Finding the Red Thread: the Link Between Quality Oriented Fashion, Social Sustainability, & Stakeholders

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Abstract

Background
Previous research has recorded the harmful impacts of the fashion industry, leading to more pressure on companies to act sustainably. In this research, the quality-oriented fashion sector of the industry will be highlighted due to its “in the middle” position between fast-fashion and luxury fashion. The research will focus on Swedish quality-oriented fashion companies, as Sweden has shown to be a sustainability leader. With all these factors, prioritising stakeholder expectations acts as red thread throughout the study that will show the ways in which the selected companies are prioritising social sustainability.

Purpose
The fashion industry has been shown to have harmful social consequences. The purpose of this research is to see in what ways Swedish quality-oriented fashion companies are listening to their stakeholders and prioritising their expectations, and to see if social sustainability has any weight within those expectations.

**Method**

The empirical data is collected through semi-structured in-depth interviews with three companies within the segment of quality oriented fashion companies. The chosen research method is qualitative with an inductive approach.

**Findings**

The authors have found that when Swedish quality oriented fashion companies have more internal organizational stakeholder prioritisation, they develop stronger internal sustainability values than the companies that prioritise their external economic stakeholders. Additionally, the authors have discovered that the studied companies are implementing social sustainability practices without realizing that they are doing so.

**Acknowledgements**

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1 Introduction

In this section the reader will be introduced to the background of the research subject matter. Material discussed in this section deals with areas including the fashion industry, the quality oriented fashion industry, social sustainability, Sweden and sustainability, and stakeholders of these areas. In addition, the purpose will be presented along with problem, definitions and delimitations.

As the sustainability movement gains traction within business, government and society, a growing awareness amongst consumers has influenced companies and governing bodies to work towards a more sustainable world (Sharma & Starik, 2004). Sustainability can be defined as “meeting the needs of the present without compromising the ability of future generations to meet their needs” (Brundtland Report, 1987). While progress has been made, much remains to protect the environment and lift societies out of poverty, inequality, and injustice.

Businesses hold much of the responsibility for the sustainable movement, as companies are able to spread multinational with their influence and effects (de Brito, Carbone & Blanquart, 2008). Social sustainability involves alleviating poverty, world hunger, education, fair working conditions, and equality, amongst other topics (SDGs Sustainable Development Knowledge Platform, 2015). It is documented that the fashion industry has a bad reputation in regards to social sustainability, especially regarding keeping laborers safe and providing decent working conditions. The fashion industry has been blamed for disasters such as the Rana Plaza factory collapse in 2013 that killed over 1,100 people and injured approximately 2,500 (Kasperkevic, 2016). Despite the prevalent dangers and many fashion brands signing accords to rectify the problem, little progress towards improving the safety conditions has been made (Kasperkevic, 2016). In Bangladesh, only seven of the 1,600 textile factories have completed necessary corrective actions in accordance with new agreements signed (Kasperkevic, 2016). An additional disaster includes a factory fire in Dhaka, Bangladesh that killed over 100 people (Manik & Yardley, 2012). Many well-known brands have their clothing
made in these factories, such as H&M, Walmart, and Sears (Kasperkevic, 2016; Manik & Yardley, 2012), yet these companies claim ignorance to the issue that their products are made in these locations (Manik & Yardley, 2012), raising questions as to whether or not these companies are engaging in responsible supply chain management.

Much research has been conducted regarding the harmful environmental impacts of fashion production and on the wrongdoings of fashion companies in the Far East (Bhardwaj & Fairhurst, 2010; de Brito et al., 2008; Caniato et al., 2012; Gardetti, Torres, & Fachin, 2013; Goworek, 2011; Joergens, 2006; Shen, 2014; Smestad, 2009). Considering the amount of people and societies affected by the fashion industry, great importance can be placed on ensuring the wellbeing of the people and environment affected by these organizations, also known as stakeholders. When connecting the issue of social sustainability in the context of stakeholders in the fashion industry, the research question becomes: **in what ways do Swedish quality oriented fashion companies prioritise stakeholder expectations in regards to social sustainability?**

How do these fashion companies prioritize their different stakeholder groups and different stakeholder expectations and demands? This is an important question to investigate in, as the fashion industry impacts a wide variety of stakeholders both positively and negatively. By examining these stakeholders and seeing which are most important to these companies, this research is able to see the ways in which these companies are prioritising the needs of their various stakeholders. Quality oriented fashion is highlighted due to its “in the middle” position between fast-fashion and luxury fashion. While fast-fashion has been highly reported in scandals, the authors want to see how quality oriented fashion companies are operating in regards to social sustainability expectations from stakeholders.

### 1.1 Research Question

In what ways do Swedish quality oriented fashion companies prioritise stakeholder expectations in regards to social sustainability?
1.2 Background

1.2.1 Fashion Industry

The fashion industry can be defined as “the business dealing with style in clothes, cosmetics, behavior, etc., especially the latest or most admired style” (Collins English Dictionary, 2018). While early humans dressed themselves in pelts and furs on the basis of protection from the elements, a steady development of cosmetics, accessories, and stylized clothing served as a way for humans to distinguish themselves and their status (Brown, 2012). Through all its intricacies and historical significance, fashion is now widely variant and reflective of personal identity. Fashion defines years and periods and acts as a historical reference for how humans develop and behave (Brown, 2012; Crane & Bovone, 2016).

With rapidly changing products and consumer demands (Bhardwaj & Fairhurst, 2010), it is understandable how this can create harmful and unsustainable business processes. Even though fashion holds an important place card in the development and culture of various human societies, many societies face hardships as a result of the ever-changing demands of the fashion industry (Goworek, 2011; Smestad, 2009). Fashion companies have a history of exploiting workers and employing slave labor in order to meet the demands of its consumers, while at the same time using harmful chemicals and productions processes that destroy the environment (Caniato et al., 2012; de Brito, et al., 2008; Goworek, 2011). One example of this is the Swedish company Hennes and Mauritz’s (H&M) scandals involving violated labor rights and dismal factory conditions in Bangladesh, Myanmar and Cambodia (Preston & Leffler, 2016; Butler, 2016;). Violations in Cambodia included wage cuts for being late, poor sick leave opportunities, toilet break restrictions and faintings (Preston & Leffler, 2016). Meanwhile, Myanmar and Bangladesh factories reportedly used child labor and had unsafe working conditions such as lack of safety precautions (Butler, 2016; Bradley, 2016). Unfortunately, this trend of behaviour and uncontrolled supply chains is common within fashion companies, especially within the realm of fast-fashion (Bhardwaj & Fairhurst, 2010; Butler, 2016).
Today, society includes a wide spectra of stakeholders who demand more responsible actions (Gardetti et al., 2013).

1.2.2 Quality Oriented Fashion Industry

In recent years, fast paced and shifting market trends have pressured retailers to lower costs and introduce innovative changes (Bhardwaj & Fairhurst, 2010). This has created the fast-fashion industry where speed is of the essence, often leading to a trade-off between quality and price where lower prices prevail (Bhardwaj & Fairhurst, 2010). Some examples of fast-fashion brands include H&M, NA-KD, and Zara. Meanwhile, the high-end fashion industry is characterised by high quality and luxury brands that communicate exclusivity through perceptions of mystique, high price, and creation of personal value (Bhardwaj & Fairhurst, 2010). These can also be described as “designer brands”. Brands operating in high-fashion include Dior, Versace, and Prada.

This study focuses on the quality oriented fashion industry, an industry that values quality garments that are made to last. The authors have coined the term “quality oriented”, as it accurately describes the companies that are investigated in this study and indicates a broader description than the related terms of “slow fashion”, “high-street” and “mid-market”. These products typically have a mid-range price tag and are meant to transcend seasonal boundaries (Gardetti et al., 2013). This category is considered to be “in the middle” of fast-fashion and high-end fashion, as it maintains high quality with mid-ranged prices. Examples of brands operating in this segment include Patagonia, Calvin Klein, and Acne Studios. The overall mantra of actors in this market considers the impact of choosing quality over quantity, encouraging consumers to buy less often (Gardetti et al., 2013). Quality oriented fashion may be more socially sustainable than other types of fashion, as quality and longevity are emphasised over cheap material and quickly changing trends.

1.2.3 Social Sustainability

According to United Nations Global Impact (2018), social sustainability is defined as being “about identifying and managing business impacts, both positive and negative, on
people.” They explain how stakeholder relations with businesses are critical, and that companies have the power to directly or indirectly affect those stakeholders. Social sustainability is about managing those impacts in a responsible and fair way. There are many aspects of social sustainability, including but not limited to human rights, labour, gender equality, education, and poverty (SDGs Sustainable Development Knowledge Platform, 2015). The authors have chosen to mainly focus their efforts on fair working conditions and labour rights. These factors are applied to stakeholders within the Swedish quality oriented fashion industry.

1.2.4 Sweden and Sustainability

Sweden has a reputation for being amongst the most sustainable countries in the world, based on three factors: environment, social, and governance (RobecoSAM, 2015). Sweden’s emphasis on equality, independence, and inclusion lead to sustainable awareness and positive development (Hofstede Insights, 2018). In 2016, Sweden was top ranked in the United Nations Sustainable Development Solutions Network (SDSN) and excels in all three sustainability pillars (RobecoSAM, 2015). In regards to social sustainability, women’s rights, workers’ rights, and gender equality are treated seriously and implemented at all levels of organizations and government (RobecoSAM, 2015). For this research, Swedish fashion companies were chosen based on these ideas of Sweden as a sustainability leader; are Swedish fashion companies following in the same route as their nation? This question is a reason for this study focusing on Swedish companies. While Sweden and Swedish companies as leaders is not a main focus for this study, it is an interesting component to consider.

1.3 Definitions

**Stakeholder demands versus expectations:**

For this study it is important to clarify the difference between stakeholder *demands* versus stakeholder *expectations*. According to Collins English Dictionary (Expectation, 2018), expectations are “*strong beliefs which they have about the proper way someone should behave or something should happen.*” Meanwhile, a demand is defined as “*a firm request for something*” (Demand, 2018). For this study, the authors use both
definitions in order to see whether these companies are experiencing either more abstract expectations or explicit demands from stakeholders, or both.

**Primary Suppliers:**
According to “Supply-Chain Management” (2012), primary supply chain members (primary suppliers) are firms that carry out value-added activities for its customers or markets in order to provide a specific output. Supporting members are the suppliers of the primary supply chain members (ie, the supplier’s supplier). When discussing the supply chain, only primary suppliers are taken into consideration.

