Greenwashing and Codes of Conduct:
Actions vs. Claims

Bachelor Thesis within Business Administration

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Abstract

Background: Greenwashing is a constantly growing phenomenon which is known to be an issue created by deceiving marketing strategies. The field of CSR is constantly expanding and greenwashing is one of the relatively new and very current issue in today’s society. Therefore the awareness of the issue need to be there for the public to be able to make more informed active decisions.

Purpose: This thesis aim to shed light on the current day issue that is greenwashing and its connection to some of the most successful and fastest growing multinational companies within the clothing and retail industry.

Method: The thesis is based on a qualitative research approach with consist multiple case study of six multinational clothing and retail companies. The data has been collected through website observations, news articles, media and through a questionnaire based on greenwashing awareness, which was analysed through a interlaced case comparison.

Conclusion: The observation made of six well known clothing brands showed the existence of common trend of companies using a long and complicated way to implement their codes of conduct and therefore making the issue of greenwashing existent. Obviously, this problem has a huge impact on any company’s stakeholders and the actual problem and controversy of this topic is how one could make rational and aware decisions if the essential information is difficult to access. Until this issue is highlighted in a public matter, people will stay unaware and inactive to find the information needed to make informed decisions.
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1 Introduction

The Introduction includes an extensive background that narrows down to the detected problem and purpose of this thesis.

1.1 Background

“Save the planet!”, “100% environmentally friendly!”; “Only “green” products! – these are just some of the advertisement examples we see every day. We get the impression that everything has gone green these days. Some of us would naively believe that what is written on big wallpapers and billboards is true, while the majority of us would ignore it and explain- it is just greenwashing. The term greenwashing can be described as a strategy of intentionally exaggerating a product’s environmental credentials in order to sell it (Gailus, 2013).

The term “greenwashing” was created around 1990 when some of America's polluters (such as DuPont, Chevron, Bechtel, the American Nuclear Society, and the Society of Plastics Industry) pretended to be eco-friendly at a trade fair in Washington, DC (Kaffen, 2012). However, it officially became part of the English language only in 1999 with entry into the Oxford English Dictionary (Futerra). Nevertheless, the act of greenwashing has been around for much longer than that. For instance, in 1970 the public’s increasing environmental interest leads to the initial Earth Day on April 22nd, which in a way provokes industries to start environmentally-themed marketing campaigns. One of the most ridiculous cases in the 1970s regards Westinghouse, which ran ads describing nuclear power as “neat, clean, safe.” (Karliner, 2001)

In 1985 Chevron launched “People-Do” which is known to be the longest-running, most shameful greenwashing campaign in history. The various ads, reflected upon that Chevron and its employees helped save endangered species as well as engaging in other eco-friendly acts. This was perceived as an attempt by Chevron to look “green” and as a result their sales increased by 10 percent. The success of the “People Do’s” campaign motivated other companies to lie about being “green” leaving the consumers very confused, questioning whether to believe the companies or not. (Karliner, 2001) Later on, the public concern about environmental problems has constantly grown, and as customers increasingly demand “green” products as a way of solving our environmental problems, the term greenwash has in most industries become a routine and in many cases also a standard. Accordingly, to vanish their greenwashing activities, some companies create codes of conduct, which is usually perceived as strengthening companies ethical behaviour and corporate responsibility. (Hoffman, 1999).
The definition of codes of conduct is that the intent for it is to be a central guide and reference, to support its users in their day-to-day working-life and decision-making. It is applied within organizations to help clarify their mission, values and principles and connecting them to standards of professional conduct. It can also be used as a tool to locate the various resources linked to the organisation’s ethics (Hoffman, 1999).

Looking back in time and the modern history of codes of conduct there is three identified phases: the time around and directly after the Second World War, the 1970s and the present major interest in codes from the late 1980s till today. The first codes are said to have been presented in 1931 when the International Chamber of Commerce had a pioneering role issuing (self-regulatory) codes for business conduct, which resulted in the Standards of Advertising Practices, along with various other marketing-related codes. (Murray, 1998) The next wave of development was in the late 1960s and during the 1970s. This was when the first request for international regulation of MNEs was placed, by the International Confederation of Fair Trade Unions (ICFTU). A rise in interest for Codes of Conduct was then set in the 1980s and forward till our present day. During this time the codes have been interpreted and highly adopted to have a better fit to the various organisations needs and goals. The main actors have been consumer groups and non-governmental organisation, which is another sign of how the adaptation has been used more freely. (Murray, 1998)

There is a project made by Greenpeace, which helps us to understand that codes of conduct is a possible solution to the practice of greenwashing spread worldwide. Greenpeace as an independent global organization acts against all processes and actions, attitudes to protect and conserve the environment. The organization believes that companies must play a central and essential role struggling against everybody and everything that makes an obstacle to approaching world’s environmentally sustainable practices. As for too many organizations environmentalism is a little more than a socially and economically convenient slogan as buy products and you will end global warming, improve air quality, etc.” the project Stop Greenwash.org continues to monitor the process of greenwashing, too. In a range of programs against mentioned trends, reforming corporate codes of conduct or even forming is a way of ending the practice of green lies. (Greenpeace, 2013)

1.2 Problem

The term greenwashing can be described as a strategy of exaggerating a product’s environmental credentials with the purpose of selling it (Gailus, 2013). In order to vanish their greenwashing activities, some companies create codes of conduct, which is usually perceived as strengthening company’s ethical behaviour and corporate responsibility (LRN, 2006). Most of existing literature describes the term greenwashing and teaches the reader to distinguish green and greenwash. However, the authors noticed the lack of
literature about the relationship between company establishing codes of conduct and greenwashing.

It all begins with the possibility for firms/organisations to design the codes for other purposes than being sustainable business such as creating the image of ethical behaviour and corporate responsibility without reasonable evidence. It is most likely that adopted codes of conduct are of importance when wishing to influence other social actors such as; regulators, customers, communities, suppliers, contractors, competitors or shareholders. The possibility that codes may serve other purposes than the various social responsibilities is of a high importance to be aware of when analysing their properties and substance. Since the firms are able to adopt and create their own codes of conduct, there are a lot of possible errors that can occur and among them are the issue of greenwashing, which is an error that occurs in the process of communicating CSR.

Throughout this thesis, the authors will show how the famous brands act upon their codes of conduct and whether or not on the basis of literature they might be blamed of greenwashing. In addition, the investigation of people awareness about the issue of greenwashing will be made. This will lead to finding out what do multinational companies claim and what they actually do as well as how it affects stakeholders. This topic is worth to be studied, since there are a lot of parties involved in the process of companies creating their codes of conduct but not always succeeding to act upon it. Stakeholders are “groups and individuals who can affect, or are affected by, the achievement of an organization’s mission” (Freeman, 1984, p. 52). It is important to understand how these stakeholders are affected by the growing issue of greenwashing in order to prevent it in future.

1.3 Purpose

According to Gailus (2013), the term greenwashing illustrates a strategy of exaggerating a product’s environmental credentials with the purpose of selling it. To hide their greenwashing activities, some companies create codes of conduct, which is usually perceived as strengthening company’s ethical behaviour and corporate responsibility (LRN, 2006).

The purpose of this paper is to get a better understanding about the topic of greenwashing and codes of conduct and doing so by shedding light on and making stakeholders (e.g. consumers) more aware of multinational companies’ claims and real actions. Therefore the following research questions are formulated:

1. How do companies act upon their claims (codes of conduct) concerning Greenwashing?
2. How do their real actions affect the stakeholders?
1.3.1 Contributions

The contribution of this thesis is the opportunity to contribute to academia when studying an area that can be further explored (Bloom, 2009). There is very little research made that links the creation of codes of conduct and greenwashing together. Studying the link between greenwashing and codes of conduct gives us an opportunity to discuss and analyse the effect it has on various stakeholders as well as its contribution to current marketing strategies. Therefore, this thesis contributes in two ways.

Firstly, we contribute with this thesis to the literature and study of greenwashing and codes of conduct by linking them together and showing that there is a direct impact between the quality of codes of conduct and greenwashing. The second contribution is on the subject of greenwashing by shedding light and increasing awareness and scepticism towards present and future marketing strategies with focus on the clothing and retailing industry. In addition, we evaluate how this awareness affect the stakeholders throughout the supply chain.

1.4 Delimitation

This thesis focuses on analysing successful companies within the clothing and retailing industry with relations to greenwashing. The analysis is not limited to a specific geographic area on the contrary it’s focused on multinational activities concerning the limitation of greenwashing and issues in codes of conduct. In addition, another limitation is set to the clothing and retailing industry and six European MNCs that are active within that market.

1.5 Definitions

Greenwashing, as discussed in the article written by Laufer (2003), is a type of corporate deception which has been detected in the past few years in particular by social and environmental activists. Greenwashing is commonly associated with manipulating the public opinion to explicit attacks towards environmentalists (Beder, 1998). Furthermore Laufer (2003) empathises the three elements of deception which are, confusion, fronting and posturing and continues with implementing them into the structure of greenwashing which is based on the previous three.

Codes of conduct is a central guide and reference, to support company’s users in their day-to-day working-life and decision-making. It is applied within organizations to help clarify their mission, values and principles and connecting them to standards of professional conduct. It can also be used as a tool to locate the various resources linked to the organisation’s ethics (Hoffman, 1999).
**Sustainability** "A process of change in which the exploitation of resources, the direction of investments, the orientation of technological development and institutional change are all in harmony and enhance both current and future potential to meet human needs and aspirations." (The World Commission on Environment and Development, 1987, p. 17)

**MNC** (multinational corporations) can be defined as corporations that have their facilities and other assets in at least two countries including their home country. These corporations usually have centralized headquarters where it is managed (Buckley & Casson, 1976).

### 1.6 Thesis Disposition

Figure 1. Disposition of thesis

- The Introduction includes an extensive background that narrows down to the detected problem and purpose of this thesis.
- The Frame of Reference section shows a literature review as well as a theoretical approach for analysing Empirical Findings.
- The next segment, Methodology and Method consists of approaches and techniques implemented in the process of reaching results.
- The Empirical Findings section includes background and website observations of the six chosen companies within the industry of interest as well as a survey conducting information concerning the awareness of Greenwashing.
• The substance concerning Analysis regards implementation of the chosen theories and techniques to conduct results that answers the research questions covering the intension of this thesis.
• The Discussion covers the limitations of the research as well as further research suggestions.
• Last but not least, the Conclusion evolves the results of the research and concludes the outcome.

