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Department of Economics

Responsible sourcing and transparency in the home textile industry

- The case of cotton

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Abstract

CSR, Corporate Social Responsibility, has become increasingly important in a globalised world where the responsibilities of companies and governments are somewhat blurry. The textile industry is an industry where long supply chains and raw material production in developing countries are factors adding to the complexity and difficulties of solving ethical issues. Cotton production faces many environmental, social and financial challenges in the value chain. Therefore this case study takes a closer look at five Nordic home textile companies, Ikea, Hemtex, S Group, Moko and Finlayson, and how these companies choose their cotton related CSR tools and communicate their work on this area. These companies are of various sizes and therefore the resources for CSR work are also different, as well as the perceived values for working with CSR. The results show that there are a variety of approaches to CSR in the companies' value chain but each company is taking steps towards CSR. However, the supplier relationships, in the case companies, are more often based on compliance with a Code of Conduct or similar rather than a commitment approach. Additionally, some of the "tools" identified were multi-stakeholder initiatives, eco-labels and innovations. In the end, this study reflects that the solutions are mostly instrumental so there would be room for more collaboration in taking steps towards significant change in the industry.

Sammanfattning

CSR är ett begrepp som blir alltmer aktuellt i och med en globaliserad värld där multinationella företag gör affärer med utvecklingsländer. Det finns ofta varierande etiska utmaningar som företagen stöter på i utvecklingsländerna och företagen får ofta agera i rollen som myndigheter och regering. Tekstil industrin är ett av de exempel på industrier som stöter på dessa problem redan i början av värde-kedjan i och med produktionen av råmaterial.

Dethär arbetet har därför tagit en närmare titt på hur textil företag kommunicerar sitt CSR arbete med bomull. Eftersom nästan ingenting har skrivits om hemtekstiler tidigare har denna studie fokuserat på hemtekstil företag. Fem företag, Ikea, Hemtex, S Group, Moko och Finlayson, i Norden (Sverige och Finland) har varit föremål för denna fallstudie. Intervjuer har gjorts med experter i området inom varje företag och har därefter analyserats efter följande teman; strategisk ledning, upphandling och kommunikation.

Resultaten visar på att alla fem företag jobbar med CSR, men att de använder olika tillvägagångssätt. Det kunde finnas ett mervärde i mera samarbete mellan företagen. Alla företag är också rätt blygsamma med att marknadsföra sin strävan till etisk upphandling av bomull. Det kunde ytterligare finnas ett mervärde i att upplysa och informera kunder om deras ansträngingar och därmed stärka sina varumärken och efterfrågan på sina produkter.

Abbreviations

BCI	Better Cotton Initiative
BSCI	Business Social Compliance Initiative
CC	Corporate Citizenship
CoC	Code of Conduct
CR	Corporate Responsibility
CSR	Corporate Social Responsibility
EU	European Union
FLO	Fairtrade Labelling Organizations International
FTA	Foreign Trade Association
GMO	Genetically Modified Organism
GOTS	Global Organic Textile Standard
ILO	International Labor Organization
ISO	International Organization for Standardization
NGO	Non-Governmental Organization
SA 8000	Social Accountability Standard
SBD	Sustainable Business Development
SCM	Supply Chain Management
SERP	Socially and Environmentally Responsible Procurement
SSCM	Sustainable Supply Chain Management
UK	United Kingdom
USA	United States
WWF	World Wide Fund for Nature

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1 Introduction

Corporate Social Responsibility (**CSR**) is a well-known concept that refers to going beyond mere profit-making responsibility and including ethical standards on socially responsible behavior (Boatright, 2012, 278). CSR is expected in today's business world communications by various stakeholders. The focus has therefore shifted from why or if companies should engage in CSR work to how they should do it in an effective way (Boatright, 2012, 276; Roberts, 2003, 153). Companies have come to realize that there are advantages and benefits in CSR work, which include, among other things, reputation of management, more efficient resource use in production (water, energy etc.) and responsible stakeholder relations (Boatright, 2012; Roberts, 2003; Ottman, 2011).

The stakeholders of the 21st century are not only shareholders and consumers but also media, suppliers, distributors and other actors with whom the company is in a constant dialogue (Mamic, 2005; Roberts, 2003; Ottman, 2011; Rainey, 2006). In practise, this dialogue in regards to CSR is explained in written documents as well as in action, for example; *"sustainability reports, philanthropic activities, private-public partnerships and third-party certifications of social and environmental standards"* (Malmberg & Mark-Herbert, 2010, 58). This dialogue may lead to industry changes and the shaping of managers' beliefs (Harris & Crane, 2001; Rainey, 2006).

Rainey (2006) argues that leaders today have to apply an enterprise thinking to lead their business in sustainable development. What he refers to as enterprise thinking is the inclusion and integration of sustainable thinking into the whole value chain and the entire product's life cycle as a part of the company strategy. The three main goals for sustainable development are based on the triple bottom line by Elkinton (1998) which include; social goals, economic goals and environmental goals.

Many stakeholders today seek companies that are transparent and share information on the issues related to CSR (Ottman, 2011). Whether these issues are positive or negative, as well as the progress the companies are making the stakeholders expect it to be communicated (*Ibid.*). Therefore, transparency is a key issue for companies if they want to have engaged and loyal customers and stakeholders. A number of stakeholders today are not satisfied with companies only taking care of the issues closely related to their daily activities but rather value those companies that follow up on issues further down the value chain, in a globalized business world (*Ibid.*). A bottom line reason for companies to engage in CSR work is to avoid risk that may affect corporate reputation (Roberts, 2003; Rainey, 2006; Svensson 2009; Seuring and Müller, 2008; Boatright, 2012). With the information flow in our current society, stakeholders are constantly reporting on focal company¹ issues they find unjust and expect the businesses to account for them (Seuring & Müller, 2008; Ottman, 2011).

1.1 Problem background

The globalized business world imposes challenges when it comes to the traditional roles and responsibilities of companies and governments, especially in cases where production has been moved to countries with weaker law enforcement (Scherer & Palazzo, 2011). As the lines of

¹ Focal Company is usually the company on top of the value chain, in direct contact with the customer and the company that designs the product or service being sold (Seuring & Müller, 2008).

responsibilities are blurred, Scherer and Palazzo (2011) have identified an area for future research; “*There is also a need for empirical research concerning the right tools and processes for managing social and environmental issues along supply chains. This includes a deeper analysis of the implementation of audits or certification schemes, or the alignment of supply chain control and corporate strategy*” (*Ibid.*, 920). This implies that more research is needed on supply chain management, **SCM**, and the tools related to triple bottom line issues in the supply chain.

The problems concern more than others industries with long supply chains and global markets (Scherer & Palazzo, 2011). The textile industry is a standard example where production often has been moved to developing countries for cheaper labour and raw material (Brito *et al.* 2008). In the case of cotton production, the cotton crop requires a large amount of resources like water and chemicals (Belli, 2007). The production, especially in developing countries, is additionally dealing with social and financial challenges (*Ibid.*). Therefore responsible sourcing is a current topic that most of the textile companies are concerned with and cotton is one of the most difficult products from a company perspective as the global supply chain is complex.

Cotton is often marketed as a natural fibre with the intention to make consumers believe it is a cleaner alternative to the synthetic materials² (Ander, 2011; Ottman, 2011, 143). However, cotton production is associated with numerous undesired effects related to the triple bottom line and its production from raw material to end product poses problems for a number of stakeholders along the value chain. Starting with the environmental effect, its production requires a lot of fresh water, which in many of the cotton growing areas is a valuable resource. Fertilizers and pesticides are also often used in larger quantities than for growing other crops (*Ibid.*). The social effect relates to child labour, which has been reported in, for example, Uzbekistan. Last but not least the financial aspects; farmers in developing countries are in many cases not the ones getting the economic benefit from the cotton trade (*Ibid.*).

The disadvantage in price relates partly to political and ethical aspects. One factor is that the United States, **USA**, and European Union, **EU**, subsidise their own cotton production (Rivioli, 2009; Cacciatore *et al.* 2010, 4-7; Boyle & Simms, 2009, 10-11, 113; Ander, 2011). However, Rivoli (2009, 64-56) points out that is not the whole story, it also has to do with cotton producers’ capital, working markets and literacy. Capital also affects developing countries farmers’ financial ability to certify their organic cotton or to buy genetically modified, **GM**, seeds compared to the farmers in the developed world. Literacy affects their understanding of certification documents and the implications of farming GM cotton. These examples of challenges related to cotton production are an indicator of value chain interdependence and, also, of the needs for global perspectives in addressing challenges related to the triple bottom line.

These conditions for growing cotton in different parts of the world are not new. What is new is the increased attention paid to these matters in the media, by non-governmental organizations (**NGOs**) and other stakeholders. A growing awareness of cotton production opens stakeholders’ eyes towards the environmental and social conditions further down the value chain and opens up for investigating the problem, in search of alternatives (Rivioli, 2009; Svensson 2009; Ander, 2011; Belli, 2007). There are already alternatives for the

² Synthetic material is a material that is man-made, often created with the help of petroleum based chemicals. Synthetic materials include, for example, polyester, acrylic and nylon.

companies to choose from in their ethical sourcing efforts, for example, organic cotton certifications, different initiatives and labeling schemes focusing on the labor conditions and fair trade initiatives focusing on improving financial inequalities for the farmers.

1.2 Problem

Because of the rise in awareness, textile companies are realizing that it would be worth to show the consumers not only a label that states the product is not made in a sweatshop (a factory with bad labour conditions) but also to communicate that the raw material has been grown and produced in a sustainable way (Fletcher, 2008; Ander, 2011; Belli, 2007). The problem with showing accountability in this sector has been the fact that the cotton value chain is complex and it is challenging to trace the cotton (Rivioli, 2009; Ander, 2011). The “made-in” sign is merely telling where the product was stitched together, but it does not guarantee that the farming and garment production stages in the cotton value chain have been ethically managed (Ander 2011; Low & Davenport, 2009; Rivioli, 2009). Additionally, it is common that the cotton in a garment comes from many different producers and different places in the world which add to the complexity of tracing the cotton (Ander, 2011). This is because the cotton quality is different according to where it is grown and the traders know what quality they demand for different parts of the garment.

A number of NGO’s and stakeholders have raised the concerns about these issues and demanded a higher level of transparency (Doorey, 2011; Rivioli, 2009; Kooistra *et al.* 2006; Engvall, 2008). Transparency through the whole value chain could prevent situations such as having a product labelled organic, because it contains organic cotton, but it has nevertheless been produced in a conventional value chain (Rieple & Singh, 2010). Stakeholders have raised additional concerns about the low demand on environmental compliance from the focal companies, the lack of controls in the value chain and the fact that the price of e.g. a sweatshirt does not match the environmental and social “costs” it generates (Engvall, 2008). Often companies do not know very well their second tier suppliers in the complex and global value chains (*Ibid.*).

Stakeholders, including consumers, have mostly been concerned with the problems on the garment manufacturer level in the value chain (Roberts, 2003). Most ethical sourcing codes in the clothing and footwear industry are therefore focused on labour rights and working conditions (*Ibid.*; Park & Stoel, 2005). There have also been arguments that there is a lack of knowledge about environmental impacts of textile production amongst consumers and that business and media has a responsibility to inform them (Nilsson & Odqvist, 2006; Engvall, 2008; Strait & Davies, 2013). Many clothing companies are in fact doing environmental work but do not communicate it as there is no demand (Nilsson & Odqvist, 2008). However, this is a vicious circle, consumers might not know what companies do not advertise, hence no demand (*Ibid.*).

To sum up, cotton production is environmentally damaging and, so far, certifications are mainly focusing on the labour and trade conditions in the value chain. It appears that there is a lack in labelling possibilities for companies and knowledge within the consumer group when it comes to environmental concerns. Additionally, there is a missing link in the possibility for companies to follow up the cotton value chain and therefore the transparency is limited. This points towards how complex it is for the focal company to decide which tools to use and how to approach the issue.

1.3 Aim and research questions

This thesis concerns the supply chain of cotton which is complex with many actors. The global supply chain adds to the complexity which poses challenges for companies to follow up the whole chain and identify where their cotton comes from. A wide range of collaborations and standards are already available for improving sustainability in the cotton value chain on different stages in the chain which offers companies a range of choices for ethical sourcing.

The aim of this study is to describe the tools and processes currently in use by companies in the home-textile industry as a part of corporate responsibility. The objective is to identify the factors that influence the choice of corporate management tools and models for communicating sustainable development in the value chain. Tools here may include for example codes of conduct, standards, eco-labels, certifications as well as collaborations, such as multi-stakeholder initiatives and private-public partnerships.

Research questions that are particularly relevant are:

What factors influence companies when choosing a management tool for communicating their work with sustainable development in the value chain?

What are the perceived values of working with these tools for companies?

Which tools are perceived as most useful for communicating corporate sustainability efforts?

1.4 Delimitations

This thesis considers home textiles as little research has been done on this part of the textile industry before, as well as the fact that home textile companies were more approachable than fashion or garment companies. Additionally, this project only considers the companies' current view on the tools on responsible sourcing even if it would be interesting to get the view of other actors in the value chain as well, however that would require a bigger project.

As the study has taken an inductive approach and considers a recent topic a qualitative method was chosen, namely case studies and interviews. The case companies are from Sweden and Finland as the culture in these countries is relatively similar and the author of the thesis knows Finnish and Swedish. This way the interviews could be done in the interviewees mother tongues and there were fewer possibilities for misunderstandings.

There is a large amount of theories on CSR, supply chain management etc. that were not included in this thesis. However, as the conceptual framework in this study takes a more practical approach on the tools used, the theories were chosen on the basis that they provide a background understanding for Socially and Environmentally Responsible Procurement, SERP. The motives for choosing the theories are further explained in chapter 2.

1.5 Outline

As this chapter has introduced the concerns and the delimitations of this thesis, the next chapter will describe the method and the choices made during the research process. Thereafter, the theoretical review will be presented in a chapter that will end with the conceptual framework. The fourth chapter will present the empirical background and will lead the reader to the fifth chapter on the findings. The three last chapters will present the analysis of the findings, discussion and last but not least the conclusions of the study.

2 Method

This thesis takes an inductive research approach, as the area of study is still a relatively new one, and case studies have been performed. This chapter describes the choices of the research method and argues for the other choices in this thesis.

2.1 Literature review

To get an understanding of what has been written on the subject of responsible sourcing and transparency before, peer-reviewed articles from academic journals were searched in several databases with the search key words; *responsible procurement, ethical sourcing, responsible sourcing, green supply, supply chain management, sustainable supply chain, cotton, value chain, fashion industry, textile industry, traceability and transparency*. Additional articles suggested by the supervisor were used and previous thesis works were also searched for with the same search key words to screen their literature, research and findings. In the second stage the most relevant literature was separated from the irrelevant literature after going through them. Also, the reference list of the relevant literature were screened for more literature that otherwise might have been missed. During the whole process additional material were read on the internet as well as in magazines and other sources to gain as much knowledge and understanding of this research field as possible.

2.2 Choice of theory

The theories were chosen based on what seemed appropriate related to the research questions. Because of the pressures on the textile industry, companies are adopting sustainability strategies more frequently and collaboration in the industry is becoming a way to cope (Chung & Wee, 2008). Therefore, the CSR framework and Rainey's (2006) sustainable business development, **SBD**, theory was chosen. There are different future expectations on the fashion industry value chains, for example, full value chain disclosure from companies, common code of conduct, stronger national and international guidelines (Ansett, 2007; Søggaard *et al.*, 2010). Additional factors mentioned are standards, better education of auditors and control of their practice when auditing transnational value chains (*Ibid.*). Finally, the last factor for green public achievement is a driver in market development for more environmentally sustainable products (*Ibid.*). Therefore, Sustainable Supply Chain Management (**SSCM**) and responsible sourcing are highly relevant when it comes to the fashion or textile industry. As transparency is achieved by an open communication, theory regarding this issue has also been included. A reason for the choosing a range of theories can be to get different perspectives on the issue (Robson, 2011, 158). CSR issues are also often interdisciplinary so it is necessary to choose theories from different areas. The theories have been used as structural guidance for the themes in the interview guide, see Appendix 1. The themes are strategic management in relation to CSR, procurement principles and communication.

2.3 Choice of industry

The textile industry was a natural choice in this case of fiber production as it is relatively speaking where most of the resources in the raw material production of cotton are used (Ander, 2008). As many studies have already focused on the clothing and fashion industry this study focuses instead on the home textile industry. This field might sometimes be

forgotten when it comes to textiles and fashion even if more than a third of cotton produced in USA goes to producing home textile products like towels, sheets and pillowcases (www, Cotton, 2013, 1). USA is the third largest cotton producer in the world, largest is China and second largest India (www, Cotton, 2013, 2).

2.4 Choice of companies

Five case companies, Ikea, Hemtex, S Group, Moko and Finlayson were selected to be included in this study. The criteria for selecting the cases were that they are selling home textiles as a part of their business and that they operate in the Nordic countries, which puts them into the same cultural context. The strategy for selecting the cases was maximum variation “*to obtain information about the significance of various circumstances for case processes and outcomes*” (Flyvbjerg, 2006, 230). In this case to obtain maximum variation five different cases were chosen and the cases chosen were of different company size and different forms of business organizations. Therefore, the expectation was to obtain different results on the different companies. An additional reason for selecting the cases was that these companies were willing to participate in the study.

