



Hållbarhetsredovisning

-Varför utför klädåterförsäljande företag frivilligt hållbarhetsredovisning?

Sustainability reporting

- Why do companies' voluntary publish sustainability reports?

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Varför utför klädåterförsäljande företag frivilligt hållbarhetsredovisning?

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Foreword

We would like to thank our supervisor, Caroline Teh, for her help by answering all of our questions, always being available as well as motivating us throughout the entire process. We believe it would have been a much harder task without her help and guidance.

Sammanfattning

Medvetenheten om ett socialt och miljömässigt ansvar har ökat bland företagen genom åren. Det har blivit allt viktigare för företagen att kunna visa omvärlden att det är ett engagerat företag som tar sitt ansvar gentemot samhällen. Klädindustrin är känslig för kritik från samhälle som har kritiserats företagen för deras negativa inverkan på miljön och samhället. Många företag har publicerat hållbarhetsredovisningar som beskriver deras hållbarhetsarbete.

Tidigare forskning är splittrad på vad som egentligen är anledningen att företag hållbarhetsredovisar.

Varför väljer företagen inom klädåterförsäljare industri att frivilligt utföra samt publicera hållbarhetsredovisning? Vilka underliggande motiv finns det hos företagen?

Våra misstankar kretsade kring att företagen vill legitimera sin verksamhet genom att imitera konkurrenternas hållbarhets praxis för att erhålla legitimitet från sina intressenter.

Genom tre intervjuer med hållbarhetsansvariga från MQ Retail AB, Gina Tricot AB och Ellos Group AB samt en innehållsanalys av de tre företagens hållbarhetsrapporter kom vi fram till att främsta anledningen till att företagen väljer att hållbarhetsredovisa är för att de vill legitimera sin verksamhet.

Abstract

The awareness of social and environmental responsibility has increased among companies over the years. It has become increasingly important for companies to show the world that they are committed and do take responsibility towards communities. The clothing industry is sensitive to public opinion and has gotten critiqued for their negative impact on the environment and societies. Many companies have published their sustainability reports and disclose their sustainability activities.

Previous research is divided on why the companies voluntarily report on their sustainability. Why do companies in the clothing industry voluntarily publish their sustainability reports? What are the underlying motivations of the companies?

Our suspicion was that the companies wanted to legitimize their business by imitating the competitors' sustainability activities in order to obtain legitimacy from their stakeholders.

Through three interviews with sustainability managers from MQ Retail AB, Gina Tricot AB and Ellos Group AB, and content analysis of the three companies' sustainability reports, we found that the primary reason why companies choose to report on their sustainability is because they want to legitimize their business.

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1 Introduction

The objective of this chapter is to provide the reader with a background to our thesis and to motivate the area of interest.

1.1 Background

With the increase of information in the world, consumers and companies have much more information available to them than in previous generations. Consumers and companies are more aware of how their actions affect the environment and society (Comyns et al., 2013). Environmental issues such as contamination of water from pesticides used in cotton plantations (WWF, 2013), or the rising global temperature melting the polar ice caps (Natuskyddsföreningen, 2016) have increased progressively in the global community over the past decades. In the 1960s and 1970s, researchers began to come up with ideas about reporting on social and environmental aspects. However, it was not until the United Nation's Brundtland Report was published in 1987 that companies paid attention to environmental and social reports. Subsequently, it was only towards the end of the 1990s that companies who had been reporting on environmental issues began reporting on social issues (Moneva et al., 2006).

The evolution of environmental reporting has brought forward the concept of sustainability reporting. Sustainability is an assurance for resources to be available for the next generation in the future, while still growing the economy. Sustainability reporting is a report companies publish annually. The report usually discloses how the company works to minimise its negative impact on the environment and the communities that are involved with the company (Dobers, 2009).

In Sweden, it is currently voluntary to publish a sustainability report and there are no regulations that require companies to follow any guidelines. However, there is a new law that will mandate some companies to publish their sustainability report in 2018. The first mandatory sustainability report will be published in 2018 which will contain information for the year 2017.

Over the past years, there have been many scientific studies in the field of sustainability reporting. These studies have mainly focused on the development of sustainability reporting (Comyns et al., 2013). There are also studies about why companies choose to establish sustainability reports (Higgins et al. 2015). Many researchers such as Westermark (2013), Frostenson, Helin, Sandström (2012), Chen and Roberts (2010) suggest that there may be other motives, other than sustainable development, that encourage companies to report their sustainable activities. Westermark (2013) suggests there being reasons such as strengthening the brand name or satisfying stakeholders. On the other hand, Frostenson et al. (2012) mention reports can be used as public relations tools, where they serve as window-dressing. Chen and Robert's (2010) study suggest that legitimacy and institutional theories can be used to explain why companies publish their sustainability activities and why the companies in the same industry have similar reports. These possible yet conflicting reasons for publishing sustainability reports make it unclear to a reader of a sustainability report why a company engages in sustainability reporting when sustainability reporting is not regulated or mandated.

1.2 Problem discussion

Sustainability reporting is and has been voluntary. According to the GRI, the purpose of a sustainability report is to measure, report and take responsibility towards its stakeholders, both internally and externally. Sustainability reporting should give a balanced and true account of a company's sustainability activities (GRI 2006).

The lack of regulation in the preparation of sustainability reports by national and international bodies has led stakeholders to question the underlying motives of companies preparing these reports (Frostensson et al. 2012). Westermark (2013) gives some possible reasons as to why companies might choose to report. These reasons include legitimacy, strengthening the brand name and satisfying stakeholders.

The stakeholders' lack of understanding of these motivations has led to the difficulty of identifying the purpose of a sustainability report (Deegan, 2002). In other words, it is unclear whether the report has the purpose of furthering sustainable development or if it is used for another objective.

The uncertainty of the purpose of a sustainability report affects the stakeholders since the report is a way for the company to communicate with them. If the report is not credible, then

the stakeholders will not know if they should trust the disclosed information (Deegan, 2002). Other reports, such as the annual report, are audited by external organizations which make the reports more credible (Westermarck, 2013). This is not the case with a sustainability report. Currently, there are no requirements for a sustainability report to be audited (Regeringskansliet, 2016). By knowing the purpose, stakeholders can make more informed decisions by identifying unreported areas as well as exaggerated areas and get around the fact that the report is not credible without an audit (Westermarck 2013).

It has become difficult to determine whether a company works towards sustainability or if they are using the report as a public relations tool. Frostenson et al. (2012) mention that some individuals and organizations are of the opinion that many reports are used as a tool to green wash the company's activities (Frostenson et al., 2012). The authors mention that there are scepticisms towards sustainability reporting. One of them being a "window-dressing" problem where they mentioned there only being positive information given in the reports and that negative information is not disclosed or highlighted.

The implementation of a new law mandating sustainability reporting will first show its effect in 2018 when the first mandatory reports come out. Lars-Olle Larsson (2015), a sustainability expert at Swedfund, claimed in an interview to Svenska Dagbladet, that this law is limited. Therefore, it is not able to fulfil the initial purpose of sustainability reporting given by the GRI. He further claims the reports will not be credible since the report is not audited. The new law only requires the auditor to make sure the report is executed, but give no obligations for a follow-up. Instead there are a few regulations that state what the report has to include (Regeringskansliet, 2016).

In other words, stakeholders do not know if the sustainability report mirrors the actual sustainability activities of the company, both positive and the negative activities (Lars-Olle Larsson 2015).

This uncertainty makes it difficult to read the report with a critical view. Key decisions such as investments and collaboration become riskier when the report is not credible (Westermarck 2013).

To conclude, there is doubt for the reason companies' voluntarily report on sustainability activities. This is problematic for the stakeholders because the information disclosed could be used as a public relations tool or the information could be limited and other issues could be

underreported. If this information is misleading, stakeholders may make less informed decisions.

1.3 Purpose and Research question

The purpose of a sustainability report affects its structure and what it contains. By knowing its purpose, stakeholders can read the report with a critical view and identify areas that may be underreported or exaggerated in terms of positive information. Further, understanding the motivations helps the stakeholders gauge the credibility of the report which helps them make better informed decisions.

As such, the purpose of this thesis is to investigate the reasons companies voluntarily choose to produce and publish sustainability reports and our research question is:

Why do companies' voluntary publish sustainability reports?

1.4 Delimitations

There are a large amount of areas and information when it comes to sustainability reporting, making it impossible to research everything within the limited time.

Our focus will be on three Swedish clothing retailer companies, whose headquarters are established in Sweden. By focusing on companies within the same industry and country, the study will eliminate differences between these companies in terms of laws, regulation and norms. This will make the comparison which will be performed in the analysis between companies to achieve validation and become trustworthy.

2 Theoretical framework

The objective of this chapter is to present the frame of reference relevant for this study. This theoretical chapter also helps our analysis and discussion later on.

2.1 The Brundtland report

In 1987, the World Commission on Environment and Development released the report “Our Common Future” (also known as the Brundtland Report), which explains the direction towards global solutions (Westermarck, 2013). The Brundtland Report has significantly increased the awareness of sustainable development for future generations. This has led to the action plan which was developed by the United Nations (UN), Agenda 21¹, in 1992, held in Rio de Janeiro, Brazil. The objective of Agenda 21 is to achieve sustainable development on earth over the long-term (Lafferty & Eckerberg, 2013). Ever since the Brundtland Report was published, the work on sustainability has become more important for companies and various stakeholders. Social and environmental reports are important in order to analyse companies’ efforts in sustainability actions. The Brundtland Report has influenced and increased the awareness of society to reflect and take action for the survival of the earth (Moneva et al. 2006). The next section explains what reporting is.

2.2 Reporting

Reporting is a method of registering economic activities and transactions, and delivering it to a receiver. Economic reporting manifests itself in several ways. Every individual who earns income above a certain amount has the obligation of reporting their income to the government. Banks must report to their customers how much the customers have in their bank accounts. Likewise, private companies, non-profit organizations and the public sector register their activities in a system that is later used to summarize their numbers and report the information in an annual report (Johansson et al., 2009).

Reporting is important since there is an information asymmetry between the company and its stakeholders (a more detailed discussion about stakeholders is given in the next section).

¹ 21 stands for 21st Century

Information asymmetry means that one party has an advantage of having more information than the other. In the case of a company and its stakeholders, the company has more information about what it does than its stakeholders do. According to Johansson et al. (2009), reporting a company's financial activities will reduce and balance this information asymmetry.

The benefit of reporting economic activities manifests itself in two ways. First the reporting has a receiver. A receiver can be a stakeholder such as a bank or a stock owner. They benefit from the reporting in the form of information they would otherwise not have. The second beneficiary is the economy. A company reporting its activities makes an economy work more efficiently (Johansson et al., 2009).

If the reporting benefits the receiver, then it is also beneficial to the reporting company itself since it becomes easier to communicate and trade between both companies. This is because the report will help the respective companies to follow-up on the financial information which makes decision making easier (Johansson et al., 2009).

There are two types of reporting: financial reporting -related to numbers and non-financial reporting- related to information that is not translatable into money values. Annual reporting is mostly financial and sustainability reporting is mostly non-financial.

There are also several forms of reporting corporate social responsibility activities.

Environmental reporting and sustainability reporting are two of the possible ways a company can report their corporate social responsibility activities (Pedersen, 2015).

2.3 Stakeholders

Since reporting can balance any information asymmetry between a company and its stakeholders, it is appropriate that the term "stakeholders" be explained.

Chen and Roberts (2010) define a stakeholder as an individual or a group who can affect or is affected by the achievement of a company's objectives. This means that in order to receive the necessary support for the survival of the company, managers and the board have to understand and have the needs and concerns of the stakeholders in their consideration when a decision is being made.

Pedersen (2015) further explains the relationship between the stakeholders and CSR.

Pedersen explains that since the stakeholders, such as employees, suppliers, customers and

local communities, are being affected by the company's operations, the companies have to take responsibilities for their actions.

