

# Corporate Social Responsibility in the supply chain

An assessment of Norwegian textile companies' motivation, use of standards and external services

By

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This Master's Thesis is carried out as a part of the education at the University of Agder and is therefore approved as a part of this education. However, this does not imply that the University answers for the methods that are used or the conclusions that are drawn.

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#### **Abstract**

Corporate social responsibility (CSR) has since the last 60 years developed and increased its importance within companies. Within companies CSR can be used as a strategy. The literature of CSR is limited but existing theories have different viewpoints of CSR and how it should be used by companies in business. Today companies' motivation and use of different standards related to CSR is an important and much debated theme in media and organizations. This thesis discovers how different companies within the clothing industry are motivated for their CSR and what kind of standards they have implemented. In this study case studies of three companies have been used to complete the study. The three companies are HellyHansen, Viking Footwear and Nextsport.

The main findings of this thesis are related to motivation behind CSR in the supply chain, choices of CSR standards and consequences of use of external services. The study provides how characteristics of the company's CSR in the supply chain are linked together with the company's motivation behind CSR in the supply chain. Further the motivation can be linked to the choice of CSR standards in the supply chain. The implementation of the standards can be related to outsource because of use of external services for best possible implementation. The final finding of this study is related to consequences of outsourcing and how outsourcing can increase motivation and focus on CSR in supply chain.

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3

# **Table of content**

Chapter 1:	Introduction	7
1.1.	Statement of the research problem	8
1.2.	Outline of thesis	9
Chapter 2:	Literature review	10
2.1.	What is CSR?	10
2.2.	CSR in the supply chain	11
2.3.	Globalization, CSR and supply chains	11
2.4.	Challenges mount in the supply chain	12
2.5.	Increase in challenges in supply chain	13
2.6.	Motivation behind CSR, some general patterns	
2.7.	Theories of CSR	16
2.8.	Theoretical perspectives on motivation for CSR	21
2.9.	Implementing CSR	22
2.10.	Outsourcing	25
Chapter 3:	Standards and services	29
3.1.	Bluesign®	29
3.2.	IEH	30
3.3.	ISO	31
Chapter 4:	Methods	34
4.1.	Research design	34
4.2.	Qualitative method: case studies	36
4.3.	Data Collection	39
4.4.	Case studies	45
4.5.	HellyHansen	46
4.6.	Viking Footwear	47
4.7.	Nextsport	50
Chapter 5:	Findings	52
5.1.	HellyHansen	52
5.2.	Viking Footwear	56
5.3.	Nextsport	60
Chapter 6:	Comparative analysis of the three companies	64
6.1.	Motivation	64

6.2.	Standards	71
6.3.	Use of external services	76
Chapter 7:	Conclusion and implications	84
7.1.	Motivation	84
7.2.	Standards	84
7.3.	Consequences of use of external services	84
7.4.	Conclusion	85
7.5.	Directions of future research	87
Chapter 8:	References	88
Chapter 9:	Appendices	95
9.1.	Appendix 1: The interview guide	95
9.2.	Appendix 2: Table for analysis	97

# Figure

Figure 1: Basic types of designs for case studies (Yin 2009: 46)	38
Figure 2: Components of data analysis: interactive model	42
Figure 3: The pyramid of CSR by Carroll (1991: 49)	68
Tables	
Table 1: Turnkey and partial outsourcing	26
Table 2: Interviews	41
Table 3: Key points of the companies	45
Table 4: Types of outsourcing	78

# **Chapter 1:** Introduction

The attention and debate about CSR in media worldwide and in Norway have increased in recent years in particular when it comes to social risks in the supply chain. For instance has the collapse in Bangladesh earlier this year, highlighted the pressure and challenges large companies can face when negative incidents happen in the supply chain. This is an example of what we call material business issue. This spring, a factory building in Bangladesh collapsed due to poor construction (The New York Times 2013). The building consisted of nine floors, one shopping center and five textile factories (Dagens Næringsliv 2013). More than 1,100 people were killed and the owners of the building and the textile factories have been accused for the disaster (The New York Times 2013). Action plans and signing of agreement among clothing firms about how to prevent such a catastrophe to happen again is one of the reactions of the collapse (The New York Times 2013). For instance have large international clothing firms like H&M newly signed a security contract in which will secure better conditions for workers at factories in Bangladesh (The New York Times 2013). This contract might better the company's attitude and caring for CSR in the supply chain.

The role and expectations of a company in society is greater than before, both from governments, companies, NGOs and individuals living in the society. In Norway the debate on CSR in media is high and several studies related to this theme is discussed and considered in spite of how companies and brands are behaving. High pressures from media, NGOs and consumers for openness about suppliers have resulted in higher degree of companies' willingness to publish a list of suppliers. This list is an opportunity for public to check which suppliers the company is using and may develop a pressure on the company to have better control of CSR in the supply chain. Today a business is much more than the profit. The profit from production is good related to labor and employment. The focus and environmental and employees conditions are today almost more important than the profit.

The need of this paper is related to Norwegian brands and their policy and work behind CSR in the supply chain. While the theme is big in media the business literature is relatively scarce. This analysis seeks to contribute to how companies actually respond and work in businesses' every day practice in relation to CSR in the supply chain.

The literature of CSR is giving companies four perspectives of CSR. The perspectives range from the viewpoint that CSR is not necessary at all because just doing business is in itself CSR to the viewpoint where all actions the company is doing are aiming at doing mostly good and being ethical. This indicates that there are several factors behind the motivation of CSR.

There are many Norwegian brands within the Norwegian clothing industry, some larger than others. Independent of size or ages of the company, they all have a degree of motivation behind CSR. The motivation behind CSR might be the most important factor related to how the companies are meeting and handling external pressure of CSR. In a study done by Maria Gjølberg, the results indicate that many Norwegian firms are motivated by reputation more than the consequences of the company's actions (Aftenposten 2012).

The inner motivation for working with CSR in the company's supply chain needs to be implemented with quality. For help with the implementation companies can use tools such as CSR standards. The use of CSR standards among companies has increased. In Norway there are several organizations working with CSR standards and are helping companies with the implementation. These organizations are offering services the companies can buy and then get more control over the supply chain. When companies are buying service from external organization this can be a link to outsourcing. This study examines the motivation behind the company's work with CSR of three companies and if it is possible to outsource CSR activities.

# 1.1. Statement of the research problem

The purpose of this paper is to explore and compare how three companies in the niche of outdoor clothing companies have implemented CSR in the supply chain.

**Research question 1:** What motivates the CSR policies of outdoor clothing companies? Companies producing outdoor clothing are motivated in different ways when it comes to work with CSR policies.

**Research question 2:** How do the companies choose between the alternatives of CSR standards?

There are several standards to choose and follow when implementing CSR. Companies have different reasons behind the choice of standards of CSR in the supply chain.

**Research question 3:** What are the consequences of outsourcing activities related to CSR in the supply chain?

Several organizations are offering comprehensive services to help companies to implement their CSR standards. Some companies have chosen to be more self-standing in the process of integration while other companies have used comprehensive service for help.

These questions and the outcome of the study will be a contribution to existing literature on CSR by addressing how motivation can be a factor for choice of standards and use of external services.

In this study three Norwegian companies producing outdoor clothing such as HellyHansen, Viking Footwear and Nextsport have been compared regarding their motivation, choice of standards and use of external resources. All the companies have been asked the same questions regarding their motivation, choice and use of standards and use of external services for help with CSR in the company's supply chain. The analysis and results show us that the characteristics of the company's work of CSR in the supply chain are related to the motivation. The motivation is driven by an inner give that have been there since establishment of the company. Further is the degree of motivation one of many factors for choice of CSR standards. All the companies are using several standards for being able to do their best with CSR in the supply chain. Since expertise with CSR is scarce in the companies the use of external resources is necessary to fulfill the standard's requirements of CSR in the supply chain.

#### 1.2. Outline of thesis

This study starts with presenting the area of study and today's situation around the problem and relevant theory. Thereafter is the method for investigation and analysis about case studies and interviews presented. Results and information from the interviews are first described for each company, then compared and used as foundation for answering the research questions. Theory is then used to strengthen the analysis and the answers of research questions. Last part contains conclusion and future research.

# **Chapter 2:** Literature review

In this chapter today's situation and theory of CSR will be presented. First we have the explanations of CSR and thereafter CSR in the supply chain and certain challenges related to that. The theory part will describe several viewpoints and importance of CSR regarding attention to business attention.

#### 2.1. What is CSR?

CSR stands for corporate social responsibility and have been defined in many ways. Because of this it can be hard to find a good definition of it. Many authors, researchers, governments, businesses and other parts interested in CSR have defined what and how they understand CSR. The Norwegian government understands CSR as the businesses involvement of "integrating social and environmental concerns into their day-to-day operations, as well as into their dealings with stakeholders. CSR is what companies do on a voluntary basis beyond complying with existing legislation and rules in the country in which they are operating" (Foreign Affairs 2009: page 4). The Norwegian Foreign Affairs states that businesses are expected to follow up and respect human rights, protection of labor conditions and standards and opposing corruption (Foreign Affairs 2009).

A better and more modern definition can be taken from the theory of CSR another definition of CSR can be "A view of the corporation and its role in society that assumes a responsibility among firms to pursue goals in addition to profit maximization and a responsibility among a firm's stakeholders to hold the firms accountable for its actions" (Werther and Chandler 2011 p. 5). According to Werther and Chandler (2011) CSR is covering the interacting relationship between corporations and society. Here the society includes all stakeholders and groups that have interests in an organization's operations (Werther and Chandler 2011). Further Werther and Chandler (2011) states that stakeholders can be regarded as consumers, employees, suppliers, creditors, local communities and the environment. Each company is responsible and has to categorize stakeholders that create its working environment and then arrange their strategic importance to the company (Werther and Chandler 2011).

## 2.2. CSR in the supply chain

Looking deeper into the supply chain and its network with parties involved, we can see that some companies may have many suppliers involved, while others have fewer. Having many links can be complicated when it comes to control and communication through the whole supply chain. A company having 10 links in their supply chain may not communicate with the last five links of its supply chain which can lead to difficulties when it comes to information and control. In some cases the given company sends an inspector to the actual factory, in order to check the conditions and how things are carried on. This meetings and illustrations can sometimes be wrong because the leader of the factory probably has time to prepare for the visit. Procedures and conditions can be changed just in time for the visit and back afterward. For companies having only five links in the supply chain it is a shorter way off communicate and sending information downstream and upstream. This might make it easier to have a better relationship with the end link and the factory producing clothes. Inspections can be done easier and more spontaneous and can show a real picture of the conditions and procedures used.

Due to lack of information, communication and other reasons, firms such as Bluesign®, ISO and Initiativ for Etisk Handel (IEH) have composed instructions, restrictions, guidelines, workshops, seminars, and other tools to help clothing companies to investigate their supply chain regarding for example workers conditions. By following guidelines elaborated by IEH clothing companies can get more control and visibility of what is happening in their supply chain and follow-up the standards and procedures in the factory producing their clothes.

# 2.3. Globalization, CSR and supply chains

The world has in the last 50 years become more and more globalized and many companies are and have emerged abroad. Anthony Giddens did in 1990 define globalization as the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa (Giddens 1990: 64). In other words Giddens explains that people and organizations can communicate disregarding distance and how communication from one place can influences the whole world. The collapse in Bangladesh is a good example on how media and NGOs communicate information worldwide and how a debate is established. Because of communicating

information, both media and NGOs can be described as global watchdogs. This means the companies with global supply chains are subjects to strong outside scrutiny.

According to (Aras and Crowther 2010) globalization and CSR interacting with each other regarding further development. Therefore globalization effects certain corporations in a society, redefinitions of the responsibility of the corporation effects outcomes of globalization (Aras and Crowther 2010). With globalization the world as a whole can be seen as a market, where the companies are producing, manufacturing, exporting and selling their goods and services to different countries. This has made it easier for companies to influence customers and consumers worldwide. One factor related to this is the telecommunication and internet. Through internet it is possible for companies to communicate with producer disregarding distances. Via internet companies and NGOs can also easier publish their products, values, policies or reports, and the amount of readers are larger than in a newspaper or magazine. Today many companies in the textile industry have posted their CSR values, policy and reports on their webpage. Internet and other communication technologies have increased the visibility of corporations and also the factories; using child labor, producing unsafe products, unfair employee practices and environmental pollution (Aras and Crowther 2010).

# 2.4. Challenges mount in the supply chain

CSR related to the supply chain in the clothing and textile industry has for several decades been debated as an important issue. International brands such as H&M and GAP have been investigated and exposed because of their factories and workers conditions (The Guardian 2012). Workers in factories located in Asia are paid low and not treated according to the human rights (The Guardian 2012). In the Western world resource groups belonging to universities and private companies investigate and publish reports and documentaries about working conditions in factories, especially in Asia. For example NRK Norway in 2006 showed a documentary about working conditions at one of Bama's plants (NRK 2006). Further investigation makes it clear that the worker's conditions are worse than the commercials illustrate. The Guardian and New York Times publish articles about clothing companies and the working conditions in their supply chain. This kind of attention is sometimes negative and can start discussions about the responsibility the clothing company has when choosing which factory to cooperate with.

Some clothing companies want to be open about their procedures and effort for CSR, such as the Norwegian clothing company Stormberg (Aftenposten 2010), while certain other brands tends to divert attention about their CSR by focusing on PR and competitiveness (Aftenposten 2012). Other companies are also open about and publish which factories they cooperate with, for example HellyHansen (HellyHansen 2013). Competition is one example of why some clothing companies do not want to publish their cooperation factories (Initiative for etisk handel 2011).

#### 2.5. Increase in challenges in supply chain

Since some organization and NGOs started to investigate and explore how several plants in Asia deal with sweatshops (small factories where workers are working together in poor conditions for low pay), employee conditions and child labor, many of the world's largest companies have been put in the spotlight. Several American companies such as NIKE, Apple and Disney have been investigated regarding working conditions at their plants and factories. Workers inside Apple's Chinese sweatshop plant were paid not more than £ 1,12 an hour (The Daily Mail 2013). NIKE is regarded as one of the largest producer of sportswear and reports and articles show that their cooperation factory have procedures including sweat shopping and child labor (The Guardian 2001). Also the Swedish clothing brand H&M have cooperation with plants having working conditions that are substandard (The Guardian 2012). A reporter who visited many different plants in Asia, is claiming that children labor is cheaper than their parents (Life Magazine 1996). Children were also used because their small gave them advantage when it came to stitching and sewing. At the time the reporter visited the plants, Nike was one of the companies using this kind of labor to their hand-made footballs sold worldwide. These stories got a lot of attention and discussion in media, clothing companies and among companies and NGOs working to avoid unfair employee conditions and child labor. After this scandal Nike had a conference telling that Nike would improve conditions at their plants (The Guardian 2001). Further the author claims that the project Nike started had only given a small amount of the employees' better conditions. Cause to this several boycotts against Nike has been started and therefore the company has been accused for tolerating sweatshops. (The Guardian 2001). Today the company has improved, but they still have several steps to go in order to be best at CSR regarding working conditions at plants (Global Exchange 2001). This year Nike has signed a new contract with an organizations working

with standards and requirements in factories (Bluesign 2013). Through this membership, Nike will have better control over CSR in the supply chain.

#### 2.5.1. CSR in Norway

According to Asongu (2007) the history, CSR can be traced many years before 1900. Asongu (2007) mention examples where forests got protection law already 5.000 years ago and about a King introducing a code putting those who put others to death were treated the same way. Other examples about worker's benefits can be taken from Norway and the mining industry. Blaafarveverket produced cobaltiferous ore in the time period between 1773-1893 (Blaafarveværket 2010). At this time and according to Myhr and Gjefsen (2008) the workers living in Blaafarveverket's housing were offered free benefits such as medical help, housing, reduces prices on food, school for children and sick pay.

The interest, attention and engagement of CSR have increased globally, also in Norway. During a time period of 10 years, from 2001-2011 the amount of published articles in Norwegian newspapers has increased from 190 to 1378 (Forskning 2012). Media is making several debates about CSR regarding why clothing companies like and not like to publish a list over factories they are using. Stormberg is an example of a company that is open about their CSR and which factories they use. The Varner-Gruppen is an example of those who do not want to publish their factories. According to Farbrot (2012) only five articles were published in 1985, at the time when CSR had started to get much attention and research. Regarding an article from Aftenposten, the organization called "Framtiden i våre hender" publish an annual report about the worst clothing brands settled in Norway. In 2012 the Swedish brand H&M was elected to be the worst company regarding CSR. The interest for CSR in Norway is high and there are several organizations advising companies how to adopt certain sort of actions, making CSR policies and values and implementation. Some of the organizations are Norges Vel, Miljøfyrtårn, Framtiden i våre hender, Initiative for etisk handel (IEH) and Grønn hverdag.

The Government in Norway takes part and has a role regarding CSR. One reason can be related to the Government's ownership of several factories and organizations in Norway. The government has developed in cooperation with the government's ownership policy and The states ownership report 2011 an explanation of the governments and the states expectations

regarding CSR in both public and governmental organizations (Nærings- and Handelsdepartementet 2011). This report states that governmental organizations have expectations regarding CSR, but these are not requirements. The organizations have to compose its own guidelines for CSR and write reports on their work, along with the principle of Global Reporting Initiative (Nærings- and Handelsdepartementet 2011). All governmental organizations are followed-up regarding their works and goals for CSR (Nærings- and Handelsdepartementet 2011). In 2008-2009 Stortinget, the Norwegian parliament sent out report No 10 to the Stortinget regarding how the trade industry has responsibility regarding CSR (Utenriksdepartementet 2009). The report also contains statements about the government's and trade industry's role and responsibility, the trade industry international engagement, initiative and CSR and international frame of the trade industry's CSR from OECD and FNs Global Compact and also instruments to build sustainable CSR (Utenriksdepartementet 2009). According to increased importance and focus on CSR among companies, the government "Regjeringen" have a private bill regarding annual reporting of large Norwegians CSR routines (IEH 2013). The annual report is the same report as IEH's require their members to hand-in.

#### 2.6. Motivation behind CSR, some general patterns

The motivation behind CSR among companies might be based on different values and influence. Today several companies are driven by pressure on CSR in the supply chain from other companies. Others may have written down their own policy regarding CSR so customers and other business partners can read what the company stands for. Some companies' webpages are filled with information about their CSR policies, but it can sometimes be hard to know if their CSR is driven by motivation from other companies, the society, communication, reputation or their own conviction.