2.5 Data collection

Qualitative interviews were conducted, which are appropriate as this research area of CSR and responsible sourcing is still relatively new (Eisenhardt, 1989). Qualitative method can be used for “*Development of detailed, intensive knowledge about a single ‘case’, or a small number or related ‘cases’*” (Robson, 2011, 79). Case studies take into account the context of the cases (Robson, 2011, 135) and can thus be argued for in this thesis because responsible sourcing and transparency are concepts specific to a company’s context and related to their value chains. Additionally, as the textile value chains are complex and long it is difficult to approach this research in a different way. The results cannot be generalized as the study only gives a contextual understanding of the case study companies. However, case studies can bring a deeper understanding of the specific industry on this topic (Robson, 2011, 79).

Case study can be used to answer research questions of “how” and “what” (Saunders *et al.*, 2007). The purpose of multiple case studies is never to generalize the results but rather to consider the cases separately related to the theory. This is called *theoretical generalization* (Robson, 2011, 140). Because of the inductive approach and exploratory nature of this study, qualitative research was conducted through semi-structured interviews, see the interview guide in Appendix 1. Semi-structured interviews gave the researcher the opportunity to structure and add questions relevant to the background information found on the companies. The interview subjects were chosen because of their position in the companies; they are considered experts on the subject and are “living the theories in practice”.

The interviews were all conducted in the mother tongue of the interview subjects, Swedish or Finnish, to make them feel comfortable and avoid misunderstandings. Because of the timeframe and resource constraints most of the interviews were conducted by phone which can have both advantages and disadvantages. Robson (2011, 290) mentions for example an advantage to be the possible reduction of bias to the interviewer’s responses. On the other hand a disadvantage can be the lack of visual clues (*Ibid.*). The interviews were taped and later transcribed to not miss out on important information.

2.6 Analysis of the data

The analysis of the data in this research followed the steps of Robson (2011, 472-488) for a thematic coding analysis. The phases are as follows; 1) familiarizing oneself with the data, 2) generalizing initial codes, 3) identifying themes 4) constructing thematic networks and making comparisons and 5) integration and interpretation. A thematic coding analysis can look very different depending on how it is carried out in the different steps and the choices the researcher does (*Ibid.*). In this thesis the familiarizing of the data was done through transcribing the interviews and analyzing the text. Step two and three were carried out with the research questions in mind which also influenced the choice of theories keeping the inductive approach of the study in mind. Once the themes were identified comparisons between the cases were made with the themes in mind before the final step of interpreting the findings.

2.7 Qualitative assurance of the research process

As the area of the study is of sensitive nature ethical aspects and qualitative assurance were kept in mind during the whole research process. In all cases the interview subjects had the opportunity to read and confirm what has been written about the companies. Table 1 shows who were interviewed and when as well as the interviewees' consent and validation of the transcripts.

Table 1. The interview process.

Company	Interviewee	Position	Date of interview	Transcript sent out	Date of validation of transcript
Ikea	Eva Stål	Sustainability Coordinator	15.01.2013	17.3.2013	
Hemtex	Paula Stoppert	CSR Manager	24.01.2013	26.3.2013	26.3.2013
S-Group	Marja Tikka	Group Manager, Quality and Responsibility	21.2.2013	26.3.2013	14.4.2013
Moko	Lilli Toukolehto	Owner and Chief Executive Officer	28.2.2013	1.4.2013	
Finlayson	Liisa Suurla	Product Manager	22.3.2013	4.4.2013	19.4.2013

In order to validate and triangulate the information obtained through the interviews, websites, reports and documents were read on the case companies. It has also been kept in mind that the companies and company representatives might be reluctant to communicate anything negative. Additionally, the researcher's own perceptions on the companies have been critically thought about during the process. The fact that all interview subjects turned out to be women have not been a conscious choice but rather these are the persons the researcher has been appointed to as the experts on this area in each company.

3 Theoretical review and conceptual framework

Chapter 3 provides an overview of the theory related to Corporate Social Responsibility, **CSR**, transparency and responsible sourcing. The concepts of importance in this thesis are then introduced in a conceptual framework.

3.1 CSR and Sustainable Business Development

There are several definitions of CSR (Whitehouse, 2006). One definition that is more often used is; “*actions that appear to further some social good, beyond the interest of the firm and that which is required by law*” (McWilliams & Siegel, 2001; 117). This refers to when companies engage in work that does not appear to be economically beneficial at first glance neither is it a legal requirement for the company. Often, CSR work is primarily expected from multinational companies and companies with global supply chains as they have moved production to developing countries (Scherer & Palazzo, 2011). In developing countries it is expected for the companies to commit to CSR work as the local legal reinforcement is often weak (*Ibid.*).

In this thesis the definition by McWilliams and Siegel (2011) will be used for CSR. The abbreviation CSR will also be used as a synonym for Corporate Responsibility, **CR**, and Corporate Citizenship, **CC**. All of these terms relate to ethical aspects of corporate conduct.

3.1.1 CSR Landscape

CSR focuses on different things depending on if it is local or global CSR (Husted & Allen, 2006; McElhaney, 2008). Global CSR is concerned with challenges that relate to us all globally, while local CSR is concentrated on the problems locally which can be different depending on the geographical location e.g. areas of an epidemic (Husted & Allen, 2006). McElhaney (2008) has developed a CSR landscape, figure 1, which shows different ways companies can contribute to CSR depending on their level of operations.

World	Transform multiple industries						
Industry	Transform an industry					Develop codes of conduct for the industry	Take responsibility for our full impact (social, environmental, economic)
	Be a beacon to others						
Community	Be a good neighbor		Support local communities (philanthropy, in direct programs, employee matching & volunteering)	Innovate and demonstrate restorative business practices	Build strong coalitions to effect and enforce them		Take responsibility for Adjacent industries
	Give something back						
Company	Run a good business	Provide access to tools/ product	Reduce waste, consumption and emissions.	Influence the industry indirectly, by example			Take responsibility for global conditions (climate change, global inter-dependence, etc.)
		Disaster relief					
	Company	Community		Industry		World	

Figure 1. CSR landscape (McElhaney, 2008, 230).

McElhaney (2008) introduces four levels of company involvement with CSR. At the company level the business is only concerned with its own operations, following the law and contributing to a healthy company in terms of the bottom line and healthy employees. At the community level the CSR work already reaches outside the company where the company gets involved in protecting the close environment and supporting the local community with resources or similar. On industry level the company contributes by being a good example through e.g. innovations and by building strong relationships with other actors in the industry. When a company works with CSR on the world level it is fully concerned with the triple bottom line and all CSR related concerns globally.

Porter and Kramer (2009) argue that the public puts pressure on companies to think of CSR in generic ways, however, this is difficult when all companies are different and operate in a different context. According to Porter and Kramer (2009), no one single company can do everything and therefore businesses should select CSR issues where they can create shared value, where both business and society benefit from the CSR work.

3.1.2 Sustainable Business Development

Sustainable business development, **SBD**, is also concerned with the triple bottom line issues. The triple bottom line issues might be difficult enough to manage on their own, however, Rainey (2006) further points out the challenges of globalization, technological change and the external and internal expectations on businesses today. Thus, Rainey has developed a framework with the four main concerns of SBD (see table 2). This includes, 1) enterprise thinking, 2) linking SBD issues into the strategies as this will assure management support and necessary funding, 3) visionary leadership that will inspire for change and 4) innovations that will create value in adherence with the triple bottom line.

Table 2. Four principles of Sustainable Business Development, SBD (Rainey, 2006, 15).

Enterprise thinking	Examining the whole business world, being inclusive and open with stakeholder.
Strategic thinking and business integration	Making strategies and linking all important issues into a comprehensive system. Being inclusive and open with all stakeholders.
Visionary, exceptional leadership	Creativity to think strategically and lead change (over legal requirements) that leads to competitive advantage.
Leading change through innovation	Creating new solutions that create value and are sustainable according to triple bottom line.

What Rainey (2006) refers to as enterprise thinking includes integrating the corporate management with supply networks, partners, allies and other value networks (figure 2). Value networks are both internal and external partnerships, allies and stakeholders that create value. Creating value refers to creating ideal solutions that are sustainable in respect to the triple bottom line. Value networks are more than just stakeholders; they might include for example multi-stakeholder initiatives or public-private partnerships. Some of these partnerships rise from CSR issues that are hard for the company to deal with on their own as they touch subjects where the businesses are not experts in.

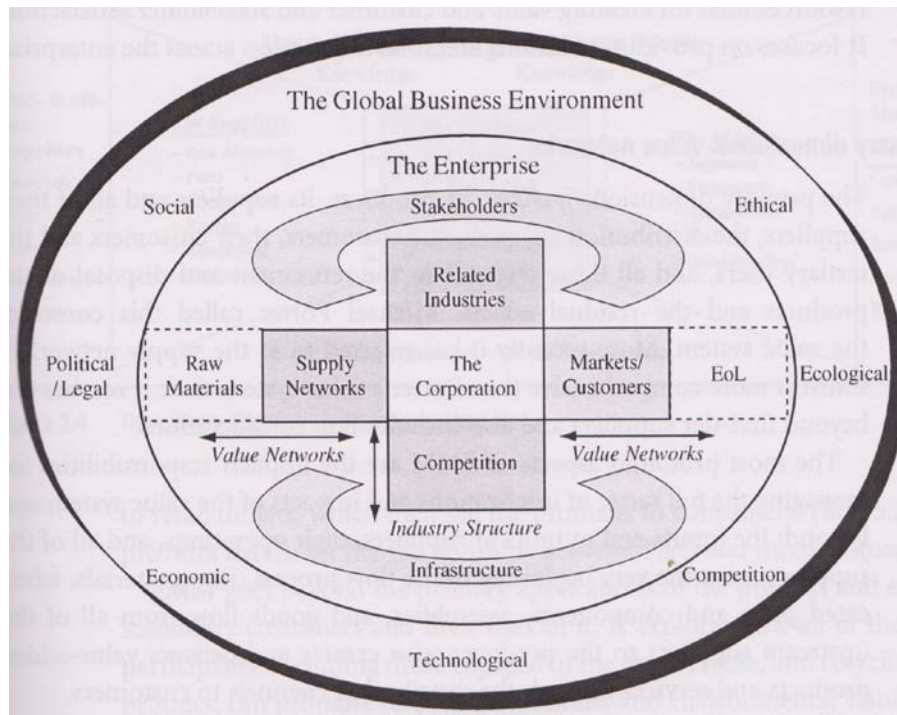


Figure 2. An enterprise management model (Rainey, 2006, 89).

Rainey's (2006) Enterprise thinking is quite similar to Svendsen and Laberge's (2005) "system thinking" that is more than just engaging with stakeholders on specific issues when needed. System thinking involves engagement of all stakeholders on a range of issues and seeing the corporation as just one part of the big system, where the different stakeholders can support each other where needed.

The connection with the supply chain and other partners ensures that the whole value network, where the company operates, meet the triple bottom line goals (Rainey, 2006). Another advantage of enterprise thinking and value networks are that they improve the openness between the stakeholders as there is a relationship and understanding between them. The openness may lead to changes for the better in e.g. energy use decrease through more effective systems. On the other hand, the relationship between actors in the global value chain might be fragile or non-existent because of e.g. distance or cultural differences.

3.2 Transparency, marketing and communication

The close ties between ethics and transparency are argued by Crane (2001). Crane's (2001) perception builds on the notion that no corporate conduct is flawless; however, an open and transparent communication offers an opportunity for creating trust. Public "watchdogs" can be seen as a way to keep businesses under pressure to act more responsibly and share truthful and transparent information on the way they do business (Doorey, 2011).

The external pressures for companies to be transparent have mostly focused on companies' environmental performance but there is also evidence that more focus is put on social aspects (Doorey, 2011; Preuss, 2009; Blowfield, 2000). The Ethical Trading Action Group in United Kingdom, **UK**, argued for more transparency, not only for ethical reasons but also to motivate companies to get to know their value chains better and be able to create good relationships with the suppliers (Doorey, 2011). Additionally, being voluntarily transparent is a strong

signal towards stakeholders at large that there is nothing to hide (Doorey, 2011; Ottman, 2011). Doorey (2011) also discusses the negative points of being transparent. For example, that a company by being transparent discloses information to competitors and that it can be considerably expensive to monitor one's supply chain. Doorey's (2001, 598-602) conclusions are however that it is easy for competitors to find out each other's suppliers even if it is not disclosed information. Furthermore, transparency encouraged collaborations between companies that shared the same suppliers. On the other hand the findings point out the fact that companies do not want to be transparent until they have reached a certain level of responsible business conduct as it might be too risky (*Ibid.*).

According to Ottman (2011) transparency is consumer information and consumers know that no company is perfect, therefore consumers want to know the whole story to evaluate a brand. Ottman (2011) argues that conventional marketing is outdated and the new green marketing or so called "sustainable branding" is the new paradigm in accordance with consumers' expectations (see table 3).

Table 3. The new and old paradigm of marketing, adopted from Ottman (2011, 46).

	Old Paradigm	New Green Paradigm
Consumers	Consumers with lifestyles	People with lives
Products	"Cradle to grave" Products Globally sourced One size fits all	"Cradle to cradle" Services Locally sourced Regionally tailored
Marketing and Communicating	Product end benefits Selling One-Way Communication Paid advertising	Values Educating and empowering Creating Community Word of mouth
Corporate	Secretive Reactive Independent and autonomous Competitive Departmentalized Short-term oriented/Profit-maximizing	Transparent Proactive Interdependent/allied with stakeholders Cooperative Holistic Long-term oriented/triple bottom line

Additional value is created by offering sustainable products and services and communicating them in ways that empower and educate consumers (Ottman, 2011, Porter & Kramer, 2006). There is an importance of communicating CSR work, so that consumers become aware of the ethical issues and the availability of ethical products (Davies *et al.* 2012; Nilsson & Odqvist, 2006). The success of fair trade products is highlighted as an example where the education and marketing to the consumers has contributed to the success (Davies *et al.*, 2010). Communicating on CSR issues strengthens the brand and the company reputation (Ottman,

2011, Porter & Kramer, 2006). Ottman (2011) argues that customers seek companies that are transparent in their efforts and proactive; going beyond various standards and expectations. Companies that adhere to the new paradigm are not afraid to team up with different stakeholders to achieve holistic solutions to different challenges related to the triple bottom line.

Transparency refers to the openness about corporate conduct in general. CSR and transparency have become strategic issues for companies to be ahead of competitors and to create trust in the various relationships with a range of stakeholders. Especially for smaller companies CSR and greener practices can be the key to compete against bigger businesses (Caniato *et al.*, 2012; Ihrén, 2011; Ottman, 2011). Adapting and reporting on proactive strategies with regards to upcoming legislation has been argued to be beneficial since the 1990's (Porter & van der Linde, 1995).

Transparency can be achieved by engaging stakeholders and reporting to them on issues related to the corporation (Carter & Rogers, 2008). A positive way to create consumer interest in businesses is to engage the consumer by providing the information he/she seeks to evaluate the brand (Ottman, 2011; Rainey, 2006). Ottman (2011, 138-139) refers to Patagonia's "Footprint Chronicles" as a good example of transparent communication:

"Its Footprint Chronicles microsite at patagonia.com lets visitors trace the environmental impacts of ten Patagonia products from design through delivery, including components and where they come from, innovations used to reduce impacts on the environment, and what the company thinks it can improve on."

This means that consumers who are interested in knowing where and how their garments are produced can easily access that information through Patagonia's website; it strengthens the trust towards the company and the loyalty of and communication with the green consumer. Being open and transparent about the good and the bad things helps the customers make informed decisions (Rainey, 2006).

Companies that are engaged in global value chains might still be under scrutiny from media and outside stakeholders if they do not report on their improvements and doings (Ansett, 2007; Ottman, 2011). There are different ways to communicate on CSR progress. A way to create transparency and credibility is to release CSR reports together with other company reports (Ottman, 2011). Other ways are for example; eco-labels, certifications and indexes. According to Ihrén (2011) there are currently three trends in company communication when it comes to transparency: (1) indexes and databases, (2) profiling specific sustainability questions depending on industry (for example ecological cotton) and (3) using social media. When it comes to multi-stakeholder initiatives it seems they are also often focused on a specific issue as it is an effective way for companies to address complex problems in cooperation with stakeholders (Roloff, 2008).

An easy and practical way to achieve transparency for the consumer at the buying decision stage is to provide the ethically sourced product with a certification label (Hill & Myatt, 2010, 234). On the other hand labels and certifications might be expensive for the companies so these tools require that the company has the financial resources to implement them and it is questionable whether the labels influence the purchasing situation unless they are well-known by the public (Ottman, 2011). Labels can be categorized into labels with a single-attribute, like organic cotton label or multi-attribute, like Global Organic Textile Standard, **GOTS**

(Ottman, 2011). The functions of the labels are mostly a communication tool between customer and company on the company values (Hartlieb & Jones, 2009). However, there is evidence that the labelling schemes also provide a platform for interaction on political issues and how to transform an industry in cases where these are multi-stakeholder initiatives (*Ibid.*).