## 2 Frame of Reference

This chapter covers a literature review as well as a theoretical approach for analysing Empirical Findings.

### 2.1 Greenwashing

After getting acquainted with several definitions of greenwashing, the authors define it as:

*The process of doing the impression of providing green products or being perceived of doing more for the environment than any business actually do in order to form an image of environmentally responsible organization and to make more profit.*

Companies usually find two separate ways of dealing with business behaviour regarding environmental issues: while some companies truly invest into environmental actions, other focus on claims about it. One way to illustrate this is through the matrix presented below (Figure 1).
Companies, which refer to the category of misguided greenwash, make substantial efforts to improve the environmental performance of their products and services, but are unable to transfer this message to the audience effectively. They try to announce in their claims that they are environmentally friendly, or they present it in an untrustworthy way, which makes the stakeholders question the company. It is recommendable to focus their messages on key impacts backed up with evidences and reliable data.

From one hand, companies from the unsubstantiated greenwash group form the image of more environmentally friendly organizations, but based on a deeper analysis, the companies does not deserve as much credit as it might seem. False efforts to uphold environmental policies will sooner or later be uncovered by the public, which is increasingly becoming more and more educative and sensitive to greenwashing. Even if companies communicate an environmentally friendly image of the products, it is only a matter of time before these companies will be sent to the Greenwash Noise quadrant.

Companies, which are in the quadrant of Greenwash Noise, should develop and apply its environmental strategy into practice and then transfer this result to the public in order to move to the quadrant of “Effective Environmental communications”. Those companies within the Greenwash Noise lack the evidence to back up the statement “we’re green” and the existing messages are not compelling to consumers. All companies ’goal is to appear in the quadrant named “Effective Environmental communications“ These businesses are improving the environmental and social performance of their products, by conveying their efforts in a right way so that customers understand the message and other businesses take an example from them. The matrix, presented by Horiuchi R., et.al. (2009), helps to identify where the companies fall and how to succeed to the top.
right quadrant in order to create the image of a “green” company as well as persuading the public and to avoid the label of being a part of a greenwashing trend. Whether real or perceived, when consumers see greenwashing, they are likely not to buy one or another product and by doing this they punish companies with less sales by changing their purchasing patterns. NGO tend to drive negative campaigns and press, while regulators can determine that environmental claim is quite important and illegal practice and fine companies.

All in all, the problem of greenwashing should be of concern to all: customers, as they tend not to believe that the product is as “green” as claimed by companies and, companies, because even if your company singled out, greenwashing used by the competitors would still hurts the reliability within the industry. The more companies that are noticed for greenwashing, the less likely customers are to trust environmental-related claims in general, and the more likely regulators impose restrictions (Horiuchi R., et.al., 2009).

In order to investigate the situation of greenwashing, there is a number of analysed sins of this issue defined in the report of environmental claims made in the North American consumer market in 2010. Sins of the hidden trade-off, is the strategy that is used when a product is promoted as “green” based on an unreasonably narrow set of attributes without the focus on other important environmental issues. For example, paper is not necessarily environmentally-preferable just because of the reason that it comes from a sustainably-harvested forest. Sins of no proof or evidence, is reflected in an environmental claim that is not or even cannot be backed up by easily accessible information or by a specific third-party certification. For instance, a great number of products with post-consumer content without providing any arguments. Sins of irrelevance, happens when producers, sellers or resellers of products inform the consumers about truthful facts, but which are unimportant or unhelpful for potential or existing customers seeking to purchase environmentally preferable products. For example, despite the fact that the common phrase CFC-free (chlorofluorocarbon) is banned by law, it is presented to the target audience. Sins of vagueness is relevant when every environmental claim is poorly defined so that customers cannot understand or misunderstand its real meaning. For example, “all-natural“ may not always be decoded as “green“.

Sins of lesser of two evils committed by claims that are true within the product category, but the risk of the overall usage of the category of those products is not related to the issue of “green“ from the roots. For example, organic cigarettes might be an example of this category.

Sins of fibbing is used when environmental claims are simply false and this is the reason why this strategy is very rarely used. They are used for example in situations of production of energy star certified and/or registered products. Sins of worshipping false labels. This is the way of acting when companies create false labels, which create the
impression of third-party endorsement where this fact is the false one as no such endorseement exists.

Those were the most noticeable types of greenwashing in today's industry. Identification of such cases and struggle against them require time and resources. Thus, some specific rules, principles of running business within the organisations are necessary to set as number one step fighting the issue (Horiuchi R., et.al., 2009).

Figure 3. Greenwashing Matrix (Chan and Sukhdev, 2012)

The matrix shown above describes how to successfully avoid communicating business activities without being accused of greenwashing. The X axis in the matrix shows how much the company is doing whereas the Y axis shows how much the company is saying. Following is an explanation of the different stages in the matrix:

**Competitive Advantage:** The company is using their sustainable progress and issues as a competitive advantage in the market.

**Safe but Stagnant:** The company remains neutral on the issue of sustainability and the environment. A problem that can occur is that the consumer demand and regulations may force the company to take a stand towards the issues.

The next two quadrants regards material concern.

**Missed Opportunity:** The company misses the opportunity of making their sustainable efforts into a competitive advantage because of the lack in perception of the situation.
Reputational Risk: The company claim to put special efforts on sustainability but fails to do so. They therefore risk to be perceived as untrustworthy and get a bad reputation.

2.2 Codes of conduct

Today many companies as a standard have ethics programs which typically include a number of elements as well as codes of conduct. Since the establishment in 1991 of the Federal Sentencing Guidelines most large organizations nowadays have embraced the idea of codes of conduct. According to these guidelines, a core feature in an ethics program needs to be a statement of compliance standards, and this is in general mostly reflected in a company’s global codes of conduct. Regarding these compliance standards, companies are expected to create a set of standards, which then serve as the background for detecting and preventing violations. The codes of conduct states these standards (Sage Publications, 2012).

The term codes of conduct in the 1999 report Code of Corporate Conduct: An inventory, the OECD Working Party of the Trade Committee has is defined as “commitments voluntarily made by companies, associations or other entities, which put forth standards and principles for the conduct of business activities in the marketplace“ (International Federation of Accountants, 2007). According to Cohen D. and Technical Information Service (2008), from the wider perspective, sometimes called business principles or codes of conduct is a set of rules, how to act in the market, whereas from the narrow perspective, codes of conduct is intended to guide employee actions. As it is stated by the Institute of Business Ethics (IBE), the challenge for companies once they have embraced a code of ethics or conduct or a set of values, principles is to adjust them into their business, which is not as easy as it may seem. In other words, codes of conduct is set to help clarify the mission, values and working principles of the organization and apply them to the way of running business. To be more specific, the sometimes called business principles or codes of conduct are intended to guide employee behaviour inside the organization and how the organization does the business (Cohen D. And Technical Information Service, 2008). In other words, all organizations have expectations of how their members should behave between each other and with those outside of the organization. The codes of conduct, whether it is implied or written, is the main engine running these expectations.

Having codes of conduct is considered as a key element of ensuring successful performance of any organization. Employees generally prefer to work organizations committed to values, norms and ethics, and consumers tend to buy from organizations with strong records of adherence to standards of conduct and socially sensitive behaviour. The existence of mentioned rules reassure investors and stakeholders, who are looking for the objects of investments focusing on the commitment to ethics and integrity (International Federation of Accountants, 2007). The sections or the elements of the codes
of conduct can vary depending on the preference of the separate organization in defining expected behaviours and assessing the situation of the country in which the organization operates. As stated and augmented in; Suggested Guidelines for Writing a Code of Ethics/Conduct (Deloitte & Touche LLP, 2005); is the crucial importance of ethics addressed to each employee. Codes of conduct are typically divided into a number of different elements in order to make a kind of systemized statement with rules presented how to behave in one or another situation in business.

![Figure 4. Research Model, (Kaptein and Schwartz, 2008)](image)

The figure above is the theoretical framework and research model to evaluate the effectiveness of codes of conduct. The left column illustrates the theoretical framework and the relationship between the quality of conduct and the effectiveness on a micro, meso and macro-scale. The right sided column on the other hand shows the research model and particular bullet points to help quantify the variables “code quality” and “CSR performance” and their relationship to the previous theoretical framework (left).
The following is a table describing the different bullet points in the research model (code quality section). (Patrick M. Erwin, 2011)

<table>
<thead>
<tr>
<th>Analysis component</th>
<th>Component description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Availability</td>
<td>A Code should be made readily available to all stakeholders. What is the availability and ease of access to the Code?</td>
</tr>
<tr>
<td>Tone from the Top</td>
<td>Level at which the leadership of the organization is visibly committed to the values and topics covered in the Code</td>
</tr>
<tr>
<td>Readability and Tone</td>
<td>What is the style and tone of the language used in the document? Is it easy to read and reflective of its target audience?</td>
</tr>
<tr>
<td>Non-Retaliation and Reporting</td>
<td>Is there a stated and explicit non-retaliation commitment and dedicated resources available for making reports of code violation? If so, is it presented clearly?</td>
</tr>
<tr>
<td>Commitment and Values</td>
<td>Does the Code embed corporate values or mission language? Does it identify the ethical commitments held to its stakeholders (e.g., customers, vendors, communities)?</td>
</tr>
<tr>
<td>Risk Topics</td>
<td>Does the Code address all of the appropriate and key risk areas for the company’s given industry?</td>
</tr>
<tr>
<td>Comprehension Aids</td>
<td>Does the Code prove any comprehension aids (Q&amp;As, FAQs, checklists, examples, case studies) to help employees and other stakeholders understand key concepts?</td>
</tr>
<tr>
<td>Presentation and Style</td>
<td>How compelling (or difficult) is the Code to read? This depends on layout, fonts, pictures, taxonomy, and structure</td>
</tr>
</tbody>
</table>

2.3 Triple bottom line (TBL)

Jurišova V. and Abdrabou L. (2012) in their research define that in today’s world we should do and see business in the wider system focusing not only on economical elements which include creating employment, sources of income, goods and services but also on social parameters, which include the influence an organization has on human beings and ecological ones considering any impact the firm may have on the natural environment. The company should react to the issues of the outside world and does not work in isolation. According to this statement, the company should work with respect to the triple-bottom-line or triple model. In other words; “Triple-bottom line is the philosophy in business, which says that the overall performance of the company should be
measured by its combined contribution to economic prosperity (profit), environmental quality (planet) and social capital (people)*. (Jurišova V. and Abdrabou L., 2012) In a heavily green washed society, we must look towards a solution that is truly beneficial for all involved: people, profit and planet.

