

## Sustainability-Focused Identity

### Identity Work Performed to Manage, Negotiate and Resolve Barriers and Tensions that Arise in the Process of Constructing Organizational Identity in a Sustainability Context

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*Document Version*

Final published version

*Publication date:*

2015

*License*

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*Citation for published version (APA):*

Hedegaard, S. (2015). *Sustainability-Focused Identity: Identity Work Performed to Manage, Negotiate and Resolve Barriers and Tensions that Arise in the Process of Constructing Organizational Identity in a Sustainability Context*. Copenhagen Business School [Phd]. PhD series No. 08.2015

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Download date: 04. Jul. 2025



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WWW.CBS.DK

ISSN 0906-6934

Print ISBN: 978-87-93155-98-5  
Online ISBN: 978-87-93155-99-2

SUSTAINABILITY-FOCUSED IDENTITY

Stine Hedegaard  
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AND RESOLVE BARRIERS AND TENSIONS THAT ARISE IN  
THE PROCESS OF CONSTRUCTING ORGANIZATIONAL  
IDENTITY IN A SUSTAINABILITY CONTEXT**

PhD School in Organisation and Management Studies

PhD Series 08.2015

**CBS** COPENHAGEN BUSINESS SCHOOL  
HANDELSHØJSKOLEN

PhD Series 08-2015

## Sustainability-Focused Identity:

Identity work performed to manage, negotiate and resolve  
barriers and tensions that arise in the process of  
constructing organizational identity in a sustainability  
context

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Doctoral School of  
Organization and Management Studies  
Copenhagen Business School

**Stine Hedegaard**

*Sustainability-Focused Identity: Identity work performed to manage, negotiate and resolve barriers and tensions that arise in the process of constructing organizational identity in a sustainability context*

1st edition 2015

PhD Series 08-2015

© The Author

ISSN 0906-6934

Print ISBN: 978-87-93155-98-5

Online ISBN: 978-87-93155-99-2

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## I

### **Acknowledgements**

This PhD thesis is the result of a long personal journey; I have learned much along the way and conquered many challenges. As most PhD fellows can testify to, it is certainly not an easy task but a task that provides much reward when accomplished. Despite a PhD research project and thesis being an individual accomplishment it is one where gratitude is owed to a number of people who provide help, insights and support along the way.

I am especially grateful to my supervisor Professor Majken Schultz. Without her advice, help and support the past 4 years, I would not have been able to finish this monumental project. I am also indebted to Professor Nelson Phillips who has provided advice and support as a third party supervisor in the last phase of my thesis writing. Both Majken and Nelson have illustrated the importance of good supervision when embarking on and completing a PhD.

I would also like to thank the administrative staff at my PhD school, especially Katja Hoeg Tingleff for always helping when necessary. A thank you also goes out to the administrative staff at IOA always at the ready to help. The last part of my PhD project has been spent at Imperial College Business School as a guest researcher. I am very grateful for all the support I have received from the staff at Imperial College: Thank you to Elena Dalpiaz for providing feedback on my thesis at a crucial time, to my fellow PhD students at Imperial for keeping spirits high, and a special thanks to Catherine Lester and Donna Smith-Sutherland for all your help during my stay.

This thesis would of course not have been possible had it not been for H&M agreeing to participate. I am deeply grateful for that and for the help, support and understanding I have received throughout this project. Not only have H&M been fully supportive of my research activities and made sure that almost everything was possible in my endeavor to collect data, H&M has also provided emotional support and shown that a large company can be sensitive, understanding, accommodating and flexible when challenges arise along the way, changing the direction of the project content and timeframe. And H&M has listened with great patience and interest in my perspectives, results and ideas, far beyond my expectations. So many people at H&M have helped me along the way; I am grateful to all of you. It is not possible to mention all of you in such short space, but I would like to give special thanks to Katarina Kempe who has been of invaluable help for the past four years, as well as Helena Helmersson, Kristina Stenvinkel, Anna Tillberg Pantzar, Bjørn Magnusson, Annika Telleus, the sustainability department, communication department and the marketing department at H&M's headquarter in Stockholm, as well as the UK, US and German country offices. And thanks are certainly also due to H&M Denmark for putting up with me and this PhD project.

A special thank you also goes out to Peder Michael Pruzan-Jørgensen from BSR; thank you for insights and support along the way. Finally I wish to thank my mother and father for all the support and for looking after my son Winston when needed. This PhD is dedicated to the three of you.

## **II**

### **Abstract**

This thesis presents research on organizational identity in a sustainability context and explores sustainability-focused identity as a construct, investigating the types of identity work employed to manage, negotiate and resolve barriers and tensions that arise in the process of constructing a sustainability-focused identity.

Theoretically, the research takes a point of departure in theories on organizational identity, sustainability-focused identity and identity work. While organizational identity is a well researched field, sustainability-focused identity is a new construct within organizational identity research; it refers to organizational identity, where sustainability is a key identity referent, and takes a prominent role in an organizations self -understanding. With these research streams as the theoretical foundation, a case study has been carried out in order to address the research topic in question. The case study presented in the thesis is based on qualitative data collected from a multi-national retail organization engaged in the process of constructing a sustainability-focused identity.

The research addresses the barriers and tensions that arise in the process of constructing a sustainability-focused identity and the types of identity work performed to manage, negotiate and resolve barriers and tensions. The research presented in this thesis contributes to the field of sustainability-focused identity by highlighting and extending the idea of sustainability-focused identity and make justification as to why this is a construct in its own. The findings illustrate that sustainability-focused identity is a construct of its own because three specific requirements define and underlie the construct: 1) a sustainability-focused identity construction process is initially motivated by pressure from external or

institutional pressure, 2) outsiders acknowledging that an organization has a sustainability-focused identity is required in order for an organization to have a sustainability-focused identity, and 3) a sustainability-focused identity construction process requires that specific sustainable actions are taken by an organization.