3.3 Responsible Sourcing and Procurement

Hoejmose and Adrien-Kirby (2012) presents a literature review on journal articles related to the subjects of social and/or environmental issues within the buyer-supplier relationship of profit driven organizations during the first ten years of the 21st century. They identified that articles on this issue have gotten more frequent during these years and gotten a lot of attention (see figure 3).

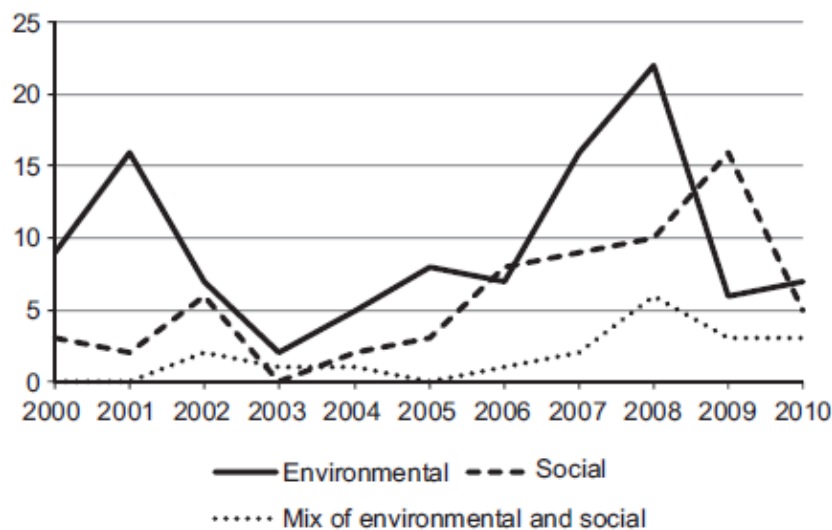


Figure 3. Development of environmental, social and mixed studies of buyer-supplier relationship studies between 2000 and 2010 (Hoejmose & Adrien-Kirby, 2012, 235).

Drumwright (1994, 17) explains this trend being due to a rising population and depleted resources, which is why; *“noneconomic criteria are likely to play more prominent roles in organizational buying processes”*.

3.3.1 Supply Chain Management

Svensson (2009) identifies two important aspects in today’s supply chain management (SCM), which are globalization and ethics. He goes on explaining why transparency is worth looking closer at. One factor is that in global supply chains, actors further down or further up in the value chain may cause the company bad reputation through weak ethical behaviour. It is therefore arguable that it is worth monitoring and managing the other companies’ performance on ethics in the value chain as part of risk management and SCM. Another factor is that climate change will impact on SCM towards more sustainable and ethical management. There are already reports on manufacturers bringing an increasing amount of production back in-house to improve resilience and avoid disruption of supply in case of natural disasters and recession (King, 2012). So a “bottom up to top down” approach in the supply chain (see figure 4) would enhance the transparency and possibility for corporations to proactively work

on the issues that could harm their reputation in the society and marketplace they are acting in.

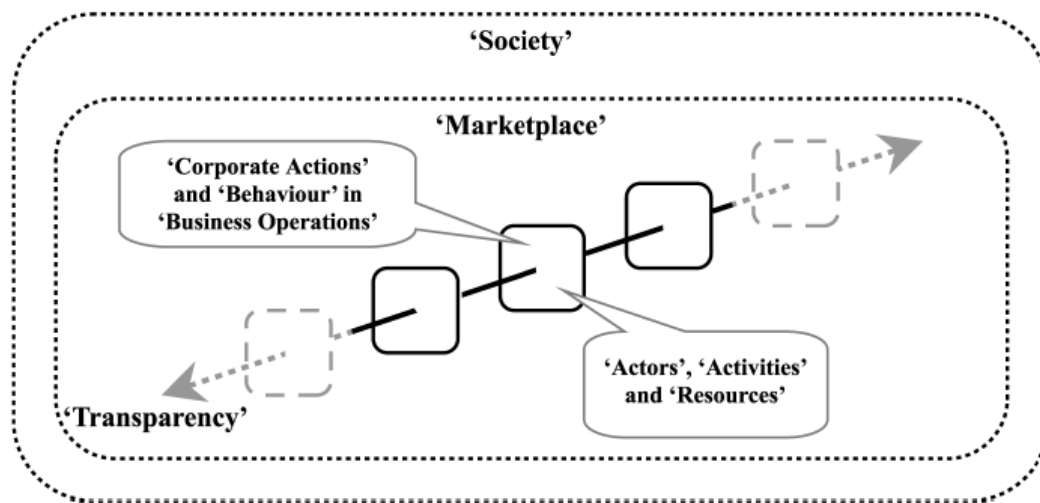


Figure 4. Transparency in the supply chain (Svensson, 2009, 262).

In the figure above the focal company engages not only with suppliers but also with customers (Svensson, 2009). A life cycle approach including also the end-of life of the product is desirable. The value chain term has evolved from the linkages between firms that create additional value. Porter was the first one to talk about value chains (Feller *et al.* 2006). His idea of value chains and value systems were activities that added value to a firm and the value adding activities between companies. Nowadays, though, value chains are mostly understood as “the linkage between multiple firms’ value creating processes” (Feller *et al.*, 2006, 1).

The easiest way to understand the difference between a value chain and a supply chain is to think of the value chain from a customer perspective looking backwards in the supply chain and a supply chain flowing from the beginning of the supply chain towards to end-user, the customer (Feller, 2006). According to Feller (2006) for a company to get the most value out of their supply chain they could match the supply chain with the demands of the customer (value chain). Looking at the textile supply chain in this view companies would create more value by agreeing to be more transparent in their operations if customers demand so.

3.3.2 Sustainable supply chain management

Researchers try to describe this responsibility in supply chains with a concept called SSCM (Sustainable Supply Chain Management). Seuring and Müller (2008) provide a framework for SSCM through a literature review where they identify the triggers mentioned for applying SSCM and group them under two main strategies for SCM. The triggers mentioned in the 191 articles included legal demands, customer demands, stakeholder demands, competitive advantage, environmental and social pressure groups and reputation loss (*Ibid.*, 2008, 1703). The main barriers mentioned were higher costs, coordination effort and complexity and insufficient or missing communication in the supply chain (*Ibid.*, 2008, 1704). The supporting factors most often mentioned included company overlapping communication, management systems and the possibility to monitor, evaluate, report and sanction (*Ibid.*). The first strategy they identified based on the triggers was SCM for risk and performance and the other SCM for sustainable products (*Ibid.*, 2008, 1706). Companies that apply SSCM for risk and performance are trying to avoid risk of reputation loss by implementing environmental and

social criteria in their supply chains. Companies that express ambition to have sustainable products usually implement a life-cycle approach into their supply chains (*Ibid.*).

One definition of SSCM in Seuring and Müller, (2008) is; “*the management of material, information and capital flows as well as cooperation among companies along the supply chain while taking goals from all three dimensions of sustainable development*” (*Ibid.*, 1700). This interpretation suggests that the responsibilities for the focal company related to Elkinton’s (1998) Triple Bottom Line is important all through the supply chain and for taking that responsibility, cooperation with the supplying companies is needed. Svensson (2007, 263) explains it as SSCM is a broader approach of SCM and Carter and Rogers (2008, 369) visualises the long-term benefits of incorporating the triple bottom line into strategy and SSCM in figure 5.

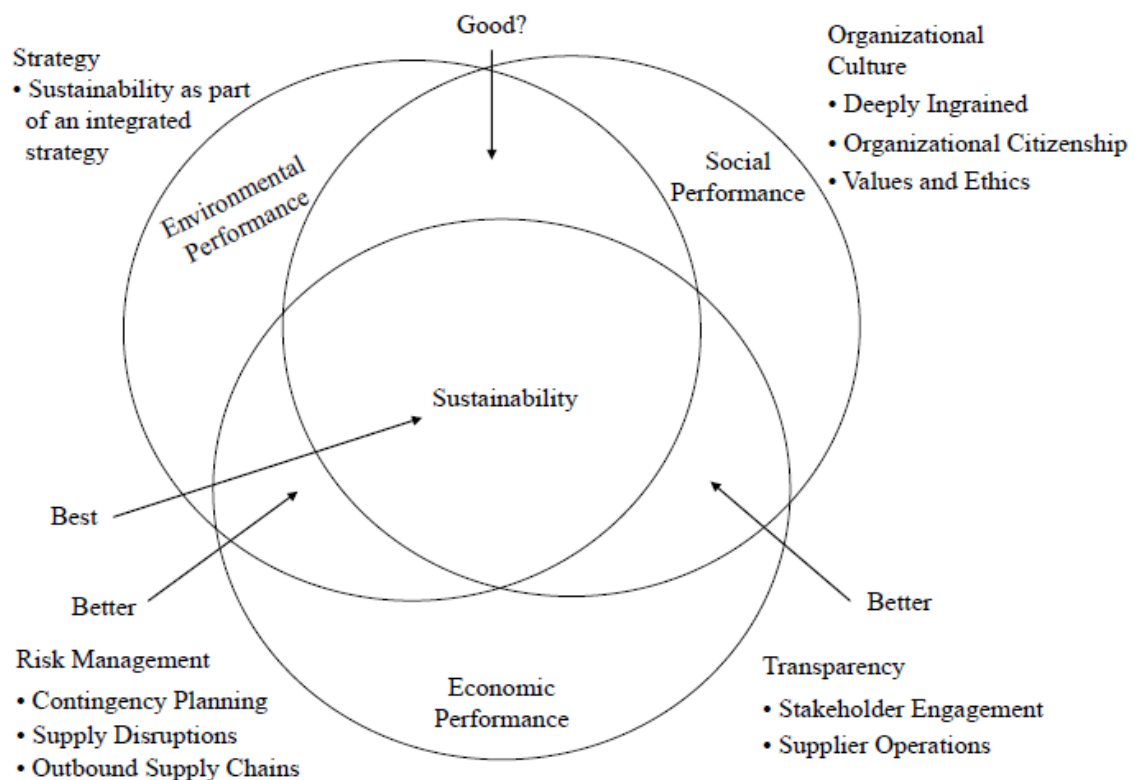


Figure 5. The triple bottom line and Sustainable Supply Chain Management, SSCM (Carter & Rogers, 2008, 369).

In figure 5 the four integrated aspects of SSCM can be seen to be strategy, organizational culture, risk management and transparency (Carter & Rogers, 2008). Figure 5 shows how difficult it is to talk about CSR issues from only one perspective of business operations. A sustainable supply chain does not appear without a holistic mind-set (Rainey, 2006). CSR issues often ties to the companies’ values or at least risk management. Values are often formally stated or written down in relation to the strategic work (Johnson *et al.*, 2011; 120-121), which ties these questions to strategy. Full transparency might be difficult to achieve but the willingness of companies to pursue such a goal might again be tied to values and the advance of the CSR work.

3.3.3 Procurement principles

One way of taking responsibility over the global supply chains is by implementing an ethical code of conduct, **CoC** (Preuss, 2009). Increasingly, CoCs become also mandatory items for listed companies and if those companies decide not to have one they have to explain why in their annual reports (*Ibid.*). The CoC document may serve as a guide for an ethical sourcing department that ensures that the business partners in the value chains are following the company norms (Wong & Taylor, 2000). However, in reality it is difficult to follow codes internally and in value chain as people interpret them differently (Pretious & Love, 2006; Brito *et al.*, 2008). Furthermore, a global supply chain involves even more cultures with different cultural values.

Another way to engage with business partners in conducting ethical practices could be to require that suppliers follow a certain standard (Larsen & Häversjö, 2001; Preuss, 2009). Both codes and standards could follow the idea that suppliers in the value chain adhere to them. The standards are usually filling a gap where legal enforcement is weak (Fransen & Kolk, 2007). Standards may also give added value by legitimizing the company's activities as they are usually audited by a third party, which leads to a label or certification (Larsen & Häversjö, 2001).

The main difference between standards and CoCs are that CoCs are drawn up by the company based on the principles, vision and objectives of the company (Rainey, 2011, 118-119). Therefore CoCs never require external auditing but they help the decision-makers in the company to be in alignment with company norms. A standard is ...*"a document that provides requirements, specifications, guidelines or characteristics that can be used consistently to ensure that materials, products, processes and services are fit for their purpose"* (www. ISO, 2013, 1). Therefore standards can be the same for a whole industry and drawn up by external parties while CoCs are company specific.

Blowfield (2000) and Yu (2008) are critical towards CoCs and standards as these offer partial solutions to challenges related to sustainable development. Blowfield (2000) argues for an integration of an ethical sourcing strategy to ensure the interest of stakeholders' throughout the value chain. Businesses could use the codes as tools for a sustainable management but, for that, collaboration with NGOs, and other outside stakeholders is necessary. His vision is that future codes will be drawn up as a first step towards sustainable practices and collaborations, but not as an end itself. Yu (2008) argues that the costs of monitoring could be shared among the key players in the field to improve labour standards. Yu (2008) also mentions that there could be more collaboration between the codes, state legislation and international law. Locke and Romis (2006) suggest that companies should rather help suppliers with technical and organizational issues to get to the root of their problems instead of having an often "cold" and distant relationship solely based on the supplier having to follow the code. Locke *et al.* (2009) call this compliance vs. commitment approach. Nadvi (2008) suggests a similar solution, if standards can be shown to follow with something positive, as improved income, better working conditions or similar they would be better received. Otherwise they are more often thought of as something negative by the supplier.

In the past, companies have drawn up their code of conducts and standards have been drawn up separately by other organizations, mostly non-governmental organizations, NGOs (Fransen & Kolk, 2007). Multi-stakeholder standards are however emerging as a new way to create

dialogue between companies, and sometimes also government representatives who are engaged in these initiatives. Multi-stakeholder initiatives are a way to harmonize the standards, sharing knowledge between the stakeholders and increasing the effectiveness of the standards. Multi-stakeholder standards are found to more often focus on international CSR, which is also where most complex problems occur. They are usually more demanding in rules, criteria and policy as well as more detailed when it comes to implementation and compliance.

Even if CoC's and standards are the more tangible tools when it comes to responsible sourcing, it is the SBD mind-set that paves the road for these activities and the communication that creates the transparency and builds the trust with the stakeholders.

3.4 Conceptual Framework

According to Witskowski (2005, 25) ethical sourcing is “*assuming the responsibility from all actors in the supply chain*”. This suggests the focal company is responsible for engaging with the suppliers to contribute to more ethical ways of working. This chapter has shown that there are different ways in assuming this responsibility, with more or less control over the processes in the value chain. Hoejmoose and Adrien-Kirby (2012) use the term Socially and Environmentally Responsible Procurement, **SERP**, and have identified the themes the literature has focused on during the beginning of 21st century, see figure 6.

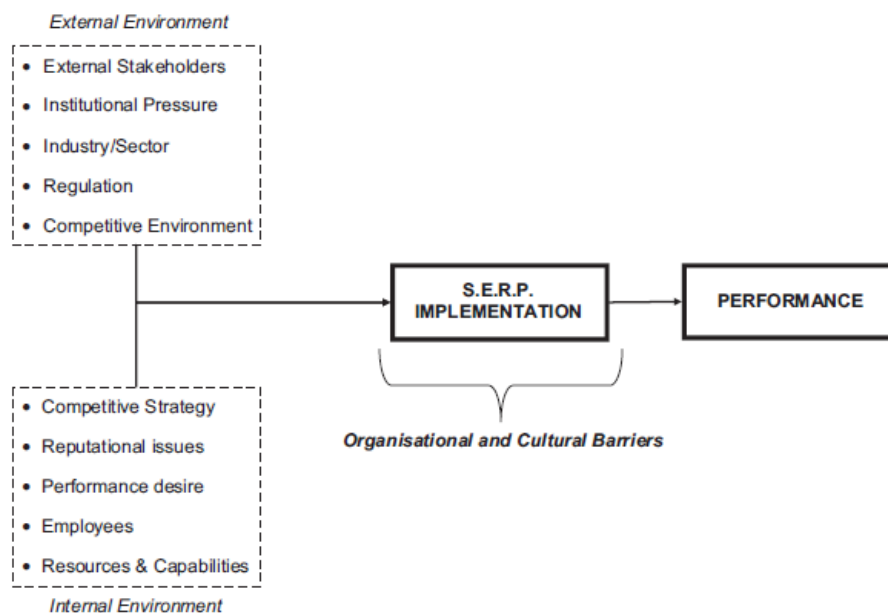


Figure 6. A thematic framework of the Socially and Environmentally Responsible Procurement, SERP literature (Hoejmoose & Adrien-Kirby, 2012, 240)

The literature has so far focused on the external and internal drivers of procurement principles as well as implementation and performance of them. External drivers could be the pressure on companies by media attention or laws. Internal drivers could be the internal wish to avoid reputational issues or to be ahead of the laws to have a competitive advantage. Hoejmoose and Adrien-Kirby (2012, 240) identify a weakness in that the literature does not consider that the political processes and an organization's resources also might be a driver in implementing responsible procurement and policies might not be sufficient for SERP implementation.

