corporatist approach to CSR tends to focus on "mandated environmental and occupational health and safety practices", whereas, a more expansive approach to CSR serves "as an instrument of public policy by other means" which involves corporations acting on behalf of the disadvantaged" (Devinney 2009: 45).

Aguinis & Glaves (2012) present a comprehensive review of the corporate social responsibility (CSR) literature based on 588 journal articles and 102 books and book chapters, representing a wide range of disciplines and analysis levels. Their finding suggests that the motivation for CSR engagement is borne out of the perception that CSR is good for business and tends to improve competitiveness. In addition, normative reasons such as a sense of responsibility and duty, a sense of stewardship and pursuit of higher order or morals also motivate firms to practice CSR (Aguinis & Glaves 2012: 941).

Similarly, Fukukawa et al. (2007: 2) argue that CSR or ethical identity is initiated or integrated by one of the following reasons:

- (a) the altruistic beliefs of a leader;

(b) strategic alternatives as gaining competitive advantage in the face of global competition; and

(c) external forces such as changes in legislation/societal norms.

The issue of competitive advantage has been raised by other scholars as well. Frynas (2005: 583), for instance, argues that factors that motivate companies to make social investment include “obtaining competitive advantage; maintaining a stable working environment; managing external perceptions; and keeping employees happy”. He, however, is sceptical of the argument that private firms, through CSR, are capable of delivering development and achieving broader development goals (Frynas 2005: 597).

Middlemiss (2003) argues that neglecting societal norms and conventions can decrease commercial profits as consumers are likely to boycott products from firms that they regard socially irresponsible. In that respect, CSR activities become necessary to maintain good company reputation. Businesses can project an image of innocence even to avoid public scrutiny and crisis situations (Smith 2003). Companies might resort to CSR activities to distract public attention from ethical issues underlying their core operations (McKibben 2006).

Benedetto (2017) proposes CSR as an emerging business model and argues that, instead of implementing CSR just as an afterthought, business firms can gain competitive advantage by making CSR a central part of their corporate mission. For instance, retailers can increase visibility to their products by making a commitment to sustainable products.

De Villiers & Marques (2016: 190) examine the CSR disclosures of the top 500 European firms during a four-year period of 2007–2010 and conclude that “there is a higher likelihood to disclose higher levels of CSR among firms in countries with greater investor protection measures, higher levels of democracy, more government effectiveness, higher quality regulations, more press freedom, and a lesser commitment to environmental policies.” At the firm level, they find that firms that are larger, more profitable and operating in environmentally sensitive industries are more likely to disclose higher levels of CSR (ibid).

Even though some research has been done on CSR motivation, literature on the topic is still thin. Most CSR motivation studies focus on big multinational corporations, primarily based in the USA or other Western countries. On the other hand, it is important to

distinguish between CSR as a business practice itself or as an extra philanthropic activity. In addition to a lack of variation in regional coverage, CSR research is limited in the types of businesses it covers. For instance, small clothing companies that embed CSR as core of their action haven't been studied well. In that sense, this research attempts to fill that knowledge gap.

2.4 CSR in the Clothing Industry

The issue of corporate social responsibility in the fashion world has received widespread interest as many clothing companies face criticisms for not doing enough in this area. Even though the concept of CSR emerged already in the 1950s, it remains a relatively new field of research in the apparel discipline (Dickson & Eckman 2006). On the other hand, it is not uncommon to see businesses and brands in the apparel industry associating themselves with terms such as 'sustainable clothing', 'ethical clothing', 'ethical branding' and so forth.

The issue of CSR is particularly important in the clothing industry because apart from being a labour-intensive industry, the clothing industry is one of the most globally integrated (Diviney & Lillywhite, 2007). For instance, stories of sweatshops in ghettos of the developing world are not uncommon in global media in recent decades.

Perry and Towers (2013) argue that in clothing industry the main issues of CSR are: working conditions, working hours and wages. All these three issues are connected to social responsibility towards employees. However, CSR in the clothing industry certainly expands beyond responsibilities towards employees.

Dickson & Eckman (2006) take a more comprehensive view of CSR in the clothing industry. For them CSR in the clothing industry is more of a philosophy that balances ethics with profitability and emphasizes producing products that have positive effects and cause minimal harm on the natural environment and human beings. Within a broader fabric of CSR, they include a wide range of issues, such as, labour practices, social and environmental issues, fair trade, consumerism and even body image.

While looking for differences between a strictly business literature of CSR and CSR literature of the apparel industry, Dickson & Eckman (2006: 188) find that numerous people and society related issues predominate within the CSR literature of the apparel industry.

Such issues, they argue, are not only of apparel and textile products and their production, but also include issues of worker rights and working conditions as well as concerns, such as, production of sellable products, their design, quality and consumer affordability.