Maria Gjølberg from Norway finished her doctorate study in 2012 writing about CSR in Nordic multinational enterprises and found several interesting points regarding why companies in different countries are better at CSR than others (Gjølberg 2012). According to Gjølberg (2012) among all the companies in the research Nordic companies are best at CSR due to their country's governmental regulations of environment and working conditions, trade unions, large amount of international companies, international investments and expectations for ethical business behavior. Maria Gjølberg states that the main reasons for motivation

behind CSR are related to reputation and risk management in which are building up a positive association of the brand and company (Nordby 2012). Nordby (2012) states further that the thesis indicates that 66,7 % of the Nordic companies in the research are motivated by reputation and brand building. Not all the companies in the study agree that the CSR focus also should be in focus abroad, and less than 50 % of the companies are cooperating with local trade unions. At the other hand the study shows that Nordic companies are supporting stringent demands of CSR internationally (Nordby 2012). With this Gjølberg's study shows us that Nordic companies tend to implement an explicit CSR where the focus is on pressure from other and a good reputation of the company and brand.

Other motivation factors can be related to the 2002 Sustainability Survey Report done by PriceWaterHouseCoopers among U.S. based companies. This report indicates several factors for why businesses want to have more focus on CSR, such as: enhanced reputation, competitive advantage, cost savings, industry trends, CEO/board commitment, customer demand, SR1 demand, top-line growth, shareholder demand and access to capital (PwC 2002).

#### 2.7. Theories of CSR

A society exists of different groups of people and can also contain different sorts of organizations such as for-profits, governments and NGO, where all have individual level of profit seeking, defining of rules and structures and to do social good (Werther and Chandler 2011). All these kinds of organizations interact and connect with each other on a day to day basis both negatively and positively (Werther and Chandler 2011). According to Werther and Chandler (2011) CSR can also be described as critical and controversial. Critical cause to the for-profit companies make out the largest group of companies and these are generating jobs for the society's members. For-profit companies are also operating in beneficial ways and acting as the supplier of necessary good for the society and government and wants to be viewed as the engine of society (Werther and Chandler 2011). Controversial cause to people who are thinking more deeply behind the meaning of the company, society and CSR (Werther and Chandler 2011). One example is Friedman's thoughts against CSR and support of company's focus on profits. Carroll is an example of the opposite where companies should take their responsibility build on economic, legal, ethical and philanthropic (Carroll 1991). Carroll (1991) illustrates these four responsibilities in a pyramid where the first building block

is related to economic performance. Carroll (1991) explains that economic unit was the basic in our society and important regarding production and supply of goods and services. During the years the idea of making acceptable profit emerged and developed to be today's major motive for maximizing profit. Besides making profits companies are also expected to act and behave according to laws and regulations provided by governments and norms in societies (Carroll 1991). At the second level the legal responsibility relationships is explained by Carroll (1991) as a social contract between companies and societies in which companies are expected to attain their economic goals within the framework of the law. At the third layer ethical responsibilities, fairness and justice are integrated with the expectations from the society's members (Carroll 1991). The fourth and upper level contains philanthropic responsibilities and includes actions that make the company a good corporate citizen according to the society's expectations (Carroll 1991). According to Carroll (1991) examples of good actions can be engaging into programs that support human welfare and goodwill, sponsoring of arts, humanitarian programs or education. With other words we can explain philanthropic responsibilities as the volunteer part of the company and be described as the icing of the cake (Carroll 1991).

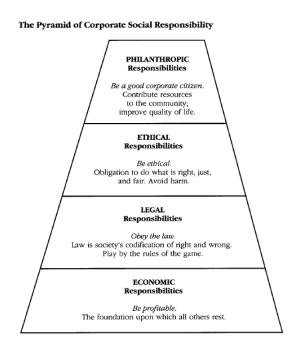


Figure 1: The Pyramid of Corporate Social Responsibility Carroll (1991: 49)

After 1900 CSR developed further and in the 1930's, 1940's and 1950's the subject become a part of the academic environment (Schwartz 2011). Since these decades, several books were

written about CSR. Some of these books can be seen as the first step of the development of CSR in today's modern economy. Not all authors have the same viewpoint and meaning of CSR. In the literature we can find at least four different viewpoints of CSR and how the companies should handle it. There are authors meaning that CSR have nothing to do with business and other that states it can be beneficial for the business. This can be illustrated with a figure.

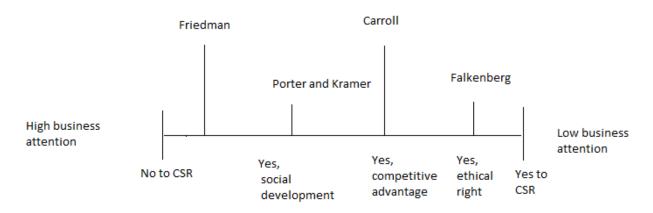


Figure 2: Illustration of four theoretical perspective of CSR related to business.

The figure shows us in short where the four theoretical perspective of CSR related to business can be compare with each other and related to degree of business attention. Friedman, Porter & Kramer and Carroll have the business as basis for their viewpoints, while Falkenberg has ethics. Friedman is negative to CSR and is supporting higher attention on business. Porter and Kramer are positive because of social development. Further is Carroll more positive because of competitive advantage. The attention for business is still relevant. In the end we have Falkenberg's ethical viewpoint, positive for CSR. Here the attention has switched from business to ethical right.

Further the four perspectives are described in more details for better understand.

Friedman is one of those. He has a different viewpoint of CSR for instance that companies have the responsibility to maximize profit to shareholders. Friedman (1970) states that businesses cannot have responsibility and that social responsibility should rest on people. Further Friedman (1970) states that companies have social responsibility and have all their attention on the society and not on their employees and that the employees also should have attention from the management. According to Velasquez (2012) Friedman claims that

shareholders viewpoint of CSR is that the shareholders own the company and therefore the managers have no rights on behalf of the company to give money to social causes because that can reduce the profit for the shareholders. At the same time Friedman explains that shareholders hire executives to manage the company and these have to manage as the shareholders want (Velasquez 2012). Further Friedman claims that the executives also have to follow and behave as the society expects and follow laws, but the main purpose is to make as much money as possible (Velasquez 2012).

The second category is authors writing about how companies can create shared value between business and society and how this affects the companies. Porter and Kramer (2011) explain how companies can create shared values and that businesses have responsibility when it comes to bring society and business together. The concept of shared values is that businesses should create economic value in which also can create value for the society regarding its needs and challenges (Porter and Kramer 2011). Porter and Kramer (2011) states that since societal problem can create economic costs for companies, shared values can give good opportunities for both society and company and can be more important than CSR. A reason for that is that CSR can be seen as a response to external pressure and is in many cases implemented to improve reputation and not directly to help the society (Porter and Kramer 2011). Porter and Kramer (2011) also explain how companies' competitiveness and health of community are intertwined and how shared values can be an advantage. Porter and Kramer (2006) explains in another article that companies interested in sustainability should function in a way that ensure long-term economic duration and not focus on short-term behavior that can be wasteful for both society and environment. This strategy can be related to the triple bottom line which focuses on performance within three different factors such as economic, social and environment (Porter and Kramer 2006).

The third viewpoint of CSR is at the opposite side of Friedman, thus positive to CSR and how it can do companies better off. Here is Carroll a good example. According to Carroll and Shabana (2010) Carroll's definition of CSR consists of four responsibilities; legal, economic, ethical and philanthropic. Further Carroll and Shabana (2010) states that CSR can be a competitive advantage for the company and also strengthen brand loyalty. The win-win situation when implementing CSR can be related to satisfy stakeholder's demand and at the same time also let companies do its tasks and processes (Carroll and Shabana 2010).

Carroll explains how attention about companies' CSR policies started to grow. According to (Carroll 1999) a business executive was asked by Fortune Magazine about their social responsibility. In the 1970's the interest of CSR developed fast and more specific definitions and literature about the subject were written cause to more attention. Consumers, employees and executives started to think and mean that businesses should be social responsible by helping the society to achieve basic goals (Carroll 1999). Several studies was done among businesses and society and one of them has according to Carroll (1999) results showing in what degree CSR affected the organization's structure and budget. In the 1980's more research was done and alternative themes such as public policy, business ethics and stakeholder management got more attention. Also measurements of CSR and framework developed during this decade. Carroll (1999) states that Dalton and Cosier in 1982 developed a matrix consisting of "illegal", "legal", "irresponsible" and "responsible" and that these four squares presented social responsibility. "Legal-responsible" was determined to be the CSR businesses should adopt. By adopting and behave "legal-responsible", Dalton and Cosier claimed a business would be social responsible.

The last and fourth viewpoint of CSR can be related to ethical reasoning regarding business behavior. Andreas Falkenberg is an example of this theoretical approach. In his latest book Falkenberg is writing about moral, values, ethic and social responsibility and how these factor change when entering a new culture. Falkenberg (2012) also explains how ethical values are different between and within cultures and that people should understand how their own values can be seen different for others. This perspective on CSR is more about understanding that CSR can be different between countries and cultures. Thus, the attention for business is low and switched to ethical right.

These four perspectives can further be related to Werther and Chandler's theory about why CSR in the supply chain is important. According to Werther and Chandler (2011) CSR is able to add value cause to its ability to allow the companies to be aware of the requirements and concerns of their numerous stakeholder groups. Using this strategy, companies are able to keep up its societal rightfulness and take full advantage of its financial possibility in a long term perspective. With other words this can explain why CSR can be a method and way of blending corporate operations with societal values and expectations and at the same time be able to evolve. Werther and Chandler (2011) claim there are three reasons why CSR is

important for companies. These three reasons are moral, rationality and economic. Looking up at the figure illustrating the four theoretical perspectives, we can see that economic reasons be related to Friedman, rational reasons to Porter & Kramer and Carroll, while moral can be related to Falkenberg. The argument behind economic can be related to the connection between economic self-interest and well-being of society. With this explained we can understand that the importance of CSR is related to its effect of all aspects of the company's operations (Werther and Chandler 2011). For customers and consumers today it is important to be able to trust the companies at its supply chain of its products. Suppliers, employees, producers, investors, partners and other relations are all concerned about the company's social responsibility, seeking common goals and satisfying other than self-interest (Werther and Chandler 2011). Further the authors claim that incorporating CSR can lead to differentiation and competitive advantage valuable for future success. Werther and Chandler (2011) mention five trends for why CSR has increased in the past years and why companies include it as an element in their strategy. These five elements can be related to growing affluence, ecological sustainability, globalization, the free flow of information and brands (Werther and Chandler 2011).

During the 1900's and until today, CSR have expanded and is today an important strategy for many companies in all sectors and industries.

# 2.8. Theoretical perspectives on motivation for CSR

Behind implementation of CSR, the companies are in most cases driven by a motivation and benefits as a result of the implementation. The literature of CSR divides the motivation into two groups; 1. drivers of engagement in CSR and expected benefits (Contreras 2004). For companies reporting their information about their CSR activities, communication is a vital factor of motivation behind CSR (Idowu and Filho 2009). Further Idowu and Filho (2009) state that this sort of communication can be used to manipulate the opinions of the companies' actions. Several researches indicates that many companies are using communication as a defend for the society or other perceived threats from other companies (Idowu and Filho 2009). Another similar and supporting theory regarding motivation behind CSR can be related to Matten and Moon (2008) and how they differentiate between explicit and implicit CSR. An explicit CSR involves activities undertaking responsibility for the interests of society such as voluntary corporate policies, strategies and programs (Matten and Moon 2008). Matten and

Moon (2008) explain that explicit CSR is motivated by perceived expectations from other stakeholders within the corporation. With other words this can be seen as a pressure build up by stakeholder groups and putting pressure on companies to incorporate CSR. For instance has Stormberg been in the Norwegian media and build up a pressure for companies at the Norwegian market to take more social responsibility. Matten and Moon (2008) explains implicit CSR as the company's role regarding interests and concerns of the society. Implicit CSR contains of values, rules and norms that are in many cases mandatory for corporations between companies, governments and society (Matten and Moon 2008). Further Matten and Moon (2008) states that the motivation behind implicit CSR can be find in societal agreement and its expectations of the roles and assistances of all major groups in society, such as corporations. Put in a different way, implicit CSR can be seen as roles and rules built up and motivated by societal consensus by a company to have a guideline for behaving in a good way. By this, the company might be convinced it is doing something good and does not necessary pay attention to the public opinion, with other words conviction.

There are several reasons why companies want to implement CSR. One reason can be related to the company's reputation in public. The other reason is related to the company's inner aim and motivation to be and act in a good way. Regardless of reason the CEO is a major factor in all cases regarding the company's capability to see CSR and an opportunity to think innovative and be able to create new products and competitive advantage (Werther and Chandler 2011). The other alternative can be to implement CSR as a defense and brand insurance (Werther and Chandler 2011). By using this method companies use CSR as a defense for avoiding criticism and other attempts from NGOs and competitors to harm the company. The threshold of CSR can also be dependent on the industry. In some industries CSR are less popular than in others. In the clothing industry there is high attention to CSR and companies in this industry might start the implementing as soon as possible, at least as a defense and competitive advantage. One factor that can affect the threshold of CSR can be related to the degree of identity whether or not the company do harm in their supply chain (Werther and Chandler 2011).

# 2.9. Implementing CSR

When implementing CSR there are several ways to go. Some companies have a separate CSR department; some can have CSR integrated in another department while other companies can

have external resources such as consultants working in the company. In all cases the implementing of CSR have to start at a low level and according to (Werther and Chandler 2011) companies can start by thinking of when to implement it. Further companies have to think over why, where and how and in the end decide who should administer the implementation. When the companies are ready to implement CSR policies they have two options, either short to medium term or medium to long term (Werther and Chandler 2011). When having decide which term perspective that fits to the given company, the company are ready to start the implementation. Both implementation strategies need assistance and support from both employees and leader from the whole organization (Werther and Chandler 2011). Looking at the short to medium term, there are several corporations that can promote a faster and easier integration of the CSR in the company's existing practices and organizational culture.

Many companies are today implementing CSR, doing it with own resources or with help from external sources. It has developed to be an important activity for companies disregarding size or sector. Implementation of CSR into a company may be a large project over a long time period, depending on the company's size, supply chain and type of CSR activities. In the CSR literature there are written several theories and done some case studies on how to implement CSR. One case study done by Bondy (2008) the author has studied several literatures focusing on linear and staged models, processes, practices and structures when it comes to implementation of CSR. In the case study Bondy (2008) states that the different implementation models contains of similar steps where the companies start with conducting a CSR assessment. Second step is to create a CSR strategy in which can be different from company to company and often be created in cooperation with key stakeholders. The third step is about observing and having systems for reporting so the companies can follow the implementation process close. The last and fourth contains activities aimed at finding suitable communication channels for diverse audiences. Further Bondy (2008) claims that the focus on CSR implementation is also about increasing the effectiveness by improving the organization's structure and processes, for instance governance, training and sanctions.

Several research and case studies have been done to investigate how CSR standards such as ISO 14001 have been implemented and how the company responded to the implementation process. Since ISO 14001 is a standard for environmental management system and close to

ISO 26000 and other CSR standards, the implementation of ISO 14001 is assumed to be close to the implementation process of ISO 26000 and other standards. A study done by Abdullah and Chan Chin (2010) concludes that an implementation of ISO 14001 is beneficial for an organization. Further it is concluded that after implementation the company has quality standards and processes and acclaim international position. Such benefits can be driver for the company's future productivity and success (Abdullah and Chan Chin 2010). For the employees the implementation can be challenging in ways it lead to changes of procedures, tasks and workload (Abdullah and Chan Chin 2010). Abdullah and Chan Chin (2010) state that an implementation process also can lead to resistance from employees and therefore awareness training will help all employees to participate in the implementation. One of the big challenges regarding the implementation was reported to be related to the top management's commitment (Abdullah and Chan Chin 2010). Another research of Austrian companies implementing ISO 14001 indicates that the time of implementation is 1 ½ years on average and that most of the companies in the study reported the ISO 14001 as an easy way to transform into practical use (Schylander and Martinuzzi 2007). But on the other the hand requirements were seen as a difficult part to implement. A third study shows that factors such as high cost of certification, lack of available resources and uncertainty about the benefit of implementation were critical in the implementation process (Babakri, Bennett et al. 2003). This study also indicates that the company needs to lay down extra effort on identifying environmental aspects, EMS documents, training, EMS audit and operational control to get a continuous implementation process and to reduce time (Babakri, Bennett et al. 2003).

These three different studies show us several challenges companies have to cope with when implementing ISO 14001 and other standards regarding CSR. In any implementation companies will need to do some changes, both horizontal and vertical in the company's hierarchy. Depending on the type and engagement of CSR activities some companies choose to get help from other organization regarding the implementation process. In cases where the activities are complicated or have to be solved in another part of the world, some organizations are offering help and services helping companies with CSR activities.

# 2.10. Outsourcing

Many books, definitions and theories have been written about outsourcing through the last decades. One definition of outsourcing can be "the decision and subsequent transfer process by which activities that constitute a function, that earlier have been carried out within the company, are instead purchased from an external supplier" (Weele 2012page 120: NEVI 2000). This means that companies buy services from other companies instead of having them in-house.

Allen and Chandrashekar (2000) claim that there is a tendency among companies to outsource functions that are not related to core competencies, especially services. Reason for this outsourcing is related to strategic philosophy. Further Allen and Chandrashekar (2000) state that outsourcing first started with IT functions but has developed to also cover other services allied or in a support relationship with the core business of the company. Training, recruitment, purchasing, HR and R&D are all example of services that are being outsourced (Allen and Chandrashekar 2000).

Anderson and Jap (2005) state that close relationship not always is a good relationship cause to problems related to conflicts, dissatisfaction, vulnerability and growth of opportunism. Further Anderson and Jap (2005) claim that their list of failure is related to relationships where all seems to be good at start. Relating this to outsourcing means that organizations outsourcing for turnkey, building up a relationship with external partners, might in the long run fail in its relationship. That can also happen to companies outsourcing for partial. For some reasons, when doing business, there is always a possibility for the relationship between the parties to fail and it is therefore important to have written detailed contracts.