Hoejmose and Adrien-Kirby (2012) also identify an opportunity to align SERP with business strategy because of the trend of trading internationally and they stress the complexity of SERP. Therefore table 4 present a holistic view of responsible procurement communication tools to enhance transparency, see appendix 2 for a table overview with more explanations.

Table 4. Conceptual framework. Tools for communicating efforts in responsible sourcing Inspired by Rainey’s “principles and codes”, (2006, 120), Ottman’s communication tools, (2011, 107-181); Carter and Roger’s SSCM model (2008, 369); Hoejmose and Adrien-Kirby, (2012); Blowfield (1999) and Ihrén (2011)

Internal Tools (Creates SBD/holistic mind-set)	Procurement Principles (Internal and External Tools)	External Tools (Communication)
<ul style="list-style-type: none"> • Visionary leadership • Strategic Thinking • Innovation 	<ul style="list-style-type: none"> • Code of conduct • Standards • Value networks and partnerships 	<ul style="list-style-type: none"> • Reporting • Labels • Web, indexes and social media

Rainey (2006, 118-120) refers to principles and codes as tools for decision-makers in the company to help in decision making for complex issues. In SBD these principles have a more important role than in normal management as the triple bottom line issues are included in the holistic mindset. The internal tools refer to tools that create the culture of SBD mindset in the company. The strategy statements, as well as innovation efforts are also sometimes communicated to outside stakeholders and show a signal of where the company values lay. A company culture with leaders that support innovation can also enhance a SBD mindset. The internal and external tools refer to procurement principles which mostly are used for internal decision making and improvements. However, they might require third party involvement or partnerships that again might be communicated to stakeholders. The CoC is often also actively communicated to suppliers so the suppliers also adhere to the code. Therefore CoCs are presented as both internal and external tools in this thesis. External tools refer to tools used solely for communication to enhance the understanding of a company’s operations to outside stakeholders.

With this conceptual framework in mind the home textile case companies have been studied on how they are working with SERP in relation to cotton. In this thesis more responsible cotton is defined as cotton which is sourced with the intention to buy a more responsible raw material. It is a very broad definition but serves the purpose of the aim of describing the tools and processes currently in use by the case companies. In the next chapter a general background on the textile industry will be presented.

4 Background for the empirical study

This chapter offers an overview of the textile industry and a background to the empirical study. As the home textile industry has not been studied much before background study has concentrated on the textile industry as a whole and cotton in particular.

4.1 Textile Value Chains

The cotton value chain is quite complex which has been a reason for companies' difficulties to be transparent on these issues (Man de, 2001; Ander, 2011), see appendix 3 for an illustration of the cotton value chain and some problems. However, it has been shown that it is possible to achieve co-operation through the whole value chain even if much effort is needed, for example in the case of mail-order company OTTO and their way to switching to organic cotton (Goldbach *et al.*, 2003). OTTO achieved this through negotiations going beyond mere price negotiations and focusing on negotiations based on co-operation and recommendations with all stages in the cotton supply chain. OTTO also implemented command and control in the initial stages.

The textile value chain influences many stakeholders (Man de, 2007; Brito *et al.* 2008). The number of stakeholders involved in production creates difficulties in coordination of values for the chain as a whole. Additionally, the textile industry is sensitive to all three areas of the triple bottom line (Brito *et al.*, 2008; Goldbach *et al.*, 2003; Martins & Vascouto, 2007; Man de, 2007) presented in table 5.

Table 5. Problems in the cotton chain related to the triple bottom line with inspiration from Goldbach *et al.* (2003) and Ander (2011).

Environmental	Economic	Social
Pesticides and chemicals used in production and in dyes, soil exhaustion, disturbance of soil's water balance and contamination of water sources, use of agricultural land, energy consumption , use of heavy metals when dyeing the fabrics.	Financial dependence on companies selling pesticides and chemicals, instability of cotton prices , minimum wage, subsidiaries to cotton production in US and EU, relocation of garment production	Health when handling chemicals and when working long days, financial dependence on companies selling pesticides and chemicals, instability of cotton prices, minimum wages and child labor , use of agricultural land

Environmentally, the textile industry is sensitive because of the pesticide and chemicals used in fiber production and fabric coloring. Economically, it is sensitive because of the relocation of garment production in search of cheaper labor, which decreased the labor in the textile industry in Europe and even if it increased work possibilities in Asia, the working conditions are often poor. Socially, it is sensitive because of these working conditions further down in the value chain. Chan and Ross (2003) also point out that the North-South relationship of seeking out cheap labor creates a South-South competition, e.g. between China and Mexico, which keeps the workers poor because of the low salaries despite economic development in the countries.

4.2 Transparency in the textile value chain

Beard (2008) is pointing out that it is necessary also for textile companies to avoid greenwash and to be transparent. It is an advantage for the companies to be able to show where their products are sourced from and how they are manufactured, as it helps them to position themselves in the market. Consumers who then seek out ethically sourced products can make an easy choice. Ottman (2011) argues that green is now mainstream and different consumers are just concerned about different things depending on what issues are closest to their heart. Ethical fashion did in fact shot up 30 percent from 2003-2004 according to the Ethical Consumerism Report by the Co-operative Bank (Boyle & Simms, 2009, 69).

In general, it is common to use CoC's and standards in the textile industry (Ansett, 2007). The textile industry is a bit different to other industries as it has a fair amount of code of conducts that concentrate on the garment manufacturers and mostly the labor conditions (Roberts, 2003). Labor conditions have been the main concern of stakeholders in this industry, supplementing a weak legal enforcement (Stigzelius & Mark-Herbert, 2008).

Boström *et al.* (2012) points out that CoCs are also a tool to communicate with suppliers. However, not many textile companies knew their sub-suppliers but only kept in contact with the first-tier suppliers. In their case studies it seemed that CSR work was not given priority in the companies and this work was often done in isolation opposite to a SBD mind-set. As these issues are complex their findings showed that responsible communication requires long-term relationships with stakeholders. Long-term relationships could be achieved through continuous dialogue and personal meetings. Additionally, different communication strategies and channels for different stakeholders assured success.

Ansett (2007) has followed the GAP Corporation's journey towards sustainable supply chains and can conclude that their use of standards together with multi-stakeholder engagement eventually took GAP out of a circle from reactive CSR to proactive CSR. The three principles for strong stakeholder engagement are: 1) Completeness, for making the right decisions a company has to first gather the most important information from inside and outside the corporation so it can be analysed, 2) Materiality, defining which are the most material impacts in operations that will affect the company's strategy and stakeholders, 3) Responsiveness, improve knowledge within management and employees, e.g. through trainings, to learn about stakeholders concerns so that those concerns and expectations will be proactively addressed in the best way.

Low and Davenport (2009) identify a problem of "bottom up" approaches in fair trade and ethical trade today, instead of more collective approaches for real change. ... *"We argue that any initiative to promote shopping for human rights in the mainstream clothing industry must aim to make the dominant discourse the adoption of no-sweat principles (making fashion ethical), and must be wary of the discourse of appropriation (making ethics fashionable)"* (Low & Davenport, 2009, 102). If too much focus is put only on the marketing of these ethical products there is a risk that the labels will lose significance to the consumer. Neilson and Pritchard (2010) have a similar conclusion, according to them fair and ethical trade help some people out of poverty but many still remain out of scope in third world countries. On the other hand Goworek (2011) points out that the UK company People Tree, which puts a lot of effort into implementing Fair Trade principles, would not have succeeded so well unless they would use marketing strategies similar to the mainstream retailers. Eventually, too little focus on profitability could also harm the financial capacity to source ethically (Goworek, 2011). It

might also be a disadvantage to be an “early adopter” with a green image when it is not yet fashionable, often creating a trade-off between financial performance and environmental work (Illge & Preuss, 2012; Caniato *et al.*, 2012). Caniato *et al.* (2012) found in his case study that there was a difference between how the large firms adopt sustainable practices vs. smaller firms in fashion supply chains. Smaller firms did often not follow up their performance but on the whole they had greener processes which they used to stand out against competitors in the market. To compare, larger firms often changed processes and products to improve environmental criteria that they could measure and include in annual reports. The extensive changes that the smaller firms did were not possible on large scale.

4.3 Procurement tools for responsible cotton sourcing

As there is a range of different standards and systems for fashion and textile industries globally to use for improvements in their supply chains, some which are only for cotton and others that can be applied to different materials, this project will only give an introduction to the tools that came up during the case studies. The tools presented here are Better Cotton Initiative, Global Organic textile standard, Coop Naturaline, Oeko-tex, Nordic Ecolabel, Fair Trade and Cradle to Cradle.

4.3.1. Better Cotton Initiative

Better Cotton Initiative, **BCI**, is a multi-stakeholder initiative founded 2005 (www. Better Cotton, 2013, 1; WWF, 2013, 1). BCI consists of members from producer organizations, civil society, retailers and brands, suppliers and manufacturers and associate members (www, BetterCotton, 2013, 1). Any legal organization that supports the initiative can become a member of BCI (www, BetterCotton, 2013, 2). BCI's mission is to “*make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future*” (www, BetterCotton, 2013, 3). Their four aims are to 1) reduce the environmental impact of cotton production, 2) improve the livelihoods and economic developments in the areas where cotton is produced, 3) improve the commitment and flow of better cotton in the supply chain and 4) ensure that credibility and sustainability of BCI (BetterCotton, 2013, 3). Better cotton is produced for example in; Brazil, India, Mali, Pakistan and China, but there is also a growing interest worldwide (www, BetterCotton, 2013, 4).

The Better Cotton system is illustrated in figure 7 (BetterCotton, 2013, 3). The first core component is production principles and criteria which includes the minimum criteria for farmers to become a Better Cotton farm. The criteria includes principles on minimizing harmful crop protection, water efficiency, care for the health of the soil, conservation of natural habitat, quality of the fiber and principles on labor and working conditions, it is also expected for farmers to continuously improve in these areas. The second core component is farmer support which is provided by BCI on knowledge sharing, effective production organization and access to responsible financial services. The third component is farm assessment which helps the farmer to understand the criteria, plan them, apply them and continuously learn and improve the processes related to the BCI production principles and criteria.

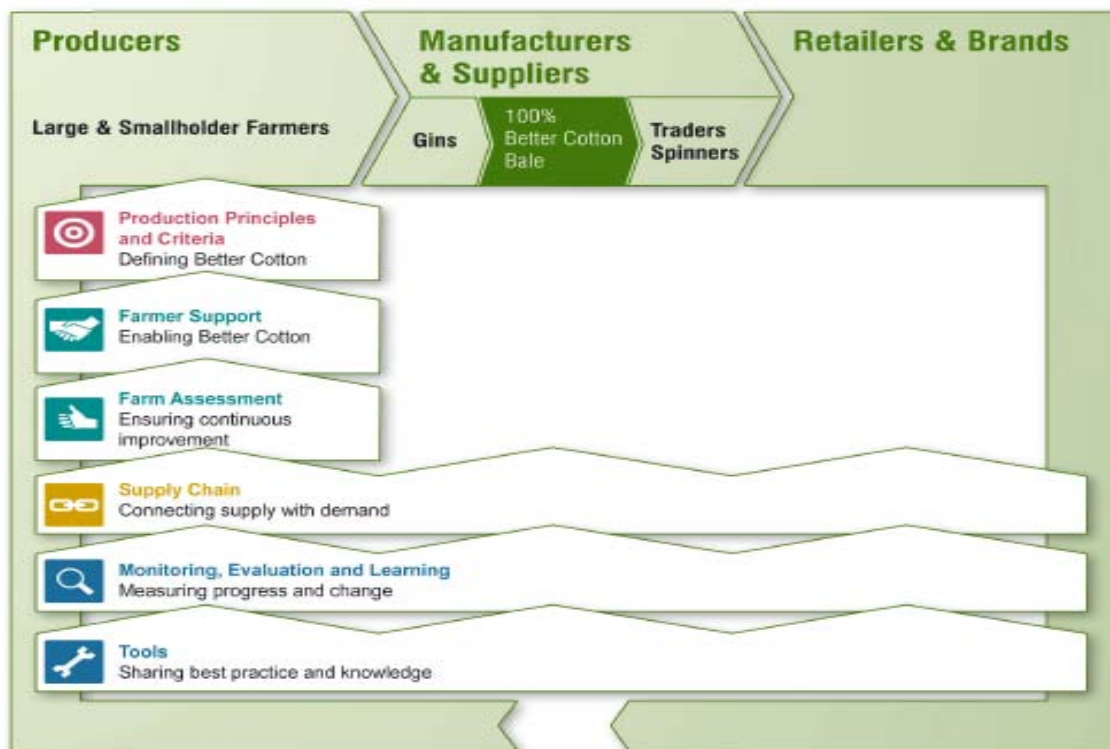


Figure 7. The Better Cotton system (BetterCotton, 2013, 3).

The supply chain is the fourth component which is related to the chain-of-custody, figure 8, and how BCI makes sure that the better cotton is traceable. The fifth component is monitoring, evaluation and learning which include indicators for measuring the results and determining the impact of BCI regarding the triple bottom line. The last component is tools and includes for example a step by step guide for farmers on how to implement their principles, assessment guidelines, workshops and global partnerships to support growth and knowledge about BCI.

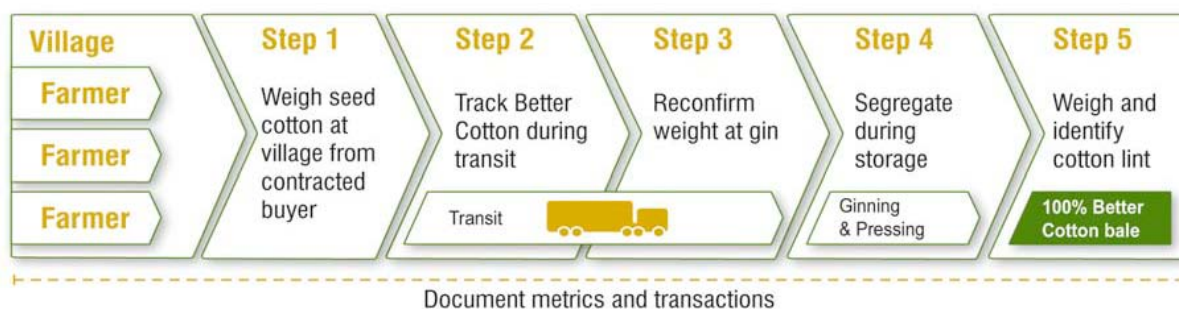


Figure 8. The Better Cotton Chain-of-Custody procedure (Better Cotton, 2013, 8).

The BCI chain of custody procedure keeps track of the better cotton from the farmer until the cotton has been ginned, so it is sure that the final bale of cotton is a 100% BCI cotton bale. However, after the ginning process it is the focal company responsibility to follow up the cotton in the supply chain.

BCI also has a fast track program where funds are going directly to farmer training and improvement programs and in reach more farmers faster than through the normal process (www, Better Cotton, 2013, 5).

4.3.2 Global Organic Textile Standard-GOTS

The global organic textile standard, **GOTS**, is one of the more well-known and recognized standards when it comes to organic produced textiles (www, GOTS, 2010, 1). The label can be seen in figure 9. Both environmental and social criteria are set for obtaining the standard all along the supply chain and external certification bodies will go through with the verification process to protect the label's credibility (www, GOTS, 2010, 1, 2). GOTS mission is “*the development, implementation, verification, protection and promotion of the Global Organic Textile Standard (GOTS)*” (www, GOTS, 2010, 3).

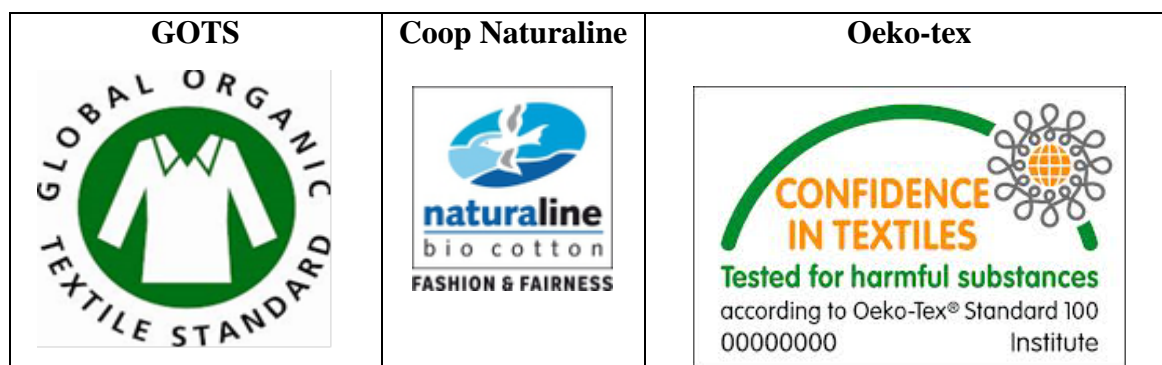


Figure 9. GOTS, Coop Naturaline and Oeko-tex labels (www, GOTS, 2010, 1; www, Ecolabel Index, 2013, 1; www, Oekotex, 2013, 1).