A collective collection of global codes of conduct include the Sullivan Principles for Business, also known as the Global Sullivan Principles (Sage Publications, 2012). The Sullivan Principles are related to different stakeholders (see Stakeholder theory in section 2.5), mostly employees and communities and they intend to support economic, social and political justice in companies’ operation territories; human rights and encourage equal employment opportunities; to cover the support for environmental and sustainability issues; quality of life; training and development and community involvement, as well as the promotion of the principles amongst business partners, (SIGMA guide to guidelines and standards relevant to sustainable development, 2003). Companies confirm principles and agree to report on how these principles have been implemented during a period of time. In other words, in the Dictionary of Sustainable Management (2013) the Global Sullivan Principles are considered as voluntary codes of conduct that organizations adopt in order to ensure basic human rights and equal opportunity employment in the workplace, including the issue of environment and sustainable development. Sullivan principles are intended to promote socially responsible conduct of multinational corporations. The main point of Sullivan principles is to understand if and to what extent should company be accountable for both their stakeholders and the community it operates at large.

When the issues of sustainability is truly concerned and evaluated as an opportunity for growth, community relationships are strengthened, economies thrive and attempts are made in order to preserve ecosystems.

2.4 Stakeholder Theory

Representatives of a business world understand that they could not run a business without employees and could not create long-term future plans without customers, nor exist unless the overall community accepted one or another activity. Mentioned groups of individuals as well as others are important not because a commercial unit could not achieve profits without their purchase decisions from the customers’ side and could not provide service or sell products without employees’ work, but because they have all rights and the possibility to reflect their interests in a democratic society. From the business ethics perspective, “an approach that takes into account the rights and interests of the broad range of individuals and organizations who interact with and are affected by business decision making is stakeholder theory” (Patricia H. Werhane, 2000, p.173).
How can both beneficial result be reached? According to stakeholder’s theory, maximizing wealth for shareholders fails to maximize wealth for society and all its members and only managing the interests of all stakeholders can help to achieve both acceptable result (Crowther D. And Aras G., 2008).

Who do we call stakeholders to an organization? The most common groups who we consider to be stakeholders include: managers, employees, customers, investors, shareholders, suppliers, as well as government, society at large, the local community (see Figure 4). The environment is considered as the additional type of stakeholders to an organization (Crowther D. and Aras G., 2008). In other words, as Freeman (1984, p.46) stated, in order to succeed and be sustainable over time, executives must keep the interests “any group or individual who can affect or is affected by the achievement of the organization’s objectives”.

![Standard stakeholder “map” (Werhane, 2000)](image)

On one hand, stakeholder theory is quite descriptive as it outlines relationships of an organization within and outside of it. On another hand, the range of stakeholders, who can influence the organizational climate, is too vast. Sorting out and clarifying organization’s mission and purpose helps to prioritize stakeholder in terms of who has more or less intense effect on organization’s survival and flourishing. Patricia H. Werhane (2000) defines a finer-grained analysis as the way of prioritizing stakeholders based on the following aspects: a) the stakeholder’s power in the form of influence on the organization; b) the legitimacy of the stakeholder’s relationship with the organization; c) the urgency of the stakeholder’s claim on the firm. Stakeholders’ power to influence the firm is related to legislation or regulation. For example, enforcing bodies such as the U.S. Federal Trade Commission (FTC) and the U.S. National Advertising Division de-
fined standards for environmental communications and are against the law to mislead the consumers, and offenders can be taken to court by the FTC or reviewed by the NAD (Horiuchi R., et.al., 2009). These are very essential actions held against greenwashing activity and its consequences. Legitimacy refer to legally mandated relationships as well as relationships that are socially accepted or are expected to happen. In terms of greenwashing, if consumers or customers notice the use of environmental visuals and pictures, which may make them think ”green” or identify that made claims are unlikely to happen in practice, then the customer has all rights to inform about this appropriate institutions and this is a normal and legitimate behaviour of mentioned stakeholders. The third criterion, urgency of claims, is more situational. Internet accessibility is more robust today than in the past. So, web-based claims addressed to organizations, who are suspected to be involved in a greenwashing activity, spread with the highest speed. This process depends on a concrete situation, how the fact of mentioned activity is shared and noticed by concrete customers, regulatory bodies or community on the whole. It is significant to mention, that all stakeholders should be analysed in order to rank them based on described dimensions.

3 Methodology and Method

This segment consists of approaches and techniques implemented in the process of reaching results.

3.1 Methodology

Methodology refers to the kind of theory and philosophy the research is based on. It suggest what kind of methods that would be appropriate for the study (Saunders, Lewis and Thownhill, 2009).

3.1.1 Research Philosophy

The philosophy that was used to write this thesis was the vision of interpretivism, which according to Saunders, Lewis and Thornhillis explained as “… understanding the difference between humans in our role as social actors.” (2009, p. 115). The interpretive philosophy is founded on the beliefs that the world of nature is different from the social world that is created by the humans (Williamson, 2002). Humans have different perceptions about actions that are taken which they translate into communication towards others, which indicates that actions take a higher meaning (Saunders, Lewis and Thownhill, 2009; Williamson, 2002). It is by the interpretations of actions and words that give us and feed our different perceptions, which in turn help us make active and aware choices (Williamson, 2002). The reason for choosing this philosophy is to be able to connect the relationship between aware choices concerning greenwashing and current marketing
strategies, as well as investigating what the underlying factors for the decision process are.

3.1.2 Research Approach

According to Williamson, Burstein and McKemmish (2002), the interpretive philosophy is highly connected to qualitative research. The data collection can be both quantitative and qualitative (Collis & Hussey, 2003). Quantitative data is derived from numbers where the collection produces numerical and standardized data, which is analysed through statistics and diagrams. The qualitative data on the other hand is based on words and allows for a deeper understanding to be gained (Silverman 2006; Saunders et al., 2003).

The nature of this thesis is qualitative meaning that the findings were not numerical but used to clarify the behaviour, emotions, phenomenon, organizational functions as well as the relationship between companies’ actions and its stakeholders. The first four factors are stated by Strauss and Corbin (1989) to be of great importance when implementing a qualitative research. In addition Denzin and Lincoln (2011) also state that a qualitative research is of an interpretive nature and appear in the subject’s natural environment, with the goal to read and deepen the knowledge of the phenomenon. In addition within the qualitative research we have chosen an abductive research approach. This is because the thesis topic, purpose and research questions were already established before proceeding with the research by finding appropriate theories. The abductive approach indicates that one can still change the theories while carrying out the research which makes the theories adoptable to the findings and data collection (Saunders, Lewis and Thornhill, 2012). Shown below is the process layout of the research design, which is an exact copy of the one illustrated by Williamson, Burstein and McKemmish (2002, p.33)
The crossover between data analysis and data collection is of great importance when constructing theory for a case study research (Eisenhardt, 1989). According to Eisenhardt (1989) it is an advantage for the researcher to be able to make adjustments along the research process because it will be benefiting for the end-results. Because greenwashing is a growing phenomenon and the observations have been highly responsive to media and the multiple company websites, which are constantly changing, the adjustability has been very important to the research in this case. As mentioned by Easterby-Smith, Thorp and Lowe (1991) the results from the data collection showed different views towards the phenomenon. Therefore it also became clear, the importance and convenience of the abductive approach.

According to Saunders, Lewis and Thornhill (2012) the abductive approach is a combination of inductive and deductive approach. The reason as to why a deductive approach was not chosen is because it aims on testing theory or hypothesis which did not fit our thesis since much of its foundation and purpose already was set. A inductive would not either have been appropriate since the researcher should not build the research on any previous theories but create his/ her own and enter the field with a clear mind, which according to Eisenhardt (1989) is a very difficult task.
3.2 Method

Method is the chosen techniques and procedures used to reach and investigate data through the vision established in methodology (Strauss and Corbin, 1998). According to Strauss and Corbin the set of methods is what makes “… that vision into reality.” (1998, p.8)

3.2.1 The Strategy of Studying Cases

Within qualitative research there is the approach of case studies, which this thesis is based on (Williamson, Burstein and McKemmish, 2002). Furthermore it is based on qualitative research, researching on real-life examples, which is argued by Stake (2006). Together with Saunders, Lewis and Thornhill, Stake also discusses the opportunity of a deeper understanding of the research topic through the case study approach. Ellet (2007) declare that all cases are subjective to their own “… self-interest and limited point of view.” (2007, p.14)

Therefore having multiple case studies is of an advantage if one desires a broader perspective of an issue. Another advantage of this multiple case study approach for this thesis was that the phenomenon Greenwashing and its actual, very current state in today’s marketing was relatively unknown. One of the disadvantages of a case study approach is the interpretation and subjectivity of the researcher in regards to the data collection and analysis, which could result in a less credible study (Darke and Shanks, 2002). More information and expansion on trustworthiness is to be found in section 3.4 Trustworthiness.

To limit ourselves to one industry as well as limiting to the number of cases we received assistants from our tutor Naveed Akhter¹ who has an extensive knowledge on the matter of CSR as well as previous experience with the chosen industry.

Multiple Cases

As mentioned this thesis adopt a multiple case study and the data is collected through the companies’ websites, media observations and through a questionnaire. In general a case study can consist either a single case or multiple cases which often implies different levels of analysis (Eisenhardt, 1989). The multiple case study was chosen because the need of a broader view of the issue as well as the need of finding relevant information on the matter that is investigated (Stake 2006). A single case for this thesis would not have been sufficient enough. This is also agreed and discussed by Eisenhardt (1989) stating that a multiple cases study could create elaborate theory as well as finding individual patterns across the cases which could create a link or compare them to-

¹ Naveed Akhter is a Doctoral Candidate at Jönköping International Business School, Sweden.
gether to accomplish a greater picture. According to Darke and Shanks (2002) a sufficient number of cases in a case study should be four to ten cases to reach the adequate amount of information. This thesis evolves six different cases which is based in the right amount of cases according to the previously mentioned statement by Darke and Shanks (2002). The amount of cases were also determined based on time constraints as well as relevancy towards the chosen topic.