According to Quinn and Hilmer (1995) core competencies can be described by seven factors such as skill or knowledge sets, flexible, limitation in numbers, a unique source, area of domination, important elements and degree of embedding in the organization. Further Quinn and Hilmer (1995) explain that a company would like to outsource activities in which the company are not able to achieve a unique competitive edge alone. Therefore in which the company want to outsource certain activities, it is important for the managers to consider the potential of achieving competitive advantage, potential vulnerability, control of demand and the transaction costs (Quinn and Hilmer 1995). Further Quinn and Hilmer (1995) argue that as

a start the company might be better off if it starts with outsourcing only a part of the activity, i.e. reporting of IEH standards or approvals of raw materials and after obtaining experience outsource the whole activity.

Many companies today have outsourced certain activities cause to strategic goals, reducing of costs, expertise or to improve effectiveness. In the clothing industry are countries in Asia a popular place regarding production of clothes. According to Weele (2012) there is in general two reasons for which companies outsource activities; cause to capacity or cause to expertise. Companies do also decide to outsource cause to tactical and strategic reasons (Weele 2012). Tactical reasons can be related to control of costs, release of internal resources and ability to get control over certain functions. Strategic reasons can be related to availability of new and better resources, sharing of risks and to increase flexibility. Some companies do not have space or the right expertise within its company and therefore see outsourcing and external supplier as a good solution. The table below shows what type of outsourcing that fits with reasons for outsourcing.

Reason for outsourcing	Expertise	Capacity
Strategic	Turnkey	Turnkey
	Buyer has no experience	
Tactical	Partial	Partial
	Buyer has experience	

Table 1: Turnkey and partial outsourcing

According to (Weele 2012) there are two different types of outsourcing called turnkey outsourcing and partial outsourcing. Turnkey outsourcing is related to activities that are under control of external supplier and no longer a part of the company (Weele 2012). The advantages of turnkey outsourcing or the buyer can according Weele (2012) to be related to less control and responsibility from the outsourcer, no need of experience and less attention to outsourced projects. Further Weele (2012) claims that the disadvantages are connected to buyer's influence and insight into price, staff, materials, employees, quality and costs. Partial

outsourcing occurs when a company chose to outsource only a part of the activity and still have coordination and control over the activities (Weele 2012). The advantages for the buyer regarding partial outsourcing are the influence on staff, price, costs, quality, technology and materials in which can result in cost reduction (Weele 2012). Weele (2012) further states that the disadvantages for the buyer can be the need of necessary knowledge of the outsourced activity, be able to coordinate outsourced activities and have skills for communication with the external supplier to avoid delay or other complications that can occur.

Bluesign® is a company offering comprehensive services regarding CSR. All companies can buy these kinds of services. When a company buy a comprehensive service from another company instead of implementing the service into their organization it is possible to assume and see this action as outsourcing. Buying a comprehensive service from Bluesign® can then be classified as a turnkey outsourcing where Bluesign® has all the control over costs, material, process, quality and experience. A company can with that buy a comprehensive service from Bluesign® and thereafter let Bluesign® take control and responsibility of the wanted service and outcome.

Today many companies are outsourcing some or many of their activities for several reasons. Some companies prefer to outsource the activities while others want to have the activities inhouse. Anyway there are both advantages and disadvantages regarding outsourcing.

According to McIvor (2010) advantages of outsourcing can be related to the company's ability to concentrate on other core activities, achieve cost reductions, get specialists to do important activities, greater flexibility regarding rapid changes in the market and building relationships and network with organizations to build competitive advantage. Disadvantages related to outsourcing can be such as: loss of critical and important in-house skills regarding knowledge and innovation, conflicts that can occur, costs can increase, outsourcing may not be as good as expected, organizational risks and implications cause to reorganizing and can also have negative impact on loyalty and security (McIvor 2010).

Doig, Ritter et al. (2001) discuss whether outsourcing has gone too far. At one side they argue that companies tend to outsource almost everything that might be causes to operational headaches, bottlenecks downstream, cost saving, labor conflicts and management shortages (Doig, Ritter et al. 2001). On the other hand Doig, Ritter et al. (2001) argue that outsourcing done in the right way can be a source of value for the organization. But organizations that are

outsourcing have to consider what kind of trades-off and organizational trauma outsourcing may cause (Doig, Ritter et al. 2001).

In this chapter several theories regarding CSR have been introduced and presented. These are important to have knowledge about because of easier understanding of the situation of CSR and its importance for both companies and societies.

In the next chapter standards and services for implementing CSR in the supply chain will be introduced.

# **Chapter 3:** Standards and services

# 3.1. Bluesign®

From a project in 1997, Bluesign® standard was developed and in 2000 Bluesign® Technologies was established in order to develop an independent standard which could be used by a large number of companies (Bluesign 2013). Today Bluesign® has its headquarters in Switzerland. Bluesign® is a company offering comprehensive services and standards of CSR and one way to achieve a successful and sustainable future in the textile industry worldwide (Bluesign). One of the reasons why Bluesign® is offering this kind of service can be related to the complexity of the implementation of CSR. Therefore Bluesign® has engineers with long experience to help customers solving their problems and challenges in the textile industry (Waeber 2013). According to Bluesign®, their standards can be used as a tool to be added at the disposal of the whole supply chain of the textile production.

Other companies having production processes with aim to maximize productivity resources and at the same time pay attention to environmental protection, safety, health, and quality criteria can get help from Bluesign® to fulfill the production processes in the best way and at the same time be sure that regulations and limits are complied. Bluesign®'s basic idea can be rooted in solving problems at the bottom and to eliminate elements that could be a source of risk regarding human health and the environment. Due to this an independent standard was made and was applicable to the whole production process, at all levels through the supply chain. Bluesign® claims further that this standard is also able to measure economic success for both companies and industry and also contributing to protect consumers and the environment.

According to Christine Waeber in Bluesign®, the customers that have chosen Bluesign® as their cooperation partner, implementation of the standards are done with help from Bluesign®. The help consists of for example training and defining of goals and the help is an ongoing steering on the sustainable path of the customer's company. Further she explains that the customers have access to the sourcing tool called "blueguide" where the they are able to search for factories and other equipment and tools (Waeber 2013).

The standards Bluesign® has developed consists of five principles of sustainability (Bluesign 2011). Bluesign® explains these five principles as resource productivity, consumer safety, air emission, water emission and occupational health and safety. An approach called "input stream management" is used for implementing these five principles in the customers supply chain and productions procedures. By using the "input stream management" and a test, several criteria for system partners and criteria for applied materials are investigated and approved.

In order to implement the Bluesign® standards customers have to go through a three step procedure consisting of screening, implementation and certification.

Bluesign® do also cooperate with another company named SGS, one of the world's most attractive company within inspection, verification, testing, and, certification company. SGS is used when implementing Bluesign® standards in the textile industry (Bluesign 2013).

#### 3.2. IEH

Initiative for etisk handel, IEH, is an Norwegian organization with resources to help other companies to approach to ethical trade and business (IEH). According to IEH's webpage, their purpose is a cooperation among companies that promotes and encourages human rights, working conditions, development and the environment.

Trade and commerce are important parts when it comes to development, as long as trade and commerce are done in a good manner that also pay attention to working and environmental conditions within the whole supply chain. According to IEH, this was the idea when Kirkens Nødhjelp in cooperation with HSH, LO and Coop Norge established IEH in 2000 (IEH).

IEH is a cooperation with both Norwegian and international organizations within ethical trade. The members are Norwegian and mostly medium-sized companies within different industries. Examples can be taken from the textile industry where Bergans, Stormberg and HellyHansen are among the members. IEH helps their members regarding "walk the talk" which means that the member companies get help to do action out of their vision and mission, by binding the company to continuous improvements. As a member of IEH the company has access to different tools and advisory given by IEH. These tools can be used by the member companies in their process of becoming more ethical when meeting challenges. The members

do also have to deliver an annual report of their work and progress in which will be a measurement for future goals (IEH). IEH do also offers their members an own webpage where they get access to information about other tools (guidelines, action plans and set up for reports), network with other companies and seminars. As a member of IEH, companies have to follow IEH's guidelines regarding purchase, supply and production. The guidelines consist of 11 points about production conditions and the conditions outside this area such as environment and society (IEH). IEH has composed a model which their member companies have to follow, but will also in an easier way give an overview and develop a systematic way to go through the process to act more ethical in their business (IEH). The model consist of 5 phases where the companies first start with agree and adopt the ethical guidelines. Next step is to map out their products, production place and also the risks. Thirds step is adjusting of the company's existing procedures and routines regarding the ethical guidelines. At the fourth step the companies have to make a plan and cooperation with their suppliers that should include improvement. Also following up the plan is important here. The last and fifth step is to measure, report and communicate results of what the company has done through the process and the outcomes.

#### 3.3. ISO

In 1947 ISO (International Organization for Standardization) was founded and has throughout the years been able to create and develop more than 19 500 International standards (ISO). According to their webpage ISO is one of the world's largest creators of voluntary International Standards. These International Standards are specifications for how products and service can help developing the industry to be more effective and efficient (ISO). One of the purposes of the standards is to help manage barriers regarding international trade. The food industry, water industry, sustainable development, cars, climate change, energy and renewables and services do all have specific standards developed by ISO (ISO). As an organization ISO consists of 163 country members including Norway, and more than 3300 technical bodies which have the responsibility of developing the standards (ISO). ISO in Norway is named SN (standard Norway) and is a private non-profit organization with aim at developing standards built on the Norwegian market (ISO). According to their webpage SN publishes annually approximately 1200 new Norwegian Standards, based on other standards nationally, European and Internationally. Since the ISO standards are created by those who

need them, experts with international experience and knowledge from all over the world help to develop ISO standards in certain sectors (ISO).

For consumers, the ISO standards guarantee safety, reliable and quality. For companies and business they can be seen as strategic tools since they help the company to minimize waste and increase productivity (ISO). Other benefits of the ISO standards can be related to easier access to new markets and developing of fair trade.

Since some of the standards can be complicated and hard for companies to do alone, ISO is offering both training and technical assistance. For ISO's developing country members they offer technical assistance to help building up national standards bodies, with the same functions as SN. All members are offered training service which can help the members when it comes to developing, adopting and implementation of all their International standards (ISO). According to ISO's webpage the training service has an aim at coursing members in drafting a standard according to different directives and promotion and marketing the ISO International standards. Courses such as these aim at helping the members to develop and distribute the ISO International standards. The training is offered in Geneva or other locations and is free of charge for members.

Since there are many of ISO's International Standards, this thesis will focus on ISO 14000 about environmental management. This standard includes many standards and all are widely and common used regarding CSR worldwide. According to ISO, these standards are focusing on how companies can be able to control and improve their environmental impact. One example is the 14001:2004 standards which can help the company to measure and improve their impact on the environment. The benefits of using this standard can be related to reduction of waste and costs, saving energy and materials and better cooperation with external and internal partners (ISO).

According to DNV, Det norske Veritas, was a new standard ISO 26000 developed and published and this standard has focus on CSR. ISO 26000 guide companies to act and behave according to what society expects (DNV). DNV states that the company has through the five years development period participated actively in cooperation with other experts from many other companies and countries. This standard is different from other standards in which there is no demand or requirement to accomplishment or be possible to certify (DNV). DNV

claims further that ISO 26000 contains an explanation of CSR, why CSR is important, how companies should behave and act regarding CSR, how the management can be able to ensure CSR, give information and refer source for initiatives. Since this standard is newly published not many companies have started to follow it. Another reason can be the challenge and time a company will use on implementation and follow up, so it will take several years before a company is able to follow all the guidelines.

Other standards such as SAI and SA can also be mentioned because they are used by companies worldwide. Standard SA 8000 can be considered as a tool that can help organizations and governments in the process of implementing international labor standards (SAI 2012). SAI claims that so far SA 8000 has been adopted, implemented and used in about 3000 factories in 65 countries within 66 industrial sectors and can therefore be seen as one of the world's leading social compliance training organizations. SA's standards are not very relevant in this study because any of the companies are using these standards.

In this chapter several standards and comprehensive services related to CSR in the supply chain have been presented. There are many standards for companies to choose among, but I have chosen to focus on the standards used by the case studies.

In the next chapter the methodology of this study will be presented and help me how to do and structure the study in a good manner.

# **Chapter 4: Methods**

# 4.1. Research design

When starting on a research, an overview can be helpful in which the research get an overview over the whole research process. According to Saunders, Lewis et al. (2012), (Zikmund, Babin et al. 2013) the research design is a tool for helping answering the research question. Zikmund, Babin et al. (2013) claims that the research process consists of six phases such as defining the research objectives, planning the research design, sampling, data gathering, data processing and analyzing and in the end drawing a conclusion. When preparing for a research, the research design is a plan or overview that identifies in what way needed information can be collected and analyzed by certain methods and procedures (Zikmund, Babin et al. 2013). It can be hard to find the "best" research design, but according to Zikmund, Babin et al. (2013) experience might help higher the ability to select an appropriate research design. At the point when the research starts, the project will be either exploratory, descriptive, explanatory or a combination (Saunders, Lewis et al. 2012). This will depend on the research question and what the research wants to find out and research. Further Saunders, Lewis et al. (2012) explain when the research design is chosen a research strategy is needed and this strategy have to fit with chosen methodology such as quantitative or qualitative. The choice of methodology will be influence by certain factors such as time horizon, ethical concerns and quality (Saunders, Lewis et al. 2012).

Since this study is about exploring how different companies in the clothing industry are acting regarding CSR in the supply chain, an exploratory study might be the best.

#### 4.1.1. Exploratory studies

Exploratory studies are according to (Saunders, Lewis et al. 2012) aimed at asking open questions to respondent assuming to be an expert of the subject. Open questions can generate deeper and more insightful answers which can help the researcher more than an ordinary questionnaire. This method might also be useful to get a better understanding of the problem and to be sure of the nature of it. Saunders, Lewis et al. (2012) claim that there are different ways to have an exploratory research. For instance might interview of experts on the subject, in-depth interviews or doing focus group interviews be all good ways for an exploratory

study. For the best result an unstructured interview with persons where the participants are able to guide the research interview for highest quality and result (Saunders, Lewis et al. 2012). The advantage of this study is according to Saunders, Lewis et al. (2012) the flexibility and adaptability to make changes cause to new data and insights that might occur during interviews. In many cases exploratory studies start with a broad focus but tend to be narrower after achieving and gathering useful information from interviews of experts of the subject.

In this study all in-depth interviews were made with all the three companies. All the three interviews had the same interview guide, starting with the same questions. Each interview developed in different ways, but the same information got collected. The interview objects were people with much knowledge of the company and its relationship to CSR.

Choosing design means to differentiate between three optional like quantitative, qualitative and multiple methods. According to Saunders, Lewis et al. (2012) the research has to choose between mono method (quantitative or qualitative) and multiple methods (multi method or mixed methods). Quantitative research is addressed as a research where the researcher use numeric data while qualitative research is based on words, films, images on (Saunders, Lewis et al. 2012). Further Saunders, Lewis et al. (2012) explain that statistics and graphs and other data analysis procedures are all tools that can help to analysis data from a qualitative collection. In some cases the research design can also be a combination of qualitative and quantitative design because respondents answering a questionnaire have to answer some open questions where it is possible to write more information (Saunders, Lewis et al. 2012). Equally qualitative methods can also contain a quantitative analysis.

This study is a qualitative method with an exploratory design. Therefore the analysis is based upon interviews with companies within the clothing industry having experience with CSR in the supply chain. The three companies are HellyHansen, Viking Footwear and Nextsport. All the three companies were gladly to give an interview. Another reason for the choice of contacting HellyHansen, Viking Footwear and Nextsport is that these are representing the Norwegian clothing industry. Nextsport is not producing outdoor clothing but was chosen because of their production of fitness and training clothing. It was impossible to get an interview the companies I wanted. Having companies producing almost the same type of cloth

is necessary because this study aims at exploring how Norwegian companies in the clothing industry are working regarding with the company's CSR responsibility.

The structure of the study will follow an exploratory design where sequences are observing, collecting information and construction of explanations. In the next section the chosen method for this study will be described and explained theoretical.

## 4.2. Qualitative method: case studies

Qualitative research method can be explained as a research that addresses business objectives through techniques that allow the researcher to provide elaborate interpretations of market phenomena without depending on numerical measurement (Zikmund, Babin et al. 2013 page 133). This can further be explained as a research method that is more research-dependent where the researcher has to filter information from unstructured response such as interviews with respondents (Zikmund, Babin et al. 2013). Further Zikmund, Babin et al. (2013) claims that qualitative research tends to discover deeper meanings and other insights because of less structure in data collection. The researcher tends also to be a part of the research in which he can influence the whole process and influence and may lead to a more subjective research (Zikmund, Babin et al. 2013). By that the researcher also decides and collects specific and wanted sources for needed data and information. For example a researcher might choose to collect data from an expert within the same field and theme as the research is about.

Because of the near relation between exploratory studies and qualitative method Zikmund, Babin et al. (2013) claim that qualitative method tend to be most used in explorative research.

According to Zikmund, Babin et al. (2013) there are four different categories within qualitative method such as phenomenology, ethnography, grounded theory and case studies. Phenomenology is to study people's experience on the idea that the experience is determined by environment and context of other people's way of living (Zikmund, Babin et al. 2013). Therefore the researcher uses long time to understand the environment of the respondents in order to make the respondent comfortable when telling relevant information as a story (Zikmund, Babin et al. 2013). Ethnography can pursuant to Zikmund, Babin et al. (2013) be explained as an observation of a culture where the researcher become active and a part of the culture. This approach will give the researcher a closer view, better understanding and more correctly data can be collected. Grounded theory is about asking questions based on

information given by respondents or from history (Zikmund, Babin et al. 2013). Further Zikmund, Babin et al. (2013) explain that grounded theory do not start with theory but build its theory based on answers given by respondents. At last is case studies a method based on documented information that is based on the history of a given person, company, group or event (Zikmund, Babin et al. 2013).

Cases studies tend to describe and analyze events where companies for example face an important situation or try to implement a new strategy, leader, department or employee. With other case study can be a picture of a management situation (Ghauri and Grønhaug 2010). Further (Ghauri and Grønhaug 2010) claim that the research question and objective influence whether the case study method is suitable or not for the type of research. This means that some objectives are not available for research or that the research problem is not specific enough. Bryman and Bell (2007) explain that case studies are built on a given case in which the researcher has intentions to get in-depth explanation and clarification. Here the researcher aims at relating the case into a theoretical analysis. Cause to documentation and other sources the case study method can in many cases overlap with other qualitative methods (Zikmund, Babin et al. 2013). Further Zikmund, Babin et al. (2013) explains that one of the advantage of case study is than the researcher can get information about the whole organization, details and get an in-depth investigation. Disadvantages of a case study can be related to the theoretical analysis in which how well collected data do support generated theory (Bryman and Bell 2007). According to Bryman and Bell (2007) other issues related to case study can be how well collected data do support theoretical arguments, and how well the researcher is able to draw out theory from the findings.