The research furthermore identifies and discuss some of the barriers and tensions that arise in the process of constructing a sustainability-focused identity: The findings on barriers and tensions have complemented and extended past research as well as contributed with new understandings of context specific tensions that arise. The research suggests that, despite sustainability being considered a positive attribute, organizational members do not necessarily accept it immediately as a new key identity referent, leading to barriers and tensions arising in the process of organizational identity construction. The barriers identified to adopting a sustainability-focused identity are information and communication ambiguity, barriers related to organizational structure and central control versus local adaptation. The tensions identified that arise in the process of constructing a sustainability-focused identity are image discrepancies, sustainability strategy ambiguities and misalignment between sustainability claims and culture. Adding to these contributions, in this thesis I have developed a framework for the identity work that organizational members perform in order to negotiate, manage and resolve barriers and tensions that arise in the process of constructing a sustainability-focused identity. The types of identity work performed that are identified in my study are knowledge dissemination as a key tool for identity management, identity affirmation and identity protection. While organizational management primarily perform identity work to manage and negotiate barriers and tensions, organizational members also take part by protecting identity.

### III

#### Danish Summary

Denne afhandling præsenterer forskning indenfor feltet virksomhedsidentitet i en bæredygtig sammenhæng, og udforsker begrebet sustainability-focused identitet som en konstruktion. I denne kontekst undersøges de typer af identitetsarbejde der iværksættes til at administrere, forhandle og løse barrierer og spændinger, der opstår i processen med at konstruere en identitet i en bæredygtig sammenhæng.

Forskningen tager udgangspunkt i teorier om virksomhedsidentitet, sustainability-focused identitet og identitetsarbejde. Mens virksomhedsidentitet er et veldokumenteret felt, så er sustainability-focused identitet en ny konstruktion indenfor virksomhedsidentitets forskning; sustainability-focused identitet henviser til virksomhedsidentitet, hvor bæredygtighed er en central identitets reference, og hvor bæredygtighed har en fremtrædende rolle i organisationens selvforståelse. Med disse forskningsfelter som det teoretiske fundament, er der udarbejdet et casestudie der danner grundlag for undersøgelsen og besvarelsen af problemstillingen og forskningsspørgsmålene. Casestudiet præsenteret i afhandlingen er baseret på kvalitative data, indsamlet fra en multi-national detail virksomhed der er i færd med at konstruere en sustainability-focused identitet.

Forskningen omhandler de barrierer og spændinger, der opstår i processen med at konstruere en sustainability-focused identitet og de typer af identitetsarbejde der der iværksættes for at administrere, forhandle og løse barrierer og spændinger.

Forskningen præsenteret i denne afhandling bidrager til det teoretiske felt sustainability-focused identitet ved at fremhæve og udvide ideen om sustainability-focused identitet ved at begrunde hvorfor det er en konstruktion i sin selv. Resultaterne viser, at sustainability-focused identitet er en unik konstruktion, fordi tre specifikke krav definerer og ligger til grund for konstruktionen:

1) Processen for at konstruere en sustainability-focused identitet er i første omgang motiveret af ydre og/eller institutionelt pres, 2) for at have en sustainability-focused identitet er det nødvendigt at eksterne stakeholders anerkender, at en organisation har en sustainability-focused identitet er, og 3) Processen for at konstruere en sustainability-focused identitet kræver at specifikke bæredygtige foranstaltninger iværksættes af organisationen.

Forskningen identificerer og diskuterer derudover nogle af de barrierer og spændinger, der opstår i processen med at konstruere en sustainability-focused identitet. Resultaterne vedrørende barrierer og spændinger har suppleret og udvidet eksisterende forskning samt bidraget med nye forståelser af kontekstspecifikke spændinger der opstår. Forskningen peger på, at på trods af at bæredygtighed overvejende er en positiv egenskab, så accepterer organisatoriske medlemmer ikke nødvendigvis bæredygtighed som en ny identitetsreferent med det samme, hvilket fører til at barrierer og spændinger opstår i processen med virksomhedsidentitet konstruktion. De identificerede barrierer inkluderer barrierer relateret til tvetydig information og kommunikation, barrierer relateret til organisationsstruktur og barrierer relateret til central styring versus lokal tilpasning. De identificerede spændinger inkluderer image discrepans, uklarhed om bæredygtighedsstrategi og uoverensstemmelse mellem organisations italesatte bæredygtigheds påstande og organisationskultur.

Forskningen præsenteret i denne afhandling bidrager desuden med en ramme for identitetsarbejde som organisatoriske medlemmer udfører for at administrere, forhandle og løse barrierer og spændinger, der opstår i processen med at konstruere en sustainability-focused identitet. De typer af identitetsarbejde der udføres som er identificeret i min undersøgelse er vidensspredning som et vigtigt redskab til identitetsstyring, identitetsbekræftelse og identitetsbeskyttelse. Mens den organisatoriske ledelse primært udfører identitetsarbejde til at administrere og

forhandle barrierer og spændinger, så deltager organisatoriske medlemmer også ved at beskytte identiteten.

## Table of Contents

<i>I. Acknowledgements</i> .....	3
<i>II. Abstract</i> .....	5
<i>III. Danish Summary</i> .....	7
<i>IV. List of tables and models</i> .....	17
<b>1. Introduction</b> .....	<b>18</b>
• Justification and contribution of the research topic.....	19
• The context and background.....	21
• Introduction to the case company.....	27
• Framing of research questions.....	29
• Conceptual assumptions and explanation of concepts.....	30
• Strategy of inquiry.....	32
• Main findings and contributions.....	33
• Structure of thesis.....	35
<b>2. Review of Literature</b> .....	<b>38</b>
• Introduction.....	38
• The relevance of organizational identity as a research focus.....	39
• What is organizational identity and how is it constructed?.....	41
○ The relationship and differences between organizational identity and culture.....	42
○ Four perspectives on organizational identity.....	47
○ Social actor versus social constructionist perspectives.....	48
○ Complimentary perspectives.....	52
• Organizational identity in a sustainability and CSR context.....	54
○ Motivational factors for engaging in sustainability.....	55

- Organizational identity in a sustainability context.....55
- Identity-image and identity-culture discrepancies.....57
- Theorizing as opposed to empirically founded data.....60
- Organizational identity as stable and enduring as opposed to changing and dynamic.....60
  - Identity as enduring and stable.....61
  - Identity as unstable and changing.....62
  - Identity as both enduring and changing.....67
- Organizational identity as a process.....67
  - Organizational identity processes.....68
  - Challenges in organizational identity processes.....70
- Tensions in identity construction.....71
- Identity management and identity work.....73
  - Identity management.....74
  - Identity work.....77
- Theoretical framing of the study.....83
- 3. Introduction to the case company.....87**
  - Introduction.....87
  - The fashion industry and H&M’s position in the industry.....88
  - Introduction to the case company: H&M.....91
    - H&M’s core product and business concept.....93
    - Organization of H&M.....96
    - H&M’s values.....99
    - Rankings of H&M.....100
  - Sustainability in the fashion industry.....101
    - Current status of sustainability in the fashion industry.....102
    - The emergence of sustainability in the fashion industry.....102