Case Selection

The cases that are selected for research often play different roles for example, recreation of previous cases (Eisenhardt, 1989), studying various relationships (Stake, 2006) or illustrating multiple situation (Darke and Shanks, 2002). Because of the limitation to time a random selection of cases was not to prefer (Eisenhardt, 1989; Stake, 2006). Furthermore the cases that were selected should be of relevance to the topic and contribute with diversity to the study (Stake, 2006) or they could even be each other’s extreme opposites (Eisenhardt, 1989). The cases that were finally selected did all fit into the following criteria; 1) Profit driven multi-national company within clothing and retail 2) They have been connected to greenwashing in the past 3) There are current issues related to their way of marketing and greenwashing. After the different companies were chosen we also decided to divide them into two groups, Sportswear brands and Fast fashion, to make the analysis and data collection more structured and efficient.

3.2.2 Data Collection

It is recommended by Denzin and Lincoln (2011) to collect empirical data through the multi-method approach including case-studies, interviews, observations and personal experience. In this thesis we use all of the multi-method techniques mentioned except doing interviews but we see that the questionnaire fills that purpose because we have both our own personal experience on the matter as well as all the participants thoughts and experience regarding the issue as well. As stated by Williamson, Burstein and McKemmish (2002) using different types of methods enforces the foundation of the thesis which help outweigh the strengths from the weaknesses. According to Stake (2006) a qualitative method is most suited for understanding a phenomenon by connecting concepts with each other.

The Questionnaire

The questionnaire used in this thesis was based on five different questions about greenwashing, which is to be found in the Appendix. The first three questions was to see if the participants were aware of that greenwashing actually existed. The two last questions was then more in-depth questions giving the participants an opportunity to tell us if they knew of any cases as well as if they had any possible thoughts of any solutions regarding the matter. Except the mentioned questions we also conducted age and nationality from the survey, which gave us a broader perspective and perception of the is-
sue as well as real stories from the participants to follow up on. We did not include the companies that we had chosen because of the limited time we had with the participants as well as making an effort for it to be less time consuming for them. Therefore we decided to focus on the issue of greenwashing to hear their thoughts and if they actually thought it was an issue. We wanted to have the nationality diversity as well as deriving the companies from the survey is because as stated by Eisenhardt (1989) and Stake, (2006); finding patterns is important because researchers often draw their own and too quick conclusion out of limited data because of them, finding something of more interest and therefore ignoring basic observations and forgetting the discussion, which could have a negative impact on the results. Another aspect for the questionnaire is to get a another perspective on the issue compared to the one that can be found through media, which is not always the truth but a modified truth and the same goes for the company websites. So the aim with the questionnaire as stated before is to get a more truthful and realistic view of the issue, in a multinational scale.

**Website Observations**

Observations are what contributes with richness to research data (Saunders, Lewis and Thornhill, 2009) and that include “… systematic observation, recording, description, analysis, and interpretation of people’s behaviour.” (Saunders, Lewis and Thornhill, 2009, p.288). According to Saunders, Lewis and Thornhill (2009) it is also of great value to use observation approach in business studies combined with other methods. In this thesis observations regards to the questionnaire that was conducted through five different questions on greenwashing as well as through observing company websites along with current media and articles. We wanted a diverse observation method to get a broad and realistic view of the issue and therefore we chose these three. The reason as to why we did not contact the companies for interviews is because of past experience. A company do not wish to talk about their company in a negative light and the get a response in the first place is a hard achievement.

*Figure 7. Accessing companies’ websites (2013)*

<table>
<thead>
<tr>
<th>Company</th>
<th>Accessing time</th>
<th>Times visited</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Puma</td>
<td>September – November</td>
<td>15</td>
</tr>
<tr>
<td>2. Adidas</td>
<td>October – December</td>
<td>25</td>
</tr>
<tr>
<td>3. Nike</td>
<td>October – December</td>
<td>25</td>
</tr>
<tr>
<td>4. Top shop</td>
<td>September – December</td>
<td>20</td>
</tr>
<tr>
<td>5. Zara</td>
<td>October – November</td>
<td>22</td>
</tr>
<tr>
<td>6. H&amp;M</td>
<td>October - December</td>
<td>18</td>
</tr>
</tbody>
</table>
3.2.3 Analysing Data

As stated previously by Eisenhardt (1989) and Stake, (2006); finding patterns is important because researchers often draw their own and too quick conclusion out of limited data because they finding something of more interest and therefore ignoring basic observations and forgetting the discussion, which could have a negative impact on the results. Eisenhardt has therefore identified three different tactics to structure a cross-case analysis: 1) Divide cases into different current categories based on previous research. 2) Combine the cases into pairs and look for similarities as well as differences. 3) Divide every case into various sections such as observations, interviews and others.

The most suitable for this thesis we found to be the first one, which we did use as well as the third tactic. We divided each case into media observations, website observations and so on. Except that we also, as stated before used the abductive approach and therefore already have found common themes and theories to use in our research, which made it easier to structure the research.

3.3 The Context of Study

As discussed in the article written by Laufer (2003), greenwashing is a type of corporate deception which has been detected in the past few years in particular by social and environmental activists. Greenwashing is commonly associated with manipulating the public opinion to explicit attacks towards environmentalists (Beder, 1998). Furthermore Laufer (2003) empathises the three elements of deception which are, confusion, fronting and posturing and continues with implementing them into the structure of greenwashing which is based on the previous three. The term “greenwashing” was created around 1990 when some of America's polluters (such as DuPont, Chevron, Bechtel, the American Nuclear Society, and the Society of Plastics Industry) pretended to be eco-friendly at a trade fair in Washington, DC (Kaften, 2012). We are interested in the fact why it was not recognized until just two decades ago. Maybe it was the CSR awareness that made it more detectable, that made it obvious when companies tried to sugar coat their actions with marketing strategies about being green. We believe that the so called CSR trend is here to stay and that we get more aware of our active choices every day. Something we are interested in investigating. Would the awareness of greenwashing actually make people to make different choices? Because one thing has become clear to us and that is that there often is more behind the marketing, which is being accused of greenwashing and that is a mystery worth spending a second thought on. In this study we therefore cover six of the biggest and fastest growing companies within the clothing and retail industry that could possibly be the ones that possibly could and has the power to make a change and to set standards within the clothing and retail market. We study how they have handled the issue of greenwashing and what actually is behind their green looking facade. Is their claims truthful or are they actually a case of modern day greenwashing? Could there be a trend of manipulating codes of conduct into a green advantage? How does this in the end affect the stakeholders within the companies’ supply
chains? The reason behind the choice to study MNCs is to achieve a broader perspective of the topic concerning international greenwashing and codes of conduct.

The following table below shows the most valuable apparel brands in the world (2012) and is based on the brands’ various values presented according to million U.S. dollars. In the top five, four of the six brands that this study is based on are represented.

**Figure 8.**

**Most valuable apparel brands worldwide in 2012, by brand value (in million U.S. dollars)**

<table>
<thead>
<tr>
<th>Brand</th>
<th>Brand Value (in million U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nike</td>
<td>16,255</td>
</tr>
<tr>
<td>H&amp;M</td>
<td>13,485</td>
</tr>
<tr>
<td>Zara</td>
<td>12,616</td>
</tr>
<tr>
<td>Ralph Lauren</td>
<td>5,086</td>
</tr>
<tr>
<td>Adidas</td>
<td>3,663</td>
</tr>
<tr>
<td>Uniqlo</td>
<td>3,689</td>
</tr>
<tr>
<td>Hugo Boss</td>
<td>3,257</td>
</tr>
<tr>
<td>Next</td>
<td>2,973</td>
</tr>
<tr>
<td>Metersbonwe</td>
<td>1,395</td>
</tr>
<tr>
<td>Calvin Klein</td>
<td>1,183</td>
</tr>
</tbody>
</table>

Another reason for choosing the six different companies is because they are all founded and represented in Europe. As stated in the table below, Europe is the number one importer of apparel in the world (2005-2011). This makes the European companies even more influential in the industry, which means that their real actions and claims might be collected in a larger scale than compared to any of the other major markets. This is because of the larger amount of activities and influence the position as leading importer introduces.
3.3.1 The Aspect of Studying Multinational Activities

We already knew before starting our research that Greenwashing was a global issue and therefore the question was not whether to choose multinational companies but how we could limit our multinational selection. Due to the current cases in media we chose the clothing and retail industry. After limiting our research and study to the clothing and retail industry there was still a lot of cases to choose from so therefore we limited our search further by dividing our chosen companies into two categories, Sports Wear Brands and Fast Fashion. Because of the multinational level of the companies, which was part of the criteria the information and research was conducted in English and the same goes for the questionnaire which also was done in English. That was one of the reasons we chose to hand the questionnaire out at Campus at Jönköping’s International Business School because of the multinational environment.

3.4 Trustworthiness

Using multiple cases in research also strengthens the credibility of the study, which is called triangulation. “Triangulation is the display of multiple, refracted realities, simultaneously.” Denzin and Lincoln, 2003, p. 8). Furthermore triangulation is a common aspect used in interpretivist philosophy and as described above it is used in a multiple case environment. (Denzin and Lincoln, 2003; Lincoln an Guba, 1985; Saule, 2002). It also contributes to a broader vision and interpretations to the studied phenomenon (Saule, 2002). Because of that it becomes another advantage when in use of a qualitative multi-method data collection and according to Williamson, Burstein and McKemnish (2002) it is seen as an advantage in two ways. The first one being the ability to compare cases and realities which shows consistency of the subjected matter, also identifies as source triangulation (Stake, 2006). The second viewpoint is called method triangulation which
reflects on the ability to test methods, findings and observations across the various cases in different ways (Williamson, Burstein and McKemmish, 2002). Triangulation was used throughout this thesis in the sense that we used multiple cases in our study as well as multi-method approach. The multiple case study consist of six different company cases which made it possible for us to use our findings and observations in a comparative way across the cases which increased our the perception of the issue of greenwashing.

Ethics of Study

Ethics regards the performance standards that meet the participants of this research (Saunders, Lewis and Thornhill, 2012). During this research study there has been ethical considerations for all parties involved and affected. The people who participated in doing the survey did so anonymously and were contacted if needed to give extra input on their thoughts and contribution if there were any questions.

4 Empirical Findings

This section includes background and website observations of the six chosen companies within the industry of interest as well as a survey conducting information concerning the awareness of Greenwashing.