4.3.3 Coop Naturaline

Coop is a Swiss cooperative (www, Coop, 2013, 1) and has its own organic cotton line in cooperation with the company Remei AG, a Swiss trading company (www, Remei AG, 2013, 1; www, Coop, 2013, 2). The guidelines Coop follows are in accordance with European Union (www; Ecolabel, 2013, 1). The guidelines follow the whole supply chain and also the Coop's own safety quality testing (*Ibid.*). They also require companies that supply the textiles to them to follow the standards of International Labor Organization, **ILO**, and be certified according to the Business Social Compliance Initiative, **BSCI** or **SA 8000**, concerned with social accountability, until they can meet the requirement of BSCI (*Ibid.*). The cooperation with Remei AG ensures that every product they produce has a number that can be traced back to the farmer and from the spring collection 2013 onwards it will be possible to track this number online (www, Coop, 2013, 2).

4.3.4 Oeko-tex

Oeko-tex's philosophy is “confidence in textiles” (www, Oeko-tex, 2013, 2) and they were founded in beginning of the 1990's because people started to be aware of the harmful chemicals in textile production (www, Oeko-tex, 2013, 3). Oeko-tex provides certification to three standards; Oeko-tex standard 100, Oeko-tex standard 1000 and Oeko-tex standard 100plus. Standard 100 is mostly concerned with harmful substances and health issues related to those (www, Oeko-tex, 2013, 5). Standards 1000 is covering both social, environmental, quality and safety areas like; management, production technologies, use of resources, quality assurance, safety precautions, social working conditions etc. (www, Oeko-tex, 2013, 6). Standard 100plus considers both standard 100 and 1000 under one label (www, Oeko-tex, 2013, 7) Some basic elements of the Oeko-system is composed of the test criteria, annual re-valuation of the criteria limits values, regular testing and certification by independent test

institutes, testing of materials in all stages of production, internal quality management within the companies and company audits by using Oeko-tex sourced materials companies can reduce their costs for testing (www, Oeko-tex, 2013,4). The tests for harmful substances are dependent on the end-use of the material; the more the end-material will be used against the skin the more criteria will be met. So toys and baby-clothes are in product class 1 and needs to meet most criteria while product class 5 with least criteria includes furnishing materials (www, Oeko-tex, 2013, 8).

4.3.5 Nordic Ecolabel

The Nordic Ecolabel has existed since 1989, with the intent to make it easy for consumers to choose products that met strong environmental criteria (www, Svanen, 2013, 1). The label can be seen in figure 10. They have a range of home textile products that are labelled under their criteria (www, Svanen, 2013, 2). Their criteria for textiles, skins and leather include a holistic approach through the whole life cycle (www, Svanen, 2013, 3). The raw materials are ecologically grown, and there are criteria for which chemicals are allowed during the manufacturing of the products as well emission control. There are also quality requirements for how long the colouring needs to last.



Figure 10. The Nordic Ecolabel, Fair Trade label and Cradle to Cradle label (www, Svanen, 2013; www. Fair Trade, 2011, www, Cradle to Cradle, 2011)

4.3.6 Fairtrade

Fairtrade's vision is *"a world in which all producers can enjoy secure and sustainable livelihoods, fulfill their potential and decide on their future"* (www, Fairtrade, 2011, 2). Their mission is to connect these producers with the consumers so that the producers can get empowered and take control over their own life. Fairtrade mention the importance of transparency and stakeholder participation to ensure accountability in their work.

The Fairtrade organization (see all partners of the fairtrade organization in table 6) tries to correct the fact that producers in the beginning of the chain often do not get a fair price for their products (www, Fairtrade, 2011, 1). This is done through partnerships between producers and consumers based on that the partners follow the Fairtrade standards.

Table 6. Fairtrade organization and sub-organizations (www, Fairtrade, 2011, 1)

Fairtrade International (Fairtrade Labelling Organizations International, FLO). Umbrella organization for 25 member organizations.	FLO is a non-profit, multi stakeholder body that is responsible for the strategic direction of Fairtrade, sets Fairtrade standards and supports producers
FLO-CERT	FLO-CERT is an independent certification company, owned by FLO. FLO-CERT inspects producers and traders to ensure they comply with Fairtrade standards.
Fairtrade labelling initiatives	These are national organizations that market Fairtrade in their country. There are currently 19 Fairtrade labelling initiatives in 24 countries. These organizations also license companies to use the FAIRTRADE Mark on products in their country.
Fairtrade producer networks	These are associations that Fairtrade certified producer groups may join. There are currently three producer networks. Through these networks, Fairtrade producers can influence decisions that affect their future.
Fairtrade marketing organizations	These are national organizations that market and promote Fairtrade in their country, similar to labelling initiatives. Fairtrade International directly licenses companies in these countries to use the FAIRTRADE Certification Mark.

Fairtrade has thousands of products from food to sports gear and cotton products that carry their label (www, Fairtrade, 2011, 1). When a cotton product is certified according to the Fairtrade label it is the cotton itself, not the finished garment or product that has been fairly traded and certified (Fairtrade Foundation, 2011, 1). However, they do require that all actors in the value chain submit documentation on their working conditions but the final responsibility for decent labor conditions lays on the focal company for the finished product. Fairtrade certified cotton is mostly produced in West-Africa or India. Fairtrade cotton is not necessarily organic as they want to support the most marginalized farmers who might be lacking the knowledge or cannot afford to convert to organic cotton. However, their standards include environmental criteria, they also encourage sustainable farming practices and GMO seeds are forbidden.

4.3.7 Cradle to cradle

The Cradle to Cradle standard is founded by William McDonough and Dr. Michael Braungart who published the book “Cradle to Cradle: Remaking the Way We Make Things” in 2002 (www. Cradle to Cradle, 2011, 3). Cradle to Cradle is a multi-attribute standard that requires continuous improvements (www, Cradle to Cradle, 2011, 1). The standard includes five categories; material health, material reutilization, renewable energy and carbon management, water stewardship and social fairness. There are also five different levels you can acquire, basic, bronze, silver, gold and platinum. The certification requires the companies to be transparent when it comes to the certified product as they argue that if the companies do not know about the issues in their supply chains and manufacturing they will not be able to address them (www, Cradle to Cradle, 2011, 2). By getting involved in the certification

process the companies also get access to other practitioners and best practice information. This way knowledge and information can be shared to push innovation between and in the certified companies.

5 Findings

This chapter presents the findings from the interviews conducted. Each company, Ikea, Hemtex, S Group, Moko and Finlayson will be shortly presented and then the structure will follow three main headings. The first heading relates to the company's approach to CSR work in terms of visionary leadership, strategic thinking and innovation. The second heading concerns the company procurement principles, i.e. the tools they use in relation to responsible cotton sourcing. The third heading shortly presents the way the companies communicate this work and which communication channel they feel is the most useful one.

5.1 Ikea

Ikea was founded 1943 in a small village in Sweden and, since then, Ikea has grown to become a global retail brand selling home furnishing products in 44 countries (www, Ikea, 2012, 1, 2). Today Ikea has 139,000 co-workers and operates worldwide.

5.1.1 Visionary leadership and strategic thinking and innovation

Ikea's vision is to create *"a better everyday life for the many people"*, which is why their focus is on well-designed products with low prices (www, Ikea, 2012, 2). Ikea believes that sustainability should not be only for luxury products (Ikea, 2012a, 7). Therefore Ikea believes in working with innovation and change to achieve affordable sustainable products (*Ibid.*). Ikea values their work on CSR as working with sustainable development has a value in its own (pers. com. Ståhl, 2013). It is a responsibility that Ikea actively communicates and engages in (Ikea, 2012a). This is also expressed in their sustainability strategy, called *"People and Planet Positive"* (*Ibid.*).

"Across our integrated value chain, we contribute to improving the quality of life of people and communities and support a world that prospers within the limits of one planet. We will strive to put more in than we take out, use resources with the utmost efficiency and turn waste into resources. We will promote renewable energy, healthy and safe chemicals, responsible stewardship of forests, water and farmlands, and a fairer society. That is what we mean by people and planet positive".

People and planet positive explained (Ikea, 2012a, 7)

The people and planet positive model acknowledges many of the future challenges related to energy, resources and global warming (Ikea, 2012a). The strategy expresses how the company wants to deal with these issues by setting extensive goals and requirements that involve innovation and multi-stakeholder engagement. In the case of cotton, the goal is to have 100% BCI cotton by 2015 (Ikea, 2012a, 9). The strategy also articulates the company's core values and beliefs, including requirements on sustainable financial policies, products that are of good quality, functional and safe as well as chain-of-custody for materials and processes. Following legislation is a minimum requirement (Ikea, 2012a, 6). To reach the target goals that have been set up, they are pointing out three main change drivers; 1) inspiring and helping the customers to live more sustainable at home, 2) strive for resource and energy independence and 3) lead in creating a better life for people and communities impacted by their business (Ikea, 2012a, 8).

As even with better practices cotton farming still uses some chemicals and water, Ikea is also working on trying to find alternatives to cotton, like wool and hemp (pers.com.Ståhl, 2013). Ikea have additionally introduced a series of bed-textiles with a better weaving technique that requires 15% less material, this way the company can produce more out of less raw material.

5.1.2 Procurement Principles

One of the requirements related to the third change driver, creating a better life for people and communities, is for their suppliers to follow their code of conduct called IWAY, short for the Ikea Way (Ikea, 2012a, 16). New suppliers get a 12 months period to achieve the compliance with the code if they do not comply from the start. Also sub-suppliers along the value chain will have to adhere to the start-up requirements by 2017.

Ikea works with a number of stakeholders and standards (www, Ikea, 2012, 3). All of these end up focusing on different issues related to CSR, for example, Forest Stewardship Council (FSC), Rainforest Alliance and UTZ certification.

When it comes to cotton Ikea works together with Better Cotton Initiative (Ikea, 2012a, 6), which is a multi-stakeholder standard. The important value networks and partnerships for Ikea, when it comes to cotton, are their partnership with World Wildlife Fund (WWF) and their membership in BCI. One of the reasons Ikea started working with BCI was because of their partnership with WWF (www, Ikea, 4; pers. com. Ståhl, 2013). The partnership started on forest projects in 2002 and the co-operation worked well so Ikea extended the partnership with WWF to cotton (pers. com. Ståhl, 2013). Ikea responsibility report expresses that it is important for them to work with wood and cotton as these raw materials are two of their most important ones (pers. com. Ståhl, 2013; Ikea, 2012, 4). WWF and Ikea were both among the founding companies of BCI, so their cooperation on cotton continued under BCI (pers. com. Ståhl, 2013). It seemed that during that period of time there was an interest from many stakeholders, including corporations, to do something about the negative impact of cotton growing and it was easy to come to the conclusion that something could be done together.

The cooperation on cotton with WWF started with mapping out cotton production in the world, trying to find out; where was it grown, under what conditions and what the problems were (pers. com. Ståhl, 2013). This mapping led to a project in Pakistan called “farming field school” where they educated about 1000 farmers on better cotton practices. They found that the knowledge about growing cotton had disappeared and farmers had been convinced that the more water and pesticides used the better. By farming this way they destroyed the natural protection against pests, for example, the chemicals were harmful also to the beneficial insects that lessen the unwanted pests.

BCI is working with educating farmers about these things and Ikea acknowledges that one reason for collaborating with organizations like WWF/BCI is that they can provide expertize knowledge on these issues where Ikea has less knowledge (Better Cotton, 2012, 5; pers. com. Ståhl, 2013). A reason for working on criteria for better cotton is that they wanted something better than conventional cotton. However, ecological cotton’s volumes are not big enough for what the big corporations’ need. This is why they worked out new criteria for cotton, involving also the social aspects, that is not ecological but better than conventional. The effects have also been noticeable, from 1000 farmers in 2005 to over 100,000 farmers in 2012 (Ikea, 2012b, 33; pers. com. Ståhl, 2013). The interest among farmers spread as they noticed the better farming practises helped them save money by buying less pesticides as well as

increased sales. It created a win-win situation as Ikea also got a better raw material (pers. com. Ståhl, 2013).

5.1.3 Communication

In addition to BCI and cotton, Ikea also communicates its sustainability work on its webpage. Ikea creates a sustainability report yearly which includes information on what they are doing related to CSR and their achievements related to their goals (www, Ikea, 2012, 5). The latest report has three main headings related to the main change drivers of Ikea's sustainability strategy. Responsible sourcing and cotton is mentioned under "resource and energy independence" (Ikea, 2012a, 25); *"We focus on raw materials that are most important to our business and those that have the highest potential environmental or social impact: wood, cotton, palm oil, leather and food"*. A separate chapter explains more in detail their cotton work and mentions also their progress, e.g. it can be seen that 6,6% of better cotton was sourced in 2009 and 34% in 2012 (Ikea, 2012b, 33).

BCI does not have an official label but as Ikea's department store concept is a key component in their operations there are some steps that they hope the customer will follow as the customers' visit at the department store is prepared in advance (pers. com. Ståhl, 2013). One of the steps they hope the customer will take is to look at the price and for information on the product. Therefore, nowadays the price tags in the department store contain information on the backside about the products. The products that contain the better cotton will have information about this. They have also planned photographic signs in the future with information on BCI for the department stores.

So far the missing piece is the customer knowledge about BCI cotton so Ikea expresses the importance to deliver this message to the public (pers. com. Ståhl, 2013). There is some knowledge about ecological cotton but not much about BCI and it is important to be clear about the difference but also the benefits of this sort of cotton.

5.2 Hemtex

Hemtex was founded 1973 and is operating in Finland, Sweden and Estonia (www, Hemtex, 2013, 1; www, Hakon Invest, 2013, 1). Hemtex has 160 stores both physical and online, and today they are a subsidiary of Hakon invest AB. In 2011 the number of employees was 609 (www, Hakon Invest, 2013, 1). Hemtex's overall vision is to inspire for renewal in all homes, their mission is passion for textiles (www, Hemtex, 2013, 3).

5.2.1 Visionary leadership, strategic thinking and innovation

Hemtex's CSR mission is that all their products should be produced with concern for environment, health, safety and working conditions in mind (www, Hemtex, 2013, 2). As Hemtex is not a big international company their resources are limited when it comes to sustainability issues (pers. com. Stoppert, 2013), therefore they have looked at risks and as cotton is one of their main materials they have decided to work more with that issue. Hemtex has not put up any goals on where they want to be in their cotton work in the future but they are hoping to increase better sourced cotton in their collections.

Through their sustainability work they want to safeguard the stakeholders they interact with. Their environmental policy expresses that they want to follow the law and to increase

environmental awareness amongst their personnel and suppliers. Additionally, they have some environmental requirements for their suppliers to follow and they want to lessen environmental impact related to their transportations (www, Hemtex, 2013, 4).

5.2.2 Procurement principles

The requirements for suppliers refer to Hemtex code of conduct that all suppliers have to sign (www, Hemtex, 2013, 5 and Hemtex, 2013, 6). The code of conduct includes criteria on laws and regulations, water management, chemicals, waste and also labour and working conditions. They have two people hired in their purchasing departments who work only with educating and following up on supplier (www, Hemtex, 2013, 3).

When it comes to cotton Hemtex has worked with GOTS certified cotton and they are also a member of BCI (pers. com. Stopper, 2013, www, Hemtex, 2013, 3, 6). The reason Hemtex started working with BCI was that they had at that time a little amount of ecological cotton in their collection (pers. com. Stopper, 2013). However, these ecological products were not selling very well and they did not feel that they made much impact as the volumes of ecological cotton were so small (*Ibid.*; Hemtex, 2013, 3, 6). Hemtex's managers then heard about BCI and felt that there was potential to make a bigger impact at large (pers. com. Stoppert, 2013). Even if an ecological product compared to a conventional one is better environmentally, the impact they can make on a whole is greater if they work to better the farming practices in the conventional chain. It is also a way to work with the farmers towards better practices as many do not have the financial possibility to convert to ecological farming practices. This is because farmers loss in harvest volumes during the production transformation and therefore loss in profits. The thought behind BCI is that these better practices will help the farmers economically as they can lessen their water and chemical use but still keep the harvest on the same level.

Hemtex also feels that it is beneficial to work with BCI as they can share knowledge and resources like time and money to make a greater impact than if they only worked on their own on this issue (pers. com. Stoppert, 2013). The value of this sort of work is therefore that they can make an impact towards a more sustainable situation of the cotton growing practices. Hemtex will this year start supporting their own project in India trough BCI and will then be able to follow up more in detail their own impact through BCI. They have also reintroduced ecological cotton into their baby-clothes.

5.2.3 Communication

Their main communication channel about this work is through their webpage and their sustainability report (pers. com. Stoppert, 2013). So far though there has been little or no demand from the customers on BCI cotton and the demand on ecological cotton have also been low.

5.3 S Group

S Group is a Finnish cooperative founded in 1904, consisting today of 21 regional cooperatives in retail and service trades; all in all they have nearly 40,000 employees (www, S Group, 2013, 1, 2). Their vision is to have "*the most wanted and extensive services from the co-op members own store*" (www, S Group, 2013, 3).

5.3.1 Visionary leadership, strategic thinking and innovation

In a cooperative spirit S Group wants to lead business with a human face (www, S Group, 2013, 5). The bases for their operations are co-operation, Finnishness, regionality and humanity. However, the bottom line is equally important and they strive to have products with good quality and low prices.