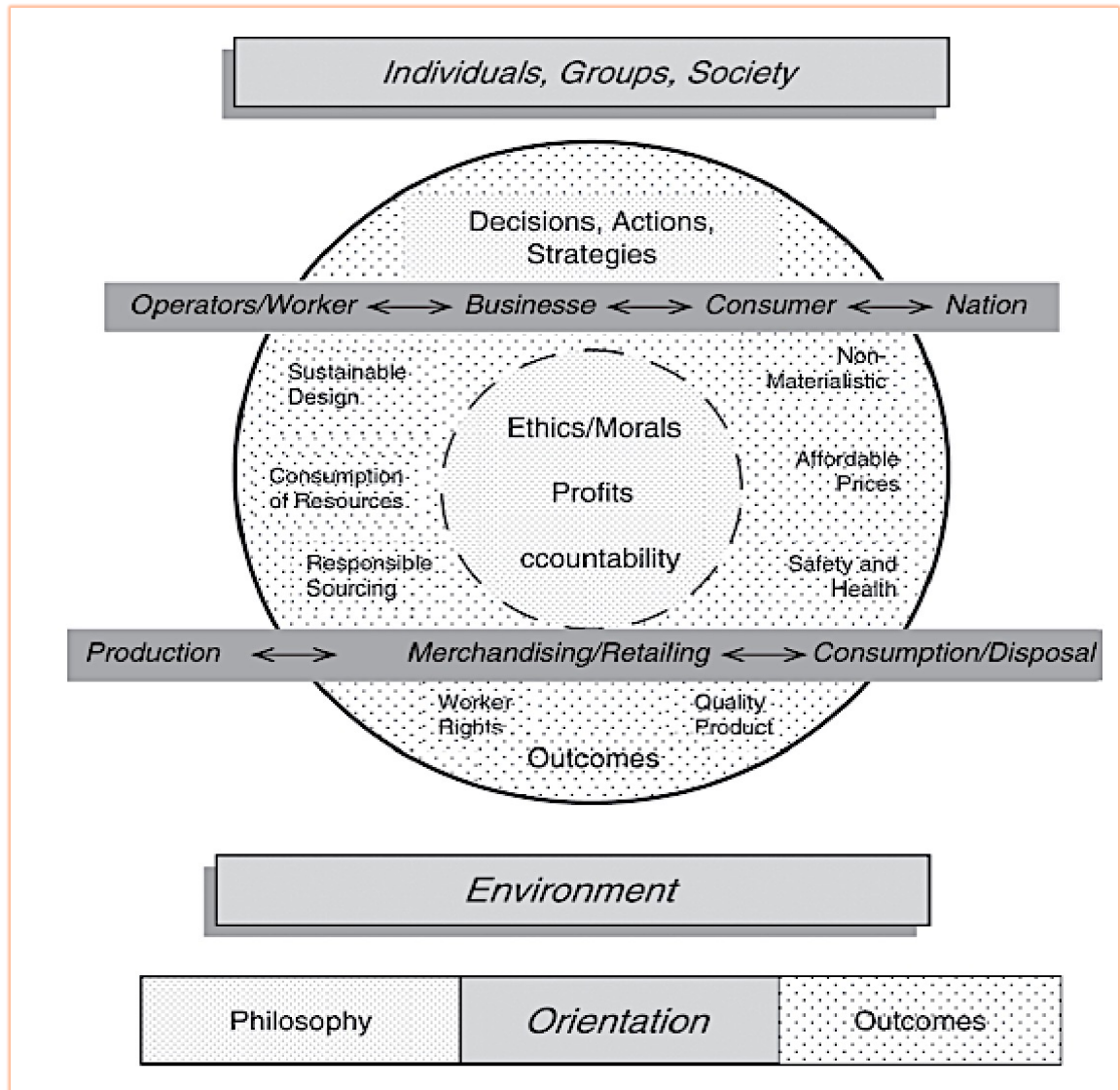


Figure: 3 Model of Socially Responsible Apparel and Textile Business, Dickson & Eckman (2006, 189)

Książak (2017) sees CSR activities of the clothing industry as a compensation for its use of natural resources, while Diviney & Lillywhite (2007) foresee CSR's potential in providing employment to disadvantaged population, such as migrants with poor language skills, or for disadvantaged people in the developing world.

CSR initiatives are affected by several factors, such as company size, its level of internationalization and so forth. However, it is evident that big multinational corporations face more pressure to be socially responsible than small companies (Abreu 2015).

The clothing industry has often been criticised for “fast and extensive production cycles, high amounts of garment waste, chemical hazards and outsourced production sites and labour, often located in countries of low labour costs” (Aarnio 2016: 5). As a result, the clothing industry, and specially its fast fashion wing, is under external pressure and surveillance. Consequently, they seem very conscious of projecting an image of sustainable business practice (Zhao et al., 2014).

Bhattacharya & Korschun (2006), find that inclusion and understanding of CSR can bring value to fast fashion companies, which they can use to strengthen stakeholder relations, specially relations with their customers, but also with employees and investors. They argue:

CSR activity has the potential to increase not only CSR associations, attitudes, and identification but also the intent of stakeholders to commit personal resources (e.g., money, labour, etc.) to the benefit of the company. ...given sufficient awareness, even a single real-world CSR initiative is capable of affecting both internal outcomes and behavioural intentions related to multiple stakeholder roles (Bhattacharya & Korschun 2006: 164).

Yang et al. (2017) carry out a systematic literature review of sustainable retailing in the fashion industry and conclude that despite some progress in sustainable retailing in the fashion industry, the entire fashion industry has been slow in adopting sustainable retailing and lags behind other industries. They argue that very few retailers in the fashion industry have provided detailed information on ethical products and customers, too, tend to be sceptical of sustainable claims of the fashion industry. As a result, they argue, customers pay minimal attention to sustainability issues. Yang et al. (2017: 13-14) further suggest that regional differences in viewing sustainability issues complicates the process of promoting sustainable retailing. On the other hand, Benedetto (2017: 263) finds that “many of the leading initiatives in sustainable fashion have been undertaken by small firms seemingly dedicated to environmental or sustainable causes.”