**Quality Oriented Fashion Industry:**
See section 1.2.2

**Social Sustainability:**
See section 1.2.3

**Stakeholders:**
See section 2.2.2

1.4 Problem Definition
Stakeholders can impact companies in both positive and negative ways, coming in many forms and sizes and differing importance with different demands (Bourne & Walker, 2005). How can a company manage and engage with their stakeholders? The problem lies in how companies are able to manage their differing stakeholder expectations while also keeping social sustainability in mind (Freeman, 1984). If Stakeholder Group A is larger and more influential to the company, are their demands prioritised more than Group B, who is smaller but demanding more socially responsible actions? During this study, the assumption is made that companies are consciously paying attention to their stakeholder groups and the expectations/demands that they have. This assumption is based on Edward Freeman’s (1984) Stakeholder Theory, which states that increasing shareholder profit is not the most important objective, but that other parties, such as employees, consumers, and communities, should also be
involved and considered in a company’s decision-making strategy. This topic deserves to be studied because it can show whether or not social sustainability is gaining importance amongst fashion companies who are weighing and managing their differing stakeholder expectations. By investigating the ways in which the subject companies prioritise stakeholders, this study aims to see whether social sustainability is consciously included in decisions regarding weighing of stakeholder expectations. This study does not focus on one stakeholder group, but instead focuses on identifying which stakeholder groups companies find most important.

By looking at ways to successfully manage a balance between possibly contradicting stakeholder expectations, this opportunity can allow companies to proactively think about including social sustainability measures in their operations while pleasing stakeholders. Keeping up with sustainability is key to staying ahead and will be intensely important in the future, as “businesses can only remain competitive if they meet society’s demands” (Davis, 1973). According to Davis (1973), when businesses fail to address social sustainability, other businesses will step up to the plate to “assume those responsibilities and the power that goes with them”.

Sustainability research is constantly growing and changing, as are business practices (Doppelt, 2017). Are they growing and changing synergistically, or against each other? Companies may face an opportunity to act ethically and gain an advantage over companies that are ignoring the issue of social sustainability. Social sustainability can also contribute to more efficient use of human capital, enhancing creativity and creation of intellectual wealth (Goodland & Daly, 1996). The investment and the engagement in human capital is today considered as a crucial part of economic development (Goodland & Daly, 1996).

1.5 Purpose

The purpose of conducting this research is to investigate in what ways Swedish quality oriented fashion companies prioritise different stakeholder expectations in an evolving sustainability environment. An associate goal is to see how companies manage
stakeholder expectations. This study is from the perspective of the studied fashion companies, not from the stakeholders’ perspective.

In pursuing this purpose, the aim is to contribute insight in the issue of stakeholders and sustainable management. This is an explanatory purpose aiming at providing helpful insight regarding the relationships between stakeholders, companies, and sustainable management. This study aims to contribute to the research community in the areas of social sustainability and fashion, as well as provide insight for fashion companies that are considering social sustainability in their operations. When reading this study, the authors hope to give stakeholders greater knowledge regarding social sustainability and quality oriented fashion, with the effect that they would make more conscious purchasing decisions, both as businesses and consumers.

1.6 Delimitation
The authors do not claim to create an overall picture of the market, but investigate in the chosen companies and formulate patterns based on their behavior to provide insight to the research area. They are also aware that social sustainability is a constantly evolving topic, but have chosen to focus on labor conditions and human rights as they are relevant topics to the fashion industry. Other areas of the world are not chosen for this study because the authors want to see how Swedish firms are operating in this area, since Sweden has a strong sustainability reputation.
2. Theoretical framework

In this section, the literature review and theoretical basis of the study is presented, beginning with a review of extant literature regarding the topics of sustainability, fashion, and stakeholders and how each part is related. It then continues with an overview of useful models that will be used to guide the study and analyze the empirical data. Lastly, this section presents how each model will be considered with the others to create a holistic image. The chosen models relevant for the research are the Triple Bottom Line, the Stakeholder Theory, and the Corporate Sustainability Model.

2.1 Literature review

2.1.1 Introduction

In recent years, there has been a decline in the faith of civil society regarding the power of corporations and the negative effects that occur as a result of overreaching that power (Sharma & Starik, 2004). With the many loopholes and obstacles that corporations are able to circumvent, the increase in power has disrupted the balance between society, the economy, and the environment (Sharma & Starik, 2004). Many researchers have dug deeper into these issues regarding corporations and destructive practices (Sharma & Starik, 2004; Singh et al., 2009; de Brito et al., 2008; Bansals, 2005), and have found that there is a need for ways to measure sustainable and unsustainable activities on all fronts (Singh et al., 2009). This is especially prevalent for businesses operating in potentially destructive scenarios, such as using exploited labor or harming the environment (de Brito et al., 2008).

According to Sharma and Starik (2004), businesses will see an increased involvement from stakeholders in civil society, as now firms must be able to meet and anticipate their needs to maintain long-term survival and legitimacy. As society becomes more involved and knowledgeable about sustainability, organizations must engage more than just their economic stakeholders and take into account stakeholders with other needs. The fashion industry has a long history of dealing in unsavory business environments, thus affecting many of its non-economic stakeholders on deep levels (de Brito et al., 2008).
According to Gardetti, Torres, and Fachin (2013), the authors suggest viewing the fashion industry from a bird’s eye to understand the pieces and parts of the system that affect both society and the environment. In this way a clearer understanding of the interconnected functions of business and sustainability within the fashion industry can be made.

2.1.2 Sustainability in the Fashion Industry
Due to the topic's increased publications and visibility in mass media, the industry is more aware of the importance of the fact that fashion production and consumption have harmful and influential impacts on the ecological and social systems (Gardetti et al., 2013). When discussing fashion and sustainability, most often researchers point towards having a sustainable supply chain, as having such entails that the fashion company operates in an environmentally and socially responsible way (Shen, 2014). Companies are not only responsible for problems caused by themselves directly, but also for the problems caused by the actions of their supply chain (Caniato et al., 2012). De Brito, Carbone and Blanquart (2008) discuss sustainability initiatives as being crucial in firms working within sensitive business areas such as poor labor conditions and harmful environmental practices, with the fashion industry often operating in such conditions. In terms of environmentally unsustainable practices, the fashion industry often uses harmful chemicals, transgenic cotton, intensive use of natural non-renewable resources, and requires considerable energy use to produce (Caniato et al., 2012; de Brito et al., 2008). In order to reconcile these harmful effects, some fashion companies have started to consider environmentally sustainable alternatives and have started to use more friendly processes such as using organic fibers, reusing and recycling old materials, clean technologies, and obtaining “green” certifications (Caniato et al., 2012).

Much of the research in this area has focused on fashion supply chains and environmental sustainability. Increased demand for ethical products have spurred by consumers demanding “products made in conditions which respect workers’ rights” (Goworek, 2011). However, the question of whether consumers would actually be willing to forgo self-interest to purchase ethically made clothing is made apparent by
Joergens’ 2006 study. Joergens found that personal needs and desires take precedence over ethical options when it comes to consumers buying fashion, and that generally consumers need more information before making that choice. Even though this is apparent, Goworek (2011) found that many fashion retailers in the UK and Germany have implemented CSR strategies in order to ensure ethical garment sourcing and agreements with suppliers. When unfair working conditions, child labor, and manipulated wages are observed in sweatshops, it indicates greater underlying problems such as low-quality education, high levels of poverty, lack of social services, and cultural attitudes, making the problem both a social and an economic issue (Smestad, 2009). The question if economic success can come as a result of positive sustainability performance, is a constantly discussed topic. Previous research has looked into connection between companies with a focus on environmental management, regarding actions taken to limit their negative environmental footprint, and how well they perform financially (Klassen & McLaughlin, 1996).

According to research conducted by Klassen and McLaughlin (1996) these two aspects are highly connected, they also conclude that there is a negative impact on the financial performance of companies with low environmental management (Klassen & McLaughlin, 1996).

2.1.3 Stakeholders

Results from research regarding the drivers for corporate sustainability actions show that weak sustainability actions is related to companies present in a harmful economy, and which are undergoing low financial performances (Campbell, 2007).

Other aspects that have shown to positively influence a company’s sustainability actions are the competitive environment, engagement with company stakeholders, and those which are operating within a market that encourages companies to act responsibly (Campbell, 2007). Evidence from Bansals (2005) research shows that pressure from stakeholders, such as the media, highly influence corporation’s sustainability actions.
Evidence also shows that imitation of competitor’s sustainability strategy is a reason for companies sustainability engagement (Bansals, 2005).

According to Bansal (2005) there is still no clear connection between sustainable performance and development, companies are under high pressure to perform sustainable, it is their responsibility. Stakeholders are putting pressure on companies and are starting to hold them accountable for their activities and goals regarding sustainability actions (Gray, Owen & Mauders, 1994).

According to Psarikidou and Szerszynski (2012) social sustainability is problematic to implement and conceptualize, mainly due to its position as a separate pillar of sustainability (Boström, 2012). Other researchers within sustainability emphasize that to be truly sustainable at least all the three pillars of the triple bottom line need to be fulfilled, emphasizing that corporations must aim higher than economic sustainability. Traditionally, environmental sustainability has been the most prioritized pillar for corporations, as many of them lack the motivation, abilities and knowledge to implement social sustainability (Sharma & Starik, 2004). However, there has been an increasing demand on corporations to take responsibility regarding social and environmental sustainability, not only achieving shareholder profits. Corporations must involve their stakeholders to survive and remain competitive within this globally economical system, with a substantial part of society viewing the global economic system as unsustainable (Sharma & Starik, 2004).

The issue of sustainable development for corporations often results in contradicting opinions amongst stakeholders and corporations. However, the relationship amongst worried stakeholders and companies can lead to potential tradeoffs or win-win situations (Sharma & Starik, 2004).

A stakeholder influence strategy is when stakeholders actively influence choices and actions taken by a corporation (Gray et al., 1987). Influence strategies from
stakeholders, along with arrangements from the government, can greatly impact a tradeoff, instead moving towards a collaboration (Gray et al., 1987).

Research has shown that when corporations and stakeholders work jointly on improving the social, environmental and economic pillars of sustainability they can reach greater growth, creating a win-win alliance. Efforts taken by stakeholders to influence corporations is probably the most effective way to create sustainable business models leading to sustainable development. Seen from an involved perspective, research from a resource based view suggests that the integration of knowledge contained by stakeholders including customers and suppliers is beneficial in the creation of sustainable products (Sharma & Starik, 2004). The possibility of knowledge creation at the crossing point between stakeholders, society and corporate sustainability increases from several perspectives. These areas can be further examined and understood by relating them to current models in the subject areas of sustainability, stakeholders, and business.