As S Group is a cooperative they have carried out questionnaires regarding the desires of the customers and personnel (pers. com. Tikka, 2013; www. S Group, 2013, 6). Their responsibility principles are based on the findings from these questionnaires. One of the main criteria on their products is that they need to be safe. However, another high demand is that the products should be responsibly produced and therefore the triple bottom line is an important issue for S Group (pers. com. Tikka, 2013). S Group has also noticed that even if customers say they want ecological products in the questionnaires the buying behavior is somewhat different. It seems that price is still being the more important issue during the buying decision and products from ecological cotton are more expensive.

S Group wants to carry responsibility for people and the environment (S Group, 2013, 4). As cotton is one of the main materials S Group uses and because they are aware of the negative environmental impact cotton farming practices have, they try to minimize this impact (pers. com. Tikka, 2013). They have therefore decided on a goal that a certain amount of the cotton in their own products lines should be ecological and they follow this up on annual basis. For the line called “House” the goal is that every fifth cotton product should be ecologically produced by 2015 (S Group, 2013, 40).

S Group sees a value in this responsibility work as it is a risk measure, they also wants to have a transparent value chain as it does not make their operations more visible only for stakeholders but also for themselves (pers. com Tikka, 2013). In the future they will probably put more criteria on the cotton they source, however it is not easy for them to define what more responsible cotton is (*Ibid.*).

5.3.2 Procurement principles

On top of their own responsibility principles S Group is working with a number of international cooperative stakeholder initiatives and alliances (S Group, 2011, 10). They are a member of the Foreign Trade Association, **FTA**, and this organization’s Business Social Compliance Initiative (BSCI) for reducing the risk of social responsibility issues in their supply chain (S Group, 2011, 11 per. com. Tikka, 2013). When a new supplier relationship is established they are checking if the supplier is already following any sort of social criteria, or have a certification, and if not they encourage them to join the BSCI (pers. com. Tikka, 2013).

S Group has so far worked together with COOP Switzerland, Oeko-tex, the Nordic Eco label and the Key Flag Symbol on sourcing responsible cotton for their product lines (pers.com. Tikka, 2013; S Group, 2011, 40). In cooperation with Coop Switzerland they have also sourced ecological cotton from India where they contribute to the local school where many of the farmers’ children go. The Key Flag Symbol in this case shows that the end-product has been produced locally in Finland and contributed to local employment. One of the reasons for choosing these alternatives is that S Group builds long-term supplier relationships that adhere to BSCI as well as delivers in terms of time and price (pers. com. Tikka, 2013). Another

reason is that it is not always easy to get enough quantities of ecological cotton and the price is high so they source from several different suppliers. S Group also wants to have different responsible alternatives for the consumers.

5.3.3 Communication

The main way S Group communicates their work on cotton is through their responsibility report and annual report (pers. com. Tikka, 2013). The responsibility report is a summary on what responsibility work they do and the report focuses on different responsibility issues depending on what they source and from where they source.

5.4 Moko

Moko is a family owned business run by two sisters (www, Moko, 2012, 1). It is founded in 1991 and based in Helsinki and they have 5-9 employees (www, Moko, 2012, 1; www, Finder, 2010, 1). The business is based around their concept store which is selling interior design.

“Moko sells various interior design related objects and furniture such as a collection of vintage items, old Indian cabinets, unique pieces from here and there, a vast collection of smaller decoration items from around the world and also some fashion. In the Moko Market Café a daily lunch is served and also a delicious brunch on Saturdays. In the café homemade culture and organic food is valued”
(www, Moko, 2012, 1).

Moko has created such an environment that entering their store becomes an experience in its own (www, Moko, 2012, 1). This is why Moko fits well into the design district of Helsinki where it is situated. However, they also reach customers all over Finland through their web store.

5.4.1 Visionary leadership, strategic thinking and innovation

Corporate responsibility is one of the things that Moko's managers have listed as important values in their company (pers. com. Toukolehto, 2013). They feel that both companies and people should take responsibility for ethical reasons. Therefore, they try to, even as a small company to do as much as they can, cut down on waste and recycle etc. They have, for example, asked suppliers to stop packing their items in separate plastic packaging when delivering the products as Moko employees will anyway unpack the products in the store and it is regarded as a waste of unnecessary plastic. They also asked suppliers to pack products as tight as possible for logistical optimal and minimal transportation impact on environment.

Textiles are just a small part of their business (per. com. Toukolehto, 2013). At the moment their cotton products are not ecological but they have ecological linen-products and other products from linen. In both cases they have travelled to see the conditions where these products are made and produced.

Moko's managers believe that in the future they will have even more responsibly sourced products as it will be necessary for a sustainable future (pers. com. Toukolehto, 2013). As sustainable thinking and demand increases also the supply will increase.

5.4.2 Procurement principles

The decision on what products they buy depends on the product's quality, price, look, logistics etc. (pers. com. Toukolehto, 2013). In some cases the ecological aspect is more important when they have noticed that the product is more popular for this reason. Ecological certifications are useful in the buying process, however it is also difficult to trust certifications from countries further away that do not have the credibility of better known Eco labels.

As such a small buyer they do not have the power to demand things from their suppliers (pers. com. Toukolehto, 2013). They also have such a wide range of products that there are different problems in different areas and for different suppliers. However, they do try to wish and ask for improvements on the small things they notice and can influence on. In India, where they are supplying their furniture from, they noticed employees working without gloves and masks so they asked their supplier to arrange this for them.

5.4.3 Communication

Their values are communicated to customers through face to face contact in the store when telling about their products (pers. com. Toukolehto, 2013). Moko is also active in social media where they are communicating their values, however, they are also careful not to overstate their CSR work but want to stay within the truth. In the cases where they have certified products it will be communicated on the product but they do not advertise it additionally in the store.

5.5 Finlayson

Finlayson is a Finnish company that has been in the textile industry since 1820 (www. Finlayson, 2013, 1). Finlayson has about 216 employees (www, Finder, 2010, 2) and has stores in Finland, Russia and Estonia.

5.5.1 Visionary leadership, strategic thinking and innovation

One of Finlayson's values is to act responsibly (pers. com. Suurla, 2013). On the webpage they communicate their respect for nature as well as their connection to Finland and how they want to contribute to the well-being of the society (www. Finlayson, 2013, 1). The products are designed in Finland and they have kept the sales, logistics, and administration offices in Finland as well as the manufacturing of beds, cushions, bedspreads, duvets, pillows, and mattresses. Finlayson was the first mattress manufacturer in Finland to carry the Nordic Ecolabel (www. Finlayson, 2013) as well as the first company in Finland to have Fair Trade labelled towels (pers. com. Suurla, 2013).

Finlayson also expresses the importance of research and testing on their products, especially bed-related products like duvets, bed sheets and mattresses as they affect a person on average for 8 hours a day (www, Finlayson, 2013, 1). Most of the products carry the label of the allergy and asthma federation to express Finlayson's cooperation with them. They have also other research cooperation partners; one example of an outcome from such a partnership is their soya-towels which are partly made from soya and partly from cotton (pers. com. Suurla, 2013). By using soya in their towels they can decrease the use of cotton and the soya parts they use are a by-product when producing soya for food so no extra farmland is used to produce this raw material. Soya is additionally a fast growing crop.

5.5.2 Procurement principles

Finlayson has a number of labels and certifications (www. Finlayson, 2013, 1). All products have the right to use the Design from Finland certificate. All products are also either tested according to the Oeko-tex 100 standard or fulfill the requirements of the **REACH** regulations to prevent the harmful substances on the materials. REACH, Regulation, Evaluation and Authorization of Chemicals, is an EU legislative initiative for the use of chemicals.

Finlayson uses some of the International Standardization Organization's, **ISO**, standards (www, Finlayson, 2013, 1). They use ISO9001 quality management standard, the ISO14001 environmental management standard and the OHSAS18001 standard for occupational health and safety managements systems.

When it comes to cotton, they have decided at the moment to focus on more responsible cotton for their towel collections (pers.com. Suurla, 2013). Possibly in the future they will move on to other products as well once they see how these are received by the customers. By focusing only on towels they were able to extend the more responsible towel collections, instead of having a little of everything. At the moment they have three more responsible collections with different focus that can appeal to different people and interior styles. One towel collection with a lot of colour carries the Fair Trade label. Another towel collection is the one made out of a mix of soya and cotton, these towels will have a more silky feel to them and will carry a soya label. The third towel collection carries the Cradle to Cradle label, these towels are 100% recyclable, but the colour range is more natural (pers. com. Suurla, 2013; www, Finlayson, 2013). At the moment they do not have any ecological cotton labels, however, they perceive the Cradle to Cradle label to be even stronger than ecological cotton labels as Cradle to Cradle takes into consideration the whole value chain and have very strong requirements (pers. com. Suurla, 2013).

The soya and Cradle to Cradle labelled products came out beginning of the year 2013 so they have not been able to follow up on the sales yet (pers. com. Suurla, 2013). However, the Fair Trade cotton sales have significantly increased since they started selling them in the beginning of the 21st century.

Finlayson has chosen to work with different labels to be able to give the customers different choices on more responsible products (pers. com. Suurla, 2013). It is also a way to stand out amongst competitors and deliver added value to the customer. They trust that consumers nowadays are more responsible consumers and willing to pay a higher price for a more responsible product. Suurla (2013) mentions that trust in the certification partner is also significant when you work with third party certifications partners that will audit the value chain and suppliers that the focal company will not be in contact with.

5.5.3 Communication

The towels that contain any of the more responsible cotton will have a label and information, or a "story", on the package accordingly (pers. com. Suurla, 2013). As the products are sold in different stores it is not always possible for Finlayson to have any additional marketing material on these sites but in their own stores they try to have the information available.

The fair trade cotton products are also marketed by the national organization for promoting fair trade in relation to different campaigns and on the webpage (pers. com. Suurla, 2013).

6 Analysis

This chapter will analyse the findings related to the theory and the empirical data, see appendix 4 for an overview of the findings. The findings are analysed in relation to the theory introduced in chapter 3 and are presented in the same order starting with CSR and sustainable development, moving on to transparency and finalizing with analysis on responsible sourcing.

6.1 CSR and Sustainable Business Development

As the five company cases, Ikea, Hemtex, S Group, Moko and Finlayson are of different size and organization models they have all different resources and capabilities to implement CSR. Even if the challenges related to cotton production are global in McElhaney's (2008) framework, it does not mean that problems related to cotton do not have local problems as well in the fashion of global and local CSR issues by Husted and Allen (2006). For example, in the case of conventional cotton growing, the global concern is the water and pesticide use, while in some developing countries child labour is an additional local concern. The findings show that none of the companies focus their efforts only on the company level in McElhaney's (2008) CSR landscape but when it comes to cotton they are at other stages in their corporate responsibility efforts, see figure 11 for some of the tools identified.

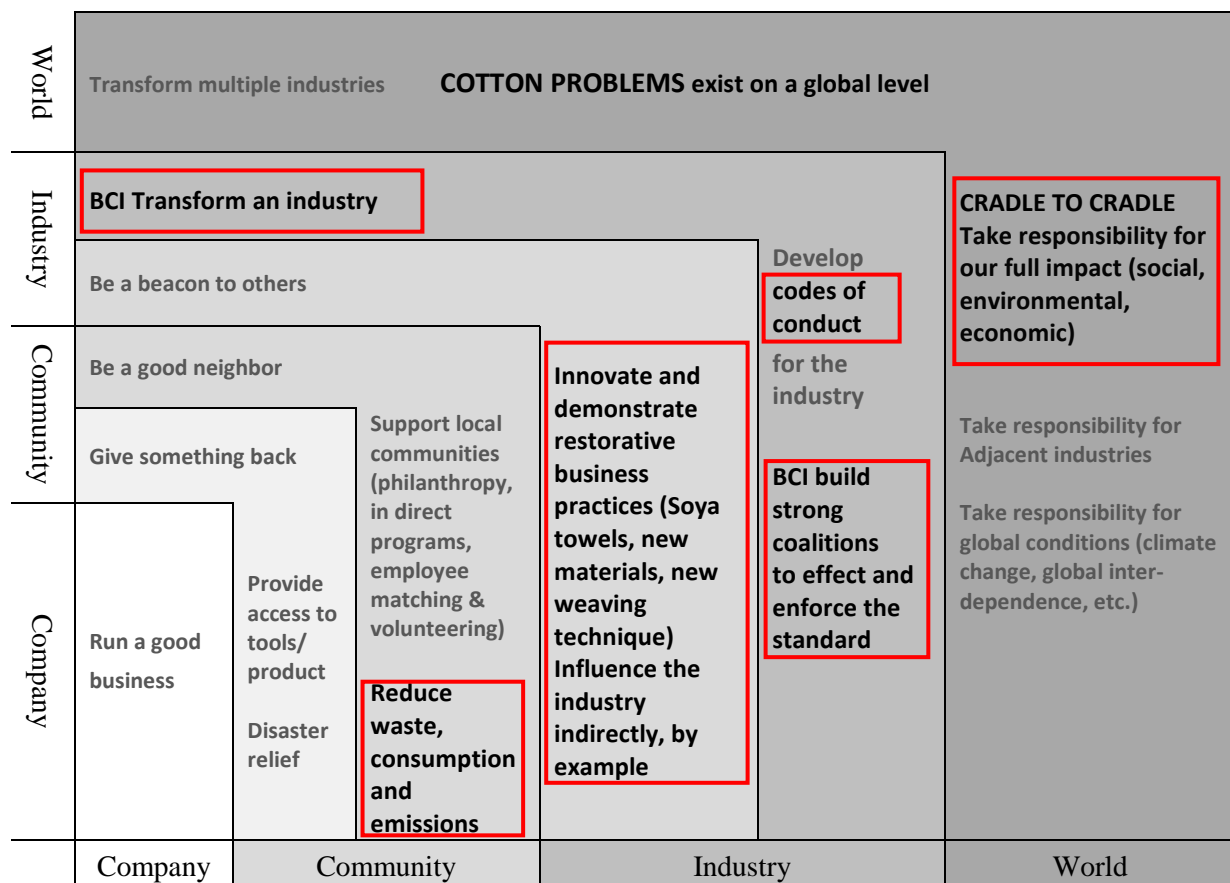


Figure 11. Cotton and sustainable development in the CSR Landscape (McElhaney, 2008, 230).

The BCI initiative is transforming the industry in the fashion of Hartlieb and Jones (2009) even though many of the certifications have stronger environmental and social criteria. On the

other hand none of the companies are yet sourcing 100% responsible cotton so in some instances they are still on the community level even if they are working towards the world goal. We also saw some innovation in Ikea and Finlayson that can work to influence the rest of the industry to work on similar goals. Almost all companies, except Moko, had some sort of CoC in place and Cradle to Cradle is the initiative taking full responsibility for the whole life cycle of the products. However, it is only BCI that is working on multi-stakeholder criteria on cotton that has the potential to become a standard for the industry way of working. By collaborating companies could enforce the effect of the standards.

On the whole, all of the case companies have included CSR in their strategies and values, thereby entering the last stage of the CSR maturity process (McElhaney, 2008). They have made CSR a part of daily business and aiming to change “the rules of the game”. By incorporating CSR in strategy work it is a clear signal from the management that they support CSR work and it is easier to steer the company in the right direction when all employees know what to strive for (Rainey, 2006). The clearer the goals communicated it becomes more tangible what to work for and more easy to follow up in reporting.

6.1.1 Sustainable business development

Rainey's (2006) SBD framework includes enterprise thinking, strategic thinking and business integration, visionary leadership and leading change through innovation. When it comes to enterprise thinking, BCI is an example of a multi-stakeholder initiative that has risen from an issue that the companies find challenging to deal with on their own, thus creating a value network. A network, according to Rainey (2006), requires a relationship between the business and stakeholders or suppliers. It is questionable whether the certifications can be considered networks when the company is not greatly involved in the process. The S Group representative mentions long-term relationships with their suppliers, which can be a value network. Moko seems to also be more involved with its suppliers even if it does not consider cotton sourcing, but linen, which can be considered a substitute for cotton. Even if Moko is a small company, they have travelled to see the growing conditions first-hand, which indicate a relationship between the retailer and the supplier. This suggests that having fewer resources do not need to be a hinder to implement practical CSR work.

Strategic thinking in relation to triple bottom line issues seems to be important in all companies. When it comes to cotton mentioned in the strategy, Ikea is the company that most explicitly focuses on cotton in their sustainability strategy. Ikea has the most extensive goal on more responsible cotton that they openly communicate in their People Planet Positive strategy online (Ikea, 2012a, 9). S Group has also set up goals on how much cotton should be responsibly sourced even if it is not publicly communicated (pers. com. Tikka, 2013). Goals in the strategy can work as internal motivators, when the whole company knows what to work for (Johnson *et al.* 2011; Rainey 2006). Goals in strategy could also suggest that CSR work has management support in these companies, which can be a crucial issue when it comes to getting resources and support for working with CSR. Genuine CSR work is integrated in the whole business thinking and not done in an isolated CSR department.