To sum up, CSR research in the clothing industry is a relatively new phenomenon and there are a number of areas that have not been researched well. For instance, CSR

activities and motivation of small Finnish companies for CSR activities have been barely researched. As pointed out by Yang et al. (2017) regional variation in understanding sustainability issues affects sustainability practices. In that sense, as undertaken in this study, exploration of Finnish or Nordic perspectives is very relevant.

2.5 CSR in Finland: Practice & Motivation

Finland is part of Scandinavian/Nordic identity and the region is regularly referred as a global leader in CSR. Some scholars believe that since Scandinavia has a deep-rooted tradition of stakeholder involvement, it can be considered home to the idea of “shared value creation” or an origin of some form of CSR (Strand et al. 2015). Gjøølberg (2010) argues that pre-existing political-economic institutions, political processes and cultural values influence the interpretation of CSR in Scandinavia. Which means that cultural and political processes in the region as well as global relations and realities affect CSR discourse and practices in Scandinavia.

Skouloudis et al. (2016: 61) find that “the national background can be influential in the development of a CSR agenda and can condition the level of CSR penetration.” Similarly, “historical elements, domestic civic activism, the management education and training system, the social and environmental context and concerns both past and present define the social responsiveness of companies in a country” (Roome 2005, cited in Skouloudis 2016: 61).

Similar arguments have been made by other scholars as well. Jamali & Neville (2011), for instance, argue that each country’s economic, cultural, historical and political construct shape the CSR context of that particular country. For Skouloudis & Evangelinos (2012), too, CSR remains a global idea influenced and shaped by various national contexts. Thereby, Skouloudis et al. (2016: 68) encourage executives of multinational companies to take different national backgrounds into account while formulating CSR activities.

Mikkilä et al. (2015) offer a detailed history of CSR in Finland and explain how it has evolved over the years. They divide historical development of CSR in Finland into three phases – industrialization, emerging of environmental awareness and globalization – and argue that evolution of CSR practices in Finland are similar to those of other Scandinavian

and Central European countries. However, when it comes to responsibility reporting, Kuisma & Temmes (2011) find that Finland is ahead of other Scandinavian and Central European countries.

Roots of CSR in Finland can be traced as back as to the nineteenth century as industrialization in Europe was achieved on cheap labour as well as exploitation of natural resources. As a result, businesses faced criticism for their 'irresponsible' corporate activities. In the late twentieth century, environmental awareness and the Brundlandt report's emphasis on economic, social and environmental sustainability further encouraged CSR debate in Finland. Whereas, since the beginning of 2000s, corruption scandals, legal offences and large amount of payments made to a few business executives have reinvigorated CSR debate in Finland. (Mikkilä et al. 2015: 209-213).

Academic literature on Finnish CSR is rather divided. Some scholars, such as Panapanaan et al. (2003) argue that CSR in Finland is embedded in the Finnish way of thinking, i.e. businesses should behave ethically and should show high moral standard, whereas, other scholars, such as Juholin (2004: 20), argue that primarily it is companies' long term profitability prospect that plays a major role in CSR activities in Finland.

In recent decades, globalization has been attributed to be the most common driver that encourages businesses in Finland to pursue CSR activities. In addition, different laws and regulations, local stakeholders, the EU legislation, business networks and conscious and innovative business executives also accelerate CSR initiatives in Finland (Juholin 2004, Panapanaan et al. 2003).

As shown in figure 4, Panapanaan et al. (2003: 138) put together a list of factors that enhance CSR in Finland. According to them, apart from globalization and pursuit of sustainable development, factors that enhance CSR in Finland include involvement of main stakeholders (regulators, employees, NGOs, suppliers, federations) and other factors such as customers' demands and business relations.