4.1 Sportswear brands

4.1.1 Puma

PUMA is one of the world’s leading Sportlifestyle companies that was founded in Herzogenaurach, Germany in 1948. It is also one of largest designers and developers of Sportlifestyle footwear, apparel and accessories all over the world. It has a global distribution foundation reaching department stores as well as sport and high-end retailers in more than 130 countries, employs about 11,000 people worldwide and has headquarters in Herzogenaurach/Germany, Boston, London and Hong Kong. The PUMA Group owns the brands PUMA, Cobra Golf and Tretorn (Seiz, 2012).

The Puma’s codes of conduct were not stated on their website, but it was included in the Business and Sustainability Report of Puma, which contains of 223 pages. Even though Puma’s codes of conduct is publically accessible, one that wants to reach it has to struggle reading more than two hundred pages. However, once codes were found, it turned
out to be easy understandable, not complicated to read and contains of risks topics of company.

**Website statements:**

PUMA claims to be committed to working in ways that “contribute to the world by supporting Creativity, Sustainability and Peace, and by staying true to the principles of being Fair, Honest, Positive and Creative in decisions made and actions taken” (PUMA Press Release, 2013).

PUMA ensures that their products are “manufactured in decent workplaces where human rights are respected and environmentally-friendly conditions are maintained” (Seiz, 2012).

<table>
<thead>
<tr>
<th>PUMA’s codes of conduct:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. No employment of minors</td>
</tr>
<tr>
<td>2. Healthy and safe workplace, protected environment</td>
</tr>
<tr>
<td>3. A normal workweek</td>
</tr>
<tr>
<td>4. Right wage</td>
</tr>
</tbody>
</table>

1. No employment of minors. (A minor according to PUMA is a person younger than 15, or the minimum age mandated by the appropriate law, or the age for completing compulsory education.

2. A workplace that promotes the health and safety of the workers as well as the protection and preservation of the environment.

3. A normal workweek according to local labour law.

4. Compensation that is respectful of basic needs and all benefits mandated by law.

5. Respect and equality, regardless of race, creed, age, sex, social origin, political views, sexual orientation, or position.

6. A workplace where there is dignity and respect, free from any form of forced labour, harassment, abuse or corporal punishment.

7. Freedom of association as well as the right to collective bargaining.

**In Media**

The first real life activity of PUMA is concerned with the Taiway sports in China. In 2008, the Fair Labour Association (FLA) received a complaint regarding Taiway Sports a PUMA’s supplier. The complaint brought to the FLA’s attention allegation with re-
spect to several elements of the FLA Workplace Codes of conduct including: excessive overtime; failure to pay minimum wage; improper payment of wages; discrimination based on a worker’s provincial origin; retaliation against workers for using grievance procedures; improper contracting; poor and unsafe conditions in dormitories; and poor quality of food in canteen. (Fair labour association, 2008)

One more example of PUMA’s activities is the toxic water pollution in China. In a year-long investigation, water samples were collected from discharge pipes at factories belonging to two of China's largest textile manufacturers. The results were positive for dangerous chemicals, including hormone-disrupting alkyl phenols that are banned in Europe. Greenpeace blames PUMA to be one of the companies that are responsible for this disaster in China.

### 4.1.2 Nike

Nike, Inc. is an American multinational brand that designs, develops and sells footwear, apparel, equipment, accessories and services. It is one of the world's largest suppliers of athletic shoes and apparel with more than 44,000 people employed worldwide. Nike began its history as Blue Ribbon Sports in 1964 at the University of Oregon. In 1971, the company launched line known as "Nike."

**Website statements**

On Nike’s website they state that as a worldwide company their greatest responsibility is to play a role in bringing about positive, systemic change for workers within their supply chain and in the industry. Nike’s group claims to consider their overall impact on the world, however the needs of their employees are of the biggest matter. Nike is aware of the environmental impact that is caused by the size and scale of the combined manufacturing operations. Nike’s Codes of conduct was first adopted in 1991 and it remains a straightforward statement of values, intentions and expectations meant to guide decisions in factories.

“We share our Code and the accompanying standards with the public, to keep focused on the high expectations we have set and allow others to understand how we operate and how they can adopt, refine or build on our experience.” (NIKE, 2010)

Nike’s codes of conduct is pretty easy accessible on the website, however one has to search for a while in order to find the right information among all the reports provided. Once the codes of conduct was found, the data there is straightforward and does not make the reader confused. On the other hand, it does not contain any images or illustrations, which would make it easily readable. Also, it is not very informative, since it consist of one page only.
<table>
<thead>
<tr>
<th>Nike’s Codes of conduct</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Employment is voluntary</td>
</tr>
<tr>
<td>2. Employment of age 16 or older</td>
</tr>
<tr>
<td>3. No discrimination</td>
</tr>
<tr>
<td>4. Associations are accepted</td>
</tr>
<tr>
<td>5. Wages are paid in time</td>
</tr>
<tr>
<td>6. No harassment or abuse</td>
</tr>
</tbody>
</table>

### In Media

One particularly important real life activity concerning Nike happened in 1997 when Ernst & Young audited a Nike factory in Vietnam. According to the audit, workers were exposed to toxic chemicals without protection or safety training, made to work illegal excess overtime and forced to endure other hazardous conditions.

In addition, Nike is one of the world's leading clothing brands that relied on Chinese suppliers that pollute rivers with toxic, hormone-disrupting chemicals banned in Europe. As a result it is partly responsible for the water pollution in China.

### 4.1.3 Adidas

Adidas is a German multinational company that designs and manufactures sports clothing and accessories based in Herzogenaurach, Bavaria, Germany. Adidas has more than 46,000 people employees in over 160 countries.

#### Website statements:

In the website of Adidas they claim to strive to be a sustainable company by finding the balance between shareholder expectations, the needs and concerns of their workers and the environment.

“We truly believe that acting as a responsible business in society is not only an ethical obligation, but will also contribute to lasting economic success.” (Adidas, 2013).

In their website Adidas Group clearly show that they are proud of their activities and they do not hesitate pointing it out. For example, there is a list of their “Awards and
positive recognition”, which includes, 2013 – adidas Group among the "Global 100 Most Sustainable Corporations in the World" for the 9th time in a row, among many other achievements.

**Adidas Codes of conduct**

1. Performance, Passion, Integrity and Diversity
2. Compliance with the law
3. Diversity
4. Human rights

1. Performance, Passion, Integrity and Diversity
2. Compliance with the law and the legal system is the most important principle for the adidas Group.
3. One of the greatest strengths of the adidas Group is the diversity of its employees and business partners.
4. The adidas Group stands for Human Rights.

(Codes of conduct Adidas group, 2006)

**In Media**

After analysing the case study of Adidas and Yueyuen, the authors found out that Adidas Chinese supplier Yue Yuen provide bad labour conditions to their employees. Adidas claimed to improve the conditions, however from 2008 to 2010 there was no improvement in illegally long working hours, lack of supervision, pre-job safety training, protection equipment, channel for making complaints etc. Even though Adidas has been aware of this situation for a long time now, the labour conditions in suppliers of Adidas are still far from satisfactory. (China Labour Watch, 2010)

The Greenpeace report called “Dirty Laundry” issued July 13, 2011, reveals that there are commercial ties between a number of international brands including Adidas, with two Chinese manufacturers responsible for pouring hazardous chemicals in China’s major rivers such as the Yangtze and the Pearl.

The last important failure of Adidas to comply with the codes of conduct embedded in contracts is the Sportswear manufacturer Kizone case when Adidas refused to contribute to the severance fund in 2011. Eventhough, after Kizone closed, the 2,800 workers were legally entitled to severance payments totalling 3.4 million dollars, Adidas did not agree on paying the money. However, as a result of responsive store actions and student
movement in effort to make Adidas pay the severance fund, Adidas eventually agreed to pay the owned money with the conditions of confidentiality, the cancellation of campaigning activity and the cessation of court cases between Adidas and universities (Clean Clothes Campaign, 2012).

4.2 Fast fashion

4.2.1 Topshop

Topshop is an English clothing and retail brand that was founded back in 1964 by Peter Robinson. Today the company is a part of the Arcadia Group Limited and Topshop has over 300 stores in the UK alone and more than 140 stores situated abroad. The company is known for it’s eclectic British style and has their biggest flagship stores in Chicago and New York.

Since 2002 they have worked together with NEWGEN which allows Topshop to collaborate with new, up and coming designers to bring fresh new designs to their range. Today Topshop is the single largest supporter of up and coming design talent in the UK. Topshop is also known for their collaborations with some of the most well-known British stars within the fashion industry, some of them being; Alexander McQueen, Christopher Kane and Kate Moss, which they have made multiple collection collaborations together with.

Website statements

To read about the codes of conduct the Topshop website suggested to go to the Arcadia group limited’s website, which has 4 journals written on their codes of conduct assessment. With a little research Topshop actually has their own codes of conduct statement which includes a well-stated ground of the company’s practises on human rights. The first statement in the report which sums up the entire goal and message of it is; ”We respect and promote the Universal Declaration of Human Rights and the International Labour Organisation (ILO) core conventions and other relevant conventions and principles.” One of the head topics in this report is the sustainable implementation of the "living wage", which Topshop state is beyond the influence of just one company or brand. Since there are no solution for a sustainable implementation, Topshop is applying a "prevailing wage” or a negotiated wage” until there is a sustainable implementation solutions available. These wages will be matched to the local legal minimum wage and Topshop states that they will continue to support and participate in the multi-stakeholder initiatives to find a solution to sustainable implementation of the living wage. (Topshop 2013)
In media

One of Topshop’s most recent campaigns were a collaboration and collection with PETA. Just over a year ago Topshop was exposed in media for having sweatshop labour suppliers in the United Kingdom as well as being accused of imposing appalling work conditions in the factories abroad. These factories are known to be majorly unregulated and are one of few that has not yet signed the Ethical Trade initiative, despite that fact of constant pressure to do just that. (Kathleen Lee Joe, 2013, Fairfax Media)

In late 2010 a news reporter from Channel 4 in the United Kingdom went undercover to study the labour behind the label Topshop. The study lasted for three months and revealed dangerous sweatshop conditions, wages that only covered half the legal minimum wage, workers threatened to work harder to not get fired and the working environment was cramped, unsanitary, over-heated and included one single fire escape exit, which was blocked. Other facts that came to light was that the identity and legality of the workers were not controlled. The sweatshop that was being investigated not only produces clothes for Topshop but for five high street brands in total, all of them being owned by Sir Philip’s Arcadia group. Topshop decided to take responsibility of the issue but later blamed it on the supplier using subcontractors. In the Arcadia group all of the companies except one are members of the Ethical Trading Initiative, which clearly state in its codes of conduct, aims to prevent abuse of employees or in some cases they go by their own suppliers’ codes of conduct. According to Gurjeet Samra, a Sikh elder who works with the Indian community in Leicester; The majority of the workers that has been documented at the sweatshops are Asians on student visas who should not be working in the first place. (The clean clothes campaign, 2010)

4.2.2 Zara

Zara is a Spanish clothing and retail brand, belonging to the Spanish fashion group Inditex and was founded by Amancio Ortega Gaona. Zara is Inditex flagship brand and is currently the fastest growing fashion group in the world and the majority of that result is in response to Zara’s international popularity and growth. The first store opened in 1975 and in 1985 the company entered the business of fast fashion. The first Zara store outside Spain opened in Portugal in 1988, which lead to the second store which was situated in Sweden and opened in 1994. Since then Zara has kept expanding and is now represented on all four continents and has also expanded its product range with a line of home decorations called, Zara Home.