2.2 Frame of Reference

2.2.1 Triple Bottom Line

![Model based on the Triple Bottom Line (Russo, 2008)](image)

The triple bottom line is a theory that is used to understand sustainability as a whole, and can be used to measure a company's level of sustainability (Russo, 2008). The model consists of three areas of sustainability performance: economic, social, and
environmental (Russo, 2008). One of the main struggles for corporations is not the issue of incorporating these areas separately, but how to combine and integrate them, something the triple bottom line stresses (Russo, 2008). An increasing overlap between the economic and environmental area has been noticed, incorporating an “eco-efficiency” mindset that companies can be environmentally conscious while also lowering expenses (Russo, 2008). This model is a staple model for any sustainability research topic, as it is widely used and can help categorize the different sustainability needs.

Surakka (2012) suggests human capital as the fourth pillar, indicating that placing people first is beneficial for corporations. This involves everyone coming in contact with the corporation. Surakka (2012) indicate that a well educated population leads to productivity, increased income and higher growth rates. Awareness about environmental and social sustainability issues increases with education, leading to “greener” innovations (Surakka, 2012). Higher social sustainability leads to greater development in many areas and can foster increased diversity, happiness in the workplace, and more productive employees (Surakka, 2012).

2.2.2 Stakeholder Theory

A stakeholder is an individual person, group or organization which has a concern or a interest in a company (Freeman, 1984). A stakeholder could, both directly and indirectly, affect or be affected by a cooperation. The influence of stakeholders is often not equally distributed among the different parties, instead the influential power differs in terms of size and overall position of the stakeholder (Freeman, 1984). However, R. Edward Freeman has intensively stressed the importance of a corporation being able to incorporate successful relationships within the scope of stakeholders. The ability to manage these interactions and separate interests will lay the foundation for a organization's current and future performance.

The categorization of stakeholders are widely dispersed. Often is the discussion centralized around aspects of external- and internal stakeholders. Internal stakeholders
are employees, owners and managers, while the external groups are suppliers, society, government, creditors, shareholders and customers (Freeman, 1984). Another classification is the role of primary- and secondary stakeholders in which a primary stakeholders has a direct stake in the corporation and the secondary stakeholders has more of a heavily influential representational role (Gomez, n.d.).

A corporation does not carry an easy task when it comes to balancing stakeholders different interests whilst sticking to the origin of being a corporation with a clear body of values. It forms out to become a complex assignation, which could be argued as being even more complex in the industry of fashion. The stakeholders are scattered among being traditional profit maximisation oriented organizations, some being environmental oriented and others socially sustainably motivated. This model will be used in order to identify relevant stakeholders elaborating within the fashion industries territorium and how companies orient their business out from the rules given. According to Chandler (2016), stakeholders can be categorized into three groups: organizational-, economic-, and societal stakeholders. Organizational stakeholders are both individuals and groups of a internal standpoint such as employees, managers and directors. These stakeholders have a primary influence on the organization’s actions and are considered a primary group of stakeholders. Economic stakeholders are external individuals and groups such as customers, shareholders, competitors and suppliers that have a major interest and focus in the company’s economic factors. Lastly, societal stakeholders consist of communities, the government, overall media and groups that regulate society. This group can have both indirect and direct effects on the social and business environment (Chandler, 2016).

2.2.3 Corporate Sustainability Model

The corporate sustainability model (Dunphy, Griffiths & Benn, 2003) presents different stages of corporate sustainability. The stages should be thought of as a processes instead of stagnant, and shows how a company can evolve from rejection of sustainability to becoming a sustaining corporation. The stages are described by Dunphy, Griffiths and Benn (2007) as follows:
1. Rejection Phase: Characterized by exploitation of third parties and employees, neglecting their health rights. Costs on training is only used to provide the bare minimum to keep the business in operation. The organizations take every chance it gets to improve their business, even at the expense of their employees. During this phase, a corporation is actively against operating with sustainability in mind, and takes actions against the notion. These corporations often dismiss community needs, are against green activists, and are often characterized by a culture of exploitation (Dunphy et al., 2007).

2. Non-Responsiveness: Profit maximisation is the dominant focus of the business strategy, viewing labour costs as something to be kept at a minimum. If training of employees exists it is focused on technical efficiency. Corporations prioritise financial performance and seek business as usual. These companies are considered to be more ignorant than oppositional (Dunphy et al., 2007).

3. Compliance: In this stage, companies are considering how to comply with governmental regulations at their minimum without putting forth additional effort. They want to maintain a good image with the public, so they will make sure to follow the rules and regulations, but put no effort to go beyond the basics. Working conditions for employees are set at the legal requirements, the organization expect employees to be loyal in response (Dunphy et al., 2007).

4. Efficiency: Human capital is now introduced as a tool to incorporate human resource features into human resource strategies, to limit expenses and increase efficiency. Sustainability is seen as a feature that can add value. Environmental management is seen as a cost saver, corporations use sustainability to achieve their goals in more efficient manners. This can lead to higher productivity and cost savings. Corporations have a tendency of picking the lowest hanging fruit, meaning they go for the easiest option (Dunphy et al., 2007).
5. Strategic Proactivity: Human skills and diversity are viewed as equally important aspects of the business strategy, employees intellectual capacity is seen as social capital to be used as a strategic advantage. Corporations use sustainability to drive innovation and actively use the concept to produce safe and environmentally friendly products and services. They focus on “good citizenship” and maintain a reputation as sustainable. Organizations take to account the impact that their operations have on local communities, actions to address these are corporated in the business strategy (Dunphy et al., 2007).

6. Sustaining Corporation: as the highest phase in the model, this is where corporations rethink the entire business process and goal and instead focus on sustainable products that can be economically viable, as opposed to economically viable products that could be sustainable. They envision the societal and environmental issues in their business contexts (Dunphy et al., 2007).

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<tr>
<th>First Wave</th>
<th>Second Wave</th>
<th>Third Wave</th>
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<tbody>
<tr>
<td>Opposition</td>
<td>Risk</td>
<td>Transformation</td>
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<tr>
<td>Ignorance</td>
<td>Cost</td>
<td>The Sustaining Corporation</td>
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<td>Rejection</td>
<td>Competitive Advantage</td>
<td>Focus on innovation</td>
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<tr>
<td>Non-Responsiveness</td>
<td>Efficiency</td>
<td>Seeks stakeholder engagement to innovate</td>
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<tr>
<td>Highly instrumental perspective on employees and the natural environment</td>
<td>Strategic Proactivity</td>
<td>Environmentally friendly products and processes</td>
</tr>
<tr>
<td>Financial and technological factors have primacy</td>
<td>Focuses on reducing risk</td>
<td>Advocates good citizenship</td>
</tr>
<tr>
<td>More (ignorant than oppositional)</td>
<td>of sanctions for failing to meet minimum legal and community standards</td>
<td>to maximize profits and increase employee attraction and retention</td>
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<tr>
<td>Culture of exploitation</td>
<td>Little integration between HR and environmental functions</td>
<td></td>
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<tr>
<td>Seeks business as usual, compliant work force</td>
<td>Environmental management seen as a source of avoidable cost for the organization</td>
<td></td>
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<tr>
<td>Opposition to government and green activists</td>
<td>Follows route of compliance plus proactive measures to sustain good citizen image</td>
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<td>Environmental resources seen as a free good</td>
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*Figure 1, Waves of sustainability* (modified from Kemp, Stark & Tantrum, 2004)

This model is used to assess where the different sustainability trajectories that Swedish quality-oriented fashion companies are on in terms of involving social sustainability in their processes. This study aims to determine whether or not Swedish quality oriented
fashion companies are considering and actively engaging in social sustainable
development. This is done by placing the companies on the scale and comparing them
to each other to find patterns.

2.3 Connecting Frame of Reference with Research Question

In this research the triple bottom line model is used as a starting point, providing a
deeper knowledge to the subject of sustainability. It is used as a framework to evaluate
at what stage within the Corporate Sustainability Model the separate pillars become
prioritised. Seeing at what stage each pillar becomes part of the corporations values,
and if certain pillars are present in earlier stages than others.

The stakeholder theory is used to identify and evaluate each company's primary
stakeholders and see their relative importance to each company. By implementing the
stakeholder theory it is possible to evaluate the impact from internal and external
stakeholders, identifying how they connect to the stages within the Corporate
Sustainability Model. The model is used in connection to the Corporate Sustainability
Model to see whether or not companies score differently on the phases depending on
their prioritization amongst stakeholders.

The research examines in particular labor and fair working conditions and sees when
and where social sustainability becomes a part of the organization. The authors also
look at stakeholders influence on social sustainability. This is to see where social
sustainability become relevant/a focal point and are stakeholders an influencing factor in
that positioning.
3. Methodology and Method

Research methodology refers to the philosophy and science that lays the foundation to all research (Adams, Khan, Raeside, & White, 2017). The method part of a research deals with how one conducts and implements research (Adams et al., 2007). In this section the research methodology will be presented, followed by the method behind the chosen research approach and the company selection strategy. Further on, the structure of the interviews are motivated as well as how the data will be collected and analyzed.

3.1 Research Purpose

Rather than focusing on the notion of a research gap, this research focuses on contributing to existing research. This research aims to elaborate on the area of social sustainability and stakeholder expectations in the quality oriented fashion industry. This is done by investigating in in-depth semi-structured interviews with a focus on patterns taking place regarding stakeholders expectations and the company’s social sustainability actions. A qualitative study was conducted to understand and gain knowledge on the ways in which Swedish quality oriented fashion companies prioritise stakeholder expectations in regards to social sustainability.

3.2 Research Philosophy

A research philosophy is a knowledge system which relates to the development and nature of knowledge (Saunders, Lewis & Thornhill, 2009). Understanding research philosophy for one’s study serves as a guide while choosing which way to collect data and helps the authors avoid unrelated facts while analysing data (Saunders et al., 2009). According to Saunders, Lewis and Thornhill (2009), research philosophy has three different assumptions. Ontology deals with the nature of reality and aims to understand how things are. It can involve questions such as “what is an organization like?”, and “what is it like to be a manager in this organization?” (Saunders et al., 2009). Ontology deals with how the authors see the world of business and as such, determines the choices made in regards to choosing research (Saunders et al., 2009). With this research’s ontological approach, it is important to consider organizations as complex
entities. The authors try to objectively grapple with these entities, what they are in terms of what defines them, and what their core purpose is in society. They recognize organizations’ material reality and their subtlety within social dimensions, how they are socially constructed with layers of social meaning and interpretation. The researchers also recognize the complexities of organizations’ roles in society and the environment and aim to examine these relationships.