- Sustainability at H&M.....106
  - H&M's sustainability commitments.....108
  - Collaborations and partnerships.....113
- Justification for the choice of case company.....115
- 4. Research approach and methods.....120**
  - Introduction.....120
  - Methodological approach.....121
  - The process of framing my research and study.....126
  - Research approach and case study design.....127
  - Single case study.....128
  - Triangulation.....130
  - Data collection and methods.....130
    - Archival data.....132
    - Qualitative interviews.....134
    - Qualitative interviews with organizational members.....137
    - Qualitative interviews with management.....138
    - Qualitative interviews with H&M consumers.....140
    - Informal interviews with internal informants.....141
    - Observations.....141
  - Analysis of data.....143
- 5. Findings and results from Data: Barriers to adopting a sustainability-focused identity.....154**
  - Introduction.....154
    - The process leading up to a sustainability-focused identity construction process.....155
    - Structure of the chapters.....161

- Information and communication ambiguity.....162
  - Confusion in regards to the new sustainability program.....163
  - Lack of external communication.....165
  - Sustainable collections and materials cause communication ambiguity.....168
- Barriers related to organizational structure.....171
  - Challenges reaching retail staff in regards to knowledge dissemination.....171
  - Sustainability disconnected from retail level.....174
  - Retail staff do not have time to engage in sustainability.....175
- Central control versus local adaptation.....178
  - Solutions must be similar in all markets in order to maintain coherent identity.....178
  - The majority of decisions are taken at HQ, leaving little local autonomy.....179
- Chapter summary.....181

**6. Findings and results from data: Tensions.....185**

- Introduction.....185
- Image discrepancies.....185
  - Mediated criticism creates doubt about sustainability-focused identity .....186
  - Organizational members experience mistrust in H&M from peers.....188
  - Sustainability is not part of H&M’s image.....189
- Sustainability strategy ambiguities.....193
  - The right strategy but more should be done in pursuing it.....194
  - Clash between values.....198
  - Challenges arise in regards to profits versus principles.....199

- Misalignment between sustainability claims and local cultures.....201
  - Sustainability does not relate to daily life and jobs at the country office.....202
  - Sustainability less present in local markets.....203
  - Uncertainty about the sustainability concept.....205
- Chapter summary.....208
- 7. Findings and results from data: Identity work.....212**
  - Introduction.....212
  - Knowledge dissemination as a key tool for communicating identity claims..213
    - Reporting as a tool for communicating identity claims.....214
    - Increasing information to stakeholders through various channels.....218
    - Increasing training and education.....221
    - Visualising leadership.....223
    - Introducing an incentive program for employees.....225
  - Identity affirmation.....226
    - Connecting heritage and values with sustainability identity claims....226
    - Sharing responsibility and increasing local identity interpretation....228
    - Collaborating with NGO’s to affirm and legitimize identity claims...229
    - Ranking as identity affirmation and validation.....230
    - Special sustainable collections representing new identity claims.....232
  - Identity protection.....233
    - Employees defend H&M in regards to sustainability.....233
    - Employees dismiss criticism as incorrect.....235
    - Expressing a belief that H&M is better than other companies in regards to sustainability.....237
  - Concluding discussion of the analysis.....238
    - Negotiating and resolving barriers.....240

- Knowledge dissemination as a key type of identity work resolving barriers.....240
- Identity affirmation as a type of work resolving barriers.....243
- Identity work performed to manage and negotiate tensions.....245
- Identity affirmation as a type of work to manage tensions.....246
- Chapter summary.....248
- 8. Discussion of findings and results.....252**
- Introduction.....252
- The construct of sustainability-focused identity.....255
  - Institutional pressure as a motivational factor for becoming sustainable.....256
  - Social validation from outsiders.....257
  - Specific actions required.....259
- The process of constructing a sustainability-focused identity.....262
  - The process of sustainability-focused identity construction.....262
  - Organizational identity change and adaptation.....264
- The impact of culture on sustainability-focused identity construction.....267
  - Culture as a tension arising in the process of constructing a sustainability-focused identity.....267
  - Barriers and tensions arise because of cultural understandings in the organization.....270
  - The involvement of culture in identity work.....273
  - The extent to which an identity referent must be embedded in culture.....274
  - Are identity work and cultural work interchangeable?.....276
- The impact of image on sustainability-focused identity construction.....277
  - Tensions arising due to identity-image discrepancies.....279

○ Social validation implies hyper responsiveness.....	279
○ Profit versus principles as a specific tension arising in the process.....	281
○ Identity work performed to resolve identity-image discrepancies.....	283
• Chapter summary.....	286
<b>9. Conclusions .....</b>	<b>290</b>
• How are barriers and tensions that arise in the processes of constructing a sustainability-focused identity managed, negotiated and resolved?.....	290
• Which barriers and tensions arise in identity construction within the context of sustainability?.....	291
• What are the forms of identity work that organizational members employ to manage and negotiate arising barriers and tensions?.....	293
• What does the process of constructing a sustainability-focused identity entail?.....	294
• Applied implications and findings.....	295
○ Sustainability action is a requirement.....	295
○ Leadership priority.....	296
○ Clear communication strategy.....	296
○ Connecting sustainability at retail level.....	297
○ Embedding and utilizing culture.....	298
○ Aligning identity and image.....	299
• Limitations of my study.....	299
• Suggestions for future research.....	300
<i>V. References .....</i>	<i>302</i>
<i>VI. End notes .....</i>	<i>334</i>