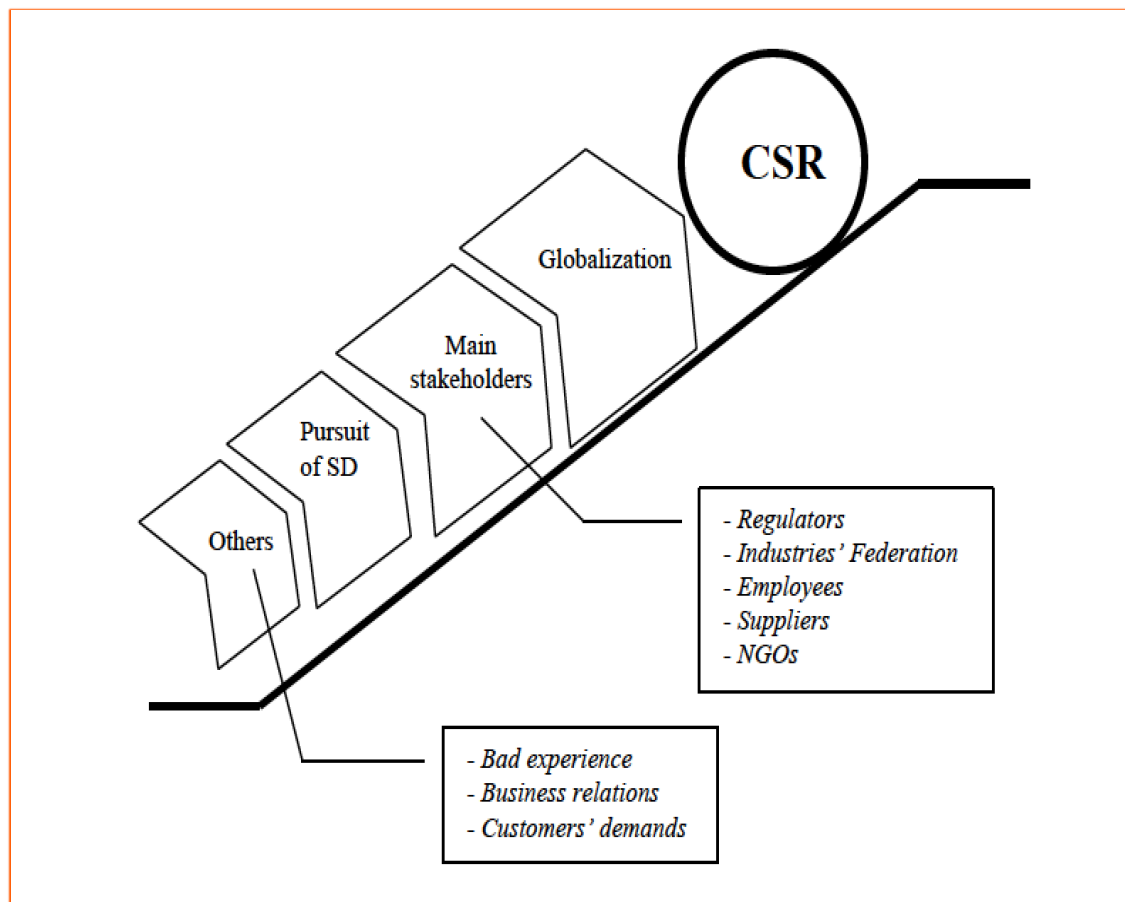


Figure 4: Factors that enhance CSR in Finland, Panapanaan et al. (2003: 138)

Mikkilä et al. (2015: 223) argue that there has been a change in companies' attitude in looking at CSR practices. In the past, they argue, companies feared that CSR would lead to increased costs, whereas the mentality now is that inclusion of CSR in business operations strengthens financial outcomes as responsible business operation pays off more these days.

CSR literature in English that focuses on specific Finnish cases is scant. When it comes to fashion or clothing brands, I was able to find barely any studies. Nonetheless, I review below a few studies that deal with CSR practices of Finnish businesses.

It has been argued that there is a lack of a CSR tool or a framework suitable for SMEs in Finland Heikura (2014). Nonetheless, having studied micro and small companies in southwest Finland, Hakala (2012) finds that smalls companies contribute to CSR through corporate philanthropy as well as implementing other activities such as recycling, creating codes of conduct and reshaping the supply chain. She argues that CEOs' personal

values and availability of resources play a key role in initiating CSR practices, whereas, the benefits include companies' good image and reputation as well as new business opportunities.

Björkqvist (2012) studies online CSR reports of three clothing brands – Fjällräven, Haglöfs, Halti – that operate in Finland and finds that even though the businesses seem to be aware of potential societal and environmental risks posed by their actions, a concrete action is lacking. She argues that the companies' response to address the issues posed by their action has been "not strategic or operational, but cosmetic; glossy CSR reports" which seem to be aimed at ensuring that their "social and environmental good deeds have been published" (Björkqvist 2012: 55).

Hori et al. (2011) study food giant Arla, which has a big market share in Finland, and find that Arla's CSR activities can be considered as tools that help reach the company its financial goals. In a similar study, Latif (2015: 58-60) carries out a comparative study of Lidl and Itella⁶ and finds that Lidl, being a foreign company in Finland, initiated CSR activities to avoid crises, and excessive media scrutiny as well as to boost its competitiveness and deal with consumer demands. Whereas, in Itella's case, he argues that CSR was more about spreading their values, attracting capable employees and making a contribution to sustainable development and good environmental practices.

These few examples mentioned above show that there is a lack of sufficient CSR literature that deals with Finnish businesses. On the other hand, studies that have been conducted in the past have shown rather contradictory results and even though some Finnish clothing brands have been slammed by the media and NGOs for their irresponsible business practices, research on Finnish clothing brands and their CSR activities is minimal.

⁶ Itella is Finnish postal company, whereas, Lidl is a German company that runs several grocery stores throughout Finland.

3. Findings & Discussion

In this chapter I present major findings of my research and discuss them in relation to theoretical perspectives presented in Chapter II. First, I start with a brief description of the selected companies and then move on to their CSR activities and their perception of CSR. After that, I discuss findings that address the main research question of this study, i.e. the motivation for CSR activities of Finnish apparel brands. Finally, I conclude this chapter by discussing the findings related to ethical clothing and future perspectives of CSR and sustainability.

3.1 The Case Companies

The five clothing companies sampled for this study are Makia, Vietto, Papu, Second Chance and Kiks. All the companies operate from Finland and identify themselves as Finnish clothing brands. However, it is useful to note that these companies are relatively small companies without extensive branches and subsidiaries. Four of the five companies (Vietto, Papu, Second Chance and Kiks) were chosen from Weecos Sustainable Marketplace, an online shopping platform of sustainable products, while Makia was chosen, using the purposive sampling method, from my own list of 'sustainable' clothing brands.

The five companies share some similarities. All of them have more than at least ten products, sell their products online, have a website and have at least some information on CSR, sustainability or ethical clothing issues on their websites. For instance, an eye-catching statement on Papu's website reads:

Our aim is not only to create nature-inspired clothing – rather we find nature so dear to us that it is our passion to treat it well. We want to dive into clean woods, see the hale animals and to breathe fresh air whether walking in the woods or in the city. That's one of the reasons we want to try our best to do things as sustainable as possible (Papu 2018).