Website statements

Zara is constantly renewing their product range and has more than 200 designers that produces a new collection two times a week to be distributed to the store. The collec-
tions are therefore often small and sell out rather quickly giving them the feel of exclusivity. This makes the brand constantly on trend with the latest fashion, which prevents the prices from being reduced. Compared to other companies such as Zara’s biggest competitor H&M, the marketing and general Zara advertisement is rather quiet which is a result of the fast fashion industry and Zara’s constant renewal of its collections. In 2010 Zara launched its online store which has improved on the brand expansion as well as the availability of its rapidly changing collection in relation to the costumers.

There are no statement of codes of conduct on the Zara website but statements about their CSR. From the website you get the impression that Zara’s main goal is to “reduce greenhouse gas emissions”. To find the Codes of conduct one have to make a visit to the Inditex webpage which also owns brands such as Pull and Bear and Bershka. The Code of conduct are stated and divided into two different reports; Codes of conduct and Responsible Practices, and Codes of conduct for Manufacturers and Suppliers.

In Media

Results from the “Toxic Threads - The Big Fashion Stitch-Up,” by Greenpeace show that Zara is from the test, the only company that has clothes containing chemicals from certain dyes which can break down into cancer-causing amines. Other chemicals that were identified includes high levels of toxic phthalates, and traces of a cancer-causing amine from the use of certain azo dyes in two products from Zara. (Greenpeace 2013)

4.2.3 H&M

In 1947 the first Hennes (now H&M) store opens in Västerås, Sweden. In 1968 the founder Erling Persson bought a store called Mauritz Widforss, which was a hunting and fishing equipment store. Sales of both men’s and children’s clothing was then introduced into the store and the name was changed to Hennes & Mauritz. The first store to open outside Scandinavia was in London, 1976. The brand kept expanding in the European market and introduced H&M online shopping in 1998. The first H&M store reached USA by the year 2000 and shortly after that in 2004 H&M started its famous range of celebrity collaborations, starting with Karl Lagerfeld. The first stores in Asia opened in 2007, in Hong Kong and Shanghai, China. Since then H&M has continued to expand the brand with new sub-brands such as COS, Monki, Cheap Monday, Weekday and the latest of them being & other stories. (Hennes and Mauritz 2013)

Website Statements

Codes of conduct H&M’s codes of conduct was first implemented in 1997 and as they state it is the core to make the company’s supply chain more sustainable. The H&M Codes of conduct is divided into eight sections, including:
H&M’s Codes of conduct

1. Legal Requirements
2. A ban on child labour
3. Health and safety
4. Workers’ rights
5. Environment
6. System approach
7. Monitoring and enforcement
8. Housing conditions

The requirements are based on standards that are of international agreement like for example the Universal Declaration of Human Rights, The UN Convention on the Rights of the Child and applicable ILO Conventions, as well as national legislation.

The overall business concept of the company is to offer quality and fashion at the best possible price. With quality they refer to the product manufacturing process as well as social and environmental sustainability. They claim that they have a responsibility towards everyone that has contributed to the company’s success. Therefore they aim to create a long-term, sustainable social and environmental standards in the factories that the company uses for manufacturing their products as well as operations with other business partners. They hope to achieve this through working closely with the various stakeholders to create a strong relationship.

In media

H&M has been in the media for using child labour (children under the age of 16) as well as not living up the minimum wages and letting its workers work without safety equipment in factories full of chlorine gas with 13-14 working hours a day. This issue was later stated to be a matter of suppliers using subcontractors to finish the contracted work. (Gottwald, 2013, International Labor Rights Forum)

H&M was named the biggest user of organic cotton worldwide in both 2010 and 2011. Along with that there was a major scandal in 2010 that found some of H&M’s ‘organic’ cotton could have been contaminated with genetically modified organisms (GMOs). As a matter of fact according to the Organic Trade Association: “Cotton is considered the world's 'dirtiest' crop due to its heavy use of insecticides, the most hazardous pesticide to human and animal health. Cotton covers 2.5% of the world's cultivated land yet uses 16% of the world's insecticides, more than any other single major crop.

Furthermore the Organic Trade Association explains that; ”Many processing stages result in large amounts of toxic wastewater that carry away residues from chemical
cleaning, dyeing, and finishing. This waste depletes the oxygen out of the water, killing aquatic animals and disrupting aquatic ecosystems. The North American Organic Fiber Processing Standards prohibits these and similar chemicals.” Using organic cotton is of course different since it does not contain the chemicals and dangerous pesticide, general cotton do. However, organic cotton is still a small part of what H&M offers on the market but they are trying to make a difference for example as stated in the following quote; “H&M is the first fashion retailer in the world to launch a global system to collect used clothing and donate them.” (Dr. Annamma, 2012) Along with that H&M also published a sustainability report in 2012.

### 4.3 The Questionnaire

The questionnaire was created to bring a realistic and current perspective on the issue of greenwashing. The aim of the survey was to reach a multinational perspective on the issue and because of the multinational environment at Jonkoping’s university the choice, where to base and hand out the survey, was given. The amount of surveys handed out were 65 and the variety and the distribution of those regarding the questionnaire participants is shown in the pie chart below.

![Questionnaire Participants](image)

*Figure 10. Questionnaire of participants*
The table illustrated below shows the results of the first three questions of the survey. The first question states: “Do you have any previous experience with “greenwashing”?”. The majority of participants answered that they had previous experience, which shows the global perspective of this issue. On the other hand, when asked if they “know any campaigns that are considered “greenwashing”?”, the two groups were balanced out, which resulted in a surprisingly small margin in regards to the first question, which was based on their experience. One of the reason for this result could be the uncertainty of a specific brand and/or a campaign. From the beginning one can see the trend that the majority of participants were aware of greenwashing.

However, as a result of the survey an even higher percentage realized it as an issue that would affect their decision making regarding future product and or service purchases. Another result of the survey was that the contributors started to argue what they would consider being the breaking point between acceptable and unacceptable greenwashing. The most common reasoning for unacceptable greenwashing was; “as long as it’s not contributing or/ and covering up inhumane animal treatment, severe pollution, poisoning or supporting child labour in any major way”. Some of the more acceptable cases of greenwashing were based on sugar coating statement for example companies claiming to be greener than they are in reality as well as some cases of animal testing and the controversy concerning child labour.

<table>
<thead>
<tr>
<th>Greenwashing Awareness</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience</td>
<td>62 %</td>
<td>38 %</td>
</tr>
<tr>
<td>Greenwashing Campaigns</td>
<td>54 %</td>
<td>46 %</td>
</tr>
<tr>
<td>Is it an issue?</td>
<td>85 %</td>
<td>15 %</td>
</tr>
</tbody>
</table>

Figure 11. Greenwashing Awareness
5 Analysis

The substance concerning Analysis regards implementation of the chosen theories and techniques to conduct results that answers the research questions covering the intension of this thesis.

Due to the fact that consumers’ interest in buying “green” products is rapidly increasing and the expectations on companies to be “green”, many companies started claiming to be environmentally friendly and sustainable without having any evidence of it. This is called greenwashing.

One way of trying to mask the company’s greenwashing activities is to create codes of conduct that is a way of outlining a company’s ethical values and views. Corporate codes of conduct is not required by law. Publishing codes of conduct is voluntary and once it is published a company becomes committed not to break it and to live up to the created expectations. However, there is nobody to ensure that the organization is implementing the published codes. There is no secret that in many cases commitment to and implementation of codes of conduct are two different things.

We have chosen six different companies within the clothing and retail industry to analyse their contribution to greenwashing and the spread of the phenomenon. To structure the following analysis it has been divided into four different sections represented below.

5.1 Claims and Code Quality

Sportswear brands

Puma is one of the companies that is claimed to be using greenwashing activities to become more profitable. Using the Type of Greenwashing matrix (figure 1) Puma would place in the quadrant of Unsubstantiated, which indicates that they lack credibility and that the brand is at risk because of it. Now to the question, why do we believe that they lack credibility? From analysing the company from their website perspective, their codes of conduct as well as through media coverage we have found error and gaps in their statements regarding sustainability. One example is that Puma is claiming to be environmentally friendly by ensuring that their products are “manufactured in decent workplaces where human rights are respected and environmentally-friendly conditions are maintained” (Seiz R, 2012). Except that they are also stating in their codes of conduct to only accept workplaces that promote health and safety for its’ workers as well as contributing to the preservation of the environment. However the real life situation shows an example of the opposite. Together with other major companies and corpora-
tion such as Zara, H&M, Adidas, Nike, PVH and many other Puma was a part in a huge toxic water pollution case in China, 2011.

The Figure 3. Research Model, (Kaptein and Schwartz, 2008) will be used to analyse Puma’s quality of codes and the CSR performance (greenwashing). The first step according to model is to observe the public availability of codes. The website of Puma did not include their codes of conduct, however it is a part of the company’s Business and Sustainability Report of, which consists of 223 pages. Although, Puma’s codes of conduct is publically accessible, one that wants to reach it has to struggle reading more than two hundred pages. Nevertheless, in second step which is to identify the style of the language used in the document, Puma’s codes of conduct was easy readable and understandable for any audience. One more step in analysing company’s codes of conduct using Kaptein’s and Schwartz model is to observe whether provided codes are compelling to read and does it provide any comprehension aids. Unfortunately, Puma’s codes of conduct does not provide any help for a reader and is not particularly compelling to read, since there are no pictures or illustrations. Kaptein and Schwartz (2008) claim that the quality of codes of conduct and the company’s CSR performance is directly related. Puma’s ethical performance proves this statement, since the quality of their codes of conduct is not the best, the CSR performance is not gap free and the fact that Puma has been accused of greenwashing proves it.