According to Frostenson et al. (2012), investors in relation to sustainability can be divided into two groups. One group that do not take sustainability information into account and the other group that do take the information into consideration when investing in the companies in order to minimize the risk they take. This group belongs in the category: ethical stakeholders. There has been an increased in the ethical stakeholders group and sustainability report has therefore become crucial for investors when doing a risk assessment. In this study, when we refer to stakeholders, we refer to what is explained in this section.

2.4 The clothing industry in brief

The textile or clothing industry is one of the world's largest industries whose supply chain is very complex and consists of many intermediary companies as a part of their outsourcing production strategy. Due to this, both companies and suppliers within this industry should be environmentally and socially responsible in their performance (Hyder, Chowdhury & Sundström, 2013).

Furvik and Jörnmark (2017) state that in recent decades, the biggest growth in this industry has occurred in Southeast Asia. The low level of wages, combined with longer working hours, implies significant cost advantages for the textile and clothing industry in this region. However, this advantage has been at the cost of environmental legislation.

Referring to Bakker and Nijhof, Forman and Jørgensen (2004) claim that the textile industry is pressured from both governmental regulation and consumers to report their production and products' impact on the environment.

Consumers usually prefer to buy products from manufacturers that engage in corporate social responsibility (CSR) practices in their everyday business. According to market surveys Koszewska (2010) conducted, CSR strengthens consumers' loyalty. CSR is the business activities where companies involve social and environmental aspects to their operations and their interactions with stakeholders. A more specific description of CSR is given in section 2.5. Consumers are today, better educated and more aware of the impact companies have on

the environment and want more information such as locations of production facilities, production methods and materials (Koszewska, 2010).

There can be many forms of environmental impact through the textile or clothing industry. The impact cotton production has on the environment is complex according to Turrillas and Guardia (2017). The production of cotton requires a large quantity of water. 2.6% of global water use is consumed in the production of cotton. Thus, this has reduced freshwater reserves causing drought problems in the cultivation areas and a general damage of the water environment. Textile production, including weaving, cutting and sewing consume a high amount of electricity, which increases carbon dioxide (CO₂) emissions and acidification potential. The emissions of the carbon dioxide increase temperature on earth by not letting the heat out of the atmosphere. This is known as “global warming”, and causes sea levels to rise (Nolt, 2011). The increase acidity in the ocean is potentially harmful for marine organisms. This causes depressed metabolic rates and immune responses in some organisms, and coral bleaching (Nesbit & Cmons, 2015). Farmers use pesticides to protect cotton plants, from insects and other weeds, as they grow. This leads to contamination of other products and can get into the food we consume (Turrillas & Guardia, 2017). Aside from the consequences the production of textile can have on the environment, there are also other concerns such as child labour. Moulds (2015) states that around 260 million children are in employment around the world (according to International Labour Organisation ILO), an estimated 170 million of the 260 million are either too young or the work is unacceptable for children to work in, with many working in the textile and garment industry to satisfy the demand of consumers in Europe and the US. Child labour is forbidden by law in most countries but there are some countries that still continue with it.

Consumers are sensitive to practices that involve child labour or animal abuse. If it is found that a company uses such practices, consumers will likely abandon the brand and no longer support them.

2.5 Corporate Social Responsibility

Over the last decades, the role of business entities in society, their responsibilities and objectives have changed over time. The American economist Milton Friedman once stated that a company's initial responsibility was to make profits and satisfy their shareholders but

this has later been replaced by the idea that companies also should have responsibilities towards the environment and society (Friedman, 1970). The demands from communities, in which companies are operating in, toward companies to take responsibility for their impact on environmental and social issues have increased (Löhman & Steinholtz, 2003).

The increase of awareness, around social and environmental problems, has influenced consumers to become more sceptical of the products and services they consume.

Subsequently, this has increased the pressure on companies to produce sustainable and harmless products, thus the idea of CSR emerged (Pedersen, 2015).

CSR is a broad term that involves several parts which together form CSR. The term CSR has been accused of being vague and lacking clarity. When asked what CSR is, someone may expect different answers from different people. Pedersen (2015) refers to Marcel van Marrewijk (2003), who explained what CSR is

“company activities [...]demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders” (p. 13)

In other words, CSR is a business practice where companies include social and environmental issues in their business operations and when interacting with stakeholders.

When referring to CSR issues, one has to understand that the CSR issues can vary, not only from company to company but also over time. In the 1950s, CSR issues were about basic labour rights whereas today it includes environmental issues and might include other aspects in the future. The industry also affects the type of CSR issue that a company must take into consideration. The clothing industry might deal with problems related to cotton production while the food industry would have to deal with issues related to the production and the ingredients used.

In this thesis, Van Marrewijk's (2003) definition of CSR will be adopted and used. CSR is the inclusion of social and environmental issues into a company's business operations and activities.

2.5.1 Sustainability Reporting

Companies who engage in CSR practices have the option to inform their stakeholders of their CSR activities through CSR reporting. There are several types of CSR reporting such as environmental accounting, social accounting and sustainability reporting. There has been an increasing trend of companies engaging in CSR reporting. This is due to the different phases of guidelines which have been established over the years. The first phase was the establishment of the OECD guidelines from 1976 that gave companies guidelines to report on the environment. Phase two involved increasing awareness of environmental reporting like Ben & Jerry's 1988 social audit and stakeholder report, which led to integrating the CSR reports with accounting standards. The last phase, phase three was the establishment of the Global Report Initiative (GRI) standards that issued guidelines on sustainability reporting. Thus, these different events over time have lead sustainability reporting to be one of the most practiced CSR reporting methods (Pedersen, 2015).

The sustainability report has emerged from the concept of sustainable development. When the concept of sustainable development is applied to a business, it means that the company should conduct its business in a manner that meets the operating and shareholders' needs while protecting, maintaining and developing the human and natural resources needed in the future. A sustainability report can serve to differentiate companies from its competitors (Comyns et al., 2013). Sustainability reporting involves a company disclosing its activities and processes which impact the environment and society (Dobers, 2009).

The word sustainability activities is mentioned several times throughout this thesis. By using this term, we refer to different activities that the companies are involved in to ensure economic growth whilst social and environmental issues regarding their business operations are minimised and/or eliminated. Such activities include minimizing greenhouse gas emissions, lowering energy usage or enforcing safety regulation for the employees (White 2005).

Sustainable development is another definition used several times in this thesis. It is a concept of fulfilling the need of a society to grow and develop while also maintaining and sustaining the resources and ecosystems which contribute to society and the economy (UN 2016).

A sustainability report is a statement of corporate economic, social and environmental performance (this is also known as the triple bottom line) (GRI, 2006). A sustainability report complements the financial statements, and satisfies stakeholder needs for information about the impact that the company has on the environment. For example, programs or projects that can reduce pollution from the production of materials (Andrews, 2002).

Unlike the annual report, a sustainability report is a voluntary report given by companies. So far, sustainability reports are not mandated by the law. There has also not been any law specifying how a sustainability report should be structured or what it should contain. However, a new law has recently been issued in Sweden mandating sustainability reports from the year 2018. This is further explained in the next section.

2.5.2 New Law “Company reporting on sustainability and diversity policy”

On 1st December 2016, the Swedish government established a requirement that companies that meet at least two of the following conditions should produce a sustainability report: the average number of employees in the company is more than 250; total assets amount to more than 175 million SEK (20 million euros), or the amount of net sales is more than 350 million SEK (40 million euros) (Regeringskansliet, 2016). This law will affect many companies including those in the clothing industry, an industry which we are interested to study (Veckans Affärer, 2015).

Although sustainability reporting involves a company disclosing its activities, there are no regulations or consensus about sustainability reports. What should a sustainability report contain? What information should a company present to stakeholders, such as shareholders, employees and subcontractors?

2.6 Triple bottom line (TBL)

According to Pedersen (2015) suggestion, there should be three essential elements in a sustainability report: financial, social and environmental. Together they are labelled *the triple bottom line*. These elements should be addressed in a sustainability report because of a long-term perspective for a company’s sustainability.

According to Gimenez et al. (2012) the World Commission on Environment and Development's (WCED) definition of the triple bottom line includes the three aspects of sustainable development which are social, environmental and economic aspects. The triple bottom line focuses on a balance between economic, social and environmental responsibility. The company must perform economically and be profitable, both for its own sake as well as for stakeholders in order to exist. Environmental sustainable development typically refers to waste management, reduction of emissions and pollution, energy efficiency and avoidance of the use of toxic materials. Social responsibility includes both the internal, in the form of employees, and the external, in the form of communities. This means fair treatment for employees in the context of equality of ethnicity and gender. In the context of communities, companies should enact favourable practices in the community where their businesses are conducted (Pedersen, 2015).

Although the triple bottom line specifies three main aspects to include in a sustainability report, these aspects are still very broad and general. Thus, companies have the freedom to present their sustainability reports in any structure and with any content they wish under each aspect. There are no standards specifying the types of information to report or how a company should prepare a sustainability report. But in the last few years there have emerged several different standards and frameworks which serve as guidelines for companies to establish a legitimate sustainability report.

2.7 Global Reporting Initiative (GRI)

The leading framework is the Global Reporting Initiative. GRI is an international non-profit organization that provides guidelines and framework for the sustainability reporting for companies of all sizes (Willis, 2003). GRI is the most accepted and used model for sustainability. Among the world's largest 250 companies, 188 of them use GRI's standards to report their sustainability activities. There are over 23,000 GRI reports in the GRI's database and this number continues to grow (GRI, 2017).

GRI was established in 1997 by "The Coalition for Environmentally Responsible Economies (CERES) with the help of the UN Environment Programme (UNEP). Its aim is to create globally applicable guidelines and contribute to making sustainability report as standardized and comparable as financial accounts (Hedberg & Malmborg, 2003). GRI guidelines allow various companies to report their sustainability activities in the same way, making it easier to

compare between different companies. This is important for stakeholders in order to gain an understanding of a companies' responsibility. According to Hedberg and Malmberg's (2003) study, companies use GRI guidelines to obtain credibility of preparing sustainability reports. This helps a company to communicate internally and externally their intention for sustainable activities. The latest version of GRI is called G4 Sustainability Reporting Guidelines, which was launched in May 2013 (GRI).

According to the GRI (2006) the purpose of a sustainability report is to disclose both positive and negative impact that the company has on environment and society. The companies should disclose the activities which they are involved in to minimize the negative impact on the environment. There have been several previous studies about sustainability reporting which can be of help to our study. These are presented in the next section.

2.8 Previous studies

A previous empirical study from Olguin and Håkansson (2011) researched what motivations MQ, Kappahl and H&M have to publish sustainability reports. The study part consists of an interview and content analysis of four sustainability reports. The study concludes that financial is a motivation for companies to publish sustainability reports.

Another study by Kozłowski, Searcy and Bardecki (2015) researched reported sustainability indicators in the clothing industry (the authors refer to this as the apparel industry). This empirical study conducted a content analysis of sustainability reports, other documents containing similar information and company websites. Kozłowski et al. chose the 14 participating companies of the Sustainable Apparel Coalition (SAC). These companies together represent $\frac{1}{3}$ of the total industry. The study used a previous theoretical study that developed a sustainable business model. This model includes supply-chain management, design practices, business innovation, consumer engagement and product sustainability. These are of most interests to the clothing industry. The researchers then do a content analysis of the previously named documents and identify how many indicators were disclosed per key theme.

The study concluded that the most disclosed information in the reports was about the supply-chain management. There were 45 reported indicators only for the supply-chain management. Some of these were: having a code of conduct, using organic cotton and performing audits on suppliers. However, since the clothing companies have limited control over the suppliers the

future reporting should increase emphasis on collaborating between the suppliers and the clothing companies. The study also concluded that there were a very small number of indicators related to consumer engagement and since the companies have little to no control over the consumers they should also emphasize collaboration between the two. Further the business innovation had few indicators and companies need to disclose more about what they are doing to improve the current process of business. The design practices and product sustainability were both reported well when the researchers looked at the indicators. These two should focus more on their influence and how they work with the other key themes.

This study will also include two theories as part of its frame of reference. These theories are the legitimacy and institutional theories, which will explain why companies report on their sustainability activities. These theories have been used in various other studies to show how they have worked. A more detailed explanation of these theories is given in the next section.