The strongest SBD communicated is by Ikea. However, there are some indicators that there is also SBD leadership in the fashion of Rainey (2006) in the other case companies even if it is not communicated as extensively to outside stakeholders. For example, Finlayson's Soya-towels which were innovated through cooperation with a partner, could indicate that management are collaborating with other stakeholders on CSR issues and therefore creating

value networks. The extents to which the case companies communicate are also related to their size and type of organization and accordingly also resources.

6.2 Transparency, marketing and communication

There were different communication and marketing tools involved in the case companies according to Ottman's (2011) new paradigm of green marketing, also called sustainable branding. When it comes to people's health, almost all label alternatives that came up would appeal to health-concerned consumers as most labels guaranteed no harmful chemicals. On the product level, because of the location of the companies in the Nordics, cotton cannot be sourced locally because of the climate, neither is it very easy to turn textiles into a service. However, the Cradle to Cradle label used by Finlayson appeals to the "no waste" consumer and Finlayson and S Group both used labels guaranteeing some manufacturing in Finland, even though it does not include the raw material production.

When it comes to educating and empowering the consumers there is still a lack of knowledge amongst consumers on BCI (pers. com. Ståhl, 2013), which can be a reason for the low demand in the case of Hemtex (pers. com. Stoppert, 2013). According to Nilsson and Odqvist, (2006) there is not a lot of knowledge nor recognition about textile labels and businesses are therefore responsible for communicating this. None of the case companies seems to do much to educate the consumers though, even if the labels and information on the products are a step towards transparency, there is almost no marketing or explicit educational material on this. As Ottman (2011) points out, it is not sure how much the labels influence the actual purchasing situation, especially in cases when it is not known by customers.

The company making most effort on creating a community is Moko which is active on social media by blogging and tweeting. However, also Moko is careful with what they communicate as they do not want to overstate their CSR work. The bigger companies, namely, Ikea, S Group and Hemtex are naturally better at reporting their sustainability work as it is expected by stakeholders. All of these larger companies including Finlayson seem to have targeted the specific question of cotton as a part of their sustainability profiling as is the trend (Ihrén, 2011). The holistic, interdependent, long-term oriented view in Ottman's framework is very similar to Rainey's SBD framework (2006).

6.3 Responsible Sourcing

Even when eco-labels are used it seems the case companies themselves are not very much involved with their suppliers, like the theory would suggest being of benefit (Svensson, 2009; Rainey, 2006, Carter and Rogers, 2008). The certification is done through the third parties and the companies lay their trust in them supervising and monitoring the certification. In the case of BCI there is somewhat more involvement but the involvement with cotton growers lays mostly on the NGO involved. However, Blowfield (2000) argued that it is necessary to involve outside stakeholders to reach true sustainability working with a standard, otherwise the standards will be used as just an end themselves.

When it comes to supply chain management in relation to these procurement tools and Svensson's (2009) figure of transparency, the different tools' transparency level has been included in figure 12. However, as noted related to Locke *et al.* (2009) most of the companies would fall under the compliance level, even if many of the tools increase the transparency. The arrows in figure 12 indicate on what level in the value chain the initiatives work at or

certify. The dotted arrow indicates that Fair Trade asks for documentation from other actors in the value chain, however, they do not do follow up on it, as it is the companies' responsibility.

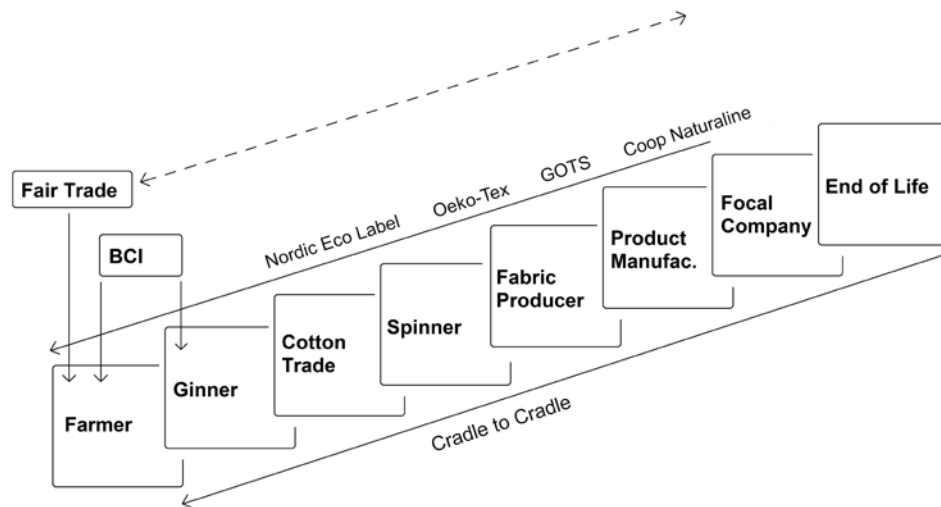


Figure 12. Cotton Procurement tools and transparency. Inspired by Svensson (2009) and Man de (2001) and the findings of this thesis.

As the tools only consider cotton procurement it is not an indication on how transparent the case companies are as a whole. However, this shows the differences between the tools and how the tools can complement each other on different levels. Companies can also complement the tools themselves by requiring compliance with their CoC or by complementing with other standards. For example in the Fairtrade case where the standard requires that all actors in the value chain submit documentation on their working conditions but the final responsibility for decent labor conditions lays on the focal company for the finished product (Fairtrade Foundation, 2011, 1).

The four cornerstones of Carter and Rogers' (2008) SSCM framework were strategy, transparency, organizational culture and risk management, see figure 13.

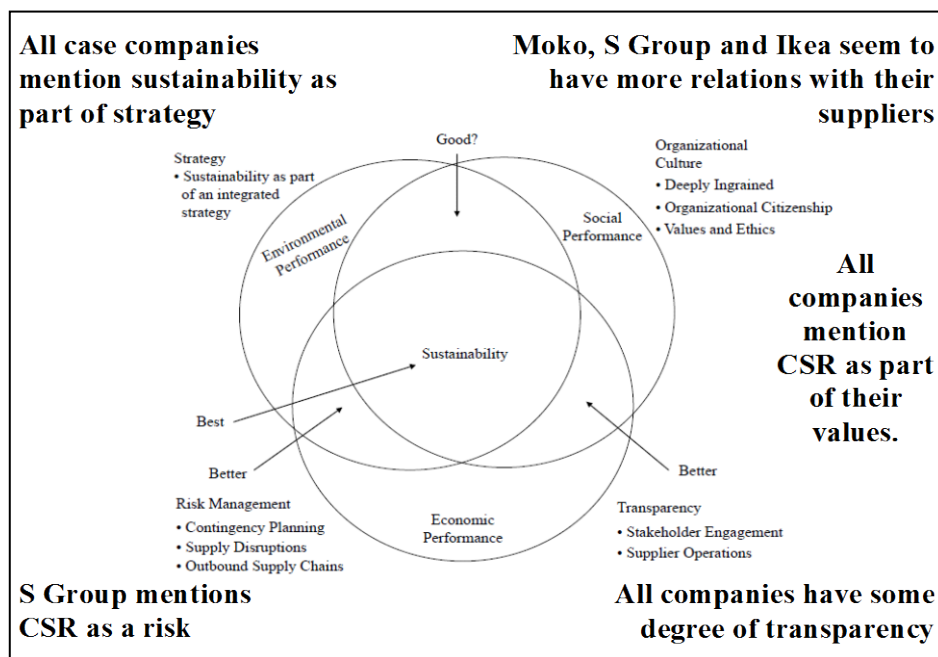


Figure 13. Carter and Roger's (2008) SSCM framework related to the case companies.

All companies expressed sustainability as part of their strategy. All of the companies are also working on their transparency. Only S Group mentions CSR is a risk measure because of possible media attention (pers. com. Tikka, 2013). Regarding organizational culture, which includes values and ethics, all of the case companies express that CSR is a part of their values. However, how deeply integrated the organizational culture is seemed to vary. Moko, S-Group and Ikea seemed to have more relationship with some of their suppliers than the rest of the companies.

6.3.1 Procurement principles and Socially and Environmentally Responsible Procurement, SERP

All of the case companies seem to have some sort of procurement principles in place, see appendix 5 for a full table overview of the communicated SERP tools. Even Moko, which does not have organized and written down CoC's like the bigger companies, demands small improvements from their suppliers in form of improved or no packaging etc. Again this shows that CSR is not about the formalities or resources but about the right mind set and values from the start. In larger companies it is probably more important to document things where the procurement decisions are made by the middle-managers. As Rainey (2006) argues, the principles and codes are often used as tools for decision-makers. In smaller companies the values can be communicated face-to-face and the need for formal documentation therefore becomes less important. There are also fewer expectations from outside stakeholders to see documentation on what a smaller company is doing than a larger company.

As a small player Moko lacks the power to demand compliance with a code but overcomes that by travelling themselves to the supplier (pers. com. Toukolehto, 2013). Only Ikea expresses that also sub-suppliers have to follow their CoC, which suggests that Ikea and Moko might have added value in their value chains because of more active relationships between firms (Feller *et al.*, 2006; Locke *et al.*, 2009). The case companies, except Moko, would probably fall more under the compliance approach towards suppliers (Locke *et al.*, 2009). On the other hand, following a code or standard, is an operational and practical way to approach these problems (Larsen & Häversjö, 2001). S Group mentions the long-term supplier relationships that might enhance their commitment approach in the chain (pers. com. Tikka, 2013; Locke *et al.*, 2009).

When it comes to internal and external environment drivers (Hoejmose and Adrien-Kirby, 2012) in relation to the cotton procurement tools in this thesis there were some of both. Ikea and Hemtex both mentioned a reason for choosing to work in BCI was that the cotton challenge is an external one (pers. com. Ståhl, 2013; pers. com. Stoppert, 2013). Ikea and Hemtex felt the experts on this area were better than them to help the cotton farmers (*Ibid.*). S Group mentioned risk management as a reason for their cotton work (pers. com. Tikka, 2013). There could be both external and internal environmental drivers for risk management as a factor influencing the choice of tool. For example, reputational issues could be an internal driver and pressure from external stakeholders could be an outside driver. For Moko it is mostly the internal drivers pushing their CSR work and mainly the employees and their values as it is such a small company (pers. com. Toukolehto, 2013). For Finlayson it seems to be mostly the external drivers and customer's expectations or demands which is the main driver for their motivations in offering a range of responsible cotton solutions (pers. com. Suurla, 2013).

7 Discussion

This thesis is mostly concerned with the implementation of socially and environmentally responsible procurement (SERP) in the framework offered by Hoejmoose and Adrien-Kirby (2012). It describes the tools and processes for responsible sourcing of cotton in use by the case companies. Looking at the factors impacting the companies' choice of a tool for implementation of SERP in the value chain this thesis recognizes the criticism that Hoejmoose and Adrien-Kirby (2012) pose about previous studies, that political processes and organizational resources influence the implementation. This chapter discusses the research questions concerning factors that influence companies when choosing a management tool for communicating their work with sustainable development in the value chain, the perceived values of working with these tools for companies and the best perceived way of communicating corporate sustainability efforts.

7.1 Factors influencing the choice of tool(s)

The factors for choosing the tools were quite different in all the case companies (table 7). Some factors were more focused on the challenge were others focused on the stakeholders.

Table 7. Factors influencing the choice of tool in the home textile industry

Case companies	Ikea	Hemtex	Sokos	Moko	Finlayson
Tools used					
Tool(s)	BCI	BCI and GOTS	COOP Switzerland, Oeko-tex, the Nordic Eco label and the Key Flag Symbol.	No external tool. Sometimes they buy products with eco-labels.	Fair Trade, Cradle to Cradle and own Soya-towels.
Which factors impacted the choice of "tool"?	Positive experience of working with WWF and wood sourcing. External challenge.	Ecological cotton does not make a big impact, bigger impact through BCI. External challenge.	Coop as they have both environmental and social aspects in their criteria. Risks management.	No external tool, if they can they travel to see the suppliers themselves and try to impact where they can on CSR issues.	They want to offer different responsible alternatives for the customers.

It seems the companies have chosen a variety of tools that target different problematic areas of cotton production. These tools are mostly seen as a part of an instrumental CSR-approach. Cradle to Cradle is the standard covering most issues from the cotton production market; it includes social and environmental criteria as well as end-of life criteria on the material (www, Cradle to Cradle, 2011, 2). However, keeping the critique of Neilson and Pritchard (2010) in mind, even with strong criteria any initiative might only have a positive impact on a limited number of actors in the supply chain. It could be argued that the tool creating most overall positive CSR impact is likely to be BCI. This is because even if the environmental criteria are not as high as for other standards, BCI reaches a large volume of farmers (Ikea, 2012b, 33; pers. com. Ståhl, 2013). In accordance with Roloff (2008) BCI is a multi-stakeholder initiative that focuses on a specific issue and is therefore an effective way for companies to address complex problems in cooperation with stakeholders.

However, there is still room for more collaboration on industry level between companies and outside stakeholders to create shared value (Porter & Kramer, 2006). Such collaborations could lower costs of monitoring (Yu, 2008), prevent the standards and CoC's to become ends in themselves (Blowfield, 2000) and help the instrumental compliance relationships in the value chain to move towards a commitment approach (Locke *et al.*, 2009). A desirable case scenario from a sustainability point of view would be for Cradle to Cradle standard to reach the volumes of BCI and work in with a collaborative mind-set with multiple stakeholders.

Caniato *et al.* (2012) found that there is a difference between how the smaller companies approach CSR issues compared to large companies, which is supported by the case companies in this study. As mentioned before, Moko is not using any external tool because of their company size and limited resources (pers. com. Toukolehto, 2013). However, their work with suppliers could in some instances be even more engaging than the bigger companies, in terms of personal meetings and direct communication. Ikea and Hemtex are working with BCI, which is a multi-stakeholder initiative. The multi-stakeholder initiative is based on the understanding that the BCI criteria are developed in an extensive multi-stakeholder setting (Fransen & Kolk's (2007). The initiative is also focused on an international CSR issue which has shown to be effective (Ikea, 2012b, 33; pers. com. Ståhl, 2013).

The choices of tools could also be related to the targeted consumers of the companies. Ikea states that sustainability should not only be for luxury products (Ikea, 2012a, 7) and Hemtex 's vision is to inspire for renewal in all homes (www, Hemtex, 2013, 3). This indicates that Ikea and Hemtex are targeting a mass market and are not aiming to make their products luxurious. Therefore the choice of working with the conventional chain makes sense. S Group and Finlayson lays somewhere in between and try to target a range of consumers by offering different alternatives, while Moko seems to target a niche market focusing on design. Davies *et al.* (2012) argues that consumers are more likely to buy ethical commodities than luxury products as it is taken for granted that luxury products are ethically produced, there is a lack of information on these products and consumers find it too difficult to do research on products they buy more seldom.

To conclude, the factors for choosing the tools seemed to be focused on the challenge itself (Ikea and Hemtex), stakeholders' and costumers' expectations and demands (S Group and Finlayson) or the internal values (Moko). As the tools used were quite instrumental it could be desirable to create opportunities for more industrial collaboration to create shared value.

7.2 Perceived values

Added value is described in relation to value chains and the activities between firms (Feller *et al.* 2006), by legitimizing the company activities (Larsen and Häversjö, 2001) and by strengthening the brand (Robson, 2003; Ottman 2011; Porter and Kramer, 2006). The findings on the companies perceived value with working with CSR and cotton can be seen in table 8, the findings seem to correlate with the findings on factors that influenced the choice of tools. There was a value in itself to take on the challenge (Ikea and Hemtex), there was added value in meeting stakeholders or consumers demand (S Group and Finlayson) and there was the notion that CSR is an ethical and moral issue and therefore valuable (Moko).

Table 8. Findings on perceived values

	Ikea	Hemtex	Sokos	Moko	Finlayson
Value of working with the tool?	Value in itself to lessen environmental impact	Value when you feel you contribute to environment and sustainability	As they are a big operator in Finland it is a risk measure to not get caught by media attention and be proactive in these issues	They feel this something important because of moral reasons and both individual and company responsibility	Differentiate from competitors and deliver added value to consumers

To elaborate on the findings, Ikea and Hemtex mention that it is a value in itself to contribute to lessen the impact (pers. com. Ståhl, 2013; pers. com. Stoppert, 2013). Moko mentions that it is important because of moral and ethical reasons (pers. com. Toukolehto, 2013). These reasons are mostly tied to legitimizing the company activities but could by doing so enhance the brand. S-Group mentions it is a risk measure (pers. com. Tikka, 2013), which would also relate to strengthening the brand or at least protecting the brand from bad publicity. Finlayson mentions to differentiate from competitors and deliver added value to consumers (pers. com. Suurla, 2013), which is another way to add value to the brand. Even if no company mentioned the added value by working with their supply chains, by using the procurement tools they enhance value also at this stage.

Home textiles are less frequently purchased consumer goods than clothes and therefore branding the products is perhaps not regarded as important. A rather low branding profile also limits the loyalty and the external pressures perceived by companies. Roberts (2003) who has studied the value chain of branded clothes and footwear highlighted how important SSCM is for high profile brand products as a part of risk management. Therefore there is potential for the home textiles companies to increase the added value for the SERP cotton products through more marketing and communication. A part of the added value in strengthening the brand comes from communicating the sustainability effort in a way that empowers and educates the consumer (Ottman, 2011, Porter and Kramer, 2006). Davies *et al.* (2012) points out that for commodity products the ethical attribute might make the difference in the purchasing decision but if the information is lacking of ethical options for less frequent purchasing good the consumer might not bother to search for a better alternative.