Another company we investigated is Nike. As well as Puma this sportswear brand is well known for advertising their sustainability programs and codes of conduct. The webpage of Nike is full of information about them being environmentally friendly and sustainable company. The interesting thing though is that their codes of conduct clearly states that working hours cannot be excessive and that the workplace must be healthy and safe.

Using the Research Model by Kaptein and Schwartz (2008), the conclusion that the quality of Nike’s codes of conduct is pretty good can be made, since it is rather easy reachable as well as easy understandable and not complicated. However, the lack of illustrations is present and it is not very informative. Due to Keptein and Schwartz (2008), the CSR performance should reflect the quality of any company’s codes of conduct. In Nike’s case, the quality of codes of conduct is rather good and even though is a room for CSR performance improvement, it is not in the worst shape.

All in all, it is not always reasonable to take all the website information for granted; even though a company might want to follow certain codes of conduct and be sustainable it is not necessarily true that they are doing this in reality.

The last sportswear company is Adidas claiming to be a sustainable company by finding the balance between shareholder expectations, the needs and concerns of their workers
and the environment. However, maximizing wealth for shareholders fails to maximize wealth for society and all its members and only managing the interests of all stakeholders can help to achieve both beneficial result (Crowther D. And Aras G., 2008).

Having Kaptein and Schwartz’s research model (Figure 3) in mind, one positive attribute of Adidas code of conduct is that it is easy accessible on their website for anyone who it might concern. Nevertheless, the overall quality of Adidas group’s codes of conduct is poor. Firstly, the language style is too formal for a person without any business language background to understand. Furthermore, even though it is rather long (4 pages), the formal language style and too complicated structure makes it not informative. It is difficult for a reader to follow where does one code start and when it finishes. Also, it lacks some illustrations, pictures, graphs etc. to make it easily readable. As a result of rather poor quality of Adidas codes of conduct, the CSR is low as well (Kaptein and Schwarz, 2008).

**Fast Fashion**

By controlling the quality of Topshop’s codes of conduct through the Kaptein and Schwartz (2008) research model. Applying this to the Topshop case indicates that at first, regarding the obvious rebooting to the Arcadia group as well as the presentation of the codes of conduct was through 4 different journals, the quality would have been leaning towards negative. Since 4 thick journals could be seen as an attempt to confusion. With some research though Topshop actually had their own codes of conduct on their site which had no links on the actual website. The code itself was very direct which indicates a good quality but the fact that it was not linked to in the first place could be perceived as an attempt to not have the primary responsibility towards the codes. This could actually be seen as a missed opportunity to make that leap to be more independent concerning both greenwashing issues as well as codes of conduct. As a part of a group they might be stronger but since they are the biggest of all the companies in the Arcadia group, from a consumer point of view, they could actually gain from being more independent and responsive towards its stakeholders. This is because the majority sees Topshop as an independent brand and not a part of a group and therefore, regardless situation Topshop will singled out as responsible in many cases.

What was to be found on Zara’s website, was a lot of information on what they do to prevent global warming, which we found kind of odd. As reading through the information we could not help but wonder why they decided to focus on communicating their commitment on using green transportation and to reduce greenhouse gas emissions. The reason for confusion about this is founded on the reality of Zara’s real life activities concerning their production, which is covered in the next segment.

By using the same model by Kaptein and Schwartz (2008) to analyse H&M’s codes of conduct, one will conduct a quite positive review of the brand. H&M’s website is very
userfriendly and that also applies for their written codes of conduct and sustainability information. It is clearly presented so that the users of the site can understand the information that is to be found. One gets a feeling that the information is there for anyone and everyone who are interested in learning about the company. It also helps to relate to the company and it’s different projects like the Water Aid project and their ecological clothing line, conscious, just to name a few. Another aspect of the presentation is how the content on the website is divided. You will be able to find all the information you need whether you are a interested customer or investor, right there at the website with just a few clicks. The company has also taken a risk by addressing controversal topics such as child labour and working conditions in their factories which they have had issues with before, with coverage in media. On the website it does not cover any negativity about the company instead it is focusing on the projects they are involved with to make a positive difference for the future in various ways. By not covering the companies real issues, which are in fact concerning the risk topics they are coming in on the greenwashing radar. Instead of addressing the projects as their current struggles and issues they are making them into advantages to relate to their stakeholders. The controversy here is that they are actually making and contributing to something good but in fact they are cleaning up their own doing.

5.2 Real life activities

Sportswear brands

In Puma’s codes of conduct they clearly state that they only accepts workplaces that promote health and safety for its’ workers, normal workweeks according to local labour law as well as respectful compensation to support basic needs and all benefits mandated by law. Nevertheless, real life situation of the Taiway sports in China tells another story. In 2008 there was a recording of employees working excessively overtime, failure to pay minimum wage; improper payment of wages; improper contracting and poor and unsafe conditions in dormitories. (Fair labour association, 2008) In addition Puma was also one of the many known brands (e.g. Zara, H&M, Adidas, Nike and PVH) to be involved in a huge toxic water pollution case in China, 2011.

The case about Nike’s factory in Vietnam is described according to the audit that, workers were exposed to toxic chemicals without protection or safety training, made to work illegal excess overtime and forced to endure other hazardous conditions. In addition, Nike has a code to minimize environmental impact. Nevertheless, they are famous for relying on Chinese suppliers that pollute rivers with toxic, hormone-disrupting chemicals. Consequently, it is partly responsible for the water pollution in China.
To analyse Nike’s overall performance further we use triple bottom line (which states that a company should react to the issues outside world and does not work in isolation) with it we evaluate their combined contribution to economic prosperity (profit), environmental quality (planet) and social capital (people). When it comes to the first part of triple-bottom-line, profit, Nike is fulfilling it just fine. Nevertheless, the proof that they lack of environmental engagement is stated above when they were involved in water pollution in China. The last part of the equation also evolves the fact of the case in Vietnam, where Nike failed to treat their employees according to their codes of conduct.

Concerning Adidas real life activities, we found out the case study of Adidas and Yueyuen, where Adidas Chinese supplier Yue Yuen provide bad labour conditions to their employees. Even though Adidas has been aware of this situation for a long time now, the labour conditions in suppliers of Adidas are still far from satisfactory. (China Labour Watch, 2010)

In addition, one more famous failure of Adidas to comply with the codes of conduct embedded in contracts is the Sportswear manufacturer Kizone case when Adidas refused to contribute to the severance fund in 2011. Even though, after Kizone closed, the 2,800 workers were legally entitled to severance payments totalling 3.4 million dollars, Adidas did not agree on paying the money. (Clean Clothes Campaign, 2012)

**Fast Fashion**

Topshop is a brand that is constantly expanding and is known to be a celebrity favourite. Along with its competitor H&M, Topshop is a brand that is known to do collaborations with celebrities and other designers, except that they have also done some collaborations with sustainability organisations such as H&M- The water aid campaign Summer 2013 and Topshop the campaign with PETA. Concentrating on Topshop, is a campaign like the one with PETA actually a true campaign or is it a strategy to pose as a distraction from the greenwashing noise? For example the big scandal in 2010 when a news reporter went undercover as an employee at one of the sweatshops in Leicester, England discovering what is described as “appalling” working conditions. Is a product really fair just by the fabric it is made of or should not the process of creating the product be included? Well, we believe that, that should be the case. If a company like Topshop or H&M makes a campaign saying Eco or conscious collections there should be more facts than just being made of 100% organic cotton or providing water for villages in Africa. What consumers might not realize is that everything is not black and white when it comes to green products. For example cotton which is seen as rather green product or good material is actually the number one dirties crop in the world because of its heavy use of insecticides which is also the most lethal pesticide to human and animal health. Therefore the working conditions play a huge role in the process of making a
product green or not. How could a product be green if it contributes to people falling ill or even dying in the process of making it? Of course every effort that a company does to make a positive change should be valued but sometimes the appearance of a good effort will deceive you.

One of the main issues in the case of Topshop is its state, which is still in an expansion phase. In the majority of the cases that we have studied there has been cases of greenwashing as well as major errors in the supply chain and here Topshop is not any different. In the sweatshop case covered in media Topshop did not take full responsibility of the issues but blamed it on the supplier, which has been a reoccurring trend throughout this whole research.

The last fast fashion company that was included in this thesis was Zara. We did not have to search long before we found headlines focusing on this particular company. There was many headlines circling around the issue Zara has had in tests concerning their production and fabrics. One of those test were carried out by Greenpeace calling it the “Toxic Threads - The Big Fashion Stitch-Up”. In the test Zara was the only company that was tested positive for using dyes containing chemicals that eventually can break down into cancer causing amines. (Greenpeace 2013) With that in mind as well as the fact that Zara produces 2 new collections each week, one might think that a change is hard to implement. Even though this was the biggest and most mentioned issue on Zara, we could not find any statements nor information or aim to change on their website. One of the many problems that we see with this, is that it is not detected until someone makes the discovery. Why could there not be something in addition to help the awareness of the consumers? By narrowing it down, fast fashion does not build on quality and people know that, it is something that we consume and toss when it reaches its maximum of uses. Only that clearly indicates that is it not a long term sustainable product. The issue here though is that just because something is cheap or the production is cheap does not mean that it can be full of toxins. As the trend with CSR keep expanding and a long with it more information is available. Leading it in to the field of stakeholder-effect, there should be something that clearly show the ethical capacity of a product. There already is a regulation about informing the ingredients of what we eat, why should it not be applied and specified to other goods that we consume, which is what fast fashion is narrowed down to, something that is consumed.

5.3 Stakeholder effect

As stated in the Stakeholder Theory (Crowther D. and Aras G., 2008).) there are eight different segments of stakeholders that has their own visions and demands. Implementing the knowledge of the theory to H&M, one can see that from the looks of it H&M has a very good overview and well-coordinated codes of conduct which applies to all of
the mentioned stakeholders in the stakeholder theory. However, as previously stated, looks can be deceiving and the only way for a stakeholder, regardless if you are a customer or an investor, you always have to think outside the box and look at the real picture that can only be achieved by looking into other sources. Even though we have to admit that H&M does a lot of good and they try to make an effort to change and make opportunities but by doing so there is also a huge responsibility to succeed. Not only towards the promises that they have made but also to their stakeholders, and this is where the controversy and challenge comes in. They have to deliver more and more profit from investors’ perspective, but at the same time they want to put in money in new factories as well as giving higher wages and better working conditions, meaning less profit. This is something that cannot happen overnight but in a long run perspective. Regarding H&M’s current state they might actually be or at least trying to make the transition.