(Yin 2009) is in his book describing a framework where four types of qualitative methods are described. With this framework we can easily find which method that describes this research report. The framework is shown below.

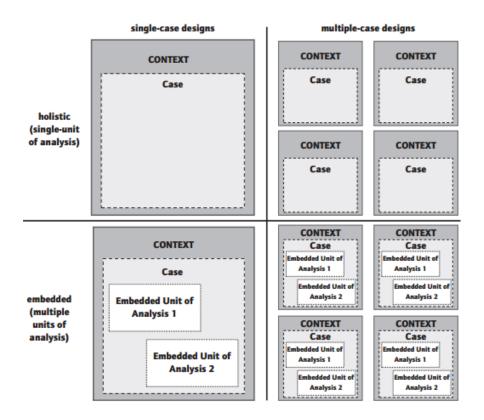


Figure 1: Basic types of designs for case studies (Yin 2009: 46)

From the framework above we can see that Yin (2009) has developed four different types of basic design. Number one is single-case study (holistic), number two is single-case (embedded), number three is multiple-case (holistic) and number four multiple-cases (embedded). This study contains several case studies with single-unit analysis and is with that type number three, multiple-case (holistic). The research report contains three case studies where all will be analyzed on the basis of the company's CSR policies and practices.

In this research report the case studies are HellyHansen, Viking Footwear and Nextsport, all Norwegian companies producing clothes and shoes. It was hard to get in contact with clothing companies and several refused to do an interview about the company's CSR. The choice of HellyHansen was based upon the company's large information about CSR on its webpage. Viking Footwear was chosen out from the member list of IEH. Nextsport was chosen because it had none information about CSR in its webpage. Because of this it was difficult to be well enough prepared before interviewing them.

## 4.3. Data Collection

When collecting data for case studies one can use interviews, reports and other sources for information needed. After research problems and research design have been defined the method of data collection can be determined. There are two types of data, primary data and secondary data. According to Kothari (2004) primary data can be related to new and fresh data, often collected from interviews and research. Secondary data is data that have been collected, analyzed and written before by others (Kothari 2004). The collection of each type of data differs due to its originality. To find relevant data for this report requires primary data collected from different companies and the data can be collected by interviews.

### 4.3.1. Interviews

The decision to use primary direct communication through an interview with respondents may be the best way to collect primary data. According to Ghauri and Grønhaug (2010) are interviews the best way to collect data. There are different approaches to interviews such as depth interviews, conversations and semi-structured interviews (Zikmund, Babin et al. 2013). Further Reis and Judd (2000) point out that interviews in qualitative research designs tend to be unstructured interviews and often the primary source of data. In unstructured interviews findings occur from records of an intensive interview and can be ordered into subjects using a choice of analytic methods (Reis and Judd 2000). Bryman and Bell (2007) state that there are two common used interview types regarding qualitative research, unstructured and semistructured. The authors claim further that in a semi-structured interview the researcher is prepared with a list of questions and topics to be covered, also called interview guide. In this sort of interview the questions do not have to follow the list and the research can exclude questions if they are answered or coved by answers of other questions (Bryman and Bell 2007). Cause to this questions that are not included in the list might also be asked. Ghauri and Grønhaug (2010) explain that by semi-structures interviews the sample size, individuals to be interviewed and interview questions are determined in advance. The questions tend to be open-ended and the respondents can answers as much as they want (Zikmund, Babin et al. 2013). An advantages regarding semi-structured can according to Zikmund, Babin et al. (2013) be the capability to address more specific concerns. Another advantage can be related to the context of discovery and gain a more precise and correct description of the respondent

(Ghauri and Grønhaug 2010). The disadvantage can according to Ghauri and Grønhaug (2010) be related to the interviewer's skills and cautious.

In this research the interviews are semi-structured and open to give a more descriptive answer of the questions. Since most of the questions are open, the interview object is able to tell how much he wants. Open questions can give the researcher more in-depth information and answering other questions as well. This was experienced in all of the interviews in this study.

## 4.3.2. Interview objects

Choosing interview objects is an important and vital part of the research process. According to Ghauri and Grønhaug (2010) we first have to select which target population that is needed for the research. Finding suitable target population is important cause to information that is available. The target population consists for objects such as firms, groups, NGOs and individuals having suitable information and be represented in the study (Ghauri and Grønhaug 2010). Further Ghauri and Grønhaug (2010) explain that the number of cases is determined by the research problem and the research objectives. Sometimes it can be sufficient with one case, other times especially when the research is about comparing, several studies are needed, readily three.

Other practical factors that are relevant and important for the research are time and cots. The time of this research is limited and therefore is good forecasting and planning are important when starting up. The size of the objective firm can also be relevant. Choosing smaller firms might be a quicker way to get answers and giving access to in-depth interview cause to flexibility and faster communication lines through the hierarchy (Ghauri and Grønhaug 2010). Further Ghauri and Grønhaug (2010) explain that when interviewing the firms, the researcher should if possible select an individual that have the right competence, knowledge and information about what the researcher is studying.

Type of industry	Outdoor clothing	Outdoor clothing	Outdoor clothing
Firm	HellyHansen	Viking Footwear	Nextsport
Interview object	Bodil Brännström, CSR & Quality coordinator	Alf Morten Bakken, Director Product Development.	Øystein Olsrud, CEO
Interview type	In-person	In-person	In-person

Table 2: Interviews

As the table above illustrates, in this research the target population will be firms within the Norwegian clothing industry and information from these firms will help me solve the research questions. The interview objectives have relevant positions and knowledge to able to give right information and answering the questions. All the three companies correspond in which they are in the same industry and not large companies. This can be the reason for fast respond on the request for doing an in-depth interview.

## 4.3.3. Data analysis

According to Ghauri and Grønhaug (2010) data can be seen as the carriers of information and therefore be interpreted to become information. When collecting data for qualitative method, the research can in many cases be overwhelmed with information and some information can be irrelevant for the research. Further Ghauri and Grønhaug (2010) explain that the meaning with analysis is to get knowledge and understanding from the collected data. When analyzing researchers often tend to divide up and break down the whole collection of data into smaller parts to be able to reduce, sort, reconstitute and understand data (Ghauri and Grønhaug 2010). The data analysis does not have to be done in one specific way and there are many ways to do it. Ghauri and Grønhaug (2010) represent a method from Miles and Huberman (1994) consisting of components such as data reduction, data display and conclusion drawing /verifying. This model is shown in the model below.

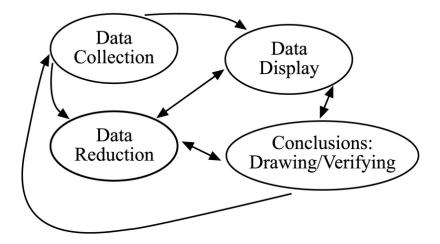


Figure 2: Components of data analysis: interactive model

The figure above, Components of data analysis (Miles & Huberman 1994 in Ghauri and Grønhaug 2010: 199) shows us that when collected the data can go through a reduction step further to data display and thereafter the research can draw a conclusion from both steps. From the conclusion it can also be tracked lines back to the data collection. Within this study the whole process is followed except from the last part where there can be drawn lines from conclusion to the data collection.

## **4.3.4.** Validity

When a researcher is measuring something he wants it to be as valid as possible in that way the measures do capture what they are meant to capture (Ghauri and Grønhaug 2010). We can differentiate between internal and external validity. *Internal validity* is according Yin (2009) only for explanatory or casual studies where the researcher seeks to establish a causal relationship. To avoid this validity there are several tactics the research can do such as; do a pattern matching, explanation building or use of logic models (Yin 2009). Further Yin (2009) explains that external validity aims to describe the area in which the findings of a study can be generalized. This can be done by using theory in single case studies or by using replication logic in multiple-case studies (Yin 2009).

For this qualitative study, Ghauri and Grønhaug (2010) explain there are four different sorts of validity such as; descriptive, interpretative, theoretical and generalizable. According to Ghauri and Grønhaug (2010) is descriptive validity related to the degree of trueness of the actual description. Further Johnson and Christensen (2012: 265) define descriptive research as

"The factual accuracy of an account as reported by the researcher". This means to be oriented if the researcher actually write and report what was said such as description of events, objects, behaviors, people and so on (Johnson and Christensen 2012). Descriptive validity is important because it is the vital objective. To avoid descriptive validity use of several observers or recorders can be used, since several records can cover more than one.

Interpretive validity can be defined as "accurately portraying the meaning given by the participants to what is being studied" (Johnson and Christensen 2012: 265). With other words this means how the researcher have been able to understand and report the interview object's viewpoints, thoughts, feelings and meanings in the research study (Johnson and Christensen 2012). Further Ghauri and Grønhaug (2010) explain the purpose of interpretive validity as how well and correct the interpretation of the data from interview is.

Theoretical validity is defined by (Johnson and Christensen 2012: 267) as "the degree to which a theoretical explanation fits the data". Explained further this is how the theory can help to explain the data and to what degree this holds true.

Generalized validity is defined by (Ghauri and Grønhaug 2010: 211) as "to what extend the findings from a study can be generalized to other settings". If the research is based on small firms within one industry, may it not be right to generalize the results in the way that also can be relevant for larger firms in another industry.

In this study there is a certain degree of selection bias, since two of the companies were chosen regarding their membership in IEH. The motive behind the choice of the membership seems to be similar, but it is difficult to separate if that has a relationship with the motivation behind CSR and implementing of standards. Since there are only three companies within the same industry generalized validity might occur. This means that the results cannot be generalized and used in other settings because of limited number of companies and industries.

#### 4.3.5. Other limitation

When doing a research there are often other limitations that the researcher knows will occur or limitations that occurs meanwhile researching. In this research other limitations can be related to the companies and interviews. Two of the companies in this study were chosen after several refusals from other Norwegian brands in the clothing industry. Several other and

larger Norwegian brands were contacted but denied to give any information or interview. A reason for this can be the company's work behind CSR. Companies that have nothing to hide are probably more open to give information about the company's work with CSR. This can mean that the companies which denied, do not have a good CSR or control of its supply chain, and therefore do not want to share information. The two last companies in this study were chosen late and more randomly. Cause to this each of the company's history, size and also marked is different, in which can lead to limitations regarding basis of comparison.

Number and type of interviews with each company can also be a limitation in which the research did not get all information needed. In this research I had one interview with each company, all in-person interviews. In-person interview can have made it easier for me to get better understanding of answers from the interview objective. Since each of the interviews was semi-structured with open questions, there can be limitations in which the research may have asked questions that can have put words into the mouth of the interview object. When interviewing a company about an important issue as CSR, they can in some cases answer the questions in a way that the researcher understands the company as perfect. Companies tend to stand out as what they do is the best and that they know the right way to handle the situation. This can easily mislead the researcher as they present themselves as doing everything right and are at top of the problems. They may "hide" themselves behind what is actually working well and "forget" to mention and talk about what is not working so well within the field. Some of the interviews may also have become more structured than planned cause to the skill of the researcher. All the interviews were done in Norwegian, recorded and translated into English. In this process some information can have been lost. Since the interview is translated, any direct citations can be used because of inaccuracy.

Another limitation can be related to the number of supplier each company is cooperating with in the whole supply chain. If the companies have relatively few suppliers, such as in this case, it is easier to follow up and to have control over the whole supply chain. The limitation here is that this study is concerned about companies with relatively few suppliers and their motivation. Therefore the results can be wrong to compare with other brands having relatively many suppliers and long supply chains which are difficult to follow. A high number of suppliers and long supply chain can be difficult to follow and have control over.

This study contains of three case studies. The interviews lasted for approximately 35 minutes. This means it is not possible to get a scientific research cause to limit of time, resources and information. With only three companies, there are possibilities for generalization of results cause to limited number of participating companies. Tendencies in the results have to be taken carefully, since the companies are representing different products and different backgrounds.

Yin (2009) explains that reliability can be measured by doing the same research process all over again. If the investigator ends up with the same result and conclusions, the research is reliable. Since the methodology and research process and details described in this research and by using the same questionnaire for the interview, the probability of getting the same results and conclusions is high. Therefore we can say that this research report has high reliability.

In this chapter we looked at the theory of the methods. The theory helped me to choose research design and type of method to use for this research. Data collection, analysis, validity and other limitations were also explained and related to what I have done.

Next section will describe the three case studies that were chosen to use for this study.

### 4.4. Case studies

In this section the three case studies use in the study will be described. First we have an overview showing several key points characterizing each company. Thereafter follow the description of each company; HellyHansen, Viking Footwear and Nextsport. The description of each company will follow a structure such as segment, CSR policies and history.

Company	HellyHansen	Viking Footwear	Nextsport
Revenue	1,6 billion	405 million	Above 80 million
Nr. of employees	520	55	25
Direct tier one suppliers	74	12	15
Size	Large	Medium/small	Small

Table 3: Key points of the companies

## 4.5. HellyHansen

HellyHansen was originally owned by Helly Juell Hansen from Norway. HellyHansen has been owned by several since the Hansen family sold the company. From 2006 until today the Nordic investing company Altor has been the owner of HellyHansen (DN). According to the report from IEH the turnover in 2011 was around 1, 6 billion NOK.

## **4.5.1. Segment**

HellyHansen ASA is in total selling many different types of products such as outdoor clothing, offshore clothing, lifejackets, survival suits, and maritime equipment. Looking at the segment for outdoor clothing, HellyHansen's products appeal to all ages, men and women and children. All are be able to find the right clothing for their activities among HellyHansen's product line (HellyHansen 2013). Consumers buying these products are probably looking for quality and the price it not necessarily the most important.

## 4.5.2. CSR practice

On the international webpage of HellyHansen the company has posted how the company wants to act regarding their partners, they are open about their suppliers, their environmental policy, and they have FAQ about code of conduct (HellyHansen 2013). With that consumers, customers, partners, retailers, suppliers, etc. are able to read about HellyHansen's approach to CSR. The code of conduct states that HellyHansen's core values are "include authenticity, dynamism, honesty, integrity, teamwork and pride" (HellyHansen 2013). At the same time HellyHansen has listed three points of how they want to act and behave as a company in its business relationship. The three points HellyHansen require themselves to act by are: favoring of producers and producing countries regarding social criteria, Boycotting of individual countries cause to concerns of human rights and avoiding corruption and bribery by not accepting other channels that can provide inadequate benefits (HellyHansen 2013). HellyHansen has also posted a list consisting of 10 standard points that their suppliers have to follow like: Compliance with National Laws and regulations, no force bonded or compulsory labor, freedom of association and the right to bargain collectively, no child labor, nondiscrimination, disciplinary practice, wages and benefits, work environment, environmental regulations and animal welfare (HellyHansen 2013). To follow up these standards

HellyHansen expect that their supplier take responsibility and implement these requirements. The company states further that representatives from HellyHansen will show up at the supplier's factory both unnoticed and noticed (HellyHansen 2013).

## **4.5.3. History**

The history of HellyHansen was started by a captain named Helly Juell Hansen which started to produce jackets of oilskin, trousers and other clothing for harsh weather conditions and were useful at sea (HellyHansen 2013). In 1877 Helly Juel Hansen founded Helly J. Hansens Oljeklædefabrik in Moss in Norway (Storenorskeleksikon 2007). Hansen got help from his wife to produce the clothes and after one year with production the couple started to export their products (HellyHansen 2013). According to the company's webpage and heritage HellyHansen is an innovative company and during the 20<sup>th</sup> century the company introduced several breakthroughs regarding product development such as the Helox, Lifa and HellyTech technology. HellyHansen did also develop other types of clothes and according to their webpage the company produced in 1961 the first fleece called Fiberpile in cooperation with partners in Norwegian Fiber Pile Inc. This type of fleece is improved and is still used in today's production. According to HellyHansens's webpage the company introduced in 2004 footwear to their production line. It was products such as shoes and rubber boots which could be used both at sea and in sports. Along with production of clothing for fishermen Helly J. Hansen was also focusing on safety at sea. The first lifebelt was introduced in 1932 (HellyHansen 2012). Hansen protection AS is owned by Helly Hansen ASA and was situated in Norway where the company produces survival suits, especially for offshoring (NorskDesign 2008). The production of the survival suit is moved abroad and the factory in Moss is closed down (NRK 2012). According to Hansen Protection's homepage the first survival suit was produced in 1976 at the same time the oil activity in the North Sea increased. Today Helly Protection is market leader in production of survival suits (NorskDesign 2008).

# 4.6. Viking Footwear

Viking Footwear has been a part of the Norwegian Bertel O. Steen corporation since 2007 (Steen 2011). The company has marketing company in Norway with 19 employees but has also marketing companies in countries such as Sweden, Finland, Denmark and Germany

(Steen 2011). In 2011 was the total turnover more than 40 mill NOK, almost the double compared to 2010 (E24 2013).

## **4.6.1. Segment**

The company's products are footwear for males, woman and children and for all ages. Rubber boots, solid hiking boots, footwear for trails, rescue boots and working boots are some of the products in Viking Footwear assortment (VikingFootwear 2013). With this large assortment Viking Footwear covers almost all market segments.

## 4.6.2. CSR practice

On its webpage, Viking Footwear has information about the social responsibility and has divided the term into three categories; long term partnership, Code of conduct and Standards for sustainable business. In addition Viking Footwear has also listed its values.

#### - Long term relationship

The company takes social responsibility by building long term partnerships with their partners (VikingFootwear 2013). One example can be related to the company's relationships with rubber plants in Malaysia, where the local people took over the plant after a joint venture was established (VikingFootwear 2013). A long term relationship might be the source of sustainable businesses and be beneficial for both parts. It is through a long term relationship good quality, stable work force and well-trained employees is possible to achieve both for the company and employees (VikingFootwear 2013).