7.3 Communication tools

Communication is essential when talking about transparency (Crane, 2001; Ottman, 2011). If CSR communication is empowering and educating the consumer added value is created, which can strengthen the value of the product or brand in the eyes of the consumer (*Ibid.*; Porter and Kramer, 2006). Educating as part of marketing is therefore a central issue when it comes to sustainable branding.

In the case studies the communication tools used to communicate the cotton and CSR work can be seen in table 9. It seems Ikea and Finlayson both prefer to communicate their sustainability efforts on the products in the stores. Even if the knowledge from the consumer side about the labels and initiatives might be lacking (Beard, 2008; pers. com Ståhl, 2013; Ottman). However, they try to inform the consumer with also more information and “stories” on the products (pers. com. Suurla, 2013; pers. com. Ståhl, 2013). The responsibility reports seem to be most important for Hemtex and S Group (pers. com. Stopper, 2013; pers. com. Tikka, 2013), which can be a way to avoid scrutiny from media (Ansett, 2017; Ottman, 2011). Moko is the company putting most effort into creating the community feeling and therefore perceive social media one of the best communication tools together with face to face contact (per. com. Toukolehto, 2013).

Table 9. Findings related to the best perceived ways to communicate.

	Ikea	Hemtex	Sokos	Moko	Finlayson
Perceived as best way of communication	The Ikea department stores, info on the products	Homepage, brochures and sustainability report	Responsibility report	Face to face contact, social media and webpage	Fair trade organization webpage and on their own products

Some of the companies mentioned that there is little demand for these products. However, as Nilsson and Odqvist (2006) mentions, consumers might not know to ask for these products if they do not know much about them. It is questionable whether the current communication tools are creating interest amongst consumers who are not already interested in sustainability issues. Even the consumers who are aware of CSR issues might rarely read e.g. responsibility reports and therefore look for more responsible products elsewhere.

Again Moko as a small player has an advantage of community making and face to face contact with the customers. However, larger companies could also educate the consumers through a social media campaign or other media campaign. Ideally, also in the larger companies all salespersons would have the expertise and training in CSR issues to be able highlight the added value during the purchase situation.

Educating ones’ employees on CSR issues might be a first step to create ambassadors for the brand. The communication on CSR issues might be a reflection on how important the management feels CSR issues are. Mamic (2005) points out that for example during the process of implementing a CoC, management commitment as well as communication to external stakeholders is needed for the CoC to be successful in practise. It is more likely for

CSR work to be a success when it is practised by the whole value network and with stakeholders than in an isolated department (Rainey, 2006; Mamic; 2005).

For high-profile brands in fashion it might not be considered “sexy” to be sustainable and consumers might believe that with a high price and good long-lasting quality comes automatically an ethical product and therefore consumer buying luxury do not ask for sustainable products (Davies *et al.* 2012). As the home textile industry is a bit different to fashion industry it could be worth to advertise the sustainability factor where the brand “image” is less important. Long-lasting good quality has a sustainability value in itself as that means less consuming and less pressure for resources in the long run. For example bedding and towels, which are not fashion items, in good quality, could add value for the customer in both a sustainable way as in a financial way. Even if the product is more expensive in the short run it might be less expensive in the long run if it lasts for a decade because of good quality.

8 Conclusions

The aim of this study was to describe the tools and processes currently in use by companies in the home-textile industry as a part of corporate responsibility in relation to cotton. The tools identified were mostly instrumental CSR tools like CoC's and standards. However, one multi-stakeholder initiative shows there is also some collaboration with NGO's and a small company Moko had more direct relationships with their suppliers.

8.1 Corporate tools for sustainable development

This study found that there were different approaches to work with communication of CSR and cotton in the case companies. A finding was that all companies are taking steps towards responsible procurement and all want to continue to improve on this work. Some of the case companies, Ikea and S-Group, even have concrete goals on how much cotton needs to be sourced from more sustainable sources in the future, which is easy to follow up on and work towards. Because of the different company sizes, resources and organizations it was expected to find different approaches to this sort of work.

8.2 What influences choice of tools?

The motivators seemed to also be quite different in every case company. Some case companies were more customer and sales oriented than others. Values were also fragmented, in all cases it was, however, communicated that this sort of work brings value in one way or another. Moko showed that being a small company does not hinder working with CSR even if no outside tool is used. Although, the fact that Hemtex had to steer away from organic cotton because of too little sales show that the bottom line and consumer's preferences in some instances plays a role in the possibility for CSR. Here BCI is a good alternative as this initiative works to improve the conventional chain and it seems that companies can decide the scale of the projects they work with according to their resources. However, companies who are part of BCI without having their own projects are perhaps contributing less to the development. On the other hand it is start on the way to communicate commitment to CSR questions.

8.3 Communication efforts

It was surprising that more efforts were not put into educating the consumers on the alternatives as it could be a step towards differentiation which may lead to increased sales. As it is now, consumers who are not already sustainability minded will most likely not pay much attention to these alternatives in the store. It is important to keep in mind that sustainability might not be prioritized by management in all companies as it represents a cost in the eyes of traditional business people. This might make the work with CSR difficult and might reflect what is communicated about CSR to outside stakeholders.

8.4 Continued research

A future topic could be to further investigate the consumers' knowledge on the different labels and initiatives or, also, consumers' perception of the companies' amount and efficiency in CSR communication. This would provide valuable information to match companies' efforts

with end users habits and expectations. Additionally, a similar study as this one concentrating on the different motivators for choosing tools could also be conducted on a larger sample or made into a longitudinal study. Even more, with the sufficient amount of resources, a more thorough study on the links and cooperation in the value chain could be interesting. A completely different approach could also focus on gender aspects regarding CSR roles. The fact that all interview subjects in this study were women might have been a coincidence but a gender role perspective on CSR positions in companies is an additional topic that could be further investigated.

From a strategic point of view, a comparative longitudinal study focusing on the different achievements between companies that have specific goals in strategy vs. the companies with less specific goals in strategy would be interesting to confirm the notion that specific goals will lead to significant improvements. However, specific goals might also be a hinder towards even greater improvements if they are not ambitious enough (Johnson *et al.* 2011). Finally, the possibility for shared value through collaboration is a current topic that opens up for a range of possibilities to work collectively towards a sustainable future.

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Personal messages

Stoppert Paula
Corporate Sustainability Manager, Hemtex
Telephone interview, 25.2.2013

Stål Eva
Sustainability coordinator, Ikea
Telephone interview 15.1.2013

Suurla Liisa
Product Manager, Finlayson
Personal meeting, Helsinki office, 22.3.2013

Tikka Marja
Group Manager-Quality and responsibility, S-group
Telephone interview, 21.2.2013

Toukolehto Lilli
Owner and chief executive officer, Moko
Telephone interview, 28.2.2013

Appendix 1: Interview guide

Before each interview some information on the companies' were obtained from the company webpages and the questions modified according to the needs. However, the interviews followed the main questions (themes) from the conceptual framework.

Internal Tools (Creates SBD/holistic mind-set)	Procurement Principles (Internal and External Tools)	External Tools (Communication)
<ul style="list-style-type: none">• Visionary leadership• Strategic Thinking• Innovation	<ul style="list-style-type: none">• Code of conduct• Standards• Value networks and partnerships	<ul style="list-style-type: none">• Reporting• Labels• Web, indexes and social media

Questions:

Internal Tools/SBD Mindset (These questions may also tie to external tools depending on the companies' answers)

Why do you think it's important to work with cotton in your company?

Where do you see your work with cotton in the future?

What do you see as the value of this sort of work?

Do you measure or monitor the accomplishments of the work on cotton?

Internal/External Tools (Procurement Principles)

What factors influenced you when choosing to work with XXX tool for the sourcing off cotton?

Did you consider any other options or ways to work on the sourcing of cotton or are you working in other ways as well? (*This question also relates to internal tools and innovation.*)

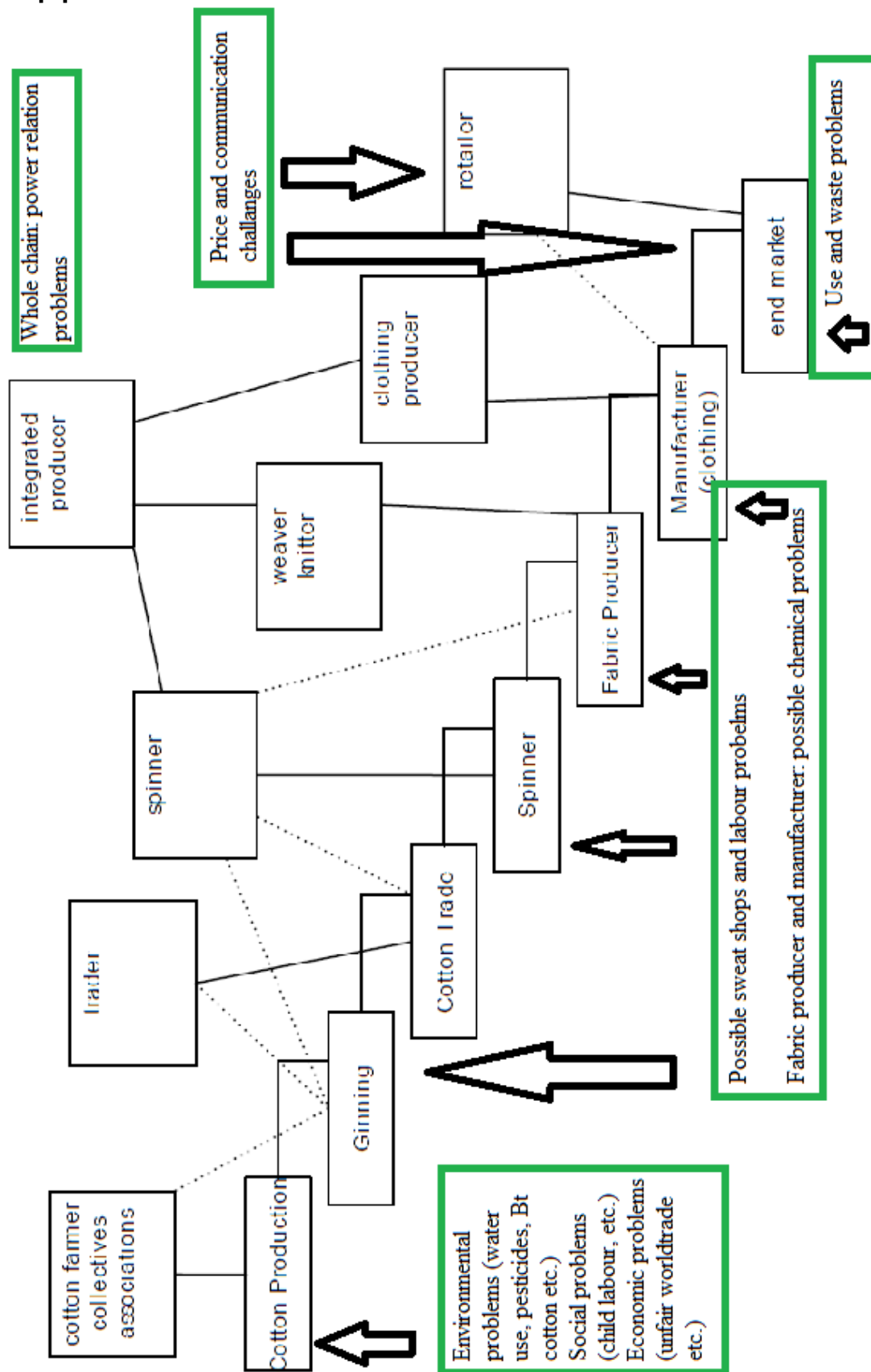
External Tools/Communication

What would you say is the most important ways you communicate your work with cotton to your stakeholders?

Appendix 2: Tools for communicating CSR work

	Tool	Description	References
Internal Tools (creates the SBD mindset inside the company, helps in decision-making and can also be used for communicating the sustainability efforts)	Visionary leadership, strategic thinking and innovation	A committed leader with a clear vision for the company will lead the change towards SBB by making incremental improvements to systems technologies, products and practices (in this case in value chain)	Rainey, 2006, 120, 344; Ottman, 2011, 135; Carter and Rogers, 2008, 369,
Both internal and external tools	Procurement principles	Code of conduct One type of standard, also called principles, which reflects the values and provides a link between vision, objectives and strategy. Provides guidance for decision-making	Rainey, 2006, 118-119
		Standards Usually based on accepted management systems because of importance of reporting. Can be multi-stakeholder, company or NGO based and may lead to certification and labeling	Ottman, 2011, 136, Blowfield, 1999
		Value networks and partnerships Strategic alliances, PPP's, multi-stakeholder initiatives, third party support, partners etc.	Rainey, 2006, 120, 344 Ottman, 2011, 143, chapter 8
External Tools (enhances transparency)	Communication	Reporting is a way to create transparency and credibility	Rainey, 2006, 120, Ottman, 2011, 138
		Labels Can be single attribute or multi-attribute labels, might also require third party certification	Ottman, 144, 147-154, Blowfield 1999
		Web, indexes and social media. Use of own and third party webpage and social media for educating consumers	Ottman, 2011, 116, 123, Ihren , 2011

Appendix 3: Cotton value chain



Appendix 3. Actors and problems in Cotton Value Chain (inspired by Man de, 2001, 16).

Appendix 4: Overview of case studies

	Ikea	Hemtex	S Group	Moko	Finlayson
Why important to work with cotton and CSR?	They focus CSR on cotton and wood as they use a lot of these raw materials in their products	As a lot of their products are made of cotton they want to focus on this as they do not have resources to focus on everything	Cotton is the main material in a lot of products	No resources to work with everything as they are such a small company	One of their values is to act responsibly and they also respect nature
Tool(s)	BCI	BCI and GOTS	COOP Switzerland, Oeko-tex, the Nordic Eco label and the Key Flag Symbol	No external tool. Sometimes they buy products with eco-labels but unless a known label they cannot be sure of the reliability	Fair Trade, Cradle to Cradle and own Soya-towels
Which factors impacted the choice of "tool"?	Positive experience of working with WWF and wood sourcing. External challenge	Ecological cotton does not make a big impact, bigger impact through BCI. External challenge	Coop as they have both environmental and social aspects in their criteria. Risks management	No external tool, if they can they travel to see the suppliers themselves and try to impact where they can on CSR issues	They want to offer different responsible alternatives for the customers
Value of working with the tool/CSR issues?	Value in itself to lessen environmental impact	Value when you feel you contribute to environment and sustainability	As they are a big operator in Finland it is a risk measure to not get caught by media attention and be proactive in these issues	They feel this is something important because of moral reasons and both individual and company responsibility	Differentiate from competitors and deliver added value to consumers

	Ikea	Hemtex	S Group	Moko	Finlayson
Strategy Fit	People planet positive strategy has cotton and wood in focus	CSR strategy: environment, sustainability and human rights	Goals in strategy about cotton	Try to lessen their impact on all possible areas	The cotton issue is continuously discussed inside the company
Follow up through measuring and supervising?	Yes, goals and follow up through sustainability report	Follow up through contact with BCI about progress and reports	Yes, follow up on the goals	Yes, they try to lessen their impact. They don't follow up systematically but as they are so small they feel that they can see the changes	Yes, they follow up on the sales of the more responsible alternatives
Perceived as best way of communication	The Ikea department stores, info on the products	Homepage, brochures and sustainability report	Responsibility report	Face to face contact, social media and webpage	Fair trade organization webpage and on their own products
Future	100 % "better cotton"	Hope that a big part then is BCI cotton or everything. No goals though	They are working towards a more sustainable way.	Surely even more sustainable, there is no other option	Probably more responsible cotton and possible more different products ranges of them as well

Appendix 5: Overview of communicated socially and environmentally responsible procurement tools in the case companies

	Ikea	Hemtex	S Group	Moko	Finlayson
Visions	A better everyday life for the many people	To inspire for renewal in all homes	The most wanted and extensive services from the co-op members own store	Not communicated	Not communicated
Strategy Fit (cotton)	People planet positive strategy has cotton and wood in focus	CSR strategy: environment, sustainability and human rights	Goals in strategy about cotton.	Tries to lessen their impact on all possible areas	The cotton issue is continuously discussed inside the company
Innovation (cotton)	Weaving technique, alternative materials				Soya towels
Code of Conduct and standards	IWAY	Yes	BSCI	Tries to impact where they can	Yes, all suppliers have to adhere to some certifications and standards
Value Networks	BCI	BCI	Long-term supplier relationships, Coop cooperation	Supplier relationships, Personal visits (linen)	Innovations partners
CSR reports	Yes	Yes	Yes	No	No
Labels	Information on price tag in store	GOTS	COOP Switzerland, Oeko-tex, the Nordic Eco label and the Key Flag Symbol	None regarding cotton	Fair Trade, Cradle to Cradle and own Soya-towels' label
Web, indexes and social media	Web	Web	Web	Social media	Web