2.9 Legitimacy theory

According to Chen and Roberts (2010) legitimacy theory focuses on balancing the value system of an organization with the value system of society. This theory can also be used to explain if the objective of an organization is similar to what is socially expected.

However, the theory does not specify how the balance could be reached or what actions an organization should take. Deegan (2002) states that researchers, such as Cho and Patten (2007) and many more, have used legitimacy theory to explain the underlying motivation of companies voluntarily disclosing their environmental activities. Legitimacy theory provides a foundation for understanding certain managerial actions such as environmental disclosures. However, the theory itself is still in need of refinement.

Deegan and Unerman (2011) agree with Chen and Roberts (2010) that legitimacy theory is often associated with the reason for a company's voluntary disclosures of social and environmental information. The theory assumes that companies continuously strive to ensure that their activities are assumed to be legitimate. This has influenced companies to respect the limits and abide by the standards of norms that prevail in society. These limits and standards are not fixed and may change with time, which puts a requirement on companies to respond to the current ethical and moral standards in the environment which they operate in.

The social system in which companies operate in depends on legitimacy. The term legitimacy is used when companies' actions are perceived as correct and in balance with the value of social expectations. Legitimacy is thus an asset from a company's point of view since it is critical for the survival of the company (Michelon, 2011).

We have chosen legitimacy theory because it can be linked to sustainability reporting. A threat of legitimacy can arise if a company, for example, does not take the environment into account which is seen as a part of corporate social legitimacy. Threats towards a company's legitimacy can be averted by using communication strategies which educates, informs and affects the traditional view of external parties about a company. For example, by publishing sustainability reports, the companies disclose its activities and ensure the consumers that the company is being responsible towards the environment. These communication strategies also show that companies strive to meet society's expectations. This allows the company to retain its legitimacy.

Although there are no regulations requiring companies to publish sustainability reports, many companies have done so. The legitimacy theory is helpful for determining if the underlying motivation for companies to voluntarily publish their sustainability reports is to obtain legitimacy towards the stakeholders. According to Ljungdahl (1999), publishing sustainability reports have become necessary for companies to obtain legitimacy. However, there is no general agreement that all companies who publish sustainability reports do so to seek legitimacy. Yet many companies do publish sustainability reports to the point that it has become institutionalized. In view of this, we have also decided to look at institutional theory, which will be discussed in the next section.

2.10 Institutional theory

According to Scott (2008, p. 48-50):

“Institutions are comprised of regulative, normative and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social life.... //.”

Structures of institutions are shaped by regulative, normative and cultural elements. The elements are the core of the institutions and are referred to as pillars. Beside these, there are also behaviour and action controls, and material resources management. The elements which allow action to be enabled, supported and also prohibited are symbolic systems in the context of rules, norms, beliefs, and resources that are needed to fulfil the actions. Resources include humans and material. An important property of institutions is the provision of stability and endurance. However, institutions also undergo change, which is why it is essential that institutions, or in this thesis referred to as companies, focus on the ability to adapt to changes both from inside the company and the outside world (Scott, 2008). According to Comyns et al. (2013) companies have become more aware and take greater responsibility toward society, both from an environmental and ethical aspect. A company's success is dependent on the actions it takes toward society, which often goes hand in hand because society tends to have a greater awareness of social issues and know how to appreciate them.

Institutional theory emphasizes that the development of formal organizational structures is influenced by the overall context in which organizations in the same industry with similar expectations are included. This institutional business environment is characterized by the rules and requirements of each individual organization that must be able to adapt in order to achieve legitimacy and external backing (Meyer & Rowan, 1977).

The adjustment to a proper structure according to the institutional rules favour organizations in a positive way in the context that greater legitimacy is achieved. According to institutional theory, an enhanced legitimacy that organizations strive for is a way to create an efficient suspension to their surroundings. This means that when an industry, for example clothing retail companies, is well established, there will be a pull towards a homogenization of the organizations in the same industry. Homogenization occurs when organizations follow and share the same institutional context, which is where every organization will have the same system and norms in some way (DiMaggio & Powell, 1983).

Institutional theory, according to Chen and Roberts (2010), is similar to legitimacy theory but focuses on the relationship between environment and organizations. This is essential for the stability and survival of organizations. Further, Chen and Roberts explain that institutional theory emphasizes that organizations can incorporate institutionalized norms and rules in order to gain more stability and increase their survival prospects.

Suchman (1995) states:

“Legitimacy and institutional theories are virtually synonymous”

In other words, in order to be perceived as legitimate organizations, the organizational structures and actions should be assumed to follow the prescription of these socially constructed norms and principles (Chen and Roberts, 2010).

Meyer and Rowan (1977) state that many of the institutional organization structure are build and form from institutional rules. These institutional rules are based on myths, formalities and symbols which organizations incorporate to gain legitimacy, resources and stability in order to enhance their survival. Deegan and Unerman (2011) state that institutional theory explains that companies usually act according to social references, norms and values that society regard as acceptable behaviour.

Legitimacy is obtained from a socially constructed system of values, norms, beliefs and definitions. Referring to Suchman (1995), Chen and Roberts (2010) claim if companies choose to follow the social system, then they will likely gain social acceptance.

Chen and Roberts (2010) refer to many researchers who state that the easiest way for a company to obtain legitimacy is to follow the pre-existing institutional structures and rules. This is because sustained institutional patterns must already have characteristics of legitimacy since many organizations are already following the structures and rules. Institutional theory will provide an understanding to why companies choose to publish their sustainability reports and why the contents in the reports are similar.

2.11 A summary of our theoretical framework

The theoretical framework was structured by first presenting how sustainability came to be recognized by companies through the Brundtland report. Then the term of reporting and stakeholders are defined in order to help readers to understand what does the term reporting mean and who the stakeholders are. Since this study focuses on sustainability reporting, the definition of CSR has to be defined and how it is related to why companies are publishing their sustainability work. The triple bottom line are the core elements of what should be addressed in a sustainability report, these are: financial, social and environmental issues. Companies can use the most common and leading framework for sustainability reporting which is the GRI guideline. There have been previous studies that can be related to our study,

these studies can give the readers broader perspectives about reasons why companies report on their sustainability. For the final part of chapter 2, legitimacy and institutional theories are presented in order to determine the motivations that drive companies to voluntarily report on their sustainability activities.

In order for the readers to follow the process and strategies of our study, the next chapter will explain the detail of our chosen methods.

3 Methods

This chapter will present the methods used to obtain the results presented in this thesis.

3.1 Scientific approach

This study explores the reasons clothing retailer companies voluntarily publish their sustainability reports. Our primary data has been obtained through in-depth interviews with CSR managers representing the companies. Secondary data has been obtained through scientific articles, sustainability reports, annual reports and information on company websites.

We used a qualitative approach to collect data in this study. Qualitative research is a method used to understand how different people interpret different situation at a point in time. Learning how someone interprets different situations is called interpretive qualitative method (Merriam, 2002). Merriam (2002) describes interpretative qualitative research as being characterized by several factors. The first one being: understand what people say about their experience. In other words, interpretative qualitative research involves understanding situations as part of interactions and context. The end goal being depth of understanding. The second characteristic is that the researcher is a primary tool for the data gathering. This means that the researcher can affect the result of the research in many ways. First since the goal of interpretative qualitative research is to understand the responses, the capability of the researcher to respond and adapt to the situation is crucial. Asking a follow up question when necessary or clarifying the accuracy of the interpretation is a sign of capability to respond or adapt. The downside is that the researcher's personal biases might affect the way he/she interprets the data. This can be overcome by acknowledging the biases and monitoring them constantly in the analysis process.

The last characteristic is where respondents give data in words and pictures more often than numbers. The descriptions by words are more likely to give the researcher a deep understanding of the experience and interpretation of the respondent (Merriam, 2002).

3.1.1 The selection of industry and companies in our study

The reason we chose the clothing industry is because it is an industry full of environmental problems and child labour. As stated in the chapter 2, according to Turrillas and Guardia (2017) the production of cotton requires a huge amount of water which reduces freshwater reserves and causes drought problems and a general damage of the water environment. Textile production consumes a high amount of electricity that in turn increases carbon dioxide (CO₂) emissions and acidification potential. The emissions of the carbon dioxide increase temperature on earth causing glaciers to melt and sea levels to rise (Nolt, 2011). The increase acidity in the ocean is harmful for marine organisms and can in turn affect the food we consume (Nesbit & Cimon, 2015). Pesticides are used to protect plants that are used for the textile from insects as they grow. This leads to contamination on other products such as wooden furniture as well as the food we consume (Turrillas & Guardia, 2017). Another reason we chose this industry is because according to Moulds (2015) article which is supported by Unicef, ILO has estimated that many of the 170 million children are working in the textile and garment industry.

The textile industry is thus pressured from both governmental regulation and consumers regarding the reporting of the environmental impact and child labour of company's production and their products (Forman&Jørgensen, 2004).

At the beginning of our study, we chose three clothing companies which were H&M AB, Kappahl AB and Lindex AB because of the size of the companies. Unfortunately, we could not get interviews with any of them. Thus, our next step was to send out interview requests to as many Swedish clothing companies that have published sustainability reports. Fortunately, our requests were accepted by three companies which were MQ Retail AB, Ellos Group and Gina Tricot AB. The companies have their operating headquarters located in Sweden, which made the interviews convenient. We read each of their sustainability reports and noticed that both Ellos and Gina Tricot used the GRI guidelines to report their sustainability activities which made the comparison and analysis of the reports more compatible. MQ did not use GRI to report their sustainability but their sustainability reports structure and contents are very similar to the other two companies. The following paragraphs outline more details about each of the company we studied:

Ellos Group Holding AB

Ellos Group is a Swedish fashion retailer company and was founded in 1947. Ellos is currently a leading e-commerce company in fashion and home furnishings in the Nordic online market. The portfolio of Ellos group consists of Ellos, Stayhard, and Jotex. Ellos has around 2.4 million active customers and their e-commerce site had 59 million visits in 2015. Ellos is currently established in Norway, Finland, Denmark and Sweden. Their headquarters is located in Borås. Approximately 50 percent of their sales are from Sweden and the rest are distributed among the other Nordic countries (Ellos Group, 2016).

Gina Tricot AB

Gina Tricot AB is a Swedish fashion retailer company which was founded in 1997 and focuses mainly on women's clothing. The company has approximately 180 stores in five markets across Sweden, Norway, Denmark, Finland and Germany. It has a growing online store and has its headquarters in Borås, Sweden. Gina Tricot's business idea is to be in the most favourable locations for retailing, offering an up-to-date selection of women's wear, mainly tops. It primarily targets all age groups of women with an interest in fashion (Gina Tricot, Sustainability Report, 2015)

MQ Retail AB

MQ Holding is a Swedish fashion retailer company which was established in 1957. MQ Holding owns and operates fashion apparel stores, online-shop and outlet stores which comprises the retail stores MQ and Joy. MQ Holding focuses on the Swedish market with 119 stores operating in Sweden and 3 stores operating in Norway. MQ offers men's and women's clothes with a high fashion content in attractive stores and online store with the vision to achieve the leading position for fashion and quality brands in the Swedish market (MQ holding info, 2016).

3.2 Data Collecting Methods

3.2.1 Primary data

3.2.1.1 Interview

There are several types of interviews. They mostly differ in how the researcher structures the questions and what type of questions are asked. For example, a structured interview has a question schedule that he/she follows, without follow-up questions or objections from the researcher. The questions are not broad and are meant to answer a question directly. To make the comparison easier, researchers use the same questions in every interview. The structured interview is mostly used in a quantitative study. A semi-structured interview is instead based on a topic or broad questions that allow the researchers to ask follow-up questions. Most of the questions are the same but follow-up questions may vary from interview to interview. It can happen that the interviewer only has one question prepared and after that ask follow-up questions on topics of interest. A non-structured interview is an interview in which the questions are not prearranged, thus the interviews tend to be more informal and free flowing than a structured interview, much like an everyday conversation. A non-structured and a semi-structured interview are used in qualitative study (Bryman and Nilsson, 2011).