#### - Code of conduct

Viking Footwear pay attention to working conditions and environmental standards in its supply chains (VikingFootwear 2013). The company states that one of the reasons behind its code of conduct is to clarify what they expect from their business partners and suppliers. Viking Footwear's code of conduct consists of principles and requirements covering corruption, human rights, worker's rights and working environment (VikingFootwear 2013). The supplier is also responsible for following up and compliance the code of conduct with self-declaration, but have to be prepared for follow-up meetings and inspections (VikingFootwear 2013). Viking Footwear use IEH's Ethical Trade Principles as requirements

to its supply chains conditions. These requirements cover such as respect of national law, child labor, forced labor, working conditions, discrimination, treatment, health, safety, wages, working hours, environment and corruption (VikingFootwear 2013)

#### - Standards for sustainable business

Viking Footwear is member of several organizations working with social responsibility such as IEH, and Det grønne punkt (VikingFootwear 2013). Each of these organizations has guidelines and requirement of annual reports regarding ethical trade and packaging.

#### - Viking Footwear Values

Viking Footwear has developed certain values named PHILOSA which is the core of what the company believes in (VikingFootwear 2013). VikingFootwear (2013) states that these values can be regarded as building blocks and are a source for growing and developing successfully. The values are also guidelines for how the company has to behave both internally and externally and are the company's identity (VikingFootwear 2013). In short PHILOSA stands for Professional, Honest, Innovative, Long-term and One-Step-Ahead.

## **4.6.3. History**

Viking Footwear is a well-known brand in Norway and mostly all children wore Cherrox in kinder garden. Today Viking Footwear is the producer behind footwear brands such as Viking, Cherrox and KangaROOS (Steen 2013). Viking Gummivarefarbrik was established in 1906 by Peter Mathias Røwde and became Askim Gummivarefarbrik in 1920 (Bryhn 2009). This company started as a producer of overshoes, but later also rubber boots, car tire, bicycle tire, rain clothing, plastic-covered textiles and other industrial products (Bryhn 2009). According to VikingFootwear (2013) the factory was reopened after World War II and was in 1951 one of the best businesses in Norway. During the 1960's the company produced rubber boots for sailing which became popular among young people and were used not only for sailing but for all kind of weather and circumstances (TekniskMuseum 2012). These rubber boots are still in sale in certain shoe stores. In the 1970's Askim-Viking started production of the well-known cherrox boots for children (Bryhn 2009). At the same time Askim-Viking established business relationship in Malaysia and started up production of rubber boots in factories consisting of local people (Bryhn 2009). One of the reasons why the company

moved the production abroad was to be closer to raw materials such as rubber trees (VikingFootwear 2013). After the establishment of the joint venture in Malaysia local people took over the plant and did keep up the relationship with Viking (VikingFootwear 2013).

According to the company's homepage it was also the first footwear company using GORE-TEX material for waterproof products (VikingFootwear 2013). In 2006 were over 2,1 million of shoes and boots sold by the company in Norway and Europe (VikingFootwear 2013).

## 4.7. Nextsport

Nextsport is a Norwegian owned company producing outdoor and sport clothing. The company is from Kristiansand and is selling clothes under three brands: Twentyfour, Playmaker and Bølger, where Twentyfour and Playmaker are the most well-known brands of Nextsport (Nextsport 2013). Company has only been on the market since 2006, and is therefore relatively new, young but developing and increasing. Nextsport has ambitions and on the company's homepage they claim that the company is going to be "the best business partner within sport and leisure" (Nextsport 2013). Nextsport (2013) state that the company in 2010 was awarded as the most profitable textile supplier in the sport sector by the magazine called Bladet Sport. Customers buying the company's products are individuals but Nextsport has also orders from large Norwegian companies.

The company's homepage do not give any information about CSR, only about their products.

## **4.7.1. Segment**

Since Nextsport consists of three brands, there are different segments to each brand. The segment of Twentyfour is sport clubs and individuals. Twentyfour consists of quality clothing products for indoor and outdoor activity. The products have according to (Nextsport 2013) good design and characteristics and capacity for all kind of weather. The price level is relatively low related to other brands in the same sector. Twentyfour's collection consist of clothes such as fleece, hoods, sweat pants, outdoor jackets, hiking shoes and clothing for fitness and indoor activities (Twentyfour 2013). Twentyfour is increasing also within sport clubs and according to Imaker (2013) Twentyfour has signed four new contracts with sport clubs such as Norges Roforbund, Norges Gymnastikk- og Turnforbund and Norges

Danseforbund. In total Twentyfour has contracts with 12 sport clubs in Norway and is by that the largest provider of sport clothing to Norwegian sport clubs (Imaker 2013).

The segment Playmaker is mostly sport clubs. Playmaker is a brand focusing mostly on products for sport activities such as football, handball and volleyball (Playmaker 2013). It aims at cooperation with sport clubs and offers products of high quality with good prices (Playmaker 2013).

The segment of Bølger is modern clothes only related to men (Nextsport 2013).

In this chapter the theory of methods has been presented and helped me to structure the study for best possible results. The three case studies have been introduced and described in details. In the next chapter, findings from the interviews will be described. Further we have the analysis where the findings of each company will be compared among the case studies.

# **Chapter 5:** Findings

In this chapter findings from each case study interview will be presented. The structure of this chapter is organized after findings such as motivation, implementation of standards and consequences of using external services.

## 5.1. HellyHansen

#### 5.1.1. Motivation

Brännström was interviewed and answered questions concerning HellyHansen and the company's work of CSR in the supply chain. She explained the characteristics of HellyHansen regarding CSR as their vision and their long work with CSR. HellyHansen aims to do what they are able to do regarding CSR in the supply chain. On the company's webpage there are posted a lot of information about how HellyHansen is working with CSR, Code of conduct and FAQ regarding CSR. The FAQ is made to be more informative of CSR in the way that customers, both individuals and businesses can get more information. Brännström also explains that it is easier to give more specific information through FAQ than only with Code of conduct and supplier list. This is done to give a deeper and greater view of the CSR. FAQ is also a good extension regarding information from reports such as IEH in which is short and with few detailed questions. On the webpage there is also posted a supplier list, which has been there for several years, but has got more attention in the last years cause to increased focus to CSR worldwide. This list does not impact less or more and is also independent of the company's work with CSR. Further Brännström states that CSR is not something the company has used in their marketing yet, but it is at the same time a bit important for the company to show their work with CSR on the company's webpage.

First of all, CSR is an important issue that HellyHansen wants to be good at. Brännström claims further that some of the motivation behind CSR can be tracked to the company's ability to place requirements from the factories. This is considered a bit difficult since HellyHansen do not own any of the factories the company is using for production of their products. Therefore it is important to cooperate with the company and do it all in a good way. HellyHansen is not interested in denying any contracts with its factories, as long as they have a good relationship and are able to work together. Since HellyHansen is motivated to do as

good as they can where it is possible, the company became a member of Bluesign® for being able to do a greater job. Bluesign® helps HellyHansen in areas the company do not has enough knowledge and competence to manage themselves.

#### 5.1.2. Standards

HellyHansen is member of both IEH and Bluesign®. The reason behind the choice of membership in IEH is not known by Brännström. HellyHansen has been a member of IEH since 2003. The reason for membership can be linked to how the organization has built its work on other conventions and also what they offer of services to members. Through the membership HellyHansen can get help and guiding from the organization about their work with CSR. IEH is also a good collaboration partner and a place to create network with other members working with CSR.

The company is as stated earlier also member of Bluesign®. One of the reasons behind choosing Bluesign® is according to Brännström an initiative from the sport section. As member of Bluesign® HellyHansen get help from the organization to choose raw materials which are for instance tested for contents of chemicals. Tests on raw materials will higher the chance of a good end product and it is also easier to find errors and unacceptable contents in the beginning than in the end. Another reason for the choice of Bluesign® can be related to the company's holistic perspective with focus on the whole supply chain.

Further Brännström states that HellyHansen also is a member of European outdoor club where there is collaboration with other NGO initiatives and Green Peace.

While the company has grown there are more employees working with CSR cause to larger amount of suppliers and ability to have more control. Other employees working with the merchandise and other related positions can be a part of the CSR focus. With 520 employees, only a few have a position directly related to tasks regarding CSR and quality of the company's products.

HellyHansen has direct contact with all of their 74 closest tiers which means the company has better control over this than the suppliers in the second and third tier. Bluesign® helps HellyHansen with factories producing raw materials which are to find in third tier. According to Brännström HellyHansen is controlling their supply chain by deciding from which supplier

their factories are buying what they need for fulfilling the production for instance buttons and zippers. HellyHansen is also bargaining the prices between the factories.

Regarding integration of IEH guidelines for CSR, it is a long-term project taking a lot of time. One reason Brännström explains about this is the control. It is almost impossible to always have control in everything, and therefore it takes time to integrate all of the guidelines. A help for this can be a close relationship to IEH, in which HellyHansen has. IEH set requirements to HellyHansen, for instance writing annual reports about required improvements in working processes and environmental conditions in the supply chain. IEH offers courses, guiding, advisory, trips and factory visits, where all the activities offered aim at helping HellyHansen to improve working and environmental conditions from year to year. Barriers for being a member of IEH can be related to the engagement and capacity for being able to work with the guidelines of IEH.

HellyHansen visits their factory 3-4 times a year, and several employees are doing these visits together. It is a rotation of who is going also cause to the motive of the visits. Brännström explains that HellyHansen newly opened a new office in HongKong with two employees from the Norwegian office and two local people. This is done to achieve better contact with factories and partnerships in Asia. Time spent on preparation for each visit depends on the motive and purpose of the visit. During the visits employees in HellyHansen are talking with management and employees at all levels in the factory, also those on the lowest level. With this Brännström states that they get boarder insight in the factory's conditions regarding workers and environment.

Behind CSR there is a lot of work load at many levels. For instance when HellyHansen is looking for a new factory the company always checks out available information on beforehand of contract signing. Also visits are used to check the factory. HellyHansen is also contacted by factories that want to produce for them. When visiting factories for inspections, a crucial point is whether other big brands HellyHansen know have good guidelines for CSR have or have had their production there. Signs in the factory saying large brands have approved before is a good signal for HellyHansen which trust these diplomas. But this doesn't mean that HellyHansen refrain from doing own inspections. This is also the case with factories approved by Bluesign®. HellyHansen do their inspections, and chose factories from Bluesign®'s list. Brännström explains that Bluesign® is a partner who does the work faster,

but a lot is also handed over to HellyHansen. Another important point which Brännström claims is regarding the factories financially status. All the factories are dependent on orders from other brands in order to give their workers work and income. Therefore most of the factories are willing to rearrange in their factories to comply with HellyHansen's requirements. On the other hand it is important for HellyHansen to collaborate with the factory in improving for the requirements. In this way both are better off because HellyHansen wants their factories to fulfill requirements and long-term relationship as well as the factory owners want the same.

When a company has decided to become a member of an organization or starting at integration of different standards, there are barriers. Barriers of becoming a member of Bluesign® can be related to costs, workload and resources. According to Brännström, being a member of Bluesign® means that HellyHansen also have to do a lot of work in addition to what Bluesign® is helping with. HellyHansen cannot be sure that the factory Bluesign® has approved meets the requirements HellyHansen has set. When checking factories something can have been hided or not discovered during the visits. One reason for this can be related to communication problems in languages, different understanding, and agreements and so on. These are also factors regarding problems when implementing both IEH's and Bluesign®'s guideline. Time is also an important factor in which Brännström states that thing takes more time than supposed and therefore the whole process takes longer time. It can be hard for the factories to rearrange their working method for being able to satisfy requirements from HellyHansen. Through Bluesign® HellyHansen also have better control of the guidelines within the factories.

### **5.1.3.** Effect of using external services

When using standards and guidelines developed by external organizations it can help the company to overcome work with CSR in a different way. Through Bluesign® HellyHansen can easier be sure on the quality of raw materials and can use time and focus on other issues in the supply chain.

Brännström explains that HellyHansen see Bluesign® as intern work that is more credible in which should be deeply rooted into HellyHansen. As a member of Bluesign® HellyHansen find it also easier to follow up the factory regarding direct contact and closer relationship.

## **5.2.** Viking Footwear

### 5.2.1. Motivation

At Viking Footwear I had an interview with Alf Morten Bakken, Director of Product Development. According to Bakken there are several factors characterizing Viking Footwear regarding the company's CSR. First factor is the history. Viking Footwear has since establishment had focus on quality. To get wanted quality CSR is a vital and important factor. Since Viking Footwear moved their production abroad in the 1970's, the company's focus on CSR has grown stronger. One of the principles when the company moved abroad was that the Norwegian conditions should be the same as before moving. Use of local people and good conditions made Viking Footwear a good workplace. Related to this, Bakken states that Viking Footwear always has worked with CSR and has always been a part of the motive and purpose behind producing of their products.

The second important factor can be related to how Viking Footwear is planning and forecasting their production. Good planning secure that the factories always have something to produce and overtime for worker can be avoided. Good planning makes it also possibility for the factories to produce ordered quantity on time under requirements set by Viking Footwear.

A third characteristic of Viking Footwear is their communication of CSR and their use in marketing. Viking Footwear does not use their CSR work in sales, because they do not think it is very important and that it can lower the focus on today's CSR.

The motivation behind CSR is rooted in the characteristics of Viking Footwear's CSR. Bakken states that the company is motivated to continue pursuing the CSR that was started when the company was established. Viking Footwear is motivated by its own work with CSR and how they can see improvements. The motivation for CSR is also rooted in the wanted quality of their products. Bakken explains that if the factories have poor conditions both workers and environmental, the higher the chance for a lower product quality.

#### 5.2.2. Standards

One of the reasons for using standards are according to Bakken to get the same standards as was in Norway before moving. The company have knowledge about different organization and NGO working with CSR and has since 2006 been member of IEH. The reason for membership in IEH is the opportunity for help and assistance with the company's work with CSR. Even though Viking Footwear has worked with CSR since establishment, the standards and requirements are today changing and getting more detailed. By being a member of IEH Viking Footwear enables to get in contact with other companies, guides, books and other resources to help the company on the right track. Discussions and sharing of knowledge and experience with other members are also a useful tool and advantage by being a member of IEH. IEH do also require an annual report which can tell the organization of the progress Viking Footwear is doing with its work with CSR.

Bakken explains that the company newly has entered a pilot project with Bluesign® about contents of chemicals in rubber boots and shoes. This is a pilot projects and is new to both parts. Further Bakken explains that Viking Footwear is the first rubber boots producer in the world with a contract with Bluesign®. Bluesign® is a company offering services within CSR on raw material levels and checking the contents for chemicals and other factors affecting the contents and quality of the products. Further Bakken states that it is hard to find expertise on chemicals in rubber and Viking Footwear has therefore entered this project to get more expertise within this sector for both parts. Bluesign® can as well be related to a better control over good raw materials and do it easier for Viking Footwear to choose among producers.

Viking Footwear is also using an own standard regarding checklist and improvements for their factories consisting of 5-6 chapters covering almost everything of CSR within a factory. For instance how several chemicals are stored and signed with both international and local language.

CSR has always been a part of the company's motivation and philosophy, Viking Footwear has not gone through any reorganization regarding compliance of CSR guidelines and code of conduct. Among the 55 employees in Viking Footwear is the responsible for CSR divided among several. This is possible since all of the employees have agreed and is informed about the company's motivation for CSR.

Viking Footwear has 12 suppliers in first tier and has contact, control and good relationship with these. According to Bakken, Viking Footwear tries to have much as possible of the production in one factory. One reason for that is linked to power. The more a brand produces on a factory, the easier it is to be heard and get the factory to improve for requirements.

The relationship with IEH is close and the two parts have a good dialog. Viking Footwear reports to IEH annually and with this comes also follow-up meetings. This is done for IEH in order to be sure that Viking Footwear is improving their work, and for Viking Footwear to get as much help as possible to complete the report. Since the project with Bluesign® is newly started up, it is not fully integrated in the company. When contacting Bluesign® Bakken explains that the only barriers the company meets can be related to Bluesign® expectations about a member looking for more than their certification diploma. Bakken states that this was easy to overcome since the company is willing to work for better CSR within its supply chain.

Viking Footwear visits its factories 3-5 times annually. Depending of the motive and purpose of the visits, Viking Footwear does not lay down a lot of work behind every visit. The company sets up an agenda containing things they want to go through before leaving. The visits are also important when choosing a factory. First impression is always a vital factor and Bakken explains that there is a correlation between disorder and quality of working conditions and the quality of the end product.

Regarding implementation of CSR in factories, all factories have to sign a contract consisting of code of conduct before starting production. The code of conduct is written in both English and Chinese to help and prevent communication barriers and difficulties. Bakken states that one problem can be related to the management in the factories and the communication between the top level and the bottom level. In many cases the top level do not communicate with the bottom level regarding code of conduct.

Since establishment of Viking Footwear the company has always worked with creation of long-term relationships. Long-term relationship enables Viking Footwear to get better control, influence and good relationship with the factories. Viking Footwear has one factory they have worked with in 20 years and have a good dialog. The newest relationship is about 2-3 years old.

Further Bakken explains that there were none specific barriers for becoming a member of IEH. Instead Bakken states that they have meat more resistance about the company's work for CSR and the progress. This is not realistic cause to the fact that Viking Footwear always has worked with CSR and has done the same workload for many years. .

## **5.2.3.** Effect of using external services

Bakken also explains that Viking Footwear is using two external consultants where one has good experience with production of rubber boots. These two consultants are reporting to all the factories on the basis of the report made by Viking Footwear. This use of consultants is good and the consultants are also helping Viking Footwear with building up factories for production of rubber boots. Some factories need help with almost everything because they lack experience, knowledge, language skills and how to run a factory. Viking Footwear thinks this is a good action in which both parts will be better off. Viking Footwear begin a new contract with a factory that they know has the right knowledge and which are fulfilling requirements and the factory gets orders and is able to pay their workers.

The effect Viking Footwear gain by using IEH for guidance regarding CSR is good. The company uses resources they are offered and is open for new ways to do things better regarding CSR.

Bakken explains that their work with CSR and publishing the company's work on it's website has not been given any remarkable increased profit.

The use of external consultants gives also a good effect. Having experts working with the report and check list developed by Viking Footwear is worth the costs. Viking Footwear is satisfied with their collaboration with its consultants and can see a decrease in the interests of using consultants. Bakken claims that Viking Footwear might have used more of consultants, but it is hard to find consultants with experience and knowledge within production of rubber boots. Use of consultants enables the company to focus on other issues and can save time regarding capacity and quality

## 5.3. Nextsport

#### 5.3.1. Motivation

The interview with Nextsport was done with the representative and CEO Øystein Olsrud. Olsrud explains that Nextsport is a young company started in 2006 and has since its establishment grown more and more and has become the fastest growing company within its sector. Since establishment the focus on CSR has been strong and a part of the philosophy of the company.