“H&M is the first fashion retailer in the world to launch a global system to collect used clothing and donate them.” (Dr. Annamma, 2012) Along with that H&M also published a sustainability report in 2012 (Dr. Annamma, 2013). Anyhow it might take many more years until their aim is reached but it is still a process for the better and meanwhile they will have backlash concerning their current state, evolving labour issues, conditions and environment before they are truly handled for the better.

Continuing with Zara, could their attempt, focusing on Greenhouse emissions be seen as greenwashing? Well we believe so. Instead of covering the real issue, giving explanations and future plans they decide to cover it up by looking green. In fact it might not be that specific issue that they are covering up but by not responding to it does not make it better and the best way to reach their stakeholder is though their site. This could be a great case to apply the Sullivan principles to. The Sullivan principle is intended to promote socially responsible conduct of multinational corporations. The main point of Sullivan principles is to understand if and to what extent should company be accountable for both their stakeholders and the community it operates at large. This is something that Zara could learn from because as with Topshop the consumers shop at Zara and not the specific group it belongs to and therefore the companies should not hide behind the bigger organizations, waiting for the storm to calm down. It is important that the companies still show that they can communicate with their stakeholders and that they are accountable for their actions. The most worrying thing though is that the consumers seem to forget, and they forget quickly, which results in them going back to the brand to shop. This shows the company that no matter the issue or act they do they will be safe and that is not the message that should be communicated because that indicates no change. Therefore the Sullivan principle could be the game changer, that makes the companies accountable for their actions and regulate their claims (codes of conduct) into the future.
The last sportswear company is Adidas claiming to be a sustainable company by finding the balance between shareholder expectations, the needs and concerns of their workers and the environment. However, maximizing wealth for shareholders fails to maximize wealth for society and all its members and only managing the interests of all stakeholders can help to achieve both beneficial result (Crowther D. And Aras G., 2008).

Our final standpoint is though that as a multinational company you have the power to choose your suppliers and therefore also the ability to follow your codes of conduct through matching with appropriate partners. Otherwise, what is the point of setting up codes of conduct in the first place if you don’t plan to carry them out through the whole supplier chain? Since it is voluntary as well, what would be the point if they are not followed? Consequently we believe that an incentive to corporate a regulatory factor into the codes of conduct would be a good idea. Yes, it is voluntary but at the same time when certain things are stated there should be some kind of regulatory follow up otherwise a company could state whatever they would like and deceive and greenwash away.

6 Discussion

The Discussion covers the limitations of the research as well as further research suggestions.

Due to the fact that the issue of greenwashing is quickly growing, we believe that it is of great importance to study the matter especially when it is connected to fundamental company ethics. There is very little research made that links the creation of codes of conduct and greenwashing together. Studying the link between greenwashing and codes of conduct gives us an opportunity to discuss and analyse the effect it has on various stakeholders as well as its underlying contribution to current marketing strategies.

After studying the existing literature regarding greenwashing and codes of conduct, we linked them together and showed the existence of a direct impact between the quality of codes of conduct and greenwashing. This is crucial to be aware of in the process of finding out whether a company is a greenwasher or not as well as while detecting how accurately companies implements their codes of conduct. We believe that any stakeholder has a right to know how the end product is made and how other stakeholders throughout the supply chain are affected by the production. Therefore, in this paper we showed that some of the most famous sportswear and fast fashion brands do not act upon their claims by investigating their website statements, i.e. claims, and real life activities. This allows us to conclude that there are more companies doing the same thing and not only in this specific industry. Unfortunately not all of us are aware of companies’ real life ac-
tivities instead the majority get swept away by empty promises of green and ethical products.

Due to this, we aimed to shed light and increase awareness and scepticism towards present and future marketing strategies with focus on the clothing and retail industry. This has been done by collecting relevant data about greenwashing and codes of conduct, analysing the connection between them and showing a huge gap between what is claimed by a company and what is actually done. In addition, making a survey among international students helped us to get a better understanding of how stakeholders perceive the issue of greenwashing, whether it has a negative impact on company’s image in their eyes and how this awareness affect the stakeholders throughout the supply chain.

The most surprising thing throughout this thesis is how the top brands that the case study evolves missuses their influence and power to change the standards within the industry. As long as they are not trying to change the gap between their claims and real actions, there will be no change, because this will keep making it possible for others to use those gaps as an advantage.

Because we are constantly evolving and the field of CSR is increasing in the same pace, there is no sustainability in using greenwashing as a marketing strategy, in conclusion it is an unsustainable model in the long run. Another main issue that we detected was the endless price pressure that is making companies choose to stay blind when subcontractors make choices about using unsafe factories as well as putting reputations at risk while endangering workers’ lives.

6.1 Limitations

Throughout this thesis the aim has been to carry out a qualitative case study focusing on six different companies, successful within the international clothing and retail industry. To achieve the purpose, multiple sources have been used. One example of the many limitations concerns the process of gaining information about the companies. The first part of the process was to limit the research topic to one industry as well as limiting it to six companies that were relevant to the matter. The reason why the thesis is subjected to one industry is to limit the research and perfect the results and the spectra of the information that is gained as well as being able to compare the companies’ specific to the market. Having multiple companies within the same industry also contributes to a broader view of the industry itself. However, the number of companies was limited due to the issue of time and the quality of the study.
The information about the companies, which made them relevant to the topic was acquired through the company websites as well as news articles connected to the detected issue of this thesis. Along with the company research there was also a questionnaire that has been handed out to gain information about the awareness of greenwashing among international students at Jönköping’s University. The questionnaire consisted of five questions only concerning the issue of greenwashing in today’s society. The aim of the survey was to acquire a perception of the general understanding about greenwashing in a multinational perspective. The limitation to five questions was an effort to simplify the task of participating and making it less time-consuming.

6.2 Implications

Concerning the fact that Greenwashing still is a growing phenomenon future cases of research will very much differ from this current perspective of the issue. Based on these facts our research has been limited to some extent because of the current variety of cases. Another implication is the perception of greenwashing which varies depending on personal preference as well as past experience, morals and ethics.

6.3 Future research

Based on the result of this thesis we believe that future research topics concerning greenwashing and codes of conduct will concern an interest in regulations. As mentioned previously greenwashing is still a growing phenomenon and therefore it is hard to say in what direction it will lead in the future. However we strongly believe that it will be impossible to keep the trend without any regulatory measures being taken in consideration, especially in regards to MNC activities. Future research could also study the prospect of introducing an ethical tag on clothing.

7 Conclusion

This chapter evolves the results of the research and concludes the outcome.

By answering the first research question of this thesis, how companies act upon their claims concerning greenwashing the core findings show a confusion regarding the presentation of codes of conduct. The common trend is that companies use a long and complicated way of illustrating their structure and implementation of codes of conduct. Therefore this is often detected as one of the issues that make greenwashing existent. By creating a confusion regarding the codes the companies make it into an interpretation is-
sue which makes it harder to detect greenwashing and consequently people stay unaware. Another result of the confusion could be that people chose to be unwary because of the time consumption and that they do not want to realize the reality of their own confusion.

Regarding the cases and issues we have covered there will always be controversy whether who to blame and as seen there will always be a confusion about who did what. The question is though, is it really out of the company’s control to manage who they work with and how they manage their operations? We think, not. Since the companies we have studied, have all been among the most successful with in the shopping and retail industry and therefore they have the power to control it.

One principle that we have detected, that could be used to regulate the implementation of codes of conduct is the Sullivan Principle. This is because the Sullivan principle intend to promote socially responsible conduct of multinational corporations and help control that the confirmed principles and agreements are reported upon regarding how the principles have been implemented during a period of time.

The main point of Sullivan principles is therefore to understand if and to what extent should companies be accountable for both their stakeholders and the community it operates at large.

The conclusion that we reached regarding the survey concerns the public perception of greenwashing and the effect of companies’ real actions from a stakeholder perspective. The general result of the observation was that the participants were aware of greenwashing but the majority could not give any specific examples of companies accused of greenwashing. Therefore they could not give any cases concerning past actions taken upon the issue. However, 85 per cent did identify it as a global problem, given that the survey was of a multinational nature. The participants are considered as a consumer group from a stakeholder perspective. The biggest trend that was detected was that greenwashing would have a negative effect on the stakeholders (i.e. Consumers). Nonetheless most of the stakeholders are not completely familiar of companies’ real life actions. The real life problem and controversy of this topic is how could one make rational and aware decisions if the crucial information is not easily accessible. Until the moment where a certain issue is highlighted in a public matter, people will stay unaware and idle to find the information needed to make informed decisions. A common situation with all issues is that it will not be noticed nor be dealt with until it is big enough for public detection or to the point where it is out of control.

An idea that evolved during the process of this thesis was a tool used to increase awareness as well as making needed information more accessible. The tool that could be introduced in this case is a more detailed information tag on clothing concerning facts
about the production process. Today the majority of the current tags mainly list the production country as well as the used fabrics the clothing is made of. A more specific tag on clothing could be used to clarify a products ethical value as well as the production process that it has been put through. Especially in the context of clothing being marketed as ethical to hinder the possibility of greenwashing and increase awareness ethical standards of the specific brand.

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9 Appendix

9.1 Questionnaire

A survey on “greenwashing”

Country of origin:

Age:

1. Do you have any previous experience with “greenwashing”? Give an example if possible. E.g. Companies or situations.
The process of doing the impression of providing green products or being perceived of doing more for the environment than they actually do in order to form an image of environmentally responsible organization and to make more profit.

2. Do you know any campaigns that are considered “greenwashing”?

3. Do you think “greenwashing” is a major issue and what would your precautions be if it came to your attention that your favourite company is using greenwashing as its marketing strategy? Would you still buy their products? If “yes”, why?

4. What would make you not to buy product from a company when it comes to their actions? Examples could be animal testing, pollution, child labour etc.

5. Are you familiar with any of the stated issues in your home country? Put yourself in one of the situations. What could be a possible solution for this problem?
   - Water pollution
   - Inhuman animal killings
   - Unfair labour conditions