## IV

### List of tables and models

Model 2.1: Hatch & Schultz Organizational Identity Dynamics Model.....	65
Model 3.1: Price points in the fashion industry.....	90
Table 3.2: The four largest fashion retailers.....	91
Table 3.3: Market overview: increase/decrease in growth in 10 biggest markets since 2000.....	93
Table 3.4: H&M's CEO's.....	97
Model 3.5: Social and environmental impact across supply chain in fashion.....	106
Table 3.6: examples of multi stakeholder initiatives and working groups.....	114
Table 3.8: Mapping of corporate governance/CSR/Sustainability.....	116
Table 3.9: Mapping of H&M's sustainability stage 2010-2011.....	116
Table 4.1: Overview of data sources and their use in the analysis.....	131
Table 4.2: List of respondents.....	135
Table 4.3: Data structure.....	145
Table 4.4: Data supporting analytical interpretations.....	146
Table 5.1: Overview of time frame and significant internal and external events.....	159
Table 5.2: Summary table of barriers.....	183
Table 6.1: Summary table of tensions.....	210
Table 7.1: Examples of sustainability report statements 2009-2011 supporting identity claims.....	217
Table 7.2: Forms of identity work performed to manage, negotiate and resolve barriers.....	244
Table 7.3: Types of identity work performed to manage and negotiate tensions.....	245
Table 7.4: Summary table of identity work.....	250
Model 8.1: Sustainability-focused identity construction processes.....	263

## **Chapter 1**

### **Introduction**

Undoubtedly a controversial topic, my thesis is about sustainability in the fashion industry. It is controversial because it can be argued that fashion is inherently unsustainable. Nevertheless, the last 20 years has seen the fashion industry adopt sustainable business practices and an increased focus on the environmental, social and ethical issues and challenges along the value and supply chain. For some fashion companies, the engagement may be reluctant, superficial and only due to various institutional pressures and legitimacy issues, but for others the engagement in sustainable questions and actions is characterized by a deeper level of commitment to sustainability, where the goal of being a champion within the industry has become so central that it is a core referent for the company. Thus, sustainability engagement has, for some companies, become a process of sustainability-focused identity construction. A profound commitment to sustainability is, for most companies, a constant negotiation process of tensions and challenges arising among external as well as internal stakeholders. It is certainly not a topic characterized by agreement. However, it may be an even bigger negotiation process for some industries than others because the industry structure (including supply chains, dependency on resources and business model) currently available provides a vast sustainability challenge. This is the case for the fashion industry where the journey to becoming sustainable has more hurdles than, for instance, a consulting company, and the hurdles are likely to create more challenges and tensions, not just between the company and external stakeholders but also internally. This situation has led me to explore the topic further. In particular, I am interested in what happens when a fashion company becomes increasingly engaged in sustainability to such an extent that it requires an identity

change process to construct a sustainability-focused identity. This is what this thesis is about.

### **Justification and contribution of the research topic**

I have chosen this topic of research for two reasons: First of all because it presents a real life challenge for organizations actively immersed and engaged in sustainability, and secondly because tensions and identity work in constructing sustainability-focused identity are topics that the current research does not address thoroughly. While my interest is spurred by real world problems that are experienced by organizations, I will start by postulating that current research does not address the challenge at hand. While the field of organizational identity has been thoroughly researched over the past 25 years, studying identity in a sustainability context has not received much attention despite sustainability and CSR becoming increasingly predominant in business strategies (Porter, 2006; Googins et al., 2007; Werbach, 2009).

There have been a number of studies on the tensions and management of tensions in regards to organizational identity; these studies have focused on optimal distinctiveness (e.g. Brewer, 1991, 1993, 2003; Zuckerman, 1999), identity-image discrepancies causing tensions (e.g. Ashforth & Mael, 1989; Dutton & Dukerich, 1991; Gioia & Thomas, 1996; Elsbach & Kramer, 1996; Brown & Starkey, 2000; Phillips & Kim, 2009), tensions occurring in regards to past and future (e.g. Ravasi & Schultz, 2006; Schultz & Hernes, 2013), and tensions in regards to strategic change (e.g. Ravasi & Phillips, 2011). However, few studies have focused on the tensions arising in a sustainability context (for an exception see Morsing & Roepstorff, 2014), despite a reasonable assumption that sustainability implies challenges and tensions for organizational identity construction. My studies of the topic for this thesis illustrate a number of tensions arising in the

process of becoming sustainable that have not previously been explored deeply from an organizational identity perspective. These include tensions relating to profit versus principles, sustainability and job ambiguities, tensions arising between local and global identity work, and barriers arising due to central control versus local adaptation. The field of identity work has primarily been explored on an individual level, while it is a relatively unexplored area on an organizational level (Kreiner & Murphy, in press). My research will contribute with an empirical contribution on the identity work carried out on an organizational level to manage and negotiate the barriers and tensions that arise.

In my introduction to this thesis, I introduce the concept of sustainability-focused identity and sustainability as a lens through which I am viewing organizational identity processes. While the field of organizational identity has seen a vast array of research in regards to identity change and identity adaptation (Whetten, 2006; Gioia et al., 2013), the topic of sustainability-focused identity and the changes it implies are relatively new and not explored to the same extent. The topic relates to organizations' sustainability strategies; however this body of literature has limitations in understanding the processes that takes place in embedding sustainability as a core identity referent.

Besides contributing to the academic field of organizational identity, my research will make a knowledge contribution about the fashion industry. Although the textile and clothing industry is responsible for 7% of the world's exports, employs more than 20 million people (Allwood et al., 2006; DEFRA, 2010; MISTRA, 2010), and has an estimated global turnover of \$1,200,000,000,000<sup>1</sup>, it is not an industry attracting much attention from academic researchers, in particular not in regards to organizational identity or sustainability and CSR (Pedersen & Gwozdz, 2014). While the number of fashion, footwear and apparel companies engaging in

sustainability to such an extent that it is a key identity referent for the company is limited, the interest is on the rise; this is illustrated by the rise in members of ambitious industry groups and alliances such as the Sustainable Apparel Index and the Ethical Trading Initiative, where companies commit to and are measured on specific social and environmental actions taken. As an example, these two organizations together count approximately 60 members from the fashion, footwear and apparel industry with a serious commitment to sustainability. This may seem an insignificant number of companies, but as a majority of the large multi-national companies producing apparel and footwear, such as Wal-mart, Inditex, H&M, Nike, Sainsbury's, Tesco and Gap, are part of these organizations, the impact becomes significant<sup>2</sup>.