Epistemology deals with the assumptions connected to knowledge, what constitutes knowledge and how one communicates knowledge to others (Saunders et al., 2009). The epistemological approach for this study is to recognize the underlying material nature of an organization and that it is populated, created and kept alive by the people who are within the organization’s operations. In this study, the authors recognize that the organizations tested consist of different actors who may have differing ideas about the sustainable operations within the company, but rely on the interviewees’ answers as professionals in their area, and on secondary data.

Axiology concerns values and roles that ethics represent in the process of research, relating to how the authors’ own values are dealt with alongside the research participants’ values (Saunders et al., 2009). The chosen research philosophy and method for data collection reflects the researchers’ personal values, thus conducting personal interviews could reflect the value of personal interaction (Saunders et al., 2009). For this study, the researchers value businesses as entities with great societal influence and investigate on the subject of sustainability, studying these areas reflects their core values and allows them to see where companies are heading. As future business leaders, the researchers would like to work for sustainably responsible companies and have a part in the positive transformation of the fashion industry. This study enables the authors to make discoveries based around the practical use of their core values.

The researchers take an interpretivist approach to the data, where the authors make an in-depth analysis based on the observations of societal entities (Saunders et al., 2009).
Interpretivism follows the philosophy that humans create meaning through societal and cultural constructs in order to create richer understandings of the world (Saunders et al., 2009). The authors use a subjective approach, where they interpret the observations made to gain a deeper understanding of observed material. This is to understand the ways in which stakeholders and companies interact within the studied context by observing societal constructs and making interpretations based on such.

Interpretivism has been argued to be a less reliable form of research, as it is based on the authors’ own interpretations of the findings and is not “concrete”, but instead influenced by opinions and values of the researchers (Dudovskiy, 2016). However, according to Dudovskiy (2016), when the research is done in-depth the study can provide reliable results with great value. The researchers have thus taken measures to increase the validity of the study, which will be discussed in the Validity section of this report (see section 3.4.4).

Another approach, the positivism approach, focuses on hard truth and generating “law-like generalizations” (Saunders et al., 2009). The authors do not follow the philosophy of positivism since the study does not aim at creating strict generalizations. Realism follows the philosophy that “what you see is what you get” (Saunders et al., 2009). Since the authors are not observing reality as external and independent, this philosophy is not used. Pragmatism is not used as the researchers do not aim to provide solutions to future practice, but instead aim to provide observations that future businesses can interpret (Saunders et al., 2009).

3.3 Research Approach

The focus of this research is on carefully chosen qualitative data that was conducted on companies within the quality oriented fashion industry. The authors believe that the interactions between stakeholders and companies is be better represented by qualitative data, as it allows the study to gain a more interpretive insight on how the relationships function (Pratt, 2009). The qualitative approach is suitable for this research since it investigates and address how and why companies act in certain manners (Pratt,
2009). It is not looking at measuring numerical values, instead the approach focus on describing a phenomenon (Black, Hashimzade, & Miles, 2013). The research question deals with communication and psychology rather than advanced statistics. The interview questions involves hypothetical scenarios and direct questions that the companies where compelled to answer.

The authors used a thematic analysis plan generating initial themes and looked for codes within those themes (Braun & Clarke, 2013). This approach is simple and often used by novices and students for their research, as its simple plan makes it easy to generate themes from interview data (Braun & Clarke, 2013). The researchers generated these themes and codes by using an analysis table, as described in section 3.4.3. The authors also used inductive reasoning, which involves making observations and broadening them to greater explanations (Crossman, 2017). The inductive approach allows the researchers to find patterns within observations and create explanations based on patterns found from tested companies. Inductive research is suitable for forming explanations for observable events (Bradford, 2017), which is why the researchers have used this approach. However, researchers must be careful not to make false conclusions based on true premises, as this is a common mistake in inductive reasoning (Bradford, 2017).

3.4 Research Method

3.4.1 Company Selection Strategy

The companies were gathered from the public databases Allabolag and the Association of Swedish Fashion Brands (Asfb.se, 2018). The authors compiled a list of 38 Swedish quality oriented fashion companies (the population) and randomly selected 15 from this list (the sample). The statistical population was limited by geographic location and industry in order to have companies that are qualified and relevant to answer the questions that we propose. Specifically, the population was limited to Swedish quality oriented fashion companies operating within the Stockholm/Gothenburg/Borås regions. These regions were chosen based on their relevance within fashion companies, as
most Swedish fashion companies have their headquarters in one of these three areas. The population was not narrowed by company size because it would decrease the population to a point where the samples provided would be too small to provide meaningful results, where the results would only representing such a small population of companies. The sampling strategy was a partial randomized sampling strategy (Saunders et al., 2009), where the companies were chosen randomly from the statistical population in which each member of the subset had an equal probability of being chosen. This was to exclude the possibility of a biased sample selection. Each member in the chosen population was assigned a number and each number was placed in a bowl and mixed thoroughly. Out of that, the authors picked 15 numbers from the bowl to email. The goal was to have 3-5 companies to interview and use for the study, the authors emailed 15 companies with the expectation that many would not respond or be willing to participate, but that at least 3-5 would agree to participate in the study.

For the companies that chose to participate in the study, the authors set up interviews to be conducted either in-person or via Skype, whichever was most convenient for each company. The goal of having 3-5 companies is based on maintaining quality qualitative data. One company was not sufficient as we wanted a wider overview of the industry, and having too many companies involved can easily make the data more quantitative than qualitative, saturating the data (Dworkin, 2012). Dworkin (2012) suggests using anywhere from 5-50 interviews, but given the small population, it was determined that 3-5 interviews would be sufficiently. Additionally, due to lack of time and resources, this became a manageable number. The use of in-depth interviews requires a smaller sample size as the aim is to make in-depth observations and to create categories and examine the relationships between the categories (Dworkin, 2012). In total, four companies were interviewed.

3.4.2 Data Collection

This study uses primary data in the form of semi-structured in-depth interviews. Secondary data was used to add additional necessary information and to fill any gaps of knowledge or to build upon and support the primary data findings.
3.4.2.1 Primary Data Collection: In-depth Semi Structured Interviews

Semi-structured interviews involve a list of questions and topics that will be used as discussion prompts between the researchers and interviewees (Saunders & Lewis, 2012). The method of asking questions is flexible; some may not be asked if deemed irrelevant, and other questions to pose may arise during the interview process (Saunders & Lewis, 2012). This approach was chosen as qualitative semi-structured interviews often provide reliable and comparative data and are easier for first-time researchers to conduct as they are more prepared with questions while still allowing room for discussion and clarification (Cohen & Crabtree, 2006). To facilitate a natural flow, the researchers choose to conduct the interviews in a similar way as one would write a story: the interviews had a clear beginning, middle, and end that flowed seamlessly from one section to the next. The interview questions (which can be found in Appendix 1) guided the interviewee into familiar grounds so as to make him/her more relaxed and able to answer the questions confidently. The interview began by asking about the company’s background, values and characteristics. These questions were used to establish a connection with the interviewee and slowly begin the interviewing process. It then continued on to more meaty questions enabling the authors to grasp on the company’s production processes, how it manages its social sustainability efforts, and how it views and manages its different stakeholder groups and demands. During this time, hypothetical scenario questions were asked in order to gauge the company’s true ideals and operations. The end of the interview included questions regarding future development ideas and forecasts such as anticipating future consumer demands and changes in the company’s values, production process, etc. The following table represents the role of each question in uncovering answers to the analysis. Some questions may have multiple roles:

| Production Process | ● Can you take us through your production process?  
|                   |   ○ follow up questions:  
|                   |   ■ Do you outsource your production or have it in-house?  
|                   |   ■ Which country are your products made in?  
|                   |   ● When you launch a new product, what are the most important
things you consider?
- What stakeholder demands do you predict will take place in the future?
  - How can you prepare for them now?
- *Scenario 1*- You are launching a new product line and find out halfway through production that your factory workers have been exposed to unfair working conditions. How would you handle this scenario?
- *Scenario 2*- Your main customer that stands for the largest part of your revenue is asking for lower prices, however, your supplier would like better working conditions (cost for you) how would you handle such a scenario?

<table>
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<tr>
<th>Social Sustainability Efforts</th>
<th>Can you take us through your production process?</th>
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<tr>
<td></td>
<td>follow up questions:</td>
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<tr>
<td></td>
<td>■ Do you outsource your production or have it in-house?</td>
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<td></td>
<td>■ Which country are your products made in?</td>
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<td></td>
<td>What is the role of social sustainability in the company?</td>
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<td>Please explain how the company uses sustainability</td>
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<td></td>
<td>Which areas of sustainability does the company focus on most?</td>
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<td>Would you feel as though your sustainability efforts/stance serve as a competitive advantage in your industry?</td>
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<td>What role do stakeholders play in your social sustainability strategy?</td>
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<td>From what stakeholder group do you feel most pressured from when it comes to social sustainability?</td>
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<td></td>
<td>What are the company’s plans for the future?</td>
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<td>When it comes to sustainability?</td>
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<td><em>Scenario 1</em>- You are launching a new product line and find out halfway through production that your factory workers have been exposed to unfair working conditions. How would you handle this scenario?</td>
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<td><em>Scenario 2</em>- Your main customer that stands for the largest part of your revenue is asking for lower prices, however, your supplier would like better working conditions (cost for you) how would you</td>
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<td><strong>Sensitivity to Stakeholder Demands</strong></td>
<td>handle such a scenario?</td>
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<td>• Which stakeholders would you classify as your most important?</td>
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<td>• From what stakeholder group do you feel most pressured from when it comes to social sustainability?</td>
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<tr>
<td>• What role do stakeholders play in your social sustainability strategy?</td>
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<tr>
<td>• Can you explain your typical customer and their values? (cost-sensitive? conscious? high-class or low budget? etc)</td>
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<tr>
<td>• Do you feel as though there has been a change in customer demands?</td>
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<td>○ follow up: how have you met these demands?</td>
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<td>• What stakeholder demands do you predict will take place in the future?</td>
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<td>○ How can you prepare for them now?</td>
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<tr>
<td>• <em>Scenario 2</em>- Your main customer that stands for the largest part of your revenue is asking for lower prices, however, your supplier would like better working conditions (cost for you) how would you handle such a scenario?</td>
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<tr>
<th><strong>Other</strong></th>
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<tr>
<td>• How was this company started?</td>
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<tr>
<td>• How did the company come to its values?</td>
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<tr>
<td>• How long have you been working with the company and what is your role?</td>
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The questions were formulated on the basis that they had to be very open, begging room for further explanation of the topics. The guidelines of (Strategies for Qualitative Interviews, n.d.) aided the authors in how to create interesting and open interview questions. Face validity, the idea of making sure the interview tests what it is supposed to test (Face Validity, 2018), was also an important component in generating the interview questions. An important note is that the companies were offered to sign a dual agreement (see Appendix 3) which prohibits the use of the company name or specific indicators which could be directly connected to their operations. The argument for offering a dual agreement is to encourage the interviews to be more honest and truthful,
which enables the research to present more reliable results. There may be sensitive company information involved, or information the company would rather not be associated with. Since the research deals with such material, the interview questions need to be well thought out and have the right type of formulation when it comes to revealing information in this complex area of business.