Semi-structured interview was used in this study. The broad questions were meant to make the respondent elaborate and give more detailed answers and elaborate their point of view. We chose a semi-structured interview method because it makes the respondents give answers that can be analysed and interpreted. A non-structured interview relies too much on the researcher's ability to ask follow-up questions. A semi-structured interview does this too but has the advantage of having a question schedule that can be followed in case the researcher gets stuck while also being able to turn the questioning into more of a discussion session which makes the respondent more comfortable and gets them off the "script".

The data gathered from the interviews will be in word form and will need to be interpreted. Qualitative data contains a stream of dialog that needs to be understood. This means that the results from the data gathered should be analysed and interpreted according to the context of the questions (Jacobsen et al. 2002).

An in-person interview with the respondents is useful for answering more complex problems because it allows an understanding of the overall problem area by asking questions of how

and why (Jacobsen et al. 2002). Merriam (2002) states the best way to understand others' perspectives of reality are through dialogue.

After gaining a better understanding of the topic on sustainability reporting, through scientific articles and problem discussion, questions were formulated for respondents within each company. The questions were based on the triple bottom line and on the chosen theories. The questions were approximately the same for every interview; they differed in follow-up questions only. We decided to have several questions that would not surpass 30 minutes for the interview. A possible longer time would have resulted in difficulties for the respondents to find time and participate in the interviews. We got in contact with the companies by email or phone. The contact information was easily available on the company's website. In the emails and phone calls we asked for an interview and together with the respondent decided how the interview was to be conducted and when. The difficulties we faced were to convince respondents to agree for an interview. The easier part was finding a time to for the interview. This was easier since we were very flexible with our time.

We interviewed one respondent for each company and the duration of interviews was around 20-30 minutes. The interviews were conducted in Swedish since we, the interviewers, and the respondents speak it as a first language. The respondents were very cooperative and knowledgeable about the companies they worked for and their sustainability activities. This made it easy to get answers for every question we asked and made us feel like the answers given were truthful and reliable. The interview through email got us answers to similar questions as the phone interviews. The difference was that the email interview led to shorter answers which were less desirable. The questions asked during the interviews are attached and presented in the appendix to this thesis.

Preferably we would have liked to have in-person interviews for more trustworthy source of information but we could only get two interviews through telephone and one interview through email. We agreed to these methods of interview because it was requested by the respondents for convenience. We do not see the answers from email as illegitimate because the answers go through the same process of interpretation and analysis as the phone call interview.

The benefit of doing the interviews was for us to increase our knowledge which enabled us to dig deeper in the sustainability field in order to understand the underlying motivation of companies for publishing their sustainability report. By speaking to our respondents, we had the opportunity to obtain descriptions and explanations from them, which would not be available to us otherwise. If we did not do the interviews, then we would only have the companies' sustainability reports as our empirical data. We would then have very limited information and would have to guess the reason why they publish their sustainability report. The sustainability reports as a single source of empirical data would not be sufficient enough to fulfil the purpose of the study. The interviews have acted as a guide to our study in such a way that they have helped us identify the parts we should be focusing when reading sustainability reports, which we will be presented later in the content analysis.

3.2.1.2 Our respondents

The respondents of our study were from the headquarters of their companies and they held job titles of CSR Manager, Environmental Manager or Sustainability Manager. The job titles are different but the responsibilities and tasks are similar. They all 3 have to deal with different CSR questions and are key participants in crafting the sustainability reports. They have general knowledge about sustainability reports. We chose these 3 respondents since they are most knowledgeable in their respective companies and are most qualified to answer our questions. Annika Mårtensson has worked for Ellos since 2013 but was recently appointed as a sustainability manager in 2016. Johanna Jigmo-Linde has just recently started working at Gina Tricot in January 2017 as a CSR manager, the previous employee who was holding this position before is still working in the company but has other responsibilities. Eleonor Björserud has worked at MQ for 7 years. We did not encounter any problems with the interviews, the respective respondent gave us permission to publish their names and the information we were able to get from the interviews. The following table is the summary about the information of our respondents:

| <i>Name</i> | <i>Company</i> | <i>Job description</i> | <i>Years employed</i> | <i>Location of the office</i> | <i>Interview method</i> |
|---------------------|----------------|-----------------------------------|-----------------------|-------------------------------|-------------------------|
| Annika Mårtensson | Ellos Group AB | Sustainability Manager | 4 | Borås | Telephone |
| Eleonor Björserud | MQ Retail AB | CSR and Environmental Responsible | 7 | Gothenburg | Email |
| Johanna Jigmo-Linde | Gina Tricot AB | CSR Manager | 1 | Borås | Telephone |

Table 1 Details of respondents

3.2.1.3 Interview analysis

There are 2 types of approaches for analysing data from interviews. The naturalist approach and the constructionist approach. With the naturalist approach, a researcher analyses the interview data literally. The researcher believes the responses from the respondent as given facts and will interpret them as such (Silverman, 2013).

Using the constructionist approach the researcher abandons the belief that the respondent answers with literal explanations of the facts. Instead, the researcher searches for more than one possible interpretation of the data received and this is done within the studied context. In this study, we have chosen to use a combination of the two approaches. While interpreting the data literally is useful, most of the time, there can be instances where a deeper interpretation is needed. In these instances, an understanding of the industry, the company and the respondent's job context is required to interpret the data. This is done in realization that the respondents operate in their own reality.

3.2.2 Secondary data

Secondary data is the data that is obtained from other sources. This data may include those that has been gathered and used in other studies (Dahmström, 2005). Examples of secondary data are scientific articles, sustainability reports and information about companies on their websites. Secondary data is less reliable than primary data because there are limited possibilities to check if the research was done right or if the author interpreted the data correctly.

The use of both primary and secondary data is essential to get more than one viewpoint on a problem (Dahmström, 2005).

3.2.2.1 Scientific articles

The secondary data in our study also includes the use of scientific articles. These articles are written by academic researchers mainly from the field of sustainability. We have obtained these articles from databases available at our university's library. These articles are published in peer-reviewed academic journals and provide us the most current information in relation to our topic of interest.

3.2.2.2 Sustainability reports and Annual reports

A big part of the secondary data will be the sustainability reports and annual reports from the chosen companies. The annual reports are useful since they provide information that complements the mostly non-financial information in sustainability reports. Both the annual and sustainability reports are published publicly and we obtained them from the companies' websites (MQ, 2015; Gina Tricot, 2015; Ellos, 2015.). The annual report is mandatory and has to be audited. The sustainability report on the other hand, is not mandatory and is only audited if the company chooses to. Our chosen companies for the study have published their sustainability reports but they are not audited.

3.2.2.3 Analysis of Sustainability reports

We have used content analysis to analyse the sustainability reports of the chosen companies in order to explore what their reports are about. We also analysed and compared the sustainability reports of the companies with each other and tried to find similarities and differences. The reason for this is to see if we can find other perspectives. Content analysis is explained in the next section.

3.3 Content analysis

According to Elo and Kyngäs (2008) content analysis is a research approach that has been widely used in scientific research. Referring to Cole (1988), the authors state that content analysis is a method of analysing written, verbal or visual communication messages. Bell and Bryman (2007) state that "*content analysis can be described as an approach to the analysis of documents and texts that seek to quantify content in terms of predetermined categories and in a systematic and replicable manner*".

Elo and Kyngäs (2008) agree with Bell and Bryman (2007) that content analysis is a research method for making replicable and valid inferences from data to their context, with the purpose of providing knowledge, new perspectives and facts.

Further, Hsiu-Fang and Sarah (2005) describe three different approaches to qualitative content analysis, which are the (1) conventional, (2) directed and (3) summative.

The first two approaches involved coding where there are different ways of coding which depends on the type of data used in the analysis. There is for example live coding of the primary data, which is used in this study, by playing-back the recorded interviews and trying to interpret and transcribe the data. There can also be coding in secondary data where the coder tries to transcribe an article or a text used for a study. There can be different responses and understandings because the original content was maybe produced for some other purpose and is now being analysed in another study. Thus, it is necessary to explain the transcribed codes or information in a way that the readers can follow and understand the author's understanding and interpretations (Hsiu-Fang and Sarah, 2005).

The conventional approach requires the researcher to code along the lines of the text during the reading session. The directed approach requires the researcher to already have initial or pre-set information as guidance for coding. For example, the relevant research findings from previous studies or a selected theory can be used as a guide to code. The summative approach involves counting and comparing the content like keywords, followed by interpretation of the underlying context (Hsiu-Fang and Sarah, 2005).

In our study, we used the directed approach to analyse sustainability reports of the three companies. This is because we wanted to explore if the sustainability reports showed evidence of support towards the legitimacy and institutional theories used in our analysis.

Since we are studying sustainability reports, we feel that it is obvious and important for us to read and analyse the reports. Since a sustainability report contains a lot of information, we the researchers, need to know the type of information the company provides the readers in order to be able to understand the company's view on sustainability. Knowing this information may help us understand the company's motivation for publishing their sustainability report.

3.3.1 The process of content analysis

We had access to each company's sustainability report which was available for the public and was obtained from each company's websites. We identified the years we needed and downloaded the reports. We began with the Ellos Group sustainability reports for year 2014 and 2015. It was important to conduct the analysis of the sustainability reports for more than one year in order to better understand and get the perspectives of the process during those years. First, we looked at the structure of the reports and then identified topics that were similar as well as dissimilar among the reports. We compared the areas that were similar and analysed if there were any differences in the way the companies reported about these issues/topics. We focused on activities related to minimizing negative environmental and social impacts including looking at reported graphs and tables. We read the general company opinions like the CEO statements. After doing this with the Ellos Group sustainability report we did the same with Gina Tricot and MQ. Later we compared the different approaches each company took when reporting the issues in their reports.

3.4 Credibility and Reliability

If a study is said to be reliable it means that it is possible to replicate (Kvale & Brinkmann 2009). Replication means that if another researcher were to try to research the same question and use the same methods and analytical ways, then the result of the study should be the same as the study being replicated. The replicability of a study lies partly in how the data is gathered and analysed.

Credibility refers to truth, correctness and strength of an argument or a statement (Kvale & Brinkmann 2009). If the data used in a study is reliable and is backed up by strong sources or argument then it makes it credible and a reliable source to use in the study.

To ensure that our study is credible we have chosen to interview the most qualified employee at the chosen companies. They are experts in their area and are responsible for sustainability activities and strategies. They also have the responsibility for the sustainability report of their respective companies. The chosen companies are competitors to the bigger companies in the industry. They have been operating for several years and are active all over Sweden and several other countries.

In the Method and Analysis chapters of this thesis we describe how the interviews were conducted and analysed. Further we explain how the content analysis has been conducted and how we used it in this thesis.

To ensure credibility we both read the data and discussed how we interpreted the data. We came to common conclusions that made it easier to interpret the data.

3.5 Ethical considerations

Ethical considerations are important in any study. If a study involves human beings or sensitive data, it is important that they are treated in a proper manner. Several steps have been taken in our study to ensure this.

Before we began the interviews, the respondents were informed about our research and got an overview about the purpose of our study. The respondents were also asked if it was acceptable if we were to record the interview and if it was okay to use their name in our thesis by explaining that the purpose of the interview will only be used in order to facilitate the analysis and fulfil the purpose of the thesis. The respondents had no objections to our request. They allowed us to publish their names in our thesis. However, the respondents requested that we should send them the completed thesis in order for them to review quotes we used and if the interpretation was correct according to the respondents. In order to fulfil their request, we have sent them the completed version of the thesis for them to review and they gave us the permission to publish the thesis. The data from phone-interviews were recorded through an app (ACR) that was downloaded through Google Play, Android, and are stored in our cell phones which only we have access to. While the data from the email-interview was stored in our computers using the school-email which only we have access to using passwords. Thus, we have assured that there will be no conflict with any ethical issues.

4 Analysis and Findings

This chapter presents the analyses of the empirical data obtained for this study. The findings from the analyses is also presented.

In this study about sustainability reporting, we interviewed three respondents from three different companies in the clothing retailing industry. We also analysed each company's sustainability report. The purpose of our analysis is to explore the reasons these companies voluntarily publish sustainability reports when it is not mandatory to do so. Our analysis of interview data and sustainability reports together with our findings are explained in the sections below.