The lack of research is puzzling, given that constructing an organizational identity with sustainability as a core referent represents a real world problem for organizations engaged in sustainability. This brings me back to my first reason for choosing the research topic, the challenge experienced by organizations engaged in sustainability in regards to identity construction with sustainability as a core referent. As an industrial PhD project, the project topic and outcome are required to have relevance and applicability for industries or organizations taking part in the project. Furthermore, there has been a call for research that combines real-world experiences and practical relevance with scientific rigor (Bennis & O'Toole, 2005; Van de Ven, 2007). Choosing a topic and focus on tensions arising in the process of constructing a sustainability-focused identity meets the criteria of contributing with new knowledge to the academic debate as well as contributing with relevant and useful applied knowledge to industry and the organization taking part in research.

## **The context and background**

Consider the following statement:

Until recently, the planet was a large world in which human activities and their effects were neatly compartmentalized within nations, within sectors (energy, agriculture, trade), and within broad areas of concern (environment, economics, social). These compartments have begun to dissolve. This applies in particular to the various global 'crises' that have seized public concern, particularly over the past decade. These are not separate crises: an environmental crisis, a development crisis, an energy crisis. They are all one ([A/42/427: Our Common Future: Report of the World Commission on Environment and Development](#))

It is argued that corporations have reached a state of societal dominance, and that the responsibility for sustaining the world no longer lies with nation states but with corporations (Giddens, 1984; Beck, 1992; Carroll, 1999; Morsing & Perrini, 2009). Corporations are under increasing pressure to take this responsibility, encouraged to not only consider financial responsibilities, but also undertake social, ethical and environmental responsibilities (Gioia, 2003; Margolis & Walsh, 2003; Porter & Kramer, 2006; Jenkins, 2009). Thus, corporations are encouraged and assumed to take on roles and responsibilities that were previously the responsibility of the public sector (Margolis & Walsh, 2003; Jenkins, 2009). This perspective differs substantially from the traditional definition of the purpose and responsibility of business as primarily being profit creation – generating profits and shareholder value (Friedman, 1970). Some scholars argue that we are no longer discussing whether a corporation has a responsibility for sustaining the world, but rather how big and far-reaching this responsibility should be (Morsing, 2005; Carroll & Buchholtz, 2008).

The discussion of the role of business and business responsibility takes place under various labels such as Corporate Governance, Sustainability, Triple Bottom

Line and Corporate Social Responsibility (CSR). They are all closely related; recently, however, sustainability has emerged as a synonym for CSR and a variety of other concepts all referring to the same area of business conduct and strategy that is linked to society (Matten & Crane, 2005; Matten & Moon, 2008; Mohrman & Worley, 2010). For the purpose of framing and understanding my research context, I consider the concepts of Corporate Social Responsibility (CSR), sustainability and Triple Bottom Line.

CSR emerged as a concept in the 1950's, with Howard R. Bowen's 1953 publication 'Social Responsibilities of the Businessman' (Carroll, 1979; Matten & Moon, 2008), and despite being a relatively mature concept that has been researched and discussed thoroughly, it is still hard to define, leading to numerous definitions (Marrewijk, 2003). The varying definitions also imply different schools of thought, such as Dogmatic, Philanthropic, International and Danish school of thought etc. (Neergaard, 2006), as well as CSR fitting a wide variety of interests making it vulnerable to individual interpretations (Marrewijk, 2003).

As a response to the popularity of CSR, Milton Friedman defined CSR in purely financial terms: "*The Social Responsibility of Business is to increase its Profits*" (Friedman, 1970, headline of article), stating that businesses cannot have responsibility, responsibility is confined to people (Friedman, 1970). Friedman's definition may not refer to a contemporary understanding of CSR (Matten & Moon, 2008); however it serves as a reminder that CSR is not a construct that should be taken for granted and that economic value creation is still the main purpose of most businesses. Carroll's (1979) three-dimensional definition and model distinguishes between economic, legal, ethical and discretionary social performance. In contrast, Carroll states that Social Responsibility can only be fully addressed if all the responsibilities of business are considered (Carroll, 1979).

Carroll defines CSR according to these four responsibilities of business: *“The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time”* (Carroll, 1979, p. 500).

The term sustainability has gained popularity lately and is now favoured over CSR (Strand, 2013, 2014). The most often cited understanding of what sustainability entails refers to the Brundtland report published in 1987. In the report, formally known as the UN World Commission on Environment and Development report, the meaning of sustainable development was defined in the following terms: *“Humanity has the ability to make development sustainable to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs.”* (World Commission of Environment and Development A/42/427, 1987, section 3, paragraph 27). Another concept that is used frequently and adding to the rather broad definition of sustainability is the Triple Bottom Line concept, a concept defined in 1994 by John Elkington (Elkington, 1994; Visser et al., 2007). The Triple Bottom Line is a reference to creating value on multiple dimensions, not just financially, though recognizing the financial value is in the interest of companies as well as stakeholders (Elkington, 1994). The 3P’s are becoming increasingly popular among fashion companies, where CSR departments are organized based on this sustainability understanding.

The three concepts defined here are complimentary in describing a way of conducting business. They also refer to an area that is part of the academic debate but to a large extent an applied area – it refers to a field of practice. As such, sustainability is the overall term for a company’s toolbox but at the same time a guideline for strategy. Thus, the understanding of sustainability I will use here entails the complimentary definitions of CSR by Carroll (1979), sustainability

described in the Brundtland report as well as the Triple Bottom Line concept (Elkington, 1994) as they are employed in practice by organizations. These definitions serve to describe the context through which I explore organizational identity. I will refer to this context as sustainability throughout this thesis.

The emergence of sustainability is reported to be increasingly evident in the fashion and apparel industry (Allwood et al., 2006; Pedersen & Gwozdz, 2014). The fashion industry has been the subject of criticism from a number of stakeholders in regards to the social and environmental impact of business conduct. The criticism has been particularly targeted at high profile Multi National Corporations (MNC's) as they are considered to have not used their size and power to solve issues and problems in the supply chain (Sethi, 2003; Pedersen & Gwozdz, 2014). Having been met with heavy criticism from Non-Governmental Organizations (NGO's), consumer boycotts and negative media coverage during the 1990s, in regards to labour conditions in the supply chain (Hope & Schuchard, 2008; Nike, 2009), the global fashion industry is now on the path toward more sustainable business practices with a focus on both environmental, ethical and social aspects. Thus, the widespread criticism and pressure from external stakeholders has influenced the industry to act (DEFRA 2010; Pedersen & Gwozdz, 2014).