In total, four interviews with four companies were conducted, one interview per company. The subjects interviewed worked for the sustainability and purchasing departments in their respective companies. It was later determined that one of the companies was not applicable to the study, for although they worked with textiles, they could not be considered a quality oriented fashion company, as they mostly worked with home decor. This company and its respective interview have been excluded entirely from this study. As a result, the remaining three companies and their data will be later discussed in the empirical findings and analysis.

3.4.2.2 Secondary Data
Secondary data is data gathered collected from entities or researchers other than the user (Saunders, Lewis & Thornhill, 2009). Secondary data regarding sampled companies, including information from their sustainability reports, stated initiatives and values, and websites, were used to support or contrast primary data findings and to create a comprehensive analysis and report.

3.4.3 Data Analysis
The interviews were analyzed based on a number of factors: company production processes, stakeholder expectations and influence, company social sustainability efforts, and each respective company’s perceived social sustainability efforts versus its actual social sustainability efforts (see section 3.4.2.1).

Once these factors were identified, they were organized into a 4x7 table (see Appendix 2) where each company was assigned a row and each factor was assigned a column (company info, production process, stakeholders, sustainability, perceived social
sustainability and actual social sustainability). The columns of production process, stakeholders, and sustainability had point values where each box was worth a maximum of six points, where each point represented its corresponding phase on the Corporate Sustainability Model. The companies were each rated according to the three individual factors (maximum 6 points each) and given a total score with a maximum of 18 points. The company’s total score indicated where it belonged on the Corporate Sustainability Model. 1-3 total points represented Phase 1, 3-6 Phase 2, 6-9 Phase 3, 9-12 Phase 4, 12-15 Phase 5, and 15-18 total points represented Phase 6. This was to obtain an overview of the findings, identify patterns and comparisons, and evaluate each company fairly for its position on the Corporate Sustainability Model. It also enabled the analysis process to be well organized and made it easier to interpret the findings. The analysis relies on a verbal, qualitative assessment to determine what phase the Corporate Sustainability model each company is in.

3.4.4 Data Reliability and Validity

Validity concerns whether stated results are truly representative to actual results. It is important to consider potential factors that may affect research findings, since all research can be affected by validity (Cope, 2014). The authors have considered many aspects of this study in order to make it valid and reliable. While qualitative data has been argued to be less reliable due to its subjective and interpretive nature (Cope, 2014; Creswell, 2014), the researchers have chosen to combat this by using Triangulation. Triangulation involves multiple sources collecting and analyzing data (Williamson, 2002). As there are three researchers for this study, each researcher was able to analyse the data on her own, then discuss findings with the others. This created a multi-perspective approach that limits bias in the study, and strengthened the trustworthiness of the report. To maintain authenticity, the authors considered multiple perceptions of the data, discussing different interpretations with their own authentic results, which helped the authors avoid making inadequate portrayals of the participating companies (Whittemore, Chase & Mandle, 2001).
The authors have maintained integrity throughout the research process by continually being self-critical and seeking integrity at each phase of the research process (Whittemore et al., 2001). Integrity ensures that the interpretations are well-grounded and founded within the data.

3.5 Ethical Implications

The interviews were conducted informally, with one of the interviews conducted out of office, one conducted in-office and one conducted via Skype. This was done to relax participants and make them comfortable by interviewing them in familiar environments. All the interviewees were informed that participation was anonymous and that their respective company would not be named, nor would any identifying information be communicated in any form. This was to encourage honest answers to the interview questions and topics. Each representative from the company had the proper knowledge and authority to answer the questions, as they were all from the sustainability or purchasing departments in their respective companies. Lastly, the interviews were conducted in the interviewee’s native languages to make them feel comfortable and allow them to answer the questions fully and with confidence, as suggested by Strategies for Qualitative Interviews (n.d.). Companies A and B had interviews conducted in Swedish, while Company C’s interview was conducted in English. The authors recognize that translation into English may have changed the meanings of some answers, but have included the original Swedish quotes alongside the translations to combat this issue. Lastly, the authors have re-created the models used to refrain from using copyrighted material.
4. Empirical Findings

In this section empirical data connected is presented. This section deals with primary data collected through independent interviews with selected companies.

4.1 Empirical Findings from Qualitative Interviews

4.1.1 Company Descriptions

Company A is a medium-sized clothing company with the values of quality, design, diversity, and creativity. It is owned partly by its founders (60%) and partly by its investors (40%).

Company B is a medium-sized company owned by an investor and operating in the outdoor clothing segment. The company mainly focuses on the environmental aspect of sustainability and emphasis the treatment of garments not being harmful to the environment. The organization’s values are quality, function, design and the environment.

Company C is a small brand that focuses on quality oriented garments. The business focuses on producing environmentally sustainable products, which they manufacture in Italy. Their values are quality, design, and sustainability, and the business is owned and operated by the original founders.

4.1.2 Production Process

This area of questioning aims to gain insight to the companies’ operations and production process. All companies design their products in-house in Sweden and outsource their production to other countries. Company A uses suppliers and factories in Europe and Asia, focusing mainly in Europe (Portugal, Turkey and Romania). When choosing suppliers, Company A has looked at where other companies that are well known for their sustainability action have their production, and have chosen to work with the same factories. Meanwhile, Company B is entirely focused in Asia while Company C
has its production in Europe (Italy, Slovenia) with suppliers from Europe and the Middle East (Israel). All three companies maintain a small number of specially selected suppliers in order to achieve greater levels of control.

“We use external quality controllers at all factories to ensure that our workers are treated fairly. The company has a contract with specific demands that suppliers need to comply with in order to work with us” - Company A

“We work with a limited number of suppliers to have high control. Those which we cannot control we don't work with” - Company B

All companies garner this control to ensure that their factories are well-maintained and that the workers are well-treated. When launching a new product, Company A feels pressure from their board of directors to generate profit. Company A is a design driven company, meaning that designers design a product, and the price is set from that. Company A feels that there are contradictions in sustainability prioritizations within their internal company departments. Company B mentioned that their products are driven from consumer demands and that they take these demands into high consideration when launching new material. Company B is owned by an investor who demands a certain profitability. Meanwhile, Company C considers three aspects: sustainability, design, and quality, which they consider to be crucial to create value for the customer, yet they do not consider customer demands as a main factor in deciding which products to produce.

4.1.3 Stakeholder Expectations

The next step was to identify each company's most important stakeholders. Company A classified its distributors and consumers as equally important. Company B considers

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1 “Vi använder oss av externa kvalitetskontrollanter på alla våra fabriker för att säkerställa att våra anställda behandlas rättvist, företaget har ett kontrakt med specifika krav som leverantörer måste uppfylla för att få arbeta med oss” - Company A

2 “Vi arbetar med ett fåtal leverantörer så att vi kan upprätthålla hög kontroll. Dom vi inte kan kontrollera väljer vi att inte arbeta med.” - Company B
their end-consumers to be the most important stakeholder group, as their company is highly market driven. Company C considers its internal stakeholders, such as its CEO and employees, to be the most important, as the business’ mission and values are what drive the company, not the consumer demands. The authors also wanted to examine the expectations and influence of stakeholders on the company when it comes to sustainability. Company A feels most pressure from distributors and end-consumers, as illustrated in the quote:

“The distributors put a lot of pressure on us. Additionally, the end-consumer is very picky about sustainability and demands a lot from us, which can be very problematic, but we have to follow it because our customers are our most important stakeholder” - Company A

Company B recognizes sustainability as an added value for customers and has seen such demand arise from their consumer base. They found value in operating sustainably later on in the company’s life as a way to compete on more than just price.

“At the beginning, the company competed on price in order to get distribution. With time, price became a competitive factor that other companies could meet, so we needed to find other value propositions to sell on that could motivate the price. At this time the market and customers were demanding sustainability.” - Company B

Company C’s pressure comes from internal sources and is supported by external stakeholders such as the consumers. According to Company C, many of its customers buy their products because of the sustainable design, so they must continue on this path. Even so, most of the pressure comes from the internal stakeholders, for the following reason:

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3 Våra distributörer sätter mycket press på oss. Slutkunden är även väldigt krävande när det kommer till hållbarhet och kräver mycket av oss vilket kan vara väldigt problematiskt men något vi måste svara på eftersom våra kunder är vår viktigaste intressent. - Company A

“It’s businesses that have the power to make the change. They have more power than the consumers to make the change” - Company C

Company C considers itself to be a leader in its sector, as it is the only company in the world that is making sustainable versions of its product. In this way, they want to change the way other businesses are operating and show that their method is possible. That is why the most pressure for sustainability comes from internal sources.

When asked how the company’s priorities between their stakeholders Company A answered that they find it hard to answers how they priorities between stakeholders, but state that the board’s pressure and demand for profit margins is highly prioritised. Company B expressed the importance of owner demands which needs to be fulfilled. However, the customer is most important to them, which their owner recognises and accepts.

Company C does not value one stakeholder more than another, as they are all linked in a chain that are reliant on each other. Company C is not willing to alter their internal values when it comes to social sustainability.

When asked what role stakeholders play in the company social sustainability strategy, Company A stated that distributors demand them to implement certain sustainability standards, mainly regarding environmental sustainability. Therefore, they are “forced” to meet these demands. It is also a strategy to gain a competitive advantage in the marketplace.

“We are already horse lengths behind competitors, we need to implement a broader sustainability strategy in order to not fall behind. Sustainability is not just just a phase, it is constantly demanded by consumers and distributors” -Company A

5 "Vi är redan hästlängder efter våra konkurrenter, vi behöver implementera en bredare hållbar strategi för att inte hamna för långt bak. Hållbarhet är inte bara en fluga, det efterfrågas hela tiden av både konsumenter och distributörer." - Company A
Company B’s strategy regarding social sustainability is to forecast what might be a future sustainability trend demanded by stakeholders. Based on this forecast the company sets goals and standards, everything in order to stay ahead. Company C stated that their main customers are already passionate about sustainability which is aligned with their internal sustainability values that the brand is built upon.

“Our customers are already involved in sustainable actions, so acting sustainable cannot be sacrificed. People are reverting to ‘simpler’ ways; they want something that will last longer” - Company C

4.1.4 Sustainability

The role of social sustainability in each of the three companies varies greatly. Company A feels as though since they are a small company that they do not have “the muscles” that larger corporations have to control their sustainable efforts. They buy small quantities and are unable to work social sustainability into the margins. However, their garments are supposed to last for a long time and be stylish over many seasons, so they are instead “fashionably sustainable.”