4.1 Analysis of interview data and findings

We began our analysis of the interview data by listening to the recordings of each interview. Although we interviewed the respondents, listening to the recordings helped us to fully understand the respondents' views. This also gave us the chance to ensure we did not miss or misinterpret any valuable information during the interviews. We, the researchers, both listened to the recorded interviews separately. Then we met to compare our views on each of the interviews. We discussed patterns, similarities and differences between the respondents' answers. We also tried to connect their answers to our theoretical framework.

4.1.1 Analysis of the three companies

Ellos Group Holding AB

We interviewed the Sustainability Manager at Ellos group, Annika Mårtensson. Her responsibilities involve sustainability targets, strategies, measurements, writing the content and approving the sustainability report.

Mårtensson described the Ellos Group as a company that has become much better at sustainability activities. She is familiar with the company's sustainability activities because she was previously working at a consulting company which advised Ellos on sustainability issues. In 2014, the Ellos group started working towards sustainability as part of a new goal

to become a more sustainable “citizen of the world”. Mårtensson adds that prior to 2014 Ellos was not a sustainable friendly company, being defensive in their sustainability work and only doing what is mandatory. Ellos published their first sustainability report for year 2015 in 2016.

The company conducts an employee survey on a bi-annual basis. According to the latest survey, Mårtensson described their employees have shown more interest in sustainability issues. Their employees have a desire for the company to become more sustainable. The company organizes events like “Roadshow” once a month to increase their employees’ awareness about sustainability. At these events, employees receive information about the company’s economy, watch future commercials and fashion shows. Mårtensson mentioned that the company plans to engage in more sustainable activities in the future, like saving cost on electricity.

Mårtensson believed that the reason Ellos group started publishing sustainability reports was to be more transparent and to work more strategically towards the future. Ellos themselves feel the pressure to follow their competitors who have already reported on their sustainability activities. Reporting on sustainable activities have started to become an industry standard. The Ellos Group had initially planned to work on better sustainability activities and strategies but decided to initiate a sustainability report since the bigger competitors also did this. Mårtensson thinks the companies within the industry affect each other on what to report, how the report is structured and what the norms are. An example of this is the goal to have 100 % sustainable cotton by year 2020. This is something the whole industry has planned to achieve.

Mårtensson also mentioned there bigger requirements and scrutiny from society towards the clothing retail industry compared to other industries. For example, their consumers are usually against animal cruelty and will not purchase clothing that uses materials like leather and fur.

Mårtensson is of the opinion that companies that have not yet reported on their sustainability activities will be stressed and have a lot to work on with the mandatory law effective from 2018.

Gina Tricot AB

We interviewed the CSR manager of Gina Tricot, Johanna Jigmo-Linde. She was assigned to this position in January 2017 and has previously worked as a consultant for Gina Tricot.

Johanna described Gina Tricot as a company that is forward thinking and uses sustainability as an underlying motive. The company is focused on sustainable materials, new techniques, sustainable transportation and transparency. Gina Tricot's sustainability report is a focal point for their sustainability activities, which are shaped by the desire to be transparent. The report can be seen as a way to gain stakeholder's trust and is primarily used as a tool to communicate to students, stakeholders and those who are wondering about Gina Tricot's sustainability activities. It is also important to have the report easily accessible, e. g. on the company's website.

Johanna points out transparency as the main reason Gina Tricot decided to publish sustainability reports. Sustainability information is provided to the employees of Gina Tricot through workshops, meetings and the sustainability report. Johanna perceives the employees see sustainability as very important because she has personally received comments from some of the employees who expressed pride to work for Gina Tricot due to their sustainability activities. One reason why the company focuses on sustainable activities is because the current owners, Nordic Capital, as well as the previous family owners, have placed a lot of emphasis on sustainable activities as part of their business.

Johanna believes there are expectations from non-government organizations (NGO), and the media, to report on their sustainability activities. At the same time, she feels that the pressure has been higher on the clothing industry than in other industries. Johanna thinks this is a good thing as it gives the clothing industry an edge because other industries use the clothing industry as example when it comes to sustainability activities.

Since Gina Tricot's competitors have the same challenges, they also report similar things and try to find solutions to clothing industry problems together which is beneficial for every company. Gina Tricot also compares different benchmarks with their competitors in order to measure their sustainability activities.

Finally, Johanna is of the opinion that companies that have yet to report on their sustainability activities will have a challenge ahead of them once the new law makes sustainability reporting mandatory.

MQ Retail AB

We interviewed the CSR- and environment manager of MQ, Eleonor Björserud. She is responsible for formulating and implementing MQ's sustainability strategy such as ensuring responsible production materials, working conditions and human rights in MQ's supply chain. She is also responsible for writing the content and approving the sustainability report.

Björserud described MQ as a company that takes responsibility and prioritizes sustainable development with respect to the quality of their products. Björserud considered being transparent as a way for a company to obtain trust and legitimacy from external stakeholders. This was the reason the company started to produce sustainability reports although it was not a requirement or demand from stakeholders. The company started to publish their sustainability reports in 2009.

One of our questions was if MQ has gained financially from producing sustainability reports. Björserud explained that MQ's sustainability activities are not based on the profitability requirements. MQ sees it as a given that they have to take responsibility for the business and work with the suppliers to ensure a safe work environment and minimize the impact of the operations on the environment. This is an important and time-consuming work which MQ and the suppliers are continuously working to improve. MQ did not notice any norms that forced the company to produce sustainability reports. According to Björserud, because of the company's commitment towards sustainability, there has been an increase in employee's commitment and pride to work at MQ.

We asked if companies in the same industry are influenced by each other. According to her, companies within the industry are dependent on and are influencing each other in a positive way. This is because like MQ, many companies use their competitors as a benchmark in order to measure and compare how their sustainability activities fare in order to improve the company.

4.1.2 Similarities, differences and findings

The respective respondents are responsible for each company's sustainability activities. The first similarity we found was that each company's underlying motivation for producing

sustainability reports are based on transparency which gives the companies trust from its various stakeholders. Both respondents from Gina Tricot and MQ believe that their companies have improved when it comes to sustainability activities such as production materials, transportations, suppliers and many more. This is because they have been focusing on their sustainability activities for many years, as Johanna mentioned in the interview that Gina Tricot has worked with sustainability 10 years back. For MQ, they have been producing their sustainability reports since 2009 and have been working with sustainability in their activities. Ellos, on the other hand, did not consider sustainable activities until 2014. Since then, the company has improved on their sustainability strategies and activities significantly. Ellos started publishing sustainability reports because they believe it will have a positive long-term effect on the company's survival.

When it comes to whether the sustainability report has given the company greater confidence from the community or other stakeholders, each respondent answered differently. According to Johanna, a sustainability report can be a tool to gain trust from stakeholders. Björserud from MQ believes that sustainability reports can increase company's legitimacy because of transparency. Mårtensson from Ellos believes that sustainability report is a way for the company to find out which points they must and can improve. Through their answers, we have concluded that legitimacy theory can be applied as a motivation for companies to voluntarily produce their sustainability reports.

We find that financial motivation is not the cause for these companies to voluntarily produce sustainability reports. This is because for all the respondents, their sustainability work is not based on financial gain but rather as a way to improve their company's' image as a social citizen. None of the respondents believed that the reports gave the companies any financial advantages at the moment.

It appears that in all three companies, sustainability is important to their employees because it gives them pride to work for their employer. This, however was only what the respondents from Gina Tricot and MQ have perceived from their dealings with employees in their companies and not from any type of measurement. It was only Ellos that had a survey and asked their employees. The companies use their sustainability report together with other methods such as seminars to communicate to the employees about their sustainability activities.

The respondents believe that their company feels pressured from society and norms to engage in sustainability activities and not the actual reporting of activities. Both Gina Tricot and Ellos believe that there are higher requirements from society towards the clothing and textile industry than in any other industry. According to Johanna from Gina Tricot many companies in other types of industry turn to the clothing industry as an example when it comes to sustainability reporting. Mårtensson also gave us an example, since consumers are more sensitive to clothing material than for example to metal this has led to more demand for sustainability reports in the clothing and textile industry. This makes institutional theory applicable for the study because of the adaptation the companies have to make from inside the company towards the outside world.

Another similarity we found was each company's relationship with their competitors. When deciding what to report, the respondents mentioned that their company compared their reports with competitors for key indicators such as sustainable cotton and do a benchmark as a measurement. This has led to similar targets for most companies which has positive effect and increase in cooperation among companies. Since these companies compare themselves to their competitors and use them as benchmarks, including what to report, this suggests that these companies feel the pressure to follow and conform to what is being practiced in the industry. As such, this supports the claim that companies are motivated to produce sustainability reports to follow what others in the industry are doing, hence making institutional theory valid in this case.

Further all respondents expressed the same belief about companies that have not already reported their sustainability activities, in a sustainability report. It is believed that these companies will have a difficult time when the new law is active.

4.2 Content analysis of sustainability reports and findings

Ellos Group AB

Ellos Group or Ellos only started to publish their sustainability report from year 2015. They plan on continuing with this report on an annual basis. They have yet to publish the report for 2016 at the time of this thesis writing.

Ellos started their report with statements from the chairman, Anders Halvarsson, where he explains that sustainability is essential for the fashion and home interior industry and the challenges that remain even after the work and improvements have been done in the sustainability area. Halvarsson continues with the explanation of future planning in order to improve their sustainability such as production materials and cotton production processes.

There is also a statement from the CEO, Hans Ohlsson in the report where he explains that sustainability is an essential part of their long-term value. He then explains what sustainability means for the company. Ohlsson also explains many factors that affect the company for example globalization, climate change and digitalization. Further on he explains the achievements that were done during the year 2015 and thanked all employees.

The third topic is Ellos Group in brief. As the name of the topic suggests, this part is about the Ellos Group as a short introduction such as when it was founded (1947 in Borås, Sweden), number of employees currently working for the company and financial information.

The rest of the report is mostly about sustainability activities and principles. Ellos explains their sustainability principles for their stakeholders (customers, the team and suppliers), the environment and, the community. For example, Ellos believes in transparency and a friendly, respectful communication so that the customer can always trust the products from Ellos. For the suppliers, Ellos expects their business partners to share the same view on business ethics, human rights, fair working conditions, environment, and to continually improve the sustainability of the value chain.

The next part of the report is about sustainability issues in the Ellos value chain which illustrates their sustainability activities and the effect these can have on sustainability factors. For example, Ellos main production source in 2015: from 55% China, 19% India and 8% Bangladesh, the issues from the production can have on the environment are water, chemicals and energy. As for social issues these are related to working conditions and human rights of the employees.

Included in the report is the stakeholder dialogue where Ellos has in the past year, collected input and feedback from their most important stakeholders. These are employees, customers,

suppliers, owners and society. The company uses this dialogue to better understand the sustainability issues that are important for the stakeholders. For example, employees indicate that they have a very high level of interest in and commitment to sustainability issues, and believe that it is critical to business.

Ellos also explains about the materials used in their production and their relationship with suppliers. For example, one of the three main issues is sustainable raw materials which is an important issue for customers, employees and suppliers. Ellos needs to pay more attention to raw materials in order to improve customer's satisfaction and business performance by offering an attractive sustainable assortment. Sustainable materials according to Ellos are sustainable cotton, organic fibres and recycled fibres.

Ellos emphasizes that their products are made with respect to the people who produce them as well as to the environment. To ensure fair working conditions and human rights in the value chain, a close dialogue and cooperation with the suppliers is essential. Ellos explains about actions that are taken in order to improve the cooperation between the suppliers such as having an audit agreement. Agreeing on a code of conduct with suppliers is also critical to get their cooperation to adhere with issues such as not permitting child labour.

Employees are another important part of Ellos. Thus, the company reports about employee wellness, equality and diversity. Ellos continuously strives to attract, develop and retain competent and motivated employees. The company is focused in creating a safe and healthy working environment and promoting a healthy lifestyle for employees. In the report, Ellos have provided the index and measurements of the employee's health. These measurements make it easier for Ellos to plan and implement programs of activities to encourage a healthy lifestyle for their employees.