Although there might be differences in their focus and emphasis, similar statements can be found from each brand's homepages or pages dedicated to sustainability issues. It is also important to note that all five brands project themselves as 'sustainable' or ethical brands, even though Makia's COO revealed in the interview that they do not use that term as a marketing slogan.

Another similarity the companies share is that they have been operating in Finland for less than two decades. For instance, the oldest company from the sample, Makia, was established in 2001, whereas, the youngest one, Papu started its operation in 2012. Similarly, Kiks was established in 2003, whereas Vietto and Second Chance entered the clothing market in 2007 and 2008 respectively.

People interviewed for this study represent top management of the selected companies. Out of the five respondents interviewed, four are female and one is male. The respondents are Makia's Chief Operating Officer (COO) Mika Martikainen, Vietto's Chief Executive Officer (CEO) Minna Kaartinen, Papu's Assistant Designer and Product Coordinator An-nariina Ruokamo, Second Chance's founder and owner Maija Nuppula and Kiks' founder and designer Katja Iljana. Since the respondents gave written permission to reveal their identity in this thesis, they have been quoted with their real names throughout this text.

3.2 CSR Activities and Understanding of CSR

The very first questions that I posed to the respondents were about CSR activities of their brands and how they understood CSR. As previous literature on CSR shows, there is a great variety of diversity in CSR activities and how CSR is understood (See, for instance, Aguinis & Glaves 2012). That is reflected in these cases as well as the way how the five brands implement and understand CSR greatly differs.

When asked about their CSR activities, Vietto's CEO and Kiks' founder emphasised on the importance of using leftover material as part of their CSR. Vietto's CEO Minna Kaartinen stated that a considerable part of materials used in Vietto's products are industrial leftover materials. In addition, she claimed that at Vietto, many products are manufactured only after a customer has ordered them. Similarly, Kiks' founder and designer Katja Iljana stated that her company only uses locally sourced industry leftovers and upcycled fabrics. She also emphasised that, as part of CSR, all of Kiks' products are produced in Finland.

When it comes to CSR, Papu's priority is on the workers and their working conditions. Whereas, for Makia making charity donations and opting out discount sales also count as CSR activities. Makia's COO stated:

We donate part of the sales to keeping the Baltic Sea clean...We also stopped all discount sales in our own retail channels about two years ago. It didn't feel right in our minds to participate in Black Friday for example...We are also studying the possibility if we are able to change all of normal cotton to BCI cotton next year (Mika Martikainen, COO, Makia).

Second Chance, on the other hand, combines working conditions and local production as two main factors that constitute their CSR policy.

I produce all the products in Finland in small family companies so I know that all the products are made in good conditions by professional adults. In that way, I employ Finnish people and also know that my company pays all taxes to Finland. And I'm 100% sure that I don't support child labour or bad working conditions (Maija Nupula, Founder and Owner, Second Chance).

Local production as a CSR activity has been emphasised by other respondents as well. Producing locally can have two-fold benefits for CSR practice. On one hand, sourcing local raw materials and providing employment to local workforce can be viewed as socially responsible activity. Whereas, on the other hand, since everything happens nearby, local production is useful in ensuring measures such as fair pay and safe working conditions.

When I was going through the data I collected, I was also interested in looking at how the brands cooperate with other actors to enhance their CSR mission. It is useful to note that cooperation and collaboration with outside actors was found to be minimal. One exception, though, is Vietto, which has been involved in organizing training for trainees from vocational school and offering opportunities to get to know the process of clothing design and production.

As also shown in previous studies,⁷ interests or opinions of top executives also matter in CSR initiation and implementation. Kiks' founder Katja Iljana, for instance, said that they

⁷ See, for instance, Chin et al. 2013

take part in campaigns to raise awareness and provide funds to run campaigns that they find important. Activities that Kiks support include campaigns aimed at promoting environmental protection and LGBTQ rights.

When asked about their own perception of CSR, the respondents seemed to agree on the idea that CSR is the right thing to do, that they have a moral responsibility to act for a better future of humanity, whereas one respondent (Kiks' founder Katja Iljana) argued that CSR itself justified the existence of her company.

3.3 Challenges of Implementing CSR

One of the questions I posed was about the challenges they faced in implementing and enhancing their CSR activities. Challenges mentioned by the respondents can be summarised into following points:

1. Financial challenges/limited resources for CSR
2. Logistical Challenges (outsourcing makes it difficult to ensure that everything they are using is ethical)
3. The long supply chain (makes it harder to ensure that everything is ethical and sustainable down the line)

It has been argued that business firms can get competitive advantage by adopting CSR activities (Benedetto 2017). However, at the same time, CSR operation itself can be costly. As Vietto's CEO argues:

Organizing production in conditions that imply good social responsibility increases costs and brings challenges in profitability. The price of the products becomes higher and this may decrease sales or restrict retail channels to ones where manufacture's share of the customer price is sufficient (Minna Kaartinen, CEO, Vietto).

Clothing brands depend on long supply chains for their operation, which also creates challenges in implementing CSR. For instance, Papu's Annariina Ruokamo argues that the long supply chain makes it difficult to track down the origins of the fibres used in the fabrics. Similarly, Kiks' Katja Iljana acknowledges that since her company uses upcycled fabrics, there is no sure way to confirm that all of that was originally produced sustainably

in fair conditions. She also stresses that as a small company the resources that are used for influencing these issues are also relatively small.