“Sustainability is an answer to competitors and customers and is used in our PR efforts.” - Company A

Company B’s internal environment for their employees works with sustainability as a whole with something called the satisfaction index. They also pay a lot of attention to diversity. This company sees sustainability as an added value rather than building the company around the concept.

Company C uses environmental sustainability as the reason for its existence and operates solely on environmentally sustainable practices. They do not have social sustainability as a direct “plan of action”, nor do they use it in their branding strategy, but

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6 “Hållbarhet är ett gensvar till konkurrenter och kunder och används i fár PR- strategi.” - Company A
they have consciously made decisions about their supply chains and operations with social sustainability in mind. They only work with suppliers and factories that pass their requirements for human rights and fair working conditions. They make sure to visit the factories in order to verify the claims.

In terms of what roles stakeholders play in each company's social sustainability strategy, Company A feels as though they have to mimic what their competitors are doing and keep up with consumer demands. Their external stakeholders define what sustainable actions they take part in. Company B's social sustainability is affected by their investors and external stakeholders. The investors focus on making sure the local Swedish internal employees are fairly treated and have good support programs, while the external stakeholders, such as their customers, are the ones who are demanding more social sustainability actions towards outsourced workers. Meanwhile, Company C focuses on its internal stakeholder demands for a sustainable business and focuses on attracting customers with the same values, rather than focusing on customer values to incorporate into the company.

The area of sustainability that Company A focuses most on is social sustainability. They do not work with suppliers they cannot randomly audit. According to Company A, some countries are more important than others to control, but social sustainability is more of a given rather than an option. For Company B, they consider sustainability as a whole and do not focus on one pillar in particular. They try to maintain a tightly controlled supply chain and refrain from using harmful materials and chemicals in their processes. This company anticipates more environmentally friendly demands from the industry and has changed its operations to comply with such. Company C focuses on environmentally sustainable issues as its core. They also participate in socially sustainable aspects, but their entire company is built around recycled materials and being involved with the entire product life cycle from its conception to recycling the used product.

In regards to whether or not sustainability efforts serve as a competitive advantage in the fashion industry, Company A feels as though it is highly advantageous, as
distributors value and comment on their sustainability actions even though they do not think they are performing that well. Company B stated that they adopted sustainability as a way to add value for customers and compete against other competitors in the industry, and as thus feels that sustainability serves as a strong competitive advantage. Company C recognizes the competitive advantage that sustainable actions gives, and is aware of their leading position as the only company in the world that is making their type of product out of entirely recycled materials and green factories. They hope to influence other companies to do the same as they are, which would mean losing their competitive advantage, but they would rather influence the industry for the better.

4.1.5 Hypothetical Scenarios

You are launching a new product line and find out halfway through production that your factory workers have been exposed to unfair working conditions. How would you handle this scenario?

Company A express that they have experienced such a situation with their secondary suppliers. The rooms within the factories were too small and warm, there were no fans, toilets or emergency exits. Company A brought up the issue with their supplier immediately stating that it was not acceptable and went against their signed agreement. Company A gave their supplier one week to meet these demands or they would consider ending the collaboration. The supplier fulfilled the demands and are now checked regularly.

Company B opened a production factory at the border between South and North Korea. When the quality controller visited the factory, he felt that he could not communicate with the individual workers and that he had no understanding of whether the workers were willingly working or were being forced to, leading the company to shut down the factory.

“We work with a small number of suppliers because we want to have control, if this control and communication does not exists, we will shut it down.” - Company B

7 “Vi arbetar med fåtal leverantörer för att vi vill ha kontroll, om den kontrollen ej finns och vi ej kan kommunicera så stänger vi ner.” - Company B
Company C answered that they ideally would like to shut production down as soon as the issue is discovered. However, in reality they would finish the production of the line, settling instead to not work with the supplier in the future.

Your main customer that stands for the largest part of your revenue is asking for lower prices, however, your supplier would like better working conditions (cost for you) how would you handle such a scenario?

Company A stated that they work with suppliers that are highly specialized in certain areas, making them hard to replace. They would not switch suppliers, rather they would negotiate and try to come to an agreement on how to cut costs to satisfy customer demands.

Company B argues the importance of the legitimacy in a case of increased prices. If the supplier has a relevant reason for increased costs in the production process, then the company will raise prices toward the market.

Company C argued that they have no control over wages for the workers, as they do not own the production factory nor the suppliers. If the wages were increased, they would not switch factories as they have already developed a healthy relationship with their suppliers and it is hard to find a replacement. Thus they would attempt to find a compromise with suppliers/factories. If the consumers are demanding lower prices, they would prioritise their supply chain relationships over the customer demands, as switching factories to locations with lower wages would compromise their core values, which they are not willing to do.
5. Analysis

In this section empirical findings will be analyzed with our research approach, analyzing the existing patterns within the findings.

5.1 Introduction

The empirical data analysis shows clear patterns between ownership type, stakeholder importance, and sustainability as a whole. The findings will be presented by examining each company individually in terms of its stakeholders in relation to social sustainability, the Corporate Sustainability model, and the research question. The authors will then identify patterns found between the companies and will attempt to draw meaningful conclusions based on what the patterns may indicate. The analysis will use empirical findings as a base that is supported by previous literature, secondary data, and theories to further explain the findings.

5.2 Company A

Company A engages in many socially sustainable activities, but has a low perception of its own activities regarding social sustainability. They do not think as highly of themselves as their distributors do, and do not recognize their ethical primary supply chain as being “socially sustainable”. They view social sustainability as a given, rather than an option. Their main contributions are that they maintain a strong presence over their primary suppliers to ensure that suppliers and factories live up to expectations. They also go beyond the basic requirements by visiting factories, often multiple times per year, encouraging factories to change for the better, and creating strategic partnerships with suppliers.

5.2.1 Production Process Scoring

Company A's production has received a score of 4.5 (see section 3.4.3 for scoring and Appendix 2). This is largely due to its correctional actions, where if a factory is found to be operating on sub-par levels, Company A tries to rectify the issue instead of terminating the relationship. Allowing both Company A and its suppliers to improve over
time, contributing to the overall well being of the primary supply chain. The company strategically chooses trusted suppliers based on the suppliers’ other clients who are known for their sustainability. They are thus able to know that their suppliers can be trusted and routinely check up with them regarding their regulations. 4.5 points indicates this area being in the Efficiency phase of the Corporate Sustainability Model (Dunphy et al., 2007), where the firm extends its compliance to regulations and uses new sustainable opportunities to be as productive as possible. This is the case for Company A, as they actively try to fix and improve their processes on a continual basis.

There is an internal conflict amongst Company A’s departments regarding the role and importance of sustainability in the company. This could be a cause as to why there is no strong emphasis on the company’s sustainable actions, especially within the social dimension. Since the pressure for sustainability comes from consumers and distributors as opposed to internal organizational stakeholders, Company A’s internal sustainability values have not developed to the point of infusing a clear understanding throughout the organization, leading to confused and conflicting sustainability perceptions. This could be a reason for the low perception of themselves, even though they go beyond what is required and expected of them.

5.2.2 Stakeholder Scoring

Their stakeholder analysis has received a score of 3 points, indicating compliance in this aspect of their operations (Dunphy et al., 2007). This is partly due to their focus on external economic stakeholders instead of having strong internal values driving the organization. Since they do not have their own values regarding social sustainability, it is not integrated in their company culture and processes. The low score derives from stakeholder confusion. They consider consumers and distributors most important, but when asked how the company priorities between stakeholders, the interviewee took a long time to answer and stated that it was a difficult question. After thinking for some moments, the interviewee answered that the board’s demand for profit margins is highly prioritised. This can cause confusion within the company as to which stakeholder to appease and align with. If they do not serve the board it could be perceived as a risk to
the company, which is an indicator of being in the Compliance phase of the Corporate Sustainability model (Dunphy et al., 2007). Meanwhile, the company feels as though they are “horse-lengths behind” their competitors in regards to sustainability and feels pressure to keep up with other companies. Distributors also demand highly sustainable products from them and enforce sustainability, making Company A feel “forced” to be sustainable. These are more examples of external forces influencing the company to work sustainably, showing evidence for strong external influence that overpowers internal power. The conflicting nature of the expectations placed on the company from external and internal stakeholders could be a reason why their perception does not align with their actions. However, one response related to Scenario 2 (Appendix 1) indicates that they would not switch suppliers but try to negotiate with them in order to meet consumer demands. This response can be classified as under the Efficiency phase due to the problem-solving manner of dealing with the issue, but does not outweigh the other main stakeholder responses given by the company, leaving its score at 3 points (Dunphy et al., 2007).

5.2.3 Social Sustainability Scoring

When examining overall social sustainability, Company A has received a score of 4 points. They claim that their small size limits them from working social sustainability into the margins, yet in action they have achieved great social sustainability within their primary supply chain and continue to work towards environmental sustainability. Company A lost points in this area due to their lack of a clear internal strategy and understanding about sustainability. They continually contradict themselves as their perception limits their understanding of their social actions. Company A was able to score as high as 4 points partly due to its view that social sustainability is not an option, but rather a given. Company A also states that distributors often complement them on their sustainable actions, even though they themselves do not feel entitled to such comments. The opinion of the distributors supports the authors’ argument that Company A is performing better than they perceive. They are unable to score higher than 4 in this stage due to the company’s unawareness as to how well they are doing, which could limit room for improvement.
5.2.4 Overall Scoring

Company A has a total score of 11.5, placing them on the upper end of the Efficiency phase on the Corporate Sustainability model (Dunphy et al., 2007). The authors argue that this company is on its way to the next phase, the Strategic Proactivity phase. In order for Company A to reach this phase, the authors suggest that the company should internalize their sustainability strategy and establish a clear understanding of what sustainability means to the company, instead of following the lead of its external economic stakeholders (Dunphy et al., 2007). Dunphy et al. (2007) states that to shift from Efficiency to Strategic Proactivity, a distinct organizational culture change must take place. If Company A does not realize how well they are performing, it may be difficult for them to move forward.

Due to the lacking internal sustainability perception, their social sustainability actions are guided by their external economic stakeholders, which leads to them prioritising external expectations opposed to the expectations of the internal organizational stakeholders. Given this, the board also has great influence on the company, meaning that sometimes the company answers to the board’s demands for profit over the economic stakeholders’ expectations for socially sustainable actions.