Equality and diversity is mentioned in the report where Ellos aspires to be a modern and attractive workplace. In order to achieve it they need to offer good working conditions and diverse workforce in terms of ethnic background, culture, gender and age. The actions taken in 2015 are the analysis of the current status both in terms of gender and ethnic diversity in order to get a better perspective and to plan which actions to take. Their target is to have 50/50 of males and females in the management departments by 2018.

Community engagement is another important thing for Ellos. In order to be seen as a responsible citizen Ellos needs to make positive contributions to the society. Ellos focuses on

supporting charitable causes and sponsorship programs that are relevant to their employees, the value chain and customers such as LANGUAGE FRIENDS, ONE BRACELET and KISS.

To summarize the report follows the GRI framework in disclosing their activities which make Ellos's report structure similar to the ones from MQ and Gina Tricot.

Gina Tricot AB

Gina Tricot has published their sustainability report for 4 years of which the last 2 were in English. We have decided to compare the two latest reports from 2015 and 2014. There are no statements from their CEO or chairman in the sustainability report.

Gina Tricot reports about their employees for both years respectively. Different genders are represented in the company and they do invest in youths working in the company. For example, in 2015 they showcased one of their employees who started working in the company at a young age and who is now a store manager.

The company also explains about their sustainable materials. Percentages of different materials used and the amount they contribute to the total material sustainability percentage is shown. Cotton is the largest material used by far for both years.

As a production company, supplier collaboration is important to Gina Tricot. They emphasize the importance of having fewer suppliers for easier communication, control and collaboration. They monitor and evaluate their suppliers every year. In 2015 Gina Tricot also provides a chart showing the decrease of number of supplies, the production units and the number of inspections, which increased every year.

The 2015 report discloses the amount of emissions from transportations. The report from 2014 discloses the percentage of goods delivered by each transportation method. We noticed that the report from 2015 included 2014 amounts of emissions. In 2014 air transport had the largest emissions while in 2015 that number decreased in half. This has not been disclosed in the report from 2014. A possible reason for this is that Gina Tricot did not want to report a negative statistic. Only when they became better at cutting emissions did they start reporting on them.

The importance of clean water in the countries of production and the pollution over the years is heavily discussed. For both years, Gina Tricot explains how they are working to ensure a sustainable water supply. Water is such an important topic that they mentioned it 21 times in the 2014 report and 39 times in the 2015 report.

Cotton is another important resource mentioned in both reports. The company explains the steps they have taken to improve the process of growing cotton. One of the steps is being involved in the “Better cotton initiative” program that trains farmers on such things as: how to use less pesticides, how to prepare soil and how to use water more efficiently.

The end of the report includes different projects that Gina Tricot has been involved in. These include access to preschool for children in Bangladesh, green buildings for Gina Tricots store and indoor horse-riding competition sponsored by Gina Tricot.

To summarize, Gina Tricot uses GRI guidelines to report on similar things as the rest of the industry. The reports from years 2014 and 2015 are structured very differently. The latest report contains less information about the 2014 but focuses more on statistics and key issues. The company can do this because there are no regulations mandating the structure, thus they can report whatever it likes and however they like.

MQ Retail AB

MQ started reporting on sustainability activities since 2009-2010. A new report has been released every year since. We read the sustainability reports for 2014 and 2015. The reports from the 2 previous years looked very similar. They have the same structure and very often use the same text. The reports begin with a general account of MQ as a company followed by a statement from the CEO about sustainability. The structure of the report is similar to the one from Ellos and the content is similar to both Ellos and Gina Tricot.

The reports describe the importance of collaboration with different stakeholders in order to increase and make sustainable activities more efficient. Stakeholders such as employees, shareholders, customers and suppliers are acknowledged. The 2014 report also includes NGO as a stakeholder.

MQ also reports on how they ensure a more sustainable future. In both years, they report the same strategy. MQs objective is to work toward 3 commitments, (1) having responsible production, (2) having committed employees and (3) having informed customers.

Responsible production involves the most activities out of the 3. Long term relationships with suppliers abroad are important for developing a more efficient supply chain. An interview is conducted in both years with a representative from one of the suppliers.

The issue of working conditions is described in the report for both years. Activities such as training and supervision of the suppliers are conducted. MQ is a member of the Business Social Compliance Initiative (BSCI) which conducts controls on the suppliers.

The Business Social Compliance Initiative (BSCI) is a leading supply chain management system that supports companies to drive social compliance and improvements within the factories and farms in their global supply chains. BSCI implements the principle of international labour standards protecting workers' rights.

Another aspect of responsible production is the purchasing process. For sustainability to work there has to be a process of design that takes sustainability into account. MQ states several times, both years, that new fashion designs have to come from sustainable materials.

Sustainable materials are something MQ is working on. This includes better handling of chemicals through the Better Cotton Initiative (BCI), more sustainable cotton, and humane treatment for the animals that produce wool. Further MQ is a member in different projects such as textile exchange, working towards a more efficient lifecycle for cotton.

Transportation is a big CO2 emitter for MQ and a yearly report on the amount of emissions and their causes are reported in both years. The company aims to improve in this area.

The company's second commitment is having committed employees. MQ aims to be the most attractive employer in the industry. They focus on 3 strategies to ensure this; (1) to have a goal and value based culture, (2) to have leadership and co-workers that are competent from a business perspective and (3) to have structures and tools to ensure an effective organization with clear responsibility areas.

The reports from both years show a chart of the gendered division for the employees and the managers over the years.

The third commitment that MQ practices to ensure a sustainable future is to have informed customers. This means that a customer should be aware of the products he/she is buying. This also includes a choice for the customer to have a sustainable wardrobe.

A noticeable thing about MQ's sustainability report is that they do not use the GRI guidelines as a tool to structure the reporting.

To summarize, MQ uses its 3 commitments to steer the daily operations toward a more sustainable future. They structure the report in such way that makes it easy to compare different years. The content of the report is also similar to content from competitors' reports. This also makes the reports look alike and often use the same text as the previous years.

4.2.1 Similarities, differences and findings

We noticed there are a lot of similarities and not many differences between the sustainability reports of the three companies. Since the companies operate in the same industry, target similar customers, are approximately the same in size and have similar business idea, it is not very strange that there are more similarities than differences. The companies that use GRI guidelines to report their sustainability activities are Ellos and Gina Tricot, making the structure and the content of the reports very similar with some small differences in layouts. A less informed reader could mistake the report for the other especially MQs and Ellos's. Gina Tricot uses a very different structure that is less organized and where it is harder to find the information the readers are looking for. For example, their layout of the content.

Nevertheless, the content of Gina Tricots report is similar in many ways to that of, Ellos and MQ.

The reports from Ellos and MQ start with statements from the CEO or the chairmen explaining their view on sustainability such as strategies and visions. They also give a brief status and achievements of their companies during the year. It is slightly different for Gina Tricot where their sustainability report starts with a description of sustainable threads and how sustainability has a huge role in the textile industry. Then their CEO explained about the development and goals of the company.

Every report followed the triple bottom line where the aspects of the environment, social and financial are mentioned. When the companies explain how to be more sustainable, they automatically go through how to reduce their effect on the environment, how they ensure that their employees and suppliers have good working conditions and how the company can grow financially while not sacrificing the other two sustainability areas.

When it comes to stakeholders, the respective reports mentioned about the dialogue with their stakeholders in order to find out which factor or what they think is important and what they can improve when it comes to sustainability. For example, Ellos's customers think it is very important that the company works and are committed to sustainability and that they would like to have more information about Ellos's sustainability work. Gina Tricot prioritizes their employees where they have open dialogues with their workers showing that professional development and talent management are most important when it comes to working conditions.

The reports from each company describe their sustainability development and commitments to ensure responsible production and good working environment for their employees. The respective companies have mentioned how important their employees are and that they are the reason for the success of each company. Thus, it is not surprising that the reports contain a lot of information regarding their employees in terms of health, career development, equality and diversity, working conditions and environment. The difference we noticed were that there is more information in Ellos and MQs reports that included actual statistics from research done about employee wellness and satisfaction. The statistics show if the expectations and demands, from the employees, about certain topics matches the company. Gina Tricot does focus on their employees but instead of showing statistics of well-being, they emphasize on new and young employees. The report from Gina Tricot contains an interview that highlights an employee rising to a management position within 4 years of working at Gina Tricot. The difference can depend on different strategies from the companies.

As for sustainable material, all three companies focus on cotton as the most important material and the one that leaves the largest footprint behind. Growing cotton involves a big quantity of water and a large amount of chemicals are used. All 3 companies describe how

they are members of the Better Cotton Initiative which aims for more sustainable cotton through educating cotton farmers, lowering water usage and using fewer chemicals. The ambition for all companies is to use more sustainable materials in the future and to achieve 100% sustainable materials.

They all report that a combination between design of clothes and sustainable cotton growing leads to a higher percentage of sustainable choices. Since the material needed for a fabric depends on the designer, all companies have standards in place for their designers to use material that can become or are sustainable. Materials such as animal fur are not acceptable in any of the companies.

Suppliers are a big part of each company's sustainability report. Since they all outsource the production of fabrics and their suppliers are mostly located in high risk² countries it is important to have a close relationship with the suppliers and make sure they follow ethical rules. All 3 companies underline the importance of close and long-lasting partnerships. This way communication becomes easier. Gina Tricot also focuses on having fewer suppliers, claiming this can help achieve closer relationships.

All three companies have ethical requirements for their suppliers. Since they all have suppliers in high risk countries, they have an auditing system to make sure the ethical requirements are being followed. The difference between the companies lie in the way they set these requirements and how they audit their suppliers. Gina Tricot and MQ work with an organization called Business Social Compliance Initiative (BSCI). BSCI provides tools to make auditing more efficient and less partial. BSCI provides a code of conduct that the suppliers have to follow. The code of conduct includes laws and directives, no child labour, no discrimination, no forced labour, a right to unionize, salaries and benefits, rules on working time and overtime and also health and safety on the job. BSCI helps Gina Tricot and MQ by performing reviews on the suppliers and grade them from A to E where A is approved and E is not approved. Gina Tricot reports the grades for their suppliers in each country, while MQ does not. The fact that Gina Tricot only report on the percentage of the respectively countries' grades³ can be seen as suspicious since the low quantity of suppliers from Pakistan makes it look like a large number of suppliers are graded A, while in reality

² Countries where incidents of child labour or other ethical issues are common.

³ See appendix for the Gina Tricot table number 1.

this is just a small percentage of all the suppliers. A better alternative would have been to release the number of suppliers per grade given. Even more suspicious is that MQ does not release any information of what grade their audited suppliers received.

Ellos deal with its suppliers in a similar way but with some small differences. Ellos code of conduct is based on the Initiative Clause Social (ICS). ICS has similar requirements as BSCI. ICS includes all requirements that are similar to BSCI, plus a requirement of no disciplinary practices, harassment or abuse. Ellos outsources its auditing process to Kering Global Sourcing (KGS) who conducts announced and unannounced controls. The grading system is similar to the one BSCI is using, but ranges from A to D where A is given for meeting the requirements and where a D is given if a serious number of requirements are not met. Ellos disclosed the share of audited suppliers and the share of grades given to suppliers sorted by country. The percentage of audited suppliers is much lower than Gina Tricot. MQ has not disclosed how many audits they have conducted.

The same critique can be given to Ellos as to Gina Tricot; a percentage disclosure can become suspicious. Bangladesh is the country with best grades and auditing presented but only amounts to 8 % of the suppliers. It is deceiving to use percentages per country since it makes it look better than it actually is.

Transports of goods are a big CO2 emitter and are addressed in all three reports. All three companies aim to be more environmentally efficient in transporting goods from the factories to northern Europe. Since air transportation pollutes the most among all modes of transportation, all three companies aim at decreasing air transportation and switching to sea transportation. This is because sea transportation produces the lowest CO2 emissions per ton-kilometre.