3.4 CSR & Labour Conditions

The issues of fair pay and safe working conditions have long been associated with CSR. As reviewed in Chapter II, early literature on CSR focused on fair pay and labour conditions a lot. The brands included in this study take different measures to ensure that labour conditions at their or their contractors' production facilities are sound. Makia, for instance, states on its website that their "manufacturing partners have all signed Makia's code of conduct that is based on BSCI guidelines, as well as ILO and UN human rights regulations" (Makia 2018). They further add that all of their "garments comply to the European Union reach regulations" (ibid).

Similarly, Papu's Annariina Ruokamo states that they keep their production inside Europe so that it is easier to monitor and safeguard good working conditions. In addition, she adds that in order to ensure that working conditions are sound in their manufacturers' production houses, they visit their manufactures at least twice a year.

Kiks, on the other hand, ensures that everything is safe and sound and under control by keeping their production team small. Kiks' Katja Iljana argues that keeping it small helps determine exactly where each of their products is designed, cut and sewn.

3.5 Motivation for CSR

Determining motivation for CSR is the main research question that I have set for this study. In order to determine the motivating factors for CSR activities, questions related to motivation, CSR implementation and initiation process as well as questions associated with the demand/pressure for ethical behaviour and CSR activities in Finland were asked.

As previous literature shows, a wide range of factors motivate companies to initiate CSR activities. Respondents of this study also reported a number of motivating factors which can be summarised and enlisted as follows:

1. Hope of better business via loyal customers
2. CSR as the right thing to do/operate
3. Support Finnish fashion industry
4. Personal/company values, way of making better choices

One common pattern that was noticed in all interviews is the realisation that sustainability and CSR are the way to go, that is where future is and that is how businesses can succeed. In Makia's Mika Maartikaine's words, CSR "is the only way to operate. And in the long run it will also turn into better business via loyal customers". Second Chance's Maija Nuppula expresses similar beliefs. She argues:

I believe the only and right way to do small-scale fashion business today and succeed is with ethical values. I focus on good quality materials, high-class and timeless design and both professional and reliable subcontractors...That strengthens consumers' confidence in Second Chance and they know for sure that the product they bought is not only a good-looking designer garment but it's also guaranteed sustainable (Maija Nuppula, founder, Second Chance).

For Vietto, as expressed by its CEO, the motivation for CSR and sustainability comes from the desire to produce durable clothes as well as the willingness to support Finnish fashion industry and fabric manufacturers. She also explains that her own creative interests and her commitment to "Sustainable Development Goals, fair and secure production" as well as "respect to Finnish traditions in fashion" also play an important role in the company's CSR actions.

Similarly, as Annariina Ruokamo elaborates, for Papu, too, the company's aim to "make better choices" and commitment to sustainability and responsibility comes rather naturally. "Our company was created by the desire to create sustainable clothes for children and women and that is the starting point for everything we do," she elaborates. Kiks' founder, Katja Iljana, provides similar reasons behind her brand's CSR motivation:

The motivation is common good and my personal belief that we should all do our part for a more sustainable living. A company, even a small one, has far more impact than an individual person and no company should exist just for profiting its owners (Katja Iljana, founder, Kiks).

These findings are consistent with some previous literature on the issue. For instance, findings of Aguinis & Glaves (2012) as explained in Chapter II also suggest that companies introduce CSR for a wide variety of reasons, including the perception that CSR is

good for business and competitiveness, but also a sense of responsibility and duty play crucial role in CSR activities. In addition, as proposed by Fukukawa et al. (2007), the altruistic beliefs of a leader are also important in CSR initiatives, which is the case in some of the cases in this study.

It is clear from this discussion though that companies or brands introduce CSR activities for a wide variety of reasons. Even though the brands included in this study represent the same industry, i.e. the apparel industry, their motivation and activities differ. One commonality that can be found in all cases is that the brands seem very aware of competitiveness gains that can be achieved by implementing CSR, and personal/ethical motivations seem to play a major role as well.

3.6 Future of CSR, Sustainability and Ethical Clothing

Some of the final questions that I posed to the respondents were related to the future of CSR, sustainability and ethical clothing. I also asked about the demand for CSR activities in Finland and inquired about the brands' future plans regarding sustainability, ethical clothing and CSR.

Four out of the five brands included in the study mentioned that the demand for CSR activity in Finland is growing. Makia's COO, however, didn't see any extra pressure to implement CSR activities from Finnish customers (b2b) or consumers or from NGOs. In his view, CSR in Finland should be viewed from a European perspective rather than merely from the Finnish one. In addition, he outlined that the Finnish Textile and Fashion association is helping Finnish companies to become CSR-ready by organising CSR training and other events.

Other respondents, however, saw that the demand for CSR activities is growing in Finland. Papu's Annariina Ruokamo, for instance, argues that the demand for sustainability and CSR is growing in Finland and, in her view, "it comes mostly from conscious customers, who are interested in the facts where and how their clothes are made". Kiks' Katja Iljana has similar views. She states:

Finnish fashion industry is tiny and therefore it is easier to keep close watch on brands. I would say that pressure is high and ever growing, which is only a good thing (Katja Iljana, founder, Kiks).

It can be certainly argued that direct and indirect pressure for CSR activities is growing in recent times. Apart from EU laws and directives, media investigations, NGO involvement in CSR issues and wider use of social media also seem to have put pressure on companies at least to project an image of being socially responsible.