Regarding signing contracts with new factories Nextsport does always visit and do inspections before the signing takes place. Several times the company has turned factories down due to their working conditions. Visits and inspections are also done after signing of contract to ensure that the factories comply with Nextsport's requirements.

Olsrud explains also that the company does not want media attention around their work with CSR, cause that might take away the company's focus on it. That is also the reason why there is nothing published or posted on the company's webpage. Further Olsrud states that Nextsport wants its work with CSR to be hidden for media and other attention. The company has nothing to hide and is more than happy to answers questions about their work with CSR. Olsrud claims that Nextsport's work with CSR can be both related to Norway and abroad.

Another important characteristic of their work with CSR is that Nextsport wants to work independent and do not want to follow any trends.

Nextsport do not accept or tolerate their factories to use sub-contracting, a point the company is very strict on. That is because sub-contracting is linked to poor working conditions and miss use of labor.

Nextsport is mostly motivated by own motive power and is not affected by external media pressure. The company wants good reputation, but does not want to have attention about it through media. Olsrud explains that the biggest motivation factor of CSR is the ability to help other. This factor has been very important to the company since establishment and is well integrated among all the employees as well. Being able to help people in Norway, international and in countries where productions take place is vital.

Another motivation factor can be related to the wish of having the clear conscience and be doing good actions. Openness and honesty about their factories are also one of the strength of Nextsport's work with CSR.

#### 5.3.2. Standards

According to Olsrud is Nextsport using several standards, among these ISO's standards like 14001 and 9000. These standards are newly started projects and takes time and capacity to fulfill. Nextsport wants to focus on the ISO standards so they can be implemented with high quality and be an advantage for the company. From the beginning Nextsport is also using standards developed by other international organizations such as WRAP, SCS and BSCI. Olsrud explains that SCS's standards can be used in the same way as Bluesign® helps their members with test of raw materials. The common reason behind each choice of standard is the underlying factor of doing the CSR in a right and good way. Olsrud states further that their largest customer also has set requirements and decided which standards Nextsport has to follow. This reason is rooted in the fact that this large customer wants their suppliers to have clean supply chains and be responsible regarding their work of CSR. Choice of standards can also be linked to recommendation from China and other customer's requirements. Olsrud explains that the reason behind the use of several different standards is linked to the ability to get different viewpoints, insights and higher degree of covering the most of CSR.

Nextsport is not a member of IEH because of not wanting to be a part of an organization where they are told how and what to do. Olsrud states that Nextsport knows how the company can do good CSR and has received good response on their work so far. Another reason is also the attention which can be linked to reports and membership of IEH. Nextsport does not want to use this membership as a show-off for their work with CSR.

Olsrud claims also that Nextsport is following the standards of Klif (Klima- og forurensingsdirketoratet) about chemical contents in their products. Last test of their products has very good results.

Nextsport is a small company consisting of 25 employees but the company's turnover is more than 100 million. The company is fast growing and has since last year increased its sale with 70 %. Due to the fact that it is only 25 employees total in the company, the work with CSR is good rooted in all the employees. Therefore the company could focus on CSR without doing

any rearrangements or reorganization for doing a better work regarding CSR. Olsrud states that most of the employees have been there since Nextsport was established. CSR is part of the philosophy of the company and all employees are sharing the same values of being able to help others as long it is possible. The responsibility for the work with CSR is not given to one person. Purchase manager, market manager and CEO are all operative on CSR. The whole office is discussing how the company in the best way possible can make decisions with aim at helping others as well as gaining profit.

Implementation of CSR into the organization and its factories is not a long process. Since Nextsport has a small hierarchy, Olsrud explains that the whole company is discussing how the implementation should be done. This way let all the employees to be engaged in the work and decisions can be taken fast during meetings. Implementation of CSR into the factories is done when signing the contract. Olsrud states that Nextsport does always visit factories before signing contracts. The company wants to see the factory with themselves and do not trust the standard of conditions even if other well-known Norwegian or internationally brands are using the same factories. Olsrud tells that Nextsport has refused to sign contracts where other well-known Norwegian brands are producing their products cause to workers and environmental conditions.

Nextsport has direct contact and good relationship with almost all of their first ties suppliers. Close relationship and good collaboration and a source of having good control over the factories and follow up if they are following set requirements.

Olsrud claims that Nextsport is visiting their factories 4-6 times annually. The motive and purpose of each visit can be different. On beforehand of each visit the degree of preparation is dependent on the motive of the visit. Olsrud explains that the company sometimes is just looking at and considering factories while other times the company is on a follow-up visit of an earlier check. The checking of new factories when considering a new producer does not always take long time. Sometimes the conditions in the factories are so bad that represents from Nextsport have to go outside the factory cause to smell of solvents.

When signing contracts the factories do also sign a code of conduct consisting of different standards Nextsport want the factory to follow. When choosing factories Olsrud explains that the company is looking for factories in which they can start a long-term relationship.

Nextsport helps factories meet their requirements and is doing as much as they can continue using selected factories. Denying factories means that the factories have to find a new brand to produce for and in the meanwhile the employees are without work and income. Therefore Nextsport do also see the importance of holding on factories as long as possible as a good action regarding their work with CSR

As stated earlier Nextsport aims to help people both in Norway and international. In Norway the company assists for instance a center for raped victims with new and clean clothes. Nextsport is also helping organizations organizing auxiliary transmitters of clothes to poor people in other countries, for example in Russia and countries in Africa.

Regarding reports of the company's work with CSR, Nextsport have to report to their largest customer, a large report in which covers most of the same points as the report from IEH. This is the only report Nextsport is doing.

## **5.3.3.** Effect of using external services

The ISO standards are huge projects which takes time and resources to implement in a good way. Cause to this Nextsport is using external resources such as consultants for help and better implementation. Olsrud states that the company is positive regarding use of consultants within the company's work with CSR. Consultants can be an extra resource of capacity in the way the management can focus on other bigger and more complex issues regarding CSR. But it is hard to find consultants with the right knowledge and experience. The company's focus on CSR will be the same cause to the philosophy of the company and the well interpreted focus on CSR.

In this this section findings have been looked at and analyzed for each of the case studies. The analysis will be the base for the comparative analysis of the three companies in next section.

# **Chapter 6:** Comparative analysis of the three companies

The three cases in this study have all stated their characteristics of the company's CSR in the supply chain are closely related to the motivation. Therefore the characteristics are described and analyzed together with the motivation for each company.

## 6.1. Motivation

## 6.1.1. HellyHansen

All the three companies are explaining the company's understandings of CSR and its importance. Through the company's website HellyHansen is best at describing the company's work of CSR, code of conduct and other environmentally policies. In the interview more information about the characteristics are described. Information given is enough to be able to get a great picture of how HellyHansen is working and what organization they want to be.

Through the information obtained via both webpage and interview, HellyHansen wants to do as best as they can and be able to respond to what is expected from the society. The society in Norway is in a certain degree powered by media. Due to this both society and media in Norway expect honesty and openness about the company's work with CSR. HellyHansen responds to these expectations with their webpage full of information about the company's CSR. According to the society's expectations in productions countries, it is limited information about this. But HellyHansen works with their standard and code of conduct in which the company believe they are taking care of the local society by respecting local laws, justice, fairness and responsibilities. The characteristics of HellyHansen's work with CSR can be recognized in the company's motivation for CSR in the supply chain.

HellyHansen's motivation behind CSR in the supply chain is the ability to work with factories and help them to improve its standards and fulfill HellyHansen's requirements of CSR. By this a foundation for a good and long relationship with the factories is established. Sometimes the company has to give up the relationship because of problems with lack of improvement and progress toward the requirements. This is not something HellyHansen wants to happen and Brännström stated that HellyHansen do what they can to keep a relationship with factories. The company knows that the CSR will not be better if they end a contract with a factory that is not able to fulfill requirements after several given chances.

Even though HellyHansen has a lot of information about their CSR practices and policies on its webpage, it does not use it in marketing or commercials. It can be many reasons for this, but it indicates that the company does not have to prove for media and public how the company works regarding CSR.

### 6.1.2. Viking Footwear

Information of Viking Footwear both from webpage and interview tell that the company always has had high focus on CSR in the supply chain and that CSR in the supply chain is a part of the company's philosophy since the first movement of production abroad. Fairness, justice and responsibility of local people have got high attention and local people have been very pleasant with Viking Footwear. Information about sponsoring or support of human welfare without getting promotion is unknown. On the company's webpage information about Viking Footwear's code of conduct, history, values and social responsibility can be seen as a factor in which the company wants to be open and honest about their work. Local laws are respected as well as fairness and justice is maintained for the workers and local people. Information from the interview explains how Viking Footwear always has worked with CSR in the supply chain and how this issue is not new to the company. Viking Footwear seems to be good rooted in what have been done earlier of CSR in the supply chain and they think that is still good regarding today's expectations of CSR in the supply chain. On the other side Viking Footwear wants to improve their work with CSR related to supply chain so the company can have good conscience with the current situation.

For Viking Footwear the motivation behind CSR in the supply chain has existed since the establishment of the company and the wish of producing quality products. As stated earlier it is hard to produce quality products without having good equipment and good working conditions. Good conditions in the factory can in most cases mean quality products. Since this has been part of the philosophy of the company, the motivation of CSR has always been there. The motivation for doing good and well for local people abroad started when the company first moved its production in the 1970's. Viking Footwear aim at doing what they can to be fair for workers in factories they have contracts with. This aim is rooted in the company today and can be found in how the company is operating and behaving when it comes to sale and orders with factories.

Viking Footwear has information about its CSR polices and values, but this is not used in marketing or commercials. The company is confident about the way they work is good and do not have to prove this to media or public. The motivation for good CSR practice in the supply chain can also be a reason for the company's willingness to do production forecasting so they enable the factories to produce the company's orders within time and without surpass CSR policies regarding working conditions and overtime. This is possible since Viking Footwear is producing footwear and has only two seasons per year spring and fall. Clothing companies which have many more seasons, at least winter, spring, summer and fall may find it difficult to forecast production in the same way as Viking Footwear.

### 6.1.3. Nextsport

The webpage of Nextsport do not have any information about the company's work with CSR. Therefore all information written is taken from the interview. Nextsport gave a lot of information about the characteristics of the company's work with CSR. The company wants to work in silence with their CSR, but is open about what they do when somebody asks. Nextsport has attention regarding CSR both in Norway, in production countries and other countries. In Norway the company is helping and supporting human welfare and sponsoring of humanitarian programs, both in Norway and abroad. Clothes from the company have been sent to other countries where people have nothing. This arrangement requires a lot of work, and employees are using their spare time to help humanitarian programs in form of voluntary work. In production countries Nextsport has high standard and requirements when it comes to choice of factory and they do not support factories where the working conditions are poor, even though other Norwegian and internationally large brands are using the factories.

Nextsport has also high focus on its code of conduct and standards that will ensure good working conditions, welfare, justice and social responsibility with focus on avoiding harm.

In some areas it is hard to differentiate between the motivations of the company's CSR and the characteristics presented above. All of the companies stated that the motivation is linked to be able to respond to issues regarding CSR. When that is said, when interviewing companies about their work with CSR, it is reasonable to assume that all companies want to give a best possible impression.

Nextsport was established with the aim of helping other and this is the main motivation behind the company's work with CSR. Through production of clothes it can help and influence in ways that helps as many as possible. The company tries to help people, especially those who are most exposed for unfairness. That can be workers in a factory, people in lack of almost everything, institutions and so on. The motivation is not only linked to people abroad having it difficult, but also parts of the Norwegian society as well. For Nextsport it is important to help where they are able to respond to the needs of people and the local society.

As Olsrud indicated the motivation is not rooted in media attention because the company knows how they work best with the CSR and they are able see that their working method is helping.

## 6.1.4. Comparison

The three companies have some characteristics about their work with CSR in the supply chain, some in common and some different. In common they all want to do their best to improve the company's work with CSR and be able to help and do as good as they are able to do. One different characteristic is that both HellyHansen and Viking Footwear have information about their CSR on the company's webpage, while Nextsport does not.

Comparing the three companies regarding their motivation for CSR, we can see that Nextsport and Viking Footwear are those who explain and express most of their motivation behind CSR and give us a deeper explanation of why the company looks at their work with CSR important. One reason for deeper explanation can be the willingness to tell how the company works in detail combined with knowledge. Both represents from Viking Footwear and Nextsport has been in the company since establishment or long enough to know the inner motivation of the company's work behind CSR. This doesn't mean that HellyHansen do not have good motivation for their work for CSR.

After comparing the characteristics and motivation of each of the case studies it may help us to answer the first research question; what motivates the CSR policies of outdoor clothing companies? The answers can be found both in the characteristics and the motivation of each company's work with CSR. Mainly all the three companies want to do their best and is responsible for their supply chain. The major focus is related to the factories and long-term relationship. With long-term relationships both parts are able to cooperate so the factories can

get help and be able to fulfill requirements from the company. For two of the companies the aim at helping others and be respectful have been there since establishment of the company and is still a strong and important part of how the company works today.

Regarding the motivation, it is also related to the aim at helping other and to have the back free by responding on problems and issues regarding CSR.

To get a clearer view on the answer for the first research question it can be seen in light of the theory as well. We start with the characteristics of each company which have been explained earlier and can be illustrated in the pyramid of CSR by Carroll (1991) below. From the characteristics of Nextsport we can understand that the company is fulfilling the description of having philanthropic responsibilities and can therefore be placed on the top of the pyramid, level four. Further we have Viking Footwear placed at the third layer and categorized as being ethical responsible with focus on not doing any harm within its supply chain. At last we have HellyHansen which can be categorized as being ethical responsible focusing on avoiding harm, and can therefore be placed at the third layer

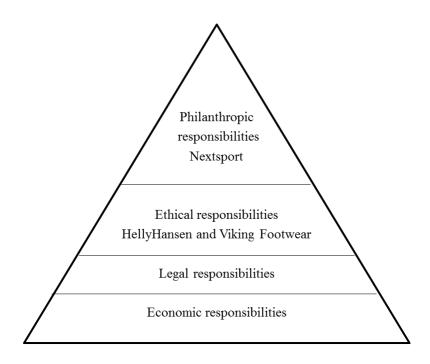


Figure 3: The pyramid of CSR by Carroll (1991: 49)

To clearer understand and see where the companies are different, the pyramid of CSR by Carroll can help us. The information given from the companies makes it able to put Nextsport on the highest level and HellyHansen and Viking Footwear at the second level.

The factor which differs between Nextsport and HellyHansen and Viking Footwear is the information given about work with humanitarian programs both in Norway and abroad. All the companies are focusing on ethical responsibility and all the companies explain how much they work with the company's CSR.

Since the characteristics and motivation is closely related as they are we can assume that each of the levels of the pyramid also represents the company's level of motivation of CSR. The reason for this can be linked to how Carroll (1991) describes each of the levels. Since the fourth and upper level also includes engagement in voluntary work beside ethical responsibilities, the company has to get a step further in its work with CSR to reach the upper level. Therefore it can be reasonable to think that motivation is an important factor here. One reason can be that helping humanitarian programs requires extra engagement and willingness to do some extra from the company's employees and it not always easy to overcome. A good help for this can be an inner motivation and requests from other employees and leaders to do the little extra. All employees have to be motivated and engaged if the company shall be able to reach the upper level. With this we can assume that the fourth and upper level requires a little bit more motivation from the company than the third level. Further it can explain another reason for why Nextsport is alone on the upper level. The reason can be linked to the level of motivation, and with that it seems to be that Nextsport may tend to have a higher level of motivation than both HellyHansen and Viking Footwear. This can only be regarded in spot of the voluntary work. Other factors as number of employees, size and number of direct supplier can also be important factors for the motivation level within a company.

Each company's motivation behind CSR can also be seen in light of the different theories and attitudes written about CSR such as Friedman, Falkenberg, Porter & Kramer and Carroll. The characteristics of each company illustrates that none of HellyHansen, Viking Footwear or Nextsport have the philosophy related to Friedman. All the companies are thinking of how to act good, but at the same time also being a business aiming at gaining profit. Therefore it is reasonable to assume that all the three companies have a blend of CSR theory from Falkenberg, Porter&Kramer and Carroll.

## 6.1.5. Connecting motivation analysis to theory

Regarding the theory of motivation behind CSR and Contreras (2004) the motivation of CSR can be divided into engagement of CSR and expected benefits. The results from the interviews show us that all the three companies can be placed in the group of engagement of CSR. HellyHansen, Viking Footwear and Nextsport are all engaged in CSR, where Nextsport seems to be mostly. Expected benefits can be what the company believe what CSR can do for the company. Benefits can in most cases be related to reputation, but reputation is gained from what someone is doing, so there might be a relationship between engagement and expected benefits. From what was said in the interviews, the companies are not doing their work for CSR to get a good reputation in media, but because they want to be ethical and respect other people. There are none reasons for why workers in other parts of the world not should be treated the same way and in accordance with human rights and local laws as employees in the company's country of origin. The three companies tell also that communication of their work behind CSR with media is not important. A focus on this kind of communication might lower the focus on the work with CSR and lower the importance and motivation. This means that HellyHansen, Viking Footwear and Nextsport do not use communication as a defense for the society as Idowu and Filho (2009) state companies may tend to do.

Further the motivation which drives the company's work with CSR can be either explicit or implicit. Nextsport's motivation is an example of explicit in which their work with CSR also includes participation and engagement in voluntary policies and programs. The largest customer Nextsport is having a contract with is also putting a pressure on the company in which Nextsport have to fulfill the contracts requirements regarding work with CSR. Pressure of CSR can also come from media and other organizations and institutions working with CSR. The media attention in Norway about companies working with CSR is high and some companies take advantage of that by publishing all their work with CSR. But Nextsport's motivation does also agree with the characteristics of implicit motivation. Thus Nextsport, HellyHansen and Viking Footwear have an implicit motivation which according to Matten and Moon (2008) is values, rules and norms that are all necessary and sometimes also mandatory for corporation between factories, local government and society. At the same time implicit motivation is built up by societal consensus for companies to behave in a good way. This is not along with the motivation of both Nextsport and Viking Footwear since these two

companies already from the start had a high focus on it. But if the societal pressure not had been there at all, the motivation for CSR might have been lower. The importance of CSR is also linked to quality and with that the focus on CSR might not have been totally removed.