In all three sustainability reports, the amounts of emissions per year sorted by road, sea or air are disclosed. Ellos disclosed emissions by percentage, comparing 2014 and 2015, while Gina Tricot and MQ disclosed emissions by tons, comparing 2015 and 2014, although in the report from 2014 Gina Tricot only disclosed the amount of shipment by percentage sourced by transportation method, not the emissions. Disclosing by tons is more transparent and gives the reader a better understanding of how much is actually emitted.

Ellos and Gina Tricot also disclosed the amount of shipments per transportation method. This shows that air transport is the least used method while sea transport is the most used. MQ did not disclose the amount of shipments per transportation method.

Community engagement is a small yet important part in every report. All the companies are members in different projects or sponsor different communities in different ways. Gina Tricot focused their reporting on the day-care project from Bangladesh. Ellos reported about the school they sponsor in India and the language help they do with immigrants in Sweden. MQ supports a project helping children with cancer.

4.3 Complementing the interview data with the sustainability reports

As mentioned in the previous chapter, the purpose of our content analysis was to see how the companies in our study actually report their sustainability activities. The information we gathered from this analysis can also be seen as a complement to the information gathered from our interviews. Most of the information we learned from our interviews were mentioned in the reports. However, there were aspects that were not reported. We will focus on these aspects in our analysis below.

Ellos Group AB

During the interview, we understood that Ellos employees are being informed about the company's sustainability through events and meetings. However, we did not come across any information regarding this in the report. Either the events and meetings are for certain employees or they have neglected this in the report.

Like the other two companies there is no mention in the report about the requirements from the stakeholders to report on their sustainability. Instead, there was expectations from the stakeholders when it came to sustainability issues. Such expectations as working conditions, human rights and also sustainable materials.

Since the company needs to meet the increasing expectations regarding transparency from consumers and other stakeholders, they have to report what they are doing to resolve these issues.

Both in the interview and in the content analysis we find that transparency is a requirement and possible reason to report on sustainability. A careful and accurate reader will notice that there are several things that have been left out from the report. A possible explanation can be that some of the non-disclosed information is negative or that they have neglected this in the reporting. Some example that we already mention above are the reporting of percentages instead of the actual numbers, this happened in the case of transportation and evaluation of the suppliers.

Lastly, Mårtensson mentioned that Ellos Group's sustainability reporting is not audited through the external actors. This is mentioned in the report on page 2 where it states that the report has not been externally assured.

Gina Tricot AB

Gina Tricot wants to be transparent to their stakeholders. This is something we understood from the interview with Johanna. We noticed that the word transparent is not mentioned anywhere in their report but was brought up many times by her during the interview. It is also not stated anywhere in the report regarding the increase in trust and legitimacy through sustainability reporting. However, Johanna perceives this as the case, that the report increases trust and gives the company objectives to reach.

Although transparency is mentioned as a reason Gina Tricot reports on sustainability, we have noticed that, on several occasions, possible negative information is not disclosed. This leads us to believe that the report's purpose is only to convey transparency and gain legitimacy, but not actually be totally transparent. A casual reader might overlook some details in the report and miss that some graphs are purposefully presented to look better than they actually do.

Another question that was brought up during the interview is if the sustainability work is conveyed to all employees. Johanna answered that it is the activities and the work that is important and not the actual reporting. The employees are being informed about the sustainability work through workshops and the company's websites. We have noticed that this is not mentioned in the report. The information stated in the report is that every Monday morning, the sustainability group gets together for meetings about matters concerning sustainability. The employees who attend these meetings are managers from different

sections and the company's CFO. Another thing that was mentioned in the report is that the designers are being informed about the sustainable materials that the company will be using.

Further on Johanna mentioned that it was an expectation from the stakeholders such as Nordic Capital and previous family owners that the company needs to work with sustainability. This is not mentioned in the report and the word they use is not requirement but rather expectations, the word expectations are regularly being brought up for all respective companies' sustainability reports.

We asked if Gina Tricots read their competitors sustainability reports. Gina Tricot only look at how the other companies have expressed themselves since they work in a similar environment with similar problems. We can see this on several occasions in the reports. The language and the reported issues and solutions are similar from company to company.

The final issue asked was if the sustainability report is audited. She mentions that the 2016 report will be the first one to be audited, but did not want to disclose the auditor name, which means that the 2015 report is not audited. In the report under the GRI index page 34, it is stated that the report has not been reviewed by external party.

MQ Retail AB

MQ is the only company that states in their sustainability report that they report both on the accomplishments and difficulties in order to demonstrate the company's ambition to approach sustainability from both short and long-term perspectives. When we read MQ's report, we did not come across the word "difficulties" or anything to indicate them facing problems. There were, however, many descriptions of how the company handles situations. For example, MQ states that they own no factories and instead all production is carried out by suppliers in other countries. This is a difficulty in a sense that it would be difficult to control the quality or working conditions. But MQ has taken steps to solve this problem by having their own personnel in these countries and try to have active dialogue with the suppliers and the external brands.

We noticed during the interview that MQs sustainability work is conveyed to the employees both in their headquarters and in their stores. This is not mentioned in the report; there is no

information about how sustainability work is conveyed to the employees. It is possible that MQ is conveying this to their employees but has not disclosed this in their report.

From the interview with MQ representative, we understood that the sustainability work the company does create engagement and pride. There is no mentioning of this in the report. It is possible that this is true but is not mentioned in the report because the company feels this information may be insignificant.

MQ mentions transparency towards stakeholders as the main reason they do a yearly report on sustainability, both in the interview and in the report. But as every other company so far, we can see where MQ have not reported, possible, negative information. One example is not reporting any information about how the suppliers are doing in the BCI auditing or how many of them get audited at all. Transparency involves disclosing negative information as well as positive. The problem is that we cannot find any negative information of failed programs or any mistakes through the sustainability work. This led us to believe that the report is meant to convey transparency to the stakeholders and generate legitimacy toward MQ; even though MQ may not being completely transparent.

During the interview, we understood that MQ compare key figures with their competitors. We can see this in the report by looking at the structure and content. It is similar in many ways to other report from the clothing industry

4.4 Transparency and sustainability from the respondent's point of view

We have not asked the respondents what they mean with the terms transparency or sustainability. Instead we have analysed the interview answers and found descriptions of what they mean when they mentioned transparency or sustainability.

The word transparency is often linked with legitimacy in the context that transparency generates legitimacy. McKay (2008) states that transparency implies openness, communication, and accountability. What McKay means is that with transparency there will be total openness and the companies reveal every detail of information to the public. For

example, an organization that provides customers with tracking orders where they are able to see when something has been shipped, where it is on route and its estimated arrival time, is considered to be transparent. Another example is with food labelling. Companies that disclose information about where their food is sourced from and what it contains is considered transparent. Further McKay states that transparency is the root of the customer's experience, loyalty, retention and customer devotion. We believe the word transparency have a strong link with legitimacy. Stakeholders seem to trust companies who are more transparent about their activities and this then increases the legitimacy of the companies.

In Gina Tricot, the respondent considers transparency to be the company being able to show in the sustainability report their strengths and areas to be improved. To the company, transparency is being able to mirror reality by presenting a balanced perspective of their sustainable activities.

Johanna also describes that sustainability is the activities that the company does to ensure social and environmental wellbeing. Such work includes using sustainable materials, new techniques and solution to become more efficient with the resources they use, and working with suppliers to ensure the work they do is better from them and for Gina Tricot.

4.5 Readers of sustainability reports

From our interviews, it seems that, the companies believe that readers of their sustainability report mostly are the students who have an interest in researching the company's sustainability activities. Most of the students are, like us, interested in the report in order to obtain empirical data for their studies. The respondent from Gina Tricot stated that the report can be seen as a way to gain stakeholder's trust but is primarily used as a tool to communicate to students, a small number of investors and those who are wondering about Gina Tricot's sustainability activities.

From the content analysis of sustainability reports of the three companies, we are able to guess the possible stakeholders that the company wishes to target their sustainability report towards. Ellos and MQ mention about the different stakeholders' demands from the company in relation to producing and selling sustainable cloths. The stakeholders who the companies mentioned most were the employees, customers, suppliers and owners. Customers, in

particular, demanded for more information regarding the sustainability activities related to the products they buy. In addition, MQ mentions investor groups as their stakeholder as these groups seem to evaluate the company's sustainability activities in order to decide if the company should be included in certain ethical funds (e.g. Swedbank Robur).

The stakeholders mentioned above, may be the possible target audience of the sustainability reports. However, this does not mean that these stakeholders actually do read the sustainability reports. Consumers may instead be satisfied reading a short summary of the activities instead of a long 30-page report. As such, the real readers of a sustainability report is questionable. The only stronger evidence in the reports showing who may be a reader are the ethical fund investors, who must read the report in order to decide if the company is worth including in their portfolio of investment.

5 Conclusion

This chapter presents the conclusion, contribution and reflections of the study

The purpose of this study was to identify the underlying motivations to why companies voluntarily publish sustainability reports. By knowing the motivations, stakeholders can read the reports with a critical view and gauge the credibility of the report which helps them make better informed decisions. In this study, we have interviewed respondents from three different companies of the clothing industry in Sweden and performed a content analysis on each of their sustainability report.

5.1 Practical implications

We have concluded that the main motivation for the establishment of sustainability reports and the work on CSR issues lies in the fact that companies see it as an advantage through legitimacy that companies get from various stakeholders. This is also something that the companies reported in their sustainability reports as they want to fulfil the expectations from the stakeholders by becoming transparent with their sustainability activities.

We identified areas that are underreported, such as transportation emissions from Ellos which are reported in percentages instead of ton-kilometres which is more transparent and better for comparison. There are also other areas that are exaggerated, such as the grades for the suppliers from Asia where the grades are reported by the countries which make it look like the numbers of good suppliers are higher than they actually are. This happens in all the three reports and gives a false positive image. The reports have a goal of creating legitimacy but are not completely transparent if the readers analyse the report with a more critical view.

Another conclusion from this study is that the clothing retail companies' sustainability reports have become institutionalized, most of the content in the reports are very similar. The major leaders in the clothing industry have published sustainability reports for several years. This has given them legitimacy in industry issues, such as sustainable cotton, and has become an example on how sustainability activities should be reported. This is something the smaller companies have imitated to keep being relevant in the business. By imitating other

sustainability reports, they can become legitimate themselves. According to the respondents in the interview, the companies that do not report on sustainability will fall behind and have a challenging time in the near future. Institutional theory was used to explain why the reports look similar and why the respondents had similar answers to the questions we asked.

Our results mainly concern the three companies we have studied but one generalization may be made and that is companies strive for legitimacy. This may be generalized for the entire textile industry in Sweden because the challenges regarding value chain and suppliers are the same regardless of company.

We believe that legitimacy and institutional theory are well connected and are the possible reasons to why companies voluntarily report on their sustainable activities.

This study supports the legitimacy theory where Deegan (2002) believes that legitimacy is the underlying motivation of companies voluntarily disclosing their sustainability activities. The study also supports Meyer and Rowan's (1977) study where they claim that the development of formal organizational structures is influenced by the overall context in which organizations in the same industry have similar expectations from the society. This has led to the homogenization in the sustainability report activities.

Our findings confirm previous research from Chen and Roberts (2010). He explains how legitimacy theory and institutional theory can overlap and come together with one another. According to Chen and Roberts (2010), institutionalization has evolved from constructing social phenomenon into granting social acceptance. Our data, which is based on interviews and content analysis, confirm this. By imitating an established structural system, a company can become legitimate by achieving the expectations from the society. Sustainability reporting is, according to our study, a way to achieve legitimacy. By imitating a well-established reporting system, companies can gain legitimacy on issues such as clothing material, chemical use, use of child labour and CO2 emission in transportations.

Our study contributes to Chen and Roberts (2010) study by including sustainability reporting and the clothing industry to his research but we differ in our research methods. Chen and Roberts (2010) study is a literature study and not based on any empirical data.

By explaining why companies report on sustainability, we have made it easier for stakeholders to identify where the reporting lacks in transparency. If stakeholders know that

the goal of the reports is to create legitimacy and not transparency then the reader will read the report with a more critical view. This makes it easier to identify those problematic areas. This can later help identify the credibility of a report and clarify if the report can be used as a judgment tool for different decisions.