Respondents were also asked to anticipate the future of CSR specially in relation to sustainability and ethical clothing. There is a common agreement among respondents that CSR is going to be always important in the apparel industry, however, when it comes to issues of ethical clothing and sustainability, opinions differ.

Makia's Mika Martikainen believes that ethical clothing might appear to be unfashionable for some customers because of their simplicity and use of older materials. He argues that instead of making ethical clothing mainstream, it is better that brands established to deliver ethical clothing spend their time and energy on it.

Vietto's Minna Kaartinen, on the other hand, stresses that ethical clothing should not only be mainstream, but affordable to everyone as well. She elaborates:

Ideally, ethical clothing should be the norm in all production and consumption. Ethical clothing should not be only luxury, but purchasable by general public who value its principles.

She further emphasises that retailers can play an important role in promoting ethical clothing.

Retailers have a key role in boosting ethical fashion through choosing selections that include ethical labels and promoting them in their marketing. From a global perspective, ethical clothing should be aiming to reduce inequality worldwide, through raising minimum salaries and strengthening ethical norms in countries of cheap production and challenges in social sustainability (Minna Kaartinen, CEO, Vietto).

On the other hand, Second Chance's Maija Nuppula sees that customers are the ones that play a crucial role in deciding the future of ethical clothing and sustainability. She argues:

I believe consumers have the power - they decide where clothing industry is heading by their consumption. Will they buy cheap and support throw-away culture or do they think about their consumption and buy high quality ethical products when they really need it? Consumers also have to be really alert whether the product is

ethical for real or is it just a misleading way of marketing - so called "green washing (Maija Nuppula, founder, Second Chance).

The concern of greenwashing⁸ is raised by Kiks' founder as well, even though she sees that happening less in small markets like that of Finland. As discussed in Chapter II, some scholars have, see for instance Smith (2003) or McKibben (2006), argued that businesses can, in fact, project an image of innocence to avoid public scrutiny and adopt CSR activities to distract public attention.

When asked about the brands' own future plans regarding CSR and sustainability issues, all respondents report that they are going to further invest and improve their CSR programs. All brands except Makia oppose animal testing and do not knowingly use animal parts in their products. Makia's plans are, however, to use an animal welfare policy than to abandon using animal products.

As elaborated by its COO, Makia, in fact, doesn't see itself to be entirely an 'ethical brand' ever, but aims to strive for improvements. On other hand, Vietto is looking for new partners in manufacture and aims to increase its use of recycled and upcycled materials. Similarly, Papu is working on to create their first CSR report, whereas, for Second Chance, designing high-quality personal collections and keeping production within Finland is all that matters. Finally, Kiks' future plans are to discover and use new sustainable materials in their products.

⁸ Greenwashing normally refers to the use of marketing to portray a brand's products, activities or policies as environmentally friendly when they are not.

4 Conclusions

The aim of this study was to find out the motivation behind CSR activities of Finnish apparel brands. Five apparel brands – Makia, Vietto, Papu, Second Chance and Kiks – were chosen by using the purposive sampling method and 5 top executives representing the selected brands were interviewed by email. Secondary data was obtained from company publications, web pages and other online publications.

While addressing the main research question, the study also explores current CSR activities of the selected apparel brands and the barriers they face in implementing CSR activities. In addition, labor conditions in their production facilities, their own perception and future plans regarding CSR, sustainability and ethical clothing issues are also discussed.

The findings suggest that the clothing brands implemented CSR activities for a wide variety of reasons, including hoping for better business via loyal customers, recognizing CSR as a right thing to do and as a means of supporting the Finnish fashion industry. Values associated with better world, sustainability and better choices also influence CSR activities of the selected brands. Even though the selected companies represent the same business area, i.e. the apparel industry, the reasons that motivate their CSR activities greatly differs. This, however, is consistent with previous literature on the topic.

Perception of CSR as well as the activities they carry out also differ among the five brands. For some brands making charity donations and supporting the cause they find worthwhile can constitute a CSR activity, while for others, CSR issues are imbedded into their core business operations. In other words, they were established with that very purpose of being a socially responsible business. Some activities they carry out to call themselves sustainable or socially responsible brands include producing locally by using the local workforce, using upcycled or secondhand materials, avoiding discount sales and making clothes only after they are ordered and ensuring safe working conditions at their production facilities.

There is a common perception among all five brands that CSR is a good thing to do, not only for company success and good PR, but also for ecological reasons and the future of

entire mankind. High level of ecological and environmental awareness present in Finland can be attributed to these notions presented by the brands.

Some of the challenges they face in implementing CSR include limited sources for CSR activities, logistical challenges caused by outsourcing – making it difficult to ensure that everything they are using was ethically produced – and the challenges associated with long supply chain in the apparel industry.

In order to make sure that the working conditions at their production facilities remain sound, the brands employ measures such as limiting production and outsourcing within Finland or EU, keeping their company size small and outsourcing only locally, whereas, relatively bigger brands, such as Papu and Makia, also emphasize on complying with international labor standards and keep an eye on their contractors' behavior.

Four out of the five brands studied reject animal testing for clothing and do not use animal substances in their products. The one that uses animal products, too, reported to be working on an animal welfare policy. On the other hand, the brands seem aware of the importance of sustainability to increase even more in the coming days and report to have been preparing for more actions related to CSR and sustainability.