The sustainable actions reported in the fashion industry do not refer to and include the entire industry. The industry is not united in their commitment and efforts, and overall it has been slow to adapt to sustainable business practices, compared to other industries such as home technology or healthcare. However, as exemplified by governmental initiatives such as the Sustainable Clothing Action Plan initiated by the British Department for Environment, Food and Rural Affairs (DEFRA, 2010), the Nordic industry initiative Nordic Initiative Clean and Ethical (NICE,

2009) and the Swedish private research body Mistra (Mistra, 2010), a significant number of corporations of all sizes are taking important steps toward changes. This implies that sustainability efforts are not made by a coherent fashion industry and that the industry is still facing significant challenges in regards to sustainability (Pedersen & Gwozdz, 2014); but those corporations actively engaged in sustainable business practices are leading the way, potentially creating solutions to solve some of the challenges that the industry faces (NICE, 2009; Mistra, 2010). Sustainable actions and commitments are varied and numerous and includes fairtrade and organic material, recycling and reuse of materials to codes of conduct, labelling and consumer targeted actions such as 30 degree laundering (NICE, 2009; DEFRA, 2010; Mistra, 2010).

As a result of the progress that the individual frontrunners in the fashion and apparel industry have made, and following the path that other industries have also taken to increase its impact (Googins et al., 2007), the industry has started to collaborate in order to solve the challenges it faces. It can be argued that the fashion industry's sustainability challenges are characterized by problems in the systems and, over the last ten years, companies engaged in sustainability making incremental improvements have now realised that issues are part of "a greater system-wide failure" (Hope & Schuchard, 2008, p.1) and are systemic challenges (Loorbach et al., 2009). A key lesson learned in the last decade is that it is necessary to understand the root cause of problems, which is only possible when companies collaborate on solving the issues, with industry peers as well as all other relevant stakeholders. Only by addressing the challenges together will disruptive or radical improvements toward a sustainable industry be possible (Hope & Schuchard, 2008; Loorbach et al., 2009). This is why corporations such as H&M, Nike, Gap Inc. and Wal-mart have started to collaborate on solving wider issues for instance through the Sustainable Apparel Coalition, an ambitious

industry and multi-stakeholder collaboration, and collaborations with external stakeholders such as NGO's, governments and communities.

The increased engagement in sustainability actions in the fashion industry, along with the current tendency to collaborate on solving issues has implications for how companies approach sustainability and how it relates to the company values in general. A high level of sustainability engagement implies that sustainability is not just an add-on but is increasingly integrated in the business model and in the organization (Googins et al., 2007; Hamilton & Gioia, 2009). When sustainability is no longer an add-on but rather integrated in all aspects of the company, the core of the company and what the company stands for comes into question. This entails that organizational identity in a sustainability context becomes highly relevant; as sustainability becomes more important for a company, the need to ingrain sustainability in organizational values and in turn in the organizational identity becomes a key focal point (Balmer, 2007). A need to ingrain sustainability in the identity of the organization is expressed by those companies showing a significant commitment<sup>3</sup>. Though this expression may be perceived as branding and image work, it points to a central point: Obtaining a sustainability-focused identity is not a simple task, it requires actions, resources and effort, both internally and externally. It is likely that for most companies such a desire to construct a sustainability-focused identity is mainly a vision (Hamilton & Gioia, 2009); however against all the odds, for a small number of companies the journey has begun and is ongoing providing the opportunity to explore how this journey can take place and what it requires.

### **Introduction to the case company**

The case company for my research is H&M, the world's second largest fashion retailer. The main reason for choosing H&M as my case company is that it is

considered to be a leader in sustainability in the fashion industry<sup>4</sup>, and appears on sustainability rankings as the highest ranked fashion retailer (e.g. World's most ethical companies 2014 by Ethisphere, and Interbrand's Best Global Green Brand ranking 2013). While greenwashing is not uncommon in the fashion industry as well as in many other industries, H&M has proven over the years that they are committed to sustainability, continuously introducing new initiatives and actions. However, they have shown commitment to the processes of building a sustainability-focused fashion company and identity by introducing actions covering the entire supply chain, building educational programs for internal stakeholders, engaging actively in numerous multi-stakeholder initiatives as well as increasing external communication about their sustainability efforts. This does not imply that H&M has reached the goal of being completely sustainable in all business practices, or that all stakeholder groups recognize this. H&M is often singled out as a contradiction in regard to sustainability; consumers especially find it hard to equate sustainability with affordable fashion produced on the scale that H&M is able to. Furthermore, journalists are often sceptical about the real impact of H&M's actions; is it too little too late and does a sustainability agenda go hand in hand with H&M's business model at all? However, the company has introduced more actions and shown a higher willingness to change their business strategy in order to become sustainable than other fashion retailers, and the company recognizes that becoming sustainable is an ongoing journey requiring efforts, changes and investment on a long-term scale.

Another reason for choosing H&M as my case study relates to the attention H&M receives from a multitude of stakeholders, such as consumers, fashion industry experts, the media and scholars. I share their interest because I find it fascinating to study a company that has an impact on so many people and has had success on many levels, not least financially. As one of the largest fashion retailers, H&M

provides clothes to a large number of consumers globally due to its affordable price points and products for all age groups. It is a recognized brand worldwide. Because of its success, H&M has become a role model for fashion industry peers interested in learning from its success, efficient production and ability to keep cost down, while at the same time operating as one of the most sustainable companies in the industry. On a societal level H&M has a tremendous impact on the communities where it operates, due to the volume of production. Such production has an immense impact on the world's resources as well. The interest that H&M receives in regards to its impact is both positive and negative. According to H&M employees interviewed, because of the size of the company, it always receives questions if accidents related to production happen, such as the recent fire at a factory building in Bangladesh. Questions from the media are inevitable even though H&M does not have any relevant business relations, as was the case in Bangladesh. The company will still, however, issue a statement on their perspective, support financially (the company supported victims and families from the Bangladesh accident despite not having any relations or production in the afflicted factory), as well as taking part in implementing new procedures that would prevent accidents in the future. Thus my interest is added to by the fact that H&M are still able to grow substantially in a very competitive business environment, and at the same time deal with the societal demand for a more sustainable business model.