According to the findings from the doctorate thesis by Maria Gjølberg, Norwegian companies are best at CSR, but at the same time also mostly motivated by reputation and brand building. These findings tend to conflict with the findings from interviews in this thesis where the companies motivation has been there from start and is not communicated through webpages or other types of media. It also conflicts with the statement that companies' motivation is explicit, in which HellyHansen, Nextsport and Viking Footwear seem to have an implicit motivation.

When using the theory to analyze the motivation behind CSR of HellyHansen, Viking Footwear and Nextsport we can see that all the companies have a motivation that is so far not a direct effect of pressure about CSR from media or other organizations. The Norwegian Stortinget wants to implement a requirement to all Norwegian companies to follow the requirements from IEH about reporting of CSR policies and practices. When this requirement is implemented a pressure on companies is occurring, from the Stortinget, IEH and media. For companies with long traditions for good CSR practice this may probably not be a problem. It may be more challenging for companies that are missing an inner and deeper motivation of CSR.

### **6.2.** Standards

When categorizing the motivation behind each company, we are going to look at the choice of standards used in the company's work with CSR. It might be that motivation can be a factor when it comes to choice of standard

All the three companies are working hard with their supply chain and it is not always easy to have control over everything, neither for the company nor the factory. A factor related to this can be the size of the company and the amount of direct tire of suppliers. The larger the company is the higher tendency to lose control and overview over all actions made. A large company might have more people working with CSR but also a large hierarchy where the lines and communication may be slower.

## 6.2.1. HellyHansen

HellyHansen has a few employees working with CSR within the company which are looking at CSR practices and policies in factories and other parts of the supply chain. With 74 direct tier one suppliers, there are many suppliers and factories to control and check upon. This takes time and resources. HellyHansen do also check and follow up factories 3-4 times per year. With a newly opened office in Hong Kong the company can easier check and follow up on factories and tier one suppliers.

HellyHansen is a member of IEH and Bluesign®. The choice of being a member of IEH can be related to the organizations work and what it offers to its members. HellyHansen is a member of IEH and the company is required to report annually on their work with CSR and following the standard developed by IEH. The standards IEH require its members to implement are according to HellyHansen large and take time to implement. The standards are to help HellyHansen to be sure that such as working conditions and human rights are maintained within the supply chain and factories. When signing contracts with factories HellyHansen checks the factories in advance. The contract also consists of the requirement standards from IEH. The report helps both HellyHansen and IEH to find the progress in improvements on i.e. standards in factories. If the progress is low, HellyHansen can get more help from IEH. In some cases the factories do not follow up and improve what they are told to improve, in which might be difficult for HellyHansen to work with.

HellyHansen has also chosen to use standards from Bluesign®. As a member of Bluesign® HellyHansen gets help to check standards of raw materials and their factories. HellyHansen has to do a lot of the work by them, but as a member of Bluesign® the work is less cause to already approved materials and factories. With Bluesign® HellyHansen can trust factory's conditions regarding environmental and labor.

### **6.2.2.** Viking Footwear

In Viking Footwear the responsibility of CSR is divided between several employees who are working with the supply chain through sale, quality and other relevant tasks. Viking Footwear has 12 direct suppliers where the company has direct contact with all of them. The small

amount of direct suppliers makes it easier for the company to have control and overview overall at the same time. Visits and controls are done 3-5 years per year and do not put a lot of effort before every visits.

Viking Footwear has for several years been a member of IEH and has to fulfill the same requirements and standards as HellyHansen and all other members. The company finds the standards from IEH time-consuming, but has an advantage in its long focus on CSR. Viking Footwear did not have to do large changes in current work with CSR for the required standards from IEH. The company has also developed its own checklist which is used when checking its factories and follow-up visits. This check list is also approved by IEH and got positive feedback. Viking Footwear is not member of any other organizations working with CSR at the moment. There is a pilot project with Bluesign® going on, but the project is not started yet.

Viking Footwear is using some handpicked consultants with previously experience from the rubber boot industry for helping with building up, checking and improving factories.

### **6.2.3.** Nextsport

Nextsport is a small company and mostly all decisions are taken in plenary, also those including work with CSR. With this there are only two of three people that are operative on the company's work with CSR policies. Nextsport is working closely with its 15 factories, tier one suppliers, and do visits four to six times per year.

Nextsport follows CSR standards developed by ISO and is member of other international organizations working with CSR. These organizations and standards have been chosen by both Nextsport and its large customers. At the same time Nextsport is not interesting in being a member of IEH, because the company does not need any guidelines for how to do good work with CSR. The project with implementing ISO standards have newly started and it takes long time and lot of resources. The use of external resources is used for better the implementation.

### 6.2.4. Comparison

The information presented above can help us answering research question number two; *How do the companies choose between the alternatives of CSR standards?* We can see that all the

three companies have chosen different regarding use of standards within their work with CSR. HellyHansen and Viking Footwear have both selected IEH and are members of the organization. HellyHansen has been member of Bluesign® for a while, but Viking Footwear is in dialog with this organization. Nextsport has chosen different than HellyHansen and Viking Footwear by implementing standards developed by ISO. The company is also member in other international organizations working with CSR such as WRAP.

HellyHansen uses Bluesign® as an external service which gives help and expertise in approving raw materials and factories. Approving raw materials is hard, time-consuming and needs a lot of resources, knowledge and competences within both chemical and industrial experience. HellyHansen do not have this kind of expertise and knowledge and therefore may find the use of Bluesign® useful. Since Bluesign® approves a lot of factories, HellyHansen can choose from the list of approved factories. It sound very easy, but in the end HellyHansen do also have to do their part of the job. HellyHansen have to follow up the factories and be sure that required improvements have been done. Since Bluesign® is approving many factories it may be that some of the factories do not tend to have the same standard as it had when being approved. A reason for that can be related to upgrading of standards or the fact that the factories do not maintain the same standards as it had when Bluesign® approved it. When becoming a member of Bluesign® HellyHansen use external services to do part of the company's work with CSR.

Viking Footwear use the standards of IEH and find this membership valuable regarding guidelines, networking, information and other resources related to work with CSR. This is also the reason for choosing to become a member of the organization. Viking Footwear has, as stated earlier, also developed its own checklist and standards regarding factories. This standard consisting of six chapters is approved by IEH and is the company's report regarding CSR. In addition Viking Footwear also has to report to IEH. For help with the reports Viking Footwear is using two consultants with long experience within the rubber boots industry and these consultants have the required knowledge and know-how on how conditions in factories should be. The reason for use of consultants is to compensate for lack of internal resources, capacity and time. Viking Footwear is also in dialog with Bluesign® about a project designed for factories producing shoes and rubber boots. This project has never been done before and is therefore a pilot project. With this project both parts can learn and will be better off. Viking

Footwear can end up having factories approved by Bluesign® and Bluesign® can learn more about chemicals and other raw materials in production of shoes and rubber boots.

Regarding Nextsport, this company is using ISO standards and cooperating with other international organizations about the work with CSR. Since the CSR standards developed by ISO are large and comprehensive, the use of external consultants is a good help. One of the reasons for choosing ISO standards can be related to the standard's scope. When having implementing ISO 14009 and ISO 9000, mostly all concerns about CSR is covered, both environmental and conditions in factories. Another reason for the choice of ISO is related to the implementing procedure. Nextsport does not want to be a member of an organization that guides organizations to do what they think is the best way of doing work with CSR. Also the media attention around publishing of an annual report is of no interest of Nextsport. The company knows how they do their work with CSR best and is choosing standards from what suits the company best.

### **6.2.5.** Connecting analysis to theory

When the companies are choosing standards they want to work with, these have to be implemented. The reason for implementing a standard can be related to the motivation behind CSR about the aim at doing good or the increase and to improve the company's and brand's reputation. According to Werther and Chandler (2011) the CEO is the major factor in which a company is implementing the CSR policies and standards. Both Viking Footwear and Nextsport have leaders and CEOs that see and understand the importance of CSR and the values of implementing CSR policies from the company's start. HellyHansen find also CSR important but from information received from the interview and the webpage, there are any indication or explanation of how the company work with CSR since establishment. But since the company started with production of quality clothes, we can assume that CSR might have been there, but not to what degree. According to the results from the interviews none of the companies have implemented CSR standards or policies to better and increase the company's reputation. This can also be proved by each of the company's marketing which do not consist of the company's work with CSR. All products from HellyHansen, Viking Footwear and Nextsport are sold with focus on quality and functionally. Further Werther and Chandler (2011) explain that companies tend to implement CSR within the companies as an department, separated and integrated within other departments, or as external resource.

Neither HellyHansen, Viking Footwear nor Nextsport have an own department only working with CSR. As stated earlier all the companies have some people working with CSR and are operative on the work. CSR are also implemented into some positions with responsibility of CSR regarding such as sale, buying and ordering of products. A reason for this can be related to the size of the company. Small companies tend to not have enough resources or the competences to have an own department working with CSR. Having an own department for CSR also have disadvantages due to communication of the company's CSR in the supply chain work of the company. When CSR is spread out in different positions the work with CSR may be spread easier and faster within the organization. This can also be related to the motivation among the whole company and all the employees. It may be easier to engage in something you hear more about, than something that can be more locked to one department and can be described on the company's webpage. According to Werther and Chandler (2011) time perspective of implementation of CSR is important. All the companies in this research have a long lasting perspective and CSR is not something the companies will focus less on in the future. With more requirements from the Norwegian Government and pressure from media, the focus on CSR in the future will be stronger and more important than it is today. Implementation of standards can also be taken to factory level. When implementing standards from IEH or ISO a long-term perspective is also necessary due to the time it takes to implement the certain standards. When using long time the company enable itself to spend time on each standards so all are implemented with considerations, quality and carefully. Some of the standards tend to be comprehensive and the company may need help from external sources to implement and fulfill the given standard. For instance Nextsport uses help from external sources when implementing ISO standards. The project with implementing the ISO standards is too new to compare to the statements of Babakri, Bennett et al. (2003). HellyHansen get help from Bluesign® to fulfill requirements to become a member, in which is a standard regarding CSR. Viking Footwear uses help from external consultants to implement standards from IEH.

### **6.3.** Use of external services

When choosing standards, the standards need to be implemented, used and followed up by the company. As the analysis above indicates, there is a lack of competences, resources and knowledge regarding the standards and how to fulfill the certain requirements the standards

are built upon. HellyHansen, Viking Footwear and Nextsport do all use external services to get the right expertise and good implementation of standards. The use of standards and its implementation process can be linked to the use of external services. Further the theory of use of external services can be linked to outsourcing. We can assume that CSR in the supply chain are very important activities, and can therefore be related to some of the company's core competencies.

Looking at HellyHansen this company became a member of Bluesign® which is offering comprehensive services regarding standards within the textile industry. Quality and raw material contents are two of several important issues Bluesign® can help its members with. Bluesign® has the essential knowledge and competences to approve raw materials and factories built on its standards and requirements. Since HellyHansen is in lack of and need of these competences and expertise this is one of the reasons why the company wants to collaborate with Bluesign®. Further this use of external services can be related and linked to the theory of outsourcing. The definition of outsourcing can be explained as companies buying services instead of having them in-house. As a member of Bluesign® HellyHansen buy certain actions and procedures explained as comprehensive services from an external organization instead of having it done in-house. This do also illustrate the fact by Allen and Chandrashekar (2000) that companies tend to outsource actions and functions that are not related to core competencies. Another reason related to HellyHansen's choice of using Bluesign® is according to Quinn and Hilmer (1995) the ability to achieve a competitive advantage alone. CSR might in the future become a competitive advantage, but so far HellyHansen has not seen any relations between their CSR and amount of sale. But the advantage can be that the company is more prepared for requirements the Norwegian Government wants to establish. When that time comes HellyHansen might already have done some of the requirements and can therefore focus more on other issues. Further Quinn and Hilmer (1995) argue that companies tend to only start to outsource some activities and after gaining experience outsource more. This means that HellyHansen's use of Bluesign® might only be that start of using external services to help solving issues regarding CSR in the supply chain. So far Bluesign® is only just on activities related to disclose factories in tier two or three. If this relationship is experienced as good HellyHansen might chose to outsource more if it is possible regarding available services containing the right and need of expertise and knowledge. HellyHansen's use of Bluesign® supports also the statement made by Weele

(2012) that companies outsource due to lack of capacity or lack of relevant and necessary expertise. HellyHansen is in lack of relevant expertise and find therefore Bluesign® as a good business partner. Due to capacity, the activities Bluesign® is doing for HellyHansen are time-consuming and hard. Checking raw materials and factories takes quite an amount of time and require a lot of resources from the company. Since HellyHansen uses Bluesign® to do these activities, the company can focus on other requirements from Bluesign® or other important activities related to CSR in the supply chain. Weele (2012) argues further that behind the reason for the decision of outsourcing there is a tactical or strategic combined with either expertise or capacity. Cause to control of costs, release of internal resources and ability to get control over certain activities we can assume that HellyHansen is linked to the tactical reason of outsourcing by using Bluesign®. Since HellyHansen is in lack of experience with the activities, this is what they need. Because of this their type of outsourcing can be categorized as turnkey. In the figure below we can see that HellyHansen is categorized in the upper left rubric with a strategic turnkey outsourcing.

Expertise	Capacity
Turnkey	
Buyer has no experience	Turnkey
HellyHansen	
Viking Footwear /	
Nextsport	
Partial	Partial
Buyer has experience	
	Turnkey  Buyer has no experience  HellyHansen  Viking Footwear / Nextsport  Partial

Table 4: Types of outsourcing

From the figure we can also find Viking Footwear placed under tactical, expertise and where the buyer has experience. Further we have the explanation of why Viking Footwear has been placed there. Viking Footwear is using two external consultants to help the company fulfill reports and upgrade factories. Some of the factories Viking Footwear is using are in lack of expertise and knowledge regarding how to deal with chemicals and other raw materials used in production of rubber boots and other footwear. The work the consultant is doing can be related to the core activities within Viking Footwear's work with CSR. The company is not able to do these activities alone due to lack of competences and capacity. Therefore Viking Footwear might be dependent on external resources to gain competitive advantage in CSR. From before the company has done a lot within CSR and may already have a good basis for developing a competitive advantage. The two consultants Viking Footwear is using have long experience with production of rubber boots which is vital when it comes to building up knowledge into factories. This use of external resources is only a start on future use of external sources. Viking Footwear is in dialog with Bluesign® which means that more activities might be outsourced in the future. This information can be related to what Weele (2012) claims about the reasons behind outsourcing. Viking Footwear has stated that their choice of outsourcing is related to both expertise and capacity, which means that the company could be located in the middle between expertise and capacity. But since it is hard to find the right expertise among consultants and internal resources and Viking Footwear is in need of this expertise, the company will be placed under expertise, close to capacity. At first sight it seems that Viking Footwear has a strategic reason behind the use of consultants. That is because of the need to and availability of better resources and also to get a higher degree of flexibility. Further the company also wants to have better control over the situation, factories and reporting, in which belongs to the tactical reason behind outsourcing. By use of consultants Viking Footwear is able to release some internal resources that can be used for other important tasks. With this the company's reason can be related to tactical outsourcing. But it will be placed a bit against strategically since it also fulfills some reasons there as well. The consultants working with the reporting of factories and other important tasks have good communication and dialog with Viking Footwear. Viking Footwear has not taken the reporting work out of the company since they follow it up themselves. This means that Viking Footwear chose to outsource only a part of the activity and still have coordination and control According to Weele (2012) this basis of outsourcing is named partial outsourcing. Partial outsourcing means also that the buyer, Viking Footwear, have some experience and knowledge about the activities outsourced, but is in need of better expertise and resources.

Regarding Nextsport there is not given very detailed information about the company's use of external resources and therefore some assumptions will be taken when categorizing and placing the company in the figure above. Information from the interview tells us that Nextsport is using consultants when it comes to implementation of ISO standards. One reason for that is the scope and size of the standards which might be hard for a company to handle alone. CSR can be related to one of the core competencies of the company and Nextsport is buying services related to this. This illustrates the theory mentioned by Allen and Chandrashekar (2000) may not be lasting in this setting. According to Quinn and Hilmer (1995) companies tend to outsource activities where it is not able to achieve advantage alone. Nextsport is using external consultants for help with implementing the ISO standards. Relating this to the theory of Quinn and Hilmer we can assume that Nextsport is outsourcing to get a competitive advantage regarding a good implementation of the ISO standards. This competitive advantage can be related to the customer's requirements of CSR standards. If Nextsport wants to continue the contract is has to fulfill the requirements. Without CSR standards other companies might be chosen instead of Nextsport. Then the company is worse off and has to build up its competitive advantage again. Using consultants may be the beginning of future increased use of consultants when it comes to help with activities related to CSR. The reason why Nextsport decided to use external consultants can be related to either capacity or expertise. We can assume that Nextsport as a small company do not have enough capacity when it comes to implementing of comprehensive standards, and therefore is using the opportunity to buy external capacity. Further this can be the basis for choice of tactical or strategic reason of outsourcing. Since Nextsport want to get more control over the implementation of the standards, the company's outsourcing can be categorized as tactical. At the same time it also does it cause to the availability of better resources and increased flexibility which means that Nextsport also can focus on other important tasks related to CSR. Regarding the turnkey or partial outsourcing we can assume that Nextsport is communicating and in dialog with the consultants working with the implementations of the ISO standards. Cause to this we understand that Nextsport's outsourcing is partial and that Nextsport have the coordination and control over the implementation procedure.

All the companies have mostly the same reasons for choosing use of external resources and it is hard to differentiate between them. In the figure above we can see that Nextsport is placed at the same sport as Viking Footwear. Reasons for that can be related to the fact that both

companies have a certain degree of control on the outsourced activity. Another reason can be that the companies are in lack of both capacity and expertise.

The most discernible difference can be found where it comes to partial and turnkey outsourcing. HellyHansen's use of Bluesign® is the vital factor that separates the three companies in the figure. This can be related to the loose of control of the activity outsourced.