5.2 Further research

For future research, we recommend researching the possibility of auditing the report and how accurate an audit on a non-financial report can be. This can possibly show if the reports are at all auditable. It would be also interesting if future studies are conducted in the same way but in other type of industry and compare in order to support the results the studies.

5.3 Reflections

When we chose to write about sustainability reporting, we agreed that the companies only chose to work and publish their sustainability activities because they wanted to market themselves as good companies which take responsibility. The study confirms our thoughts because legitimacy theory is well connected to why companies choose to report on their sustainability. Before we did our study, we had a basic knowledge of sustainability work and how a sustainability report can look because of the courses we have attended. We have gained broader knowledge in the sustainability area through the study and believe this knowledge is important to have along in the future and as it will benefit our professional life.

5.4 Limitations

Our limitations we had throughout the study were the lack of participated respondents from the chosen companies. We would have liked to interview more companies in order to get broader perspectives. This was partly due to the lack of time and the companies' inability to participate in the interview for the study.

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Appendix 1

Individual Reflection - Ben Saeang

I will now present a personal reflection on the work we have done and how I worked as an individual. First, I would like to say that the study has been very interesting to work with. It has been instructive in such a way that you get an insight about how it can help me and the company I will work for, since sustainability work will develop into an important element in the companies. Today, it is much easier for consumers to get information about companies than before, thus I strongly believe that companies need to improve their sustainability efforts to maintain legitimacy from communities.

As a group, I think we have worked very well and diligently. We have not encountered any major problems, everything went as planned. However, we were a bit worried when we thought that we would not get interviews with the companies, as the companies we wanted to interview initially, H&M and Åhlens, declined our invitation. But we solved the problem by sending out the interview request to several companies and eventually got an interview and able to complete the study.

We had set a goal which was to complete the thesis few weeks or days before the deadline, in order to avoid stress and panic. The first thing we said to each other was that we should start the study the next day we got the assignment, this because we did not want the entire work to be left until the last day. Since I live in Gothenburg and not always have the opportunity to travel to Skövde to work, we decided that the work is done via Skype calls and write on Google Docs. It worked well because we have known each other a long time and knows that we have each other's back. This was an essential factor because both of us are working and sometimes were unable to work on the thesis at the same time. Both of us took responsibility and continuing to write if one of use has the time. I cannot say that we really divided the work because we helped each other with everything. However, at the beginning of each chapter, we decided which points / headings each should start with and then be able to help each other to work more efficiently.

On the day we got the task, we decided our thesis would be focused on sustainability. This because we worked with similar work during the CSR course and found it very interesting and we thought we had good knowledge in the field. However, it's difficult to determine the

issue itself and in what industry. We then chose to compare companies in the clothing industry because we knew we could get in touch with them and that sustainability work is important in the clothing industry. We got so much help from our supervisor whom we really appreciate and thankful for. We reviewed everything that would be done and structured our work with her.

If I am going to criticize our work at some point, I think we might have been able to investigate different industries. This because the reason why companies choose to publish their sustainability activities may not be the same in other industries. What was interesting about choosing companies in the same industry is that we could really focus on companies and see what similarities and differences they had.

In summary, I have to say that the work has been very good overall and I personally think it went well because we could work when both had time and did not feel forced to let go of everything else to work with the thesis. I think our advantage was that we knew each other very well and were motivated to begin graduation from the first day so that there was no stress near the end. I would mainly like to thank our tutor Caroline Teh for her efforts and willingness to help us with the work. Which has definitely raised the level of work to more professional.

Individual Reflection- Nicolae Ciobanu

As we started we knew the theme we wanted to study. We both agreed on the study question but had some problems on the formulation. Our initial thought was to research why companies reported on sustainability. We realized this formulation was too large and we would not have the time to research such a large question. With help from our supervisor we figured out what industry we would focus on and how to limit the study. Initially I thought there would not be any problems doing a study on business in general but I know now that even a very limited study can take lots of time and energy. This has made me realise how important it is to make sure that your study is not too ambitious.

Starting chapter one, we had some basic knowledge about sustainability from previous courses like CSR. This helped us know what to write about in the beginning chapter.

Ben and I decided to divide the work. We would still write at the same time so that we can help each other and make it easier to know what the other person is doing. Since we lived in

different cities our writing process was always through Skype⁴. We decided to write the first 2 sub-chapters, Background and Problem discussion, separately. Later we realized that we both wrote about different things which made the chapter chaotic.

To avoid such incidents in the future, we started reading each other's work and making sure that the written material had a red thread. This has taught me how impotent it is for both authors to read each other's work several times.

The first month we realized that we wrote too much in the Background sub-chapter. Also, the Problem discussion didn't contain a lot about what the problem was.

We rewrote both sub-chapters making sure that the background explains the areas that are discussed in the Problem discussion. I now know that a Background should explain the chosen theme at large and also be connected to the Problem formulation.

As we were finishing with the first chapter we started writing about the Method and the Theoretical framework. My responsibility was to write the method chapter while Ben focused on the theoretical framework.

The Method chapter was difficult since I went in a wrong path and was not really understanding what I was reading and writing. After some help from the supervisor I borrowed some books about how qualitative research works. I then understood what the chapter has to contain and what purpose it has for the study. This has taught me how to write a Method chapter in a study, something I previously didn't know how to do.

Since we choose to gather our data through interviews we had to start contacting companies and asking if they could/wanted to collaborate. It was my job to contact the companies while Ben researched for companies that would be eligible for our study. I had some difficulties getting responses from companies in the beginning. I then raised our chances of getting someone to participate in the interviews were higher if I personally called, instead of email which took a long time for the companies to respond.

I conducted the interviews while Ben wrote down the answers. I personally had no prior experience on interviewing someone and read about it before we interviewed the responders. The experience was very educational and I now know how to interview someone.

We also did a content analysis on the reports. This was my first content analyst and something educational. We divided the work so that we each had one company. We shared

⁴ Video Chat service online

the work on the third company. At the start, I didn't know what a content analysis was but with the help from our supervisor we managed to successfully do it properly.

We wrote the Analysis chapter together, making sure that our interpretation of the data matched. We compared the results from the interviews with the once from the content analysis and concluded that our 2 theories together explain why companies report on sustainability. This was helpful since I now can identify areas in sustainability reports that are underreported and used to greenwash the business.

To summarise, the work on the study was divided equally and we always worked together with help of Skype. I feel that I have learned much through the process, both on a how to write and conduct a study but also a lot about the clothing industry.

I now know how all chapters and subchapters in a study must have a red thread and how they collaborate. I have learned how a method chapter is written in a study and why it is important. I have also learned how to conduct an interview and how to do a content analysis.

Appendix 2

The questions we asked the respondents during the interviews are:

English translation of Swedish interview questions

1. What is your role in your organization?
2. How long have you been working in this role that is related to sustainability issues?
3. What is your knowledge of the company's sustainability activities?
4. How would you describe the company in terms of sustainability?
5. Do you think sustainability report has given the company greater confidence from the community or other stakeholders?
6. Why did the company began publishing a sustainability report?
7. Have you, financially, gained something by publishing a sustainability report?
8. Are sustainability activities of the company communicated to all employees? How is this done?
9. Is sustainability important for the employees?
10. Has this somewhat changed employees, for instance in their morality or loyalty?
11. Did your stakeholders demand for a sustainability report?
12. Do you feel that there are norms in society that forces the company to publish a sustainability report?
13. Do you think the pressure from society is higher in the clothing sector than in other industries when it comes to sustainability reporting?
14. Can you see that firms in the same industry are influenced by each other, when it comes to sustainability reporting?
15. Do you compare your sustainability report to your competitors' sustainability reports?
16. Do you use an external reviewer for your sustainability report?
17. What do you think about the competitors that do not publish sustainability reports?
Have they ended up on the wrong side now that sustainability reporting will be forced in 2018?
18. Are you using an external reviewer for your sustainability report?

Individual question for Ellos Group:

19. -You take up that you have 3% sustainable cotton in 2015 and have a target of 100% by 2020 -HM have similar objectives were already 20% durable cotton. Is this ambition based on the competition?

Original interview questions in Swedish

1. Vilken roll i företaget har du?
2. Hur länge har du arbetat med företagets hållbarhet?
3. Vad har du för kunskap till företagets hållbarhet?
4. Hur skulle du beskriva företaget utifrån ett hållbarhetsperspektiv?
5. Tycker du att hållbarhetsredovisning har gett företaget högre förtroende från samhället eller andra intressenter?
6. Vad skulle du säga var anledningen till att ni beslutade att börja upprätta hållbarhetsredovisning?
7. Har ni, finansiellt, vunnit något genom att upprätta hållbarhetsredovisning?
8. Är hållbarhetsarbetet något som förmedlas till alla anställda? På vilket sätt?
9. Är hållbarhet viktigt för anställda?
10. Har det bidragit något bland anställda som ex. moral, lojalitet?
11. Var det krav från intressenter att hållbarhetsredovisa? Vilka i så fall?
12. Upplever ni att det finns normer i samhället som tvingar företaget att upprätta hållbarhetsredovisning?
13. Tror ni att trycket från samhället är högre på klädbranschen än på andra industrier när det gäller att redovisa hållbarhet?
14. Kan du se att företagen i samma bransch påverkas av varandra, när det gäller hållbarhetsredovisning?
15. Jämför ni er med konkurrenternas hållbarhetsredovisningar?
16. Använder ni er av en extern granskare för er hållbarhetsredovisning?
17. Vad tror ni om konkurrenterna som inte hållbarhetsredovisar? Har dom hamnat på fel sida nu när hållbarhetsredovisning blir tvingade till 2018?
18. Använder ni er av en extern granskare för er hållbarhetsredovisning?

Individual question for Ellos Group:

19. -Ni tar upp att ni har 3 % hållbar bomull i 2015 och har ett mål om 100% till 2020 - HM har liknande mål fast har redan 20 % i hållbar bomull. Är denna ambition baserad på konkurrens?

Appendix 3

PRODUKTIONSENHETER UTANFÖR EU

Status 2016, utifrån resultat av BSCI-revisioner
(%, baserat på inköpsvolym).

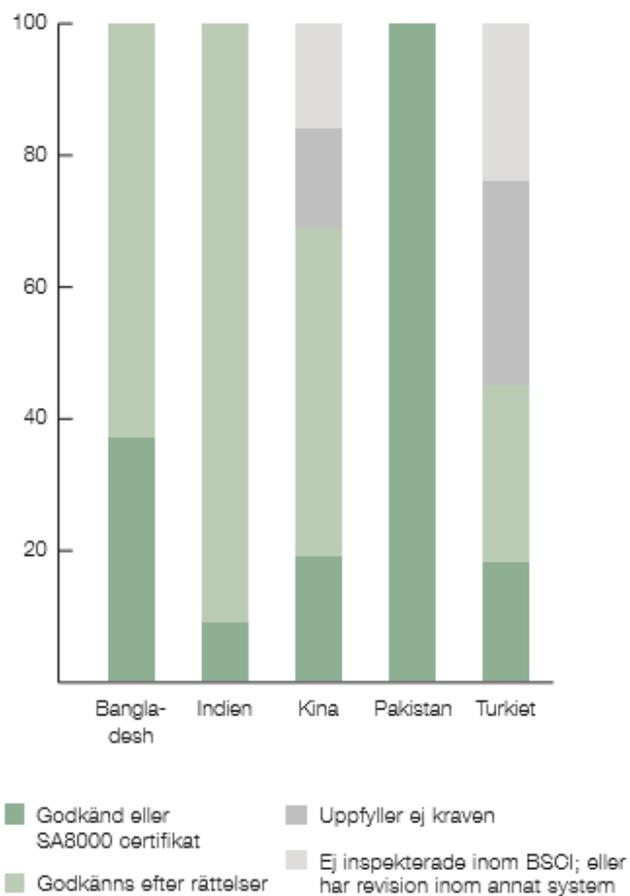


Table 1. Gina Tricots sustainability report 2015