5.3 Company B

Company B views sustainability as a value-adding feature to a business. This company uses sustainability to gain advantage over competitors and has adopted it into its strategic plans. The investors as a stakeholder came up multiple times in the interview, even in questions not directly addressing stakeholders, indicating that investors are a huge actor in the company and its sustainable strategy, even though Company B named their end-consumers as most influential in regards to social sustainability.

5.3.1 Production Process Scoring

Company B received a score of 3 points for its production process, placing it in the Compliance phase for this area (Dunphy et al., 2007). While it maintains a high level of
control in regards to its outsourcing activities, the company lost points in this area because they have closed factories that do not meet requirements instead of trying to fix and improve them, which the authors argue is the more socially responsible route. Deresky (2017) states that pulling out production from developing economies can be more harmful to the local communities than remaining in the area, as outsourcing to these countries creates needed job opportunities. In this context, Company B closed factories because of its failure to meet their requirements. If instead the company had tried to fix or improve the factory, locals may have received jobs with good working conditions, contributing to a more socially sustainable decision. Points were awarded to this company based on the frequent factory visits, internal quality control, and emphasis on maintaining a clean supply chain.

5.3.2 Stakeholder Scoring

In the stakeholder analysis, Company B received a score of 3.5 points, placing it between the phases of Compliance and Efficiency for this area (Dunphy et al., 2007). This is partly due to their focus on external stakeholders when it comes to social sustainability. Similarly to Company A, Company B does not indicate that they would act sustainably if it was not something that the market demanded. They also use consumer expectations as a guideline for incorporating sustainability. However, Company B’s attitude towards their own sustainable actions is higher than Company A’s perceptions of itself. This could be an argument as to why Company B is closer to the Efficiency phase in regards to stakeholders, as the internal organizational stakeholders recognize their sustainable actions more than Company A and thus are able to think of ways to improve. Company B’s interview revealed that, at the end of the day, it is the investor who has the greater influence, again suggesting that the external pressure for sustainability along with the internal pressure for profit may limit sustainable actions, as the internal and external stakeholder goals are not aligned.

5.3.3 Social Sustainability Scoring

While sustainability is a core function of the company, it does not reflect in the company’s core values, but is instead used as a value-added function. Company B
received a score of 4 points regarding social sustainability. The interview contrasts with Company B’s website (Company B’s website, anonymous source, 2018) where sustainability is listed as a key driver for the company. According to the interview, sustainability was added to the company based on consumer demands and as a way to compete on more than price, suggesting that it is not fully integrated into the company’s main culture and drive. The interviewee emphasised that the company focuses on forecasting future sustainability trends, and that their main motivation for acting sustainably is to stay ahead of competitors and respond to consumer demands.

5.3.4 Overall Scoring

All these factors combined result in a total score of 10.5 points, placing Company B in the Efficiency phase of the Corporate Sustainability model (Dunphy et al., 2007). The company’s internal organizational stakeholders maintain efficiency of local Swedish workers, while external economic stakeholders hold the company responsible for the treatment of outsourced workers. This aligns with Dunphy et al., (2007) description of the Efficiency phase, where human resources are integrated into coherent functions to reduce costs and increase efficiency.

5.4 Company C

While Company C’s purpose is driven by environmental sustainability, social sustainability is also considered, but not emphasised upon in branding. The company’s perception of its socially sustainable actions is low, perhaps because of its strong emphasis on environmental sustainability. Company C is integrating social sustainability in their company, yet they are not labeling it as “social sustainability”, even though their actions fall under the social category. The authors argue that the company’s low perception of itself derives from its already high social standards. Even though they visit factories often and have established requirements for their primary supply chain, the company indicated in the interview that they do not consider themselves as “doing enough” in this regard.
5.4.1 Production Process Scoring

Company C has received a score of 3.5 for its production process, falling between the Compliance and Efficiency stages (Dunphy et al., 2007). This score was determined partly by the company’s careful selection of qualified suppliers, which would follow the guidelines describe in the Corporate Sustainability model Efficiency stage, where this can be considered a value-adding strategy rather than a cost-reduction strategy (Dunphy et al., 2007). By choosing sustainably-certified suppliers (Company C’s website, anonymous source, 2018), this company has selected primary supply chain members that are up to their standards and easy to audit. Since the company expressed, in reference to Scenario 1, that it would break the contract with suppliers that mistreat workers, the same reasoning as for Company B must be used in this scenario, where improving conditions instead of canceling relationships would indicate a higher score. If Company C had indicated that they would try to fix the mistreated workers scenario instead of exiting from the relationship, it would have scored higher since it would have made a greater effort for social sustainability in the long-run and prevented further abuse by suppliers.

5.4.2 Stakeholder Scoring

Regarding the stakeholder analysis, Company C has the highest possible score of 6 points. This is mainly derived from its focus on internal organizational stakeholders and that these are the most important, influential, and pressuring the most for social sustainability. The sustainable vision is a strong part of company culture and is integrated into all aspects of operations. The company’s vision, mission and value drive the company’s actions, not consumer demand. Pressure comes from internal stakeholders and is supported by its external economic stakeholders. When asked about consumer versus organizational expectations, the company’s response that it would prioritise organizational expectations indicates that the company is unwavering in the decision to operate sustainably. This company’s high score is supported by the statement that Company C would not compromise its values, and that no demand from consumers, competitors or other external economic stakeholders will change its core values regarding social sustainability. For this company, there is no “at the end of the
day” scenario where profit would be prioritised over sustainability, earning it a high score of 6 points.

5.4.3 Social Sustainability Scoring

Company C’s sustainability score is ranked at 5 points. This decision was based on its integrated sustainability culture and values, yet 1 point was deducted due to its lacking self-perception on its social sustainability efforts, since they do not see social sustainability as a direct plan of action. Their core focus on attracting customers with the same values instead of adjusting their own values to fit customer profiles indicates a feeling of responsibility towards the sustainable cause. Compared to Company A and B, they do not adapt their sustainable actions in regards to external stakeholder expectations, but instead stick to their internal strategy of sustainability. It could be argued that there is a potential positive correlation between their high environmental performance and their social sustainability performance, where the environmental achievements also raise their social performance, as the two aspects are interrelated (Russo, 2008). Their mindset of wanting to change other companies to operate the way they are, despite that doing so would make them lose their competitive advantage, shows that they are a transformational company thinking of the bigger picture.

5.4.4 Overall Scoring

Company C received a score of 14.5 points, placing it on the Strategic Proactivity phase on the way to the Sustaining Corporation phase (Dunphy et al., 2007). From an environmental perspective, this company would be placed in the Sustaining Corporation phase partly due to their product orientation. They create a sustainable product that could be economical, rather than an economical product that could be sustainable (Dunphy et al., 2007). However, since their social sustainability is not a direct plan of action, they score lower as this study is mainly focusing on the social aspect. The Strategic Proactivity phase indicates that the company is putting effort into making sure the top talent is recruited for the company (Dunphy et al., 2007), for Company C this describes the highly selective process of supplier selection. Company C has placed emphasis on product innovation and is aware of the company’s impacts on communities.
affected by the organization’s operations, making sure their primary supply chain is ethical. This company prioritises its internal organizational stakeholders above all other stakeholders and is able to operate according to the strong internal values that have been implemented into the organizational mission. Consumers are viewed as supporters of the company’s values and beliefs, while competitors and the rest of the industry are viewed as entities that Company C wishes to influence to adopt their strategy, making them a transformational company.

5.5 Patterns

Regarding the Stakeholder Theory, one notable pattern was the ownership type. Company A is owned partially by investors (40%) and Company B is owned entirely by investors, while Company C is owned entirely by the original founders. Companies A and B both considered their external economic stakeholders as the most important, while Company C regards its internal organizational stakeholders as the most important. These two factors combined may indicate that a company with high levels of investor ownership whose main priority is responding to market demands will answer more towards external economic stakeholders’ social sustainability expectations rather than forming internal drives in this area. Based on the analysis, the authors suggest that companies owned by the original founders may have an easier time forming and acting on core values, as shown by Company C’s ownership versus the other companies studied. According to the interviewee, Company C’s small size has been a contributing factor to its integrated sustainable mission, as most employees work in several departments and understand the company’s core values. However, Hörisch, Johnson and Schaltegger (2014) argue that larger corporations have an easier time integrating sustainability than smaller companies, due to more access to sustainability management tools. Even so, Company C has been determined to be the most sustainable of the three studied companies, despite being the smallest. From the analysis, the authors argue that internal stakeholder involvement becomes more important to move towards the Strategic Proactivity phase. Companies A and B were not able to move further than their current scores due to their lack of internal stakeholder importance regarding social sustainability. Company C has a strong internal
focus on social sustainability, placing them higher on the Corporate Sustainability model.

Companies A and B recognize sustainability as a competitive advantage within the industry and have utilized it by stating on the sustainability section of their websites that sustainability is a natural part of everything they do (company A website; company B website, anonymous sources, 2018). This contradicts the interviewees’ statements regarding the reason behind their sustainability actions and its role in company culture, as seen in the following quotes:

“The distributors put a lot of pressure on us. Additionally, the end-consumer is very picky about sustainability and demands a lot from us, which can be very problematic, but we have to follow it because our customers are our most important stakeholder”- Company A

“At the beginning, the company competed on price in order to get distribution. With time, price became a competitive factor that other companies could meet, so we needed to find other value propositions to sell on that could motivate the price. At this time the market and customers were demanding sustainability.” - Company B

An additional pattern noticed is the type of stakeholder prioritised in relation to social sustainability. Both companies A and B feel most pressure from external economic stakeholders such as consumers, competitors and distributors, whereas Company C felt the most pressure to act sustainably from internal organizational stakeholders such as the CEO and employees. Since Company C’s strategy and pressure is internalized, it has scored higher on the Corporate Sustainability model than the other two companies. An observable pattern could be that having external stakeholder pressure for

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8 “Våra distributörer sätter mycket press på oss. Slutkunden är även väldigt krävande när det kommer till hållbarhet och kräver mycket av oss vilket kan vara väldigt problematiskt men något vi måste svara på eftersom våra kunder är vår viktigaste intressent.” - Company A

sustainability makes companies more reactive, while having internal stakeholder pressure for sustainability may make a company more proactive. However, Sharma and Starik (2004) argue that firms with proactive environmental strategies tend to engage with a wider range of stakeholder groups, whereas firms with reactive environmental strategies engage mainly with regulators and stakeholders from which they are resource-dependent.