### **Framing of research questions**

As I have laid out in the introduction, sustainability has become particularly relevant for the fashion industry but it also creates particular challenges that must be solved. I am interested in what these challenges are, why they become barriers and tensions in the process and how they can be managed, negotiated or otherwise worked through and resolved in order to construct a sustainability-focused

identity. H&M is going through the process of constructing a sustainability-focused identity and as one of the largest fashion retailers globally, they represent a relevant case. Based on my interest and the case company at hand, my research is guided by the following research questions:

*How are barriers and tensions managed, negotiated and resolved that arise around the processes of constructing a sustainability-focused identity?*

The research question is guided by three sub questions:

- Which barriers and tensions arise in identity construction within the context of sustainability?
- What are the forms of identity work that organizational members employ to manage and negotiate arising barriers and tensions?
- What does the process of constructing a sustainability-focused identity entail?

### **Conceptual assumptions and explanation of concepts**

My research questions involve looking at changes taking place that the journey of becoming sustainable involves. I also explore how this journey can be managed. As such I am assuming two things: First of all that organizational identity is capable of change, and secondly that organizational identity can be managed. By making these two assumptions I am also recognizing that both a social constructionist and social actor perspective on organizational identity have relevance as a number of scholars have pointed out (Ravasi & Schultz, 2006; Gioia et al., 2010; Ravasi & Phillips, 2013; Gioia, Hamilton & Patvardhan, 2014). A third assumption I make is that there is actually such a concept as sustainability-focused identity. Hamilton & Gioia (2008) coined the concept 'sustainability-focused identity', but other terms such as CSR-identity (e.g. Brickson 2007, 2013; Morsing & Roepstorff, 2014) referring to a similar concept also exist. Regardless

of name, the concept or term refers to sustainability “...*being a core identity referent*” (Hamilton & Gioia, 2009, p. 457).

This implies that sustainability must be more important to the organization's self-understanding than simply being something communicated to an external audience through sustainability reports, though sustainability is not required to be the only core identity referent. Image – and how the organizations presents itself to an external audience is highlighted as important in the coining of the concept as it is argued that organizations only become sustainable organizations if they present themselves to their stakeholders as sustainable entities (Hamilton & Gioia, 2009). Thus, an external audience acknowledging the identity claim is a requirement for an organization stating they have a sustainability-focused identity. Furthermore, the concept requires that sustainability is a part of the organization to such an extent that it is “...*woven into the fabric of organizational identity*” (Hamilton & Gioia, 2009, p. 457).

Hence in order to have a sustainability-focused identity, sustainability must be a visible and available referent when exploring the identity of a given organization. At this point it is difficult to say anything about the extent to which it is a core referent, what that imbues, and for how long it should have been a core referent (Hamilton & Gioia, 2009). A final important point in coining the concept of sustainability-focused identity is that it refers to a Triple Bottom Line (Hamilton & Gioia, 2009). It is important to highlight here in the introduction that a sustainability-focused identity does not imply that environmental and social sustainability has priority over economic sustainability. The triple bottom line perspective, and thus sustainability-focused identity, embodies all three aspects of business and equates economic, social and environmental sustainability (Elkington, 1994; Hamilton & Gioia, 2009).

Lastly, 'barriers' refer to obstacles to adopting a sustainability-focused identity that are more practical in nature and therefore can be more easily overcome, whereas 'tensions' refer to paradoxes and identity threats that are more fundamental and pose a bigger and more difficult challenge to manage, negotiate and resolve. Identity work refers to engaging actively in identity construction emphasizing agency (Svenningsson & Alvesson, 2003; Gioia et al., 2010; Phillips & Lawrence, 2011; Anteby & Molnar, 2012). 'Processes' refer to how identity changes and emerge over time, emphasizing a dynamic interaction and relations (Langley & Tsoukas, 2010; Schultz et al., 2012; Schultz & Hernes, 2013; Langley et al., 2013).

### **Strategy of inquiry**

Despite recognizing and building my theoretical foundation on both a social actor and social constructionist perspective, my strategy of inquiry is based on a firm belief that human beings take active part in constructing their world and in organizing their surroundings through agency, referring to an understanding of the world as socially constructed within a given framework. Thus, the methodological framework for this project is social constructionist and perceives organizational identity as a social construction that is best analysed through a context-specific analysis (Hatch & Yanow, 2008). This perspective implies an interpretive epistemology, where qualitative participatory methods are relevant (Hatch & Yanow, 2008). Denzin & Lincoln (2013) identify 8 strategies of inquiry for carrying out interpretive and qualitative research, of which I find the case study most suited for answering my research questions. My chosen case is, as mentioned before, H&M.

H&M operates globally and has retail stores and sale offices in 54 markets. While all markets are relevant and interesting for my research, time and practicalities have forced me to choose and focus the location of my study. In order to provide an empirical foundation for exploring and answering my research question, I have carried out qualitative studies in the 3 largest markets that H&M operates in and looked at H&M's offices in London, UK, New York, US, and Hamburg, Germany as well as interviews with key informants at H&M's headquarters in Stockholm, Sweden. Research was carried out in Stockholm because corporate management is located here and because strategies for sustainability are defined and communicated here. The data employed consists of 36 qualitative interviews with organizational members and management, 50 hours of participant observation in store, 23 qualitative interviews with consumers, and various types of archival data. My data analysis proceeds following the approach of grounded theory building (Glaser & Strauss, 1967).

### **Main findings and contributions**

The study I have carried out contributes to the field of organizational identity in a sustainability context. In this thesis:

- I have highlighted and extended the idea of sustainability-focused identity and made a justification as to why this is a construct of its own. The findings illustrate that sustainability-focused identity is a construct of its own because three specific requirements define and underlie the construct: 1) a sustainability-focused identity construction process is initially motivated by external or institutional pressure, 2) outsiders acknowledging that an organization has a sustainability-focused identity is required in order for an organization to have a sustainability-focused identity, and 3) a sustainability-

focused identity construction process requires that specific sustainable actions are taken by an organization.

- I have identified and discussed some of the barriers and tensions that arise in the process of constructing a sustainability-focused identity: The findings on barriers and tensions have complemented and extended past research as well as contributed with new understandings of context specific tensions that arise. The research suggests that, despite sustainability being considered a positive attribute (Roberts & Dutton, 2009), organizational members do not necessarily accept it immediately as a new key identity referent, leading to barriers and tensions arising in the process of organizational identity construction. The barriers identified to adopting a sustainability-focused identity are information and communication ambiguity, barriers related to organizational structure and central control versus local adaptation. The tensions identified that arise in the process of constructing a sustainability-focused identity are image discrepancies, sustainability strategy ambiguities and misalignment between sustainability claims and culture.
- I have developed a framework for the identity work that organizational members perform in order to negotiate, manage and resolve barriers and tensions that arise in the process of constructing a sustainability-focused identity. The types of identity work performed that are identified in my study are knowledge dissemination as a key tool for identity management, identity affirmation and identity protection. While organizational management primarily performs identity work to manage and negotiate barriers and tensions, organizational members also take part by protecting identity.