I find these findings to be in consistent with the social constructivist approach of CSR that I outlined in Chapter II. When it comes to CSR and sustainability, the emphasis of the brands seem more on ecological, environmental and sustainable issues rather than on philanthropy, fair pay and labour conditions. Finland, being one of the most developed country with an excellent welfare system and strict labour laws, it is apparent that these issues do not dominate the Finnish CSR discourse. On the other hand, the ongoing debate on global environmental and ecological issues which is also widespread in Finland, seems to affect the brands' CSR activities and perception.

4.1 Recommendations to Apparel Brands Seeking to Implement CSR

Making recommendations on CSR practices is not the primary purpose of this research, and that doesn't constitute my research aim and objectives either. Nonetheless, based on the experience of this research, I make a few recommendations that existing small apparel brands, new start-ups and aspiring entrepreneurs like myself would find useful should they attempt to initiate CSR activities or establish their business with an ethical foundation.

1. **Understand CSR More Concretely:** There seems to be a great deal of confusion regarding what consists of CSR and what doesn't. As demonstrated in the findings of this research too, CSR can include activities from charity donations to business practices that use only used, second-hand products. While even a small gesture seems to count, being specific with CSR initiative seems to be useful for brand image promotion.
2. **Know that Consumers are Aware of Ethical Issues:** Four out of five brands included in this study reported that there is growing pressure for CSR in Finland. At the age of social media, consumers are likely to be informed of various ethical issues at home and abroad. It is no surprise that in markets like of Finland, where literacy rate is one of the highest in the world, consumers and media are watchful of companies and their practices. Businesses should take this into account while designing their CSR activities.
3. **Make CSR a Business Practice than an Activity:** While CSR has emerged with the idea of doing something good while doing business, the trend seems to be slowly changing. CSR is no longer limited to corporate philanthropy, fair wages or safe working conditions. It has stretched to broader topics such as of sustainable raw materials, fur-free products and productions of ethical clothing. In that respect, new start-ups can consider forming their entire business model around the idea of CSR or sustainability rather than adopting CSR just an additional activity of business operation.
4. **Cooperate Actively with Other Actors and Stakeholders:** The findings of this study show that the brands studied appeared more like lone actors and barely cooperated with other actors and stakeholders to maximise their CSR efforts. Especially small business

brands and start-ups can certainly benefit by cooperating with other small businesses, NGOs and other local as well as global stakeholders.

4.2 My Own Professional Development During this Research

As I write these paragraphs, my research and thesis writing process is almost over, but the impact this process has on me will remain for a long time. Since this was my first research project, I was excited as well as a bit anxious since the very beginning. The fear of the unknown was obvious. However, as I conclude this process, the overall experience has been very rewarding. I am sure that the skills and confidence that I have gathered during this process will be useful in future in my professional career.

During this research, I learned a lot about academic research in general and qualitative research in particular. I got to know about different research methods and learned to collect data from different sources. Using email interviews for this study was an interesting experience. At the same time, it was an attempt to use a relatively new data collection method, which has not yet widely used in academic research.

In addition, I also learned about issues such as of research ethics, validity and the importance of building trust before gathering data from respondents. Similarly, my time management skills and interpersonal skills were once again tested during this rather stressful process.

Above all, what I learned most during this process is none other than CSR. As an aspiring ethical entrepreneur, both theoretical and first-hand knowledge of CSR that I gathered through this research is going to be certainly useful in my future career. Even though I did know about CSR before I started this research, during this research I had the opportunity to deepen that knowledge and understand CSR from a variety of standpoints.

4.3 Areas for Further Research

Based on the knowledge of the CSR field that I acquired during this research, I would recommend a few areas of research for further academic inquiry. Since my research was particularly focused on the motivation of Finnish apparel brands for their CSR activities, my recommendations also revolve around that topic.

First, to the best of my knowledge, there has been no comprehensive research on CSR activities of Finnish apparel brands. So, an extensive quantitative survey which would cover as many apparel brands as possible is certainly likely offer various insights into the field. Second, a comparative study of any size comparing Finnish and non-Finnish apparel brands would be equally useful in understanding how CSR activities of apparel brands differ in different socio-cultural and national contexts. Third, comparative studies that compare motivation and CSR activities of small and big companies would be equally interesting.

Finally, as findings of this study also suggest, brands have their own understanding and interpretation of CSR. While some brands incorporate the idea of CSR (or ethicality, or sustainability) in the very core of their business model, for other brands CSR could be an extra activity outside their core business functions, such as a philanthropic donation. Looking into details of these practices could be an interesting and insightful study for CSR researchers.

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6. Appendix

Interview questions

CSR Activities

1. How does the company see Corporate Social Responsibility?
2. What kind of CSR activities the company carries out at the moment? (Please provide some examples)
3. What are the challenges the company faces in implementing CSR activities (if any)?
4. How do you see CSR and labor conditions? How do you ensure that labor conditions of your company are good/optimal?

Motivation & Scope

5. What is the motivation behind CSR activities and what importance it carries out for your company?
6. What is the process of implementing CSR activities? Who initiates them and on what basis?
7. Are CSR activities based on any particular principles and values?
8. How much demand/pressure exist for ethical behavior and CSR activities in the Finnish fashion industry?

Ethical clothing and future outlook

9. How does the company sees the concept of 'ethical clothing'?
10. What are the company's future plans when it comes to sustainability and ethical clothing?
11. Does the company have particular view on the issue of animal testing for clothing?
12. How sustainably are the leathers produced, which are used in the company's products (If any)?
13. Have you invested in any CSR activities in the countries from where you are sourcing (If any)?