One explanation for why these companies are excelling in the social dimension without having it as a full plan of action can be explained by the Triple Bottom Line (see section 2.2.1). According to the structure of this model, the companies would have “passed” social sustainability on the way to environmental sustainability, indicating that social sustainability actions are a natural process for reaching environmental sustainability. Additionally, Companies A and C are seen to have a higher level of social sustainability than they perceive, which could be because their perception of what social sustainability is already advanced. When evaluating the Triple Bottom Line with the Corporate Sustainability model along with the analysis, the authors determine that for these companies, social sustainability comes as a byproduct of working towards environmental sustainability, and thus it is unclear where the different pillars become important on the Corporate Sustainability models, as they can be seen as intertwined.
6. Conclusion

*In this section our research question will be answered and findings from the analysis will be concluded.*

The authors suggest that Swedish quality oriented fashion companies prioritise a variety of stakeholders depending on ownership and internal values. When weighing the evidence, the authors found that companies that had investor ownership were more likely to not prioritise their most important stakeholders (the consumers) and would instead prioritise investors’ desires. Additionally, it appears more likely that when a company has strong internal values in terms of social sustainability, they are more likely to prioritise internal organizational stakeholders. When a company is more market driven and sees sustainability as a value-added function and a way to compete, the company is more likely to prioritise its external economic stakeholders. Companies examine consumers to see where market demands and trends are heading, competitors are evaluated to see whether sustainability is gaining traction in competition, and distributors are continually expecting companies to be more sustainable.

One interesting finding from this research is that the companies are *doing more than they say* rather than *saying more than they do*. This contrasts with the authors’ previous conceptions that companies exaggerate how they are performing within sustainability, whereas the studied companies did not even realize that they are performing as well as they are. Additionally, the authors have found that these companies are incorporating social sustainability into their operations without directly realizing that they are doing so. This leads the authors to believe that Swedish quality oriented fashion companies have high standards for social sustainability and do not consider it as something to exaggerate, but rather that it is a natural component of running a business.
7. Discussion

In this section suggestions for both theoretical- and practical implications, further research and limitations with the research will be discussed.

7.1 Theoretical Implications

When weighing the evidence, the research conducted has found connections and patterns amongst the three theoretical models used. This thesis supports the Triple Bottom Line orientation that, in order to be environmentally sustainable, social sustainability is likely to be reached along the way. When examining this model with the Corporate Sustainability model, no clear correlation was found amongst the different areas of sustainability and the different phases of the Corporate Sustainability model. It also gives insight as to which stakeholders are important in the Corporate Phase model, showing that external stakeholders are important up until the Strategic Proactivity phase, where internal stakeholder prioritisation is more emphasised.

7.2 Practical Implications

This study was conducted not only to provide theoretical implications, but also to provide useful insights for practitioners, consumers, and researchers. The authors hope that the findings will guide companies in their sustainable objectives by providing the information that having a strong integrated company culture aligned with the chosen values may lead to more socially sustainable outcomes. Businesses may become inspired by Company C in this study, as they have built a sustainable business that is economically profitable. They can use this information to guide how they structure internal values to reflect sustainability goals.

Findings from this study may encourage consumers of the quality oriented fashion industry to practice their power to influence brands to behave more sustainably, and that by voicing their expectations, companies are likely to listen. The authors hope that
consumers who read this study will be inspired to make more conscious purchasing decisions and to speak out about sustainability.

7.3 Limitations

For this study, time constraints gave the authors time to investigate in three interviews when more would have been preferred to have a more validated study. This study was conducted over a period of four months where more time would have given the possibility to investigate in more companies which could have provided a more reliable and supported result. Additionally, if more time was available it could have enabled the authors to visit the companies in person to interview more of the employees to gain more perspectives on the issues presented. A learning curve was also experienced as the authors are first-time thesis writers and were unpracticed in scientific research, which could have had an impact on the results. Another limitation is that the interviewees may be biased or untruthful in their answers, as this is difficult to control and certify. The authors tried to curb this limitation by ensuring the interviews would be anonymous, and by creating discussion questions without obvious answers. Sustainability issues within the fashion industry is a sensitive topic which might be another factor influencing the honesty of interviewees answers.

7.4 Suggestions for Further Research

From the limitations and findings of this research, the authors have found suggestions for further investigations within the subject. Empirical findings show that end-consumers within the quality-oriented fashion industry are demanding social sustainability. Further research could be made regarding whether customers for the quality-oriented fashion industry demand more social sustainability compared to customers in the fast-fashion industry. Could this be a drive for the quality-oriented fashion industry to be more sustainable?

To create more of a generalization within the subject of companies prioritization amongst stakeholders in the area of social sustainability, the authors suggest a further
investigation using quantitative approach. By increasing the sample size and the extent of the research, a broader investigation of the industry as a whole could result in a greater understanding of the bigger picture in regards to social sustainability.

Additionally, this study has shown a correlation between companies’ core values and sustainable actions/awareness. Further research could investigate how company culture in the fashion industry relates to sustainable actions, as this research has suggested that having sustainability as a cultural value for an organization can lead to an increased sustainability strategy.

One surprising result in this research was how the fashion companies did not realize that they were acting socially sustainable, when they were very active in the area. The authors found that the companies were “doing more than they say” rather than “saying more than they do”, so perhaps further researchers could investigate fashion companies’ perceptions of their sustainable actions versus their actual actions.

Since this research has been limited to Swedish quality oriented fashion companies, one final suggestion would be to look at Swedish companies compared to other nations to see if Sweden’s position as a sustainability leader has an effect on Swedish quality oriented fashion companies and their involvement in social sustainability.
8. References


Company A’s website, anonymous source (2018).

Company B’s website, anonymous source (2018).
Company C’s website, anonymous source (2018).


9. Appendices

9.1 Appendix 1 - Interview Questions

**Open Questions**

**Beginning**

1. How was this company started?
2. How did the company come to its values?
3. How long have you been working with the company and what is your role?

**Middle**

1. Can you take us through your production process?
2. Which stakeholders would you classify as your most important stakeholders?
3. From what stakeholder group do you feel most pressured from when it comes to sustainability?
4. When you launch a new product, what are the most important things you consider?
5. What is the role of social sustainability in the company?
   a. Please explain how the company uses social sustainability
6. What role do stakeholders play in your social sustainability strategy?
7. Which areas of sustainability does the company focus on most?
9. Would you feel as though your sustainability efforts/stance serve as a competitive advantage in your industry?

**End**

1. Do you feel as though there has been a change in customer demands?
   a. How have you met these demands?
2. What are the company’s plans for the future?
3. What consumer demands do you predict will take place in the future?
   a. How can you prepare for them now?

**Hypothetical Scenario Questions**

**Scenario 1**

You are launching a new product line and find out halfway through production that your factory workers have been exposed to unfair working conditions. How would you handle this scenario?
Scenario 2
Your main customer that stands for the largest part of your revenue is asking for lower prices, however, your supplier would like better working conditions (cost for you) how would you handle such a scenario?
## 9.2 Appendix 2 - Analysis Table

<table>
<thead>
<tr>
<th>Company</th>
<th>Company Details</th>
<th>Production Process</th>
<th>Stakeholders</th>
<th>Sustainability</th>
<th>Perceived Social Sustainability</th>
<th>Actual Social Sustainability</th>
<th>Total Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Founders 60% Investors 40% - Medium Size - Values: quality, design, diversity, and creativity</td>
<td>Outsourced to mainly Europe (Turkey, Portugal, Romania), small parts in Asia - Works in factories whose other clients are well known for sustainability - External quality control in factories - Visits factories often - Factories need to have specific certifications - Takes immediate action when suppliers do not meet standards. Focused on correction of the problem. Score: 4.5</td>
<td>Most important economic (customers and distributors) - Greatest demand influence: organizational (the board) - Most pressure to be sustainable: economic (customers and distributors). Also competitors because they feel the need to “keep up” with the sustainability levels of other companies - Would negotiate with their highly specialized suppliers in order to meet consumer demands (refer to Scenario 2) Score: 3</td>
<td>The role: don’t feel that they have “the muscle” to work SS into the margins. Sustainability as an answer to competitors and PR - Focus mainly on SS; it is not an option, it is a given - Sustainability as a competitive advantage is highly advantageous. They have pressure from their distributors to be sustainable - Others perceive them as more sustainable than they perceive themselves. - Need sustainability to compete - Their perception does not align with their actions</td>
<td>Low</td>
<td>Medium/High</td>
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<td></td>
<td>Investors 100%</td>
<td>Score: 4</td>
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<tr>
<td>B</td>
<td>- Medium Size - Values: quality, function, design, the environment</td>
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<td></td>
<td>Outsources to Asia - Has its own employees in the factories - Visits factories often - Shuts down factories if there is a lack of communication or control</td>
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<td>Outscored: most important: economic (end-consumer) - Greatest Demand Influence: organizational (investors) and partly consumers. - Most pressure to be sustainable: economic (customers) - Creates forecasts for which sustainability trends will be next in order to stay ahead - Would most likely lower prices (ref to Scenario 2)</td>
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<td></td>
<td>The role: sustainability is used as an added value - Satisfaction index - Owners ensure internal sustainability for local Swedish workers, while external stakeholders demand sustainability for outsourced workers - Considers sustainability as a whole, but focused mainly on ES (our perception) - Sustainability serves as a strong competitive advantage and a way to add value</td>
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<td>Medium Medium/High 10.5</td>
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<table>
<thead>
<tr>
<th></th>
<th>Founders</th>
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<tbody>
<tr>
<td>C</td>
<td>- Small Size - Values: quality, design, sustainability and SS certifications and engage in SS activities - Would not work with misbehaving suppliers in the future but would finish half-finished production (ref to Scenario 1)</td>
</tr>
<tr>
<td></td>
<td>Outscored: most important: organizational (CEO, employees) - Greatest Demand Influence: organizational (CEO, employees) - Already has extensive sustainability - Would not switch suppliers, would try to reach agreement with suppliers. Lowering prices would affect &quot;their&quot; core values, which they cannot compromise</td>
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<td>Score: 6</td>
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<td>The role: ES as a reason for existence. SS is not a direct plan of action, nor is it used in their branding strategy - Focus on internal</td>
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<td></td>
<td>Score: 5</td>
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<td></td>
<td>Medium Medium/High 14.5</td>
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</tbody>
</table>
Här med förbinder sig Linnea Lyrbäck, Josefin Petersson och Madeline Masarik till att ej publicera det specifika företaget i fråga varken i skrift eller i muntlig dialog. Detsamma gäller material och uppgifter som kan kopplas eller identifiera till det specifika företaget.

Syftet med denna undersökning och analys är att ur ett generellt perspektiv klargöra faktorer rörande hållbarhet ur det sociala perspektivet och vilka utmaningar modeindustrin i dagens samhälle behandlar.

______________________                   ___________________
Linnea Lyrbäck                                                                                      Company Name

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Josefin Petersson

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Madeline Masarik