#### Disadvantage related to outsourcing

When outsourcing certain activities there are some related disadvantages. This means that when HellyHansen, Viking Footwear or Nextsport are using external services, the outcome and consequences might be different than expected. The first disadvantage can be related to the statement by Anderson and Jap (2005) where he explains that relationships related to outsourcing might end in the long run. Since this is related to turnkey outsourcing, HellyHansen is most exposed for this disadvantage. A relationship with Bluesign® may be ended in the long run, even though the relationship started where all seemed to be good and perfect. Another disadvantage related to Weele (2012)'s theory stating that in turnkey outsourcing there is lack of influence HellyHansen may have when it comes to Bluesign®'s price, staff, materials, quality and costs. The cost and quality can be a disadvantage for Nextsport and Viking Footwear as well. When using external consultants, there is always a chance for lack of control, but that is also part of the reason for outsourcing. McIvor (2010) states that another disadvantage of outsourcing is lack of in-house skills will decrease, in which is right. When outsourcing, especially turnkey, the company does not higher the skills and competences within the company, such as HellyHansen. Viking Footwear and Nextsport which both have a partial outsourcing will by that be able to increase in-house skills and knowledge when collaborating with the consultants. Another disadvantage that is not mentioned in any theory is the total focus and if outsourcing one part it will decrease the focus on the whole activity. From the interviews with all the companies, it is stated that use of external resources will actually higher the focus on CSR, because then the company can do other important activities where they have enough resources, expertise and knowledge.

### 6.3.1. Advantages related to outsourcing

Companies that are outsourcing certain activities have done it for certain reasons. These reasons can in most cases be related to the advantage of outsourcing. The advantage of

turnkey outsources for HellyHansen is according to Weele (2012) the ability to have less control and no need for experience when testing raw materials for production of products. In the case of HellyHansen this is done by Bluesign®. HellyHansen can then also be sure that the raw materials are tested in a proper way and that factories are fulfilling requirements related to conditions in the supply chain. In partial outsourcing Viking Footwear and Nextsport have advantages in influencing the external resources regarding price, costs, quality and materials. Since the companies are collaborating with the consultants they have more control and ability to check upon how things are being done related to both quality and materials. When implementing standards it is important for both parts that the company is active in the procedure to get the best implementation. As stated earlier and according to McIvor (2010) other advantages can be related to the ability of concentrating on other activities, networking and release of in-house resources.

### **6.3.2.** Consequences of using external services

HellyHansen, Viking Footwear and Nextsport have expressed a degree of satisfaction related to the use of external resources. All the three companies think there are mostly advantages by use of external resources cause to for instance release of in-house resources. The companies are all agree that the focus on CSR will not decrease, in fact they claim it will increase and be expanded. HellyHansen, Viking Footwear and Nextsport are interesting in using more external resources when it comes to activities within in CSR. Viking Footwear and Nextsport state that until now there is hard to find external resources with the right competences needed for their activities. Further these two companies state that regarding the good implemented focus on CSR use of consultants or external resources will not decrease the focus on the companies work within CSR.

HellyHansen is able to have more control over factories producing raw materials with help from Bluesign®. Use of expertise to this kind of activity helps the company to be sure that the end product fulfill requirements and have been produced in a proper way. HellyHansen claims that the focus on CSR will not decrease, on the contrary it will increase cause to release of in-house resources and the ability to have more focus on other important activities within CSR.

Viking Footwear is using consultants as external resources and finds this close collaboration helpful. The consultants are highly skilled and experienced within activities they are helping Viking Footwear to complete. Like HellyHansen and Nextsport, Viking Footwear thinks that the focus on CSR in the supply chain will decrease by using consultants and external resources.

Looking at the analysis of the companies in light of theory of outsourcing and the effect of using external resources we have a foundation to answer the last research question; *What are the consequences of outsourcing activities related to CSR in the supply chain?*. The theory explains that companies tend to outsource activities they are in lack of resources or expertise. Out from this it means that companies are able to outsource activities. HellyHansen, Viking Footwear and Nextsport which have been investigated in this study explain that they are using external resources and are buying services from other organizations cause to lack of resources and expertise. It is possible to outsource some activities where companies are able to find required knowledge and expertise. Bluesign® is an example of a service company which HellyHansen, Viking Footwear and Nextsport can buy external services.

In this study the consequences of outsourcing can be related to how the company is able to maintain the inner motivation of CSR in the supply chain. All the companies have stated that use of external resources will help the company to focus on other important issues and activities of CSR in the supply chain because of releasing of internal resources. Since the inner motivation is driven by doing good, outsourcing can be linked to the motivation of using tools for improve CSR in the supply chain. As mentioned earlier outsourcing is a source of expertise and highly skilled people working for helping the company in best possible way. With outsourcing come also disadvantages and advantages which are described earlier. Other consequences can also be related to the disadvantages and advantages mentioned earlier.

In this section the comparative analysis of the three companies have been done. The research questions have been answered and thereafter connected to relevant theory. The answers from this section will help us to make a conclusion and discuss implications in the next chapter.

### **Chapter 7: Conclusion and implications**

The purpose of this paper was to investigate the motivation of CSR in the clothing industry, how companies choose among several CSR standards and consequences of use of external services regarding CSR in the supply chain. These three elements have also been the fundament in the analysis and comparing. I also explored how motivation can be an influencing factor regarding choice of standards and external use of services.

### 7.1. Motivation

The companies in this study tend to have strong characteristics of their work with CSR. Added to the theory the characteristics can be compared and placed into a pyramid where the companies were identified as having philanthropic responsibility and ethical responsibility. Nextsport was identified as philanthropic responsible, while Viking Footwear and Nextsport as ethical responsible. The most significant difference in the participation is humanitarian work.

Motivation can be linked to the level in which the company is placed in the pyramid. The motivation was found to be an inner drive which was a part of the establishment of the company. Factors influencing the motivation can be the company's size and number of employees. In this case, the company's history and segment are not vital factors.

### 7.2. Standards

There are different standards companies can choose among such as standards developed by IEH, Bluesign® and ISO. In this study two of three companies have chosen IEH and are satisfied with those standards and the cooperation with the organization. Also Bluesign® and ISO are used by one company. Implementation of standards is seen as a long-term and comprehensive project. Because of this, the use of external services can be regarded as necessary due to the standards' comprehensiveness.

### 7.3. Consequences of use of external services

All the companies in this study are using external services in form of consultants and organizations. The use of external services can be seen as outsourcing of certain activities

within the company's CSR in the supply chain. The consequences of outsourcing can be related to motivation, costs, disadvantages, and advantages.

## 7.4. Conclusion

The reasoning above helps us to conclude that the three Norwegian companies in the outdoor clothing niche are motivated by an inner drive to do their best regarding CSR in the supply chain. The motivation is the underlying factor of how each of the firms has chosen to implement CSR standards. Since some standards tend to be comprehensive and difficult for the company alone to implement, the use of external services is vital. The use of these external services can be seen as the same as outsourcing. Then the consequences of outsourcing can be related to how the outsourcing affects the motivation of the company's focus on CSR. This study shows us that the focus on CSR will increase. It can also be easy to think of outsourcing as exclusion of liability or listless of doing the work of CSR in the supply chains self. But when relating outsourcing to motivation, this study shows us that is not necessary right. By outsourcing certain activities, the company is taking care of CSR in the supply chain because the activities are given to companies with better knowledge and expertise.

In this study I found out that the companies chose different standards according to their motivation and recommendations from other partners. The reasons for one of the companies choice was related to their motivation and their meaning on how the CSR in the supply chain should be done. The two other companies chose the standard according to support and help offered from the organization behind the standard.

The implementation of standards is related to outsourcing of certain activities of CSR in the supply chain. A reason can be related to the motivation and implementing of standards related to CSR in the supply chain. Among the three companies in this study, the motivation for doing good CSR in the supply chain is a vital factor when it comes to the choice and use of CSR standards. In this study the company with philanthropic responsibility was choosing standard according to what their largest customer wanted. The standards chosen were also other standards related to the companies doing ethical responsibilities. This study is not having large enough amount of case studies to be able to generalize any of the results. But it might be that other companies categorized as being philanthropic responsible also would have decided standards according to recommends from customers.

The companies categorized as ethical responsible were choosing standards after what they felt suited their work and company best. One of these two companies had also developed its own standard and checking list which was in use before implementing one of the major standards. This result cannot be generalized, but a study with many more companies it might be a tendency in choosing commonly memberships and standards as IEH.

Another reason for outsourcing can be related to better control and expertise. All the three companies have chosen to use external services for implementing and being able to fulfill the standards' requirements. Better control and lack of internal expertise are the same reasons among the three companies for using external resources. The external resources have the expertise and knowledge needed to help the company with improving CSR in the supply chain. This can mean that even though a company being responsible for 15 factories, the use of external resources is major when it comes to implement different standards of CSR. Also the number of employees is a factor influencing this statement.

When outsourcing activities related to CSR in the supply chain, results from the analysis show us that the inner motivation behind CSR will help the company to keep up the same degree of motivation and be better at CSR. The companies will be better at CSR all over because of releasing of internal resources. Employees with knowledge about CSR in the supply chain can therefore focus on other vital activities of CSR both in overall and in the supply chain. One reason is related to the inner motivation of the company to work with CSR. The motivation of the three companies is so good implemented so its existence will disappear. One reason can be related to the opportunity of focus on other issues cause to releasing of resources which were used on the outsourced activities.

With outsourcing of activities, there follow also costs, disadvantages and advantages. The cost of spending money on external services, the company could have done in-house. For the companies in this study, they were not able to do the activities self because of lack of expertise and knowledge. With that the cost of using external expertise might be lower than training own employees to do the activities in the same way and with the same quality. When outsourcing and buying external services the company lose the opportunity to train their own employees and the lack of right expertise and knowledge will continue. But when certain activities are done by external services the company is able to release resources and focus on other important issues also related to CSR in the supply chain. More issues and activities are

then able to be solved. In this case the inner motivation will keep the company focusing on CSR and maybe find new ways and activities for better the CSR in the supply chain.

### 7.5. Directions of future research

In this paper I found that the use of external services is used among at least three Norwegian companies. The use of external services is according to the case companies not affecting the motivation of acting responsible and doing good things in a negative way. Therefore it would be interesting to go further and explore how other and larger companies in the clothing industry are able to hold the same motivation level by the use of external resources. It would be interesting to look at how external organizations are customizing services regarding CSR, for instance consulting firms like PricewaterhouseCoopers, KPMG, Deloitte and Ernst&Young. This due to the fact that all the companies stated that it was hard to find highly skilled and experienced consultants with good expertise for checking or doing core activities within the company's work with CSR. With this is it also possible to do a market research of the market for external CSR services. Depending on the type of research, it can give results about how the market is and if there are many companies offering these kinds of services worldwide. Such a research might be necessary for companies to do in the future, if more requirements to the CSR in the supply chain become mandatory. Some companies will not be able to fulfill these requirements alone and are therefore in need of external services, like the companies in this study.

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### **Chapter 9: Appendices**

### 9.1. Appendix 1: The interview guide

### **Interview guide**

#### Del 1: Forberedelse prosessen:

- 1. Kan du fortelle kort hva som kjennetegner bedriften i forbindelse med CSR i dag?
- 2. Hvorfor ville bedriften ta i bruke ulike standarder for samfunnsansvar?
- 3. Hvor viktige er det for bedriften å vise på sine hjemmesider om deres engasjement og retningslinjer for samfunnsansvar?
- 4. Hva blir bedriften motivert av? Ekstern press? Omdømme? Egen drivkraft? Ble
- 5. På hvilken måte måtte bedriften forbered og omstille seg på ved bestemmelse om overholdelse av samfunnsansvar retningslinjer? (Flere ansatte? Ny avdeling? Etc)
- 6. Hvordan fremgikk bedriften da de skulle velge hvilke standarder de ville benytte seg av?

### Del 2: Implementering av retningslinjer

- 7. Vet bedriften om flere norske og utenlandske bedrifter som tilbyr services og tjenester innenfor CSR?
- 8. Har bedriften noen fast prosess bedriften går gjennom ved implementering av CSR?
- 9. Har bedriften lik prosess ved alle kontorer i alle land?
- 10. Hvorfor valgte bedriften å bli medlem av IEH?
- 11. Hvor lang tid brukte bedriften på å intrigere IEH retningslinjer?
- 12. Er bedriften medlem av organisasjoner som IEH i alle land de har kontorer?
- 13. Hvor nær samarbeid har bedriften med IEH?
- 14. Har bedriften en egen avdeling som jobber med CSR intrigert i bedriften?

- 15. Hvorfor valgte bedriften å bli medlem av Bluesign?
- 16. Hvordan ser bedriften på Bluesign som et godt valg med tanke på CSR?
- 17. Var det noen barrierer for å bli medlem av Bluesign?
- 18. Hvor lang tid tok det å implementere eventuelle kriterier fra Bluesign?
- 19. Har bedriften det samme forholdet til CSR ved bruk av tjenester utført av Bluesign?
- 20. Hvordan kan bedriften får hjelp av Bluesign til å bedre sitt engasjement for CSR?
- 21. Har bedriften kontroll på retningslinjene i fabrikkene gjennom Bluesign?
- 22. Føler bedriften at de ikke trenger å bekymre seg for CSR i fabrikker så lenge de samarbeider med Bluesign?
- 23. Hvor stor andel av leverandørkjeden har Bluesign fått ansvar for å teste/rapportere på?
- 24. Hvor lang tid bruker bedriften på forberedelse av besøk av produsenter?
- 25. Hvordan er fremtiden med tanke på bruk av eksterne services med hjelp til samfunnsansvar? -> Nye ISO standarden
- Del 3: Effekt av hjelp med retningslinjer for samfunnsansvar
  - 26. Hvordan kan fokus på samfunnsansvar gi bedriften gevinster?
  - 27. Har fokus på CSR gitt bedriften noen konkurransefortrinn?
  - 28. Hvilke problemer har bedriften møtt ved implementering av Bluesign/ IEH etiske retningslinjer?
  - 29. Føler bedriften det er enklere å kjøpe comprehensive service av Bluesign enn å gjøre det samme arbeidet selv?
  - 30. Ser dere et økt kundesegment med fokus på CSR etter medlemskap med IEH og Bluesign?
  - 31. Ser dere en sammenheng mellom CSR og kundelojalitet?
  - 32. Når ble bedriften fabrikker introdusert for selskapets etiske retningslinjer?

# 9.2. Appendix 2: Table for analysis

	Nextsport	Viking Footwear	HellyHansen
Characteristics	CSR has been within	CSR has been within in	CSR has for a long time
of CSR in the	in the company since	the company since start	been part of the
company today	start up.	up.	company and an
	Often visiting the	Visiting the company's	important focus area.
	company's factory.	factories.	Not used in marketing.
	Strong motivation for	Long experience with	Visiting the company's
	the Company	producing abroad.	factories.
		Strong motivation for	Use of FAQ list on their
		the company.	webpage because it is
		Production planning	an easier way to
		Troduction planning	communicate their
			work with CSR.
Motivation	Want to help cause to	CSR is an important	Have requirements
behind CSR	the company's ability	factor when producing	because the company
	to help.	and for employees.	then is able to decide
	CSR is the philosophy	Good conditions can be	and be heard.
	of the company	reflected in the	
		products.	
Reason for use	Nothing to hide	Nothing to hide	Controls, resources,
of standards	Personally interests	The company's	requirements of social
	1 croomany interests	interests since	conditions on factories.
	Honesty	establishment.	Initiative from the sport
		Have the same standard	sector.

		abroad as was in  Norway. CSR tend to be a vital factor regarding quality of the products.	Want to be good at CSR.
Need for reorganizing when implementing CSR	No	No	No
Important for the company to communicate CSR on their webpage?	Any information online. It is important to not have focus on communication of the company's CSR out to the customer.	No, the company has just published their code of conduct and their work around CSR.  Do not want a high focus on this.	It is important in the way that other can read about it. HH has an international webpage.
Knowledge about other Norwegian and international companies offering services within CSR?	Yes	Yes	Yes
Has the company a fixed process for implementing CSR?	Firm: No Factories: visits	Firm: no  Factories: visits and Code of conduct have to be signed by the company.	Firm: no  Factories: visits and choose through Bluesign®. Visits and code of conduct.

Why / why not	Want to handle the	Member.	Member.
Why / why not member of IEH?	Want to handle the CSR on their own  Member of WRAP, BSCI and CSC instead.	Help to get an overview over CSR and how to work with it.  Sharing experience and learning from other firms.  Guidelines, books, seminars for helping being better at CSR.  Has a close relationship	Member.  Don't know the reason, but HH have been member for a long time. Good guidelines, network, cooperation partners.  Has a close relationship with IEH.
Time used on IEH's policies		with IEH.  Something the company is working with.  Several seminars, meeting and reporting.	Long-time, and something the company always work with.
Reason for use of standards? Barriere?	Recommendations and requirements from large customers and other in China.  Choice of three standards gives the company several viewpoints and insights of the same phenomenon.	IEH: Help with CSR from the organization and other firms.  Bluesign: At the moment just a pilot project.  Barriers: expectations from Bluesign® not having the service just for benefits of certifications.	Bluesign®: Have standards regarding raw materials in which higher the possibilities for the end product to be good.  Same barriers as Viking Footwear about Bluesign® and costs, workload and resources.

How is the	Visits.	Visits 3-4 times a year.	Visits.
factory checked before signing contract?  The company's	Do not trust other brand's valuation.  Is still good when	Trust until a certain point about other brand's evaluation  Bluesign®: Too early to	Trust other brand's evaluation.  Still good
relationship to CSR when using external services such as Bluesign®?	using other standards	say, since this project is new for both parts.	Have to do all of the job, so the focus is still there.
Degree in which the company itself is controlling factories:	Is in contact with all their nearest suppliers and is controlling them	Have control over all their factories. Is using some handpicked consultants with good knowledge and experience within the shoe production.  Has developed its own report and controlling system consisting of 5-6 chapters.	Has contact with all first tier suppliers in the supply chain.  Do all the coordination within the supply chain and decide from which company the s purchasing raw materials from.
Time spent before visiting the factories	Depends on what the purpose and motive behind the visits. Most times is it planning on beforehand of the visit.	Some time, depending on the visits.	Some time, depending on the visits.
What is the future regarding	Want to implement the old ISO standards	Any knowledge about it	Heard about it, but is not discussed yet.

the new ISO	before starting at the		
standard?	new one		
Degree in which	Good, because it is a	Mostly in Germany, but	Positively. Has not been
CSR is an	requirement from the	not much in Norway. Is	very remarkably.
comparative	largest customers.	not using time or deeply	
advantage for		engaged in it.	
the company			
Use of external	Would like to use	Yes, but hard to find	Yes, especially
services for help	external services for	consultants with the	regarding ISO 26000.
with CSR	help if it is possible.	right knowledge,	
		competence and	
		experience.	