## **Structure of the thesis**

When are tensions arising and how are they managed and negotiated in the processes involved in constructing a sustainability-focused identity? These questions are driving my research and the making of this thesis. As the thesis is based on an industrial PhD program, I attempt to view, analyse and answer these questions with both theory and practice in mind. My thesis is structured as follows:

In *chapter one*, I have introduced the topic in focus, my research questions and addressed the relevance and justification for the topic and questions. The introduction furthermore addressed the implicit assumptions built into my research questions and strategy of inquiry. The remainder of the thesis consists of the following chapters:

My *second chapter* is a review of the relevant literature. This chapter aims to provide the theoretical background for exploring my topic. The literature review outlines what the concept of organizational identity is and empirical research and theories on how identity is constructed. This outline is followed by a discussion of the context that I am viewing organizational identity from (sustainability) and outlines what sustainability involves, motivations for engaging in sustainability and how it relates to identity. Having discussed the context, I discuss various topics related to my research questions. These topics include a discussion of whether identity is a stable phenomenon or subject to change over time, tensions arising in identity construction, followed by a discussion of whether identity can be managed and how identity work takes place. The chapter concludes with an outline of gaps in the literature, my research questions defined based on these gaps and an outline of my theoretical framework.

My *third chapter* is a presentation of the case company H&M and the fashion industry. The chapter more broadly aims at providing a background understanding of how the topic of research relates to H&M where the empirical data is collected. The chapter discusses how H&M is positioned in the fashion industry, and to what extent sustainability is part of the industry. This is followed by an outline of H&M, the historical development of the company as a local Swedish retailer to becoming a global fashion company, relevant facts, figures and aspects of the organization related to the topic of the thesis as well as a discussion of H&M's sustainability engagements. The chapter concludes with a justification for choosing H&M as my case company.

The *fourth chapter* is my methodology. This chapter aims at explaining how I have collected my empirical data and a justification for the choices I have made in regards to methods. The chapter outlines the process of framing my research and my research questions, followed by an explanation of my methodological approach, explaining my ontological and epistemological assumptions. Based on these assumptions I explain and outline my research design and choice of a case study, which is followed by an explanation of the steps taken in collecting and analysing my empirical data. The chapter concludes with an overview of codes and themes identified in my analysis of data.

The *fifth, sixth and seventh chapters* contain the findings and results from the data. I have divided the presentation of the findings into three chapters according to the aggregate dimensions identified in the data analysis process. Chapter five gives an account of how H&M reached a point where sustainability was so prominent a feature of the organization that it evolved into a desire to make it a key identity referent. The chapter then presents the findings in regards to barriers to adopting a sustainability-focused identity. Barriers are obstacles that hinder a

sustainability-focused identity at the point in time where the interviews were conducted, but present challenges that can be solved through practical solutions. Chapter six presents the findings related to tensions that arise in constructing a sustainability-focused identity. Tensions are more profound challenges as they imply ambiguities, disconnections or clashes between significant aspects of the organization. Tensions cannot necessarily be solved through practical solutions, as they are deeper lying issues. Chapter seven is a presentation of the data related to identity work employed to manage and negotiate barriers and tensions. Identity work takes the form of active managerial work, but also identity work carried out by organizational members in the form of identity protection. The chapter concludes with a presentation of the perceived barriers and tensions from a managerial perspective in 2014 and what the strategies are for managing these in the future.

**Chapter eight** is a discussion of the findings presented in the previous chapters. In chapter eight, I discuss how the findings support, extend and contribute with new insights to the related theoretical topics discussed in my review of literature. The discussion concludes with an outline of the theoretical impact that my findings have.

Finally **chapter nine** presents my conclusion to the thesis. The chapter outlines key contributions, applied impact and suggestions for future research.

## **Chapter 2**

### **Review of literature**

#### **Introduction**

There are many ways of approaching the topic of how organizations manage and negotiate conflicting opinions and tensions that occur when sustainability is introduced as a central issue for the organization. The issue was approached as an identity issue in H&M's 2008 CSR report when the former CEO stated that the aim for H&M was to make sustainability part of the company's DNA (H&M CSR report 2008). Following this lead, I have chosen to view the topic using an organizational identity lens. I make a connection between the business jargon term of DNA and identity; much of business literature aimed at business leaders uses the term DNA and has popularized the term with titles such as "Corporate DNA" (Baskin, 2012) to name one of the most popular books on the topic. The term refers to the core of the company, viewing the corporation as a body with its own DNA (Baskin, 2012), and represents a mix of culture and identity referents that 'make up the company'. It is also business jargon synonym for corporate identity, an area of research closely related to organizational identity. However, where corporate identity primarily concerns itself with how external stakeholders perceive the identity of the company and how corporate management is active in constructing identity, organizational identity also concerns itself with organizational members, which I find relevant for my research topic and has, in my opinion, a slightly broader perspective on identity.

The field of organizational identity and research on the topic is vast: over nearly three decades, scholars have researched, theorized and discussed what constitutes organizational identity, how organizational identity is constructed, whether identity changes over time and how it relates to image and culture. Newer research

and discussions are still occupied with these themes, but the field has now matured and made way for more refined research investigating how organizational identity relates to other organizational issues and topics such as the origins of identity, identity in relation to institutions and identity threats, to name a few (Rekom, Corley & Ravasi, 2008, Gioia et al., 2013). The most recent discussion in the field has a focus on processes, marking a shift from perceiving organizational identity as something that is static, to something always in flux and which is becoming (e.g. Schultz et al, 2012, Pratt, 2012, Gioia & Patvardhan, 2012). While I find the literature on these various topics interesting and acknowledge the contributions to our understanding of organizational identity, the purpose of my review is to focus on the studies that relate to my topic specifically and build a theoretical framework for my research. Within the theoretical framework I explore what organizational identity is and the relatively new focus on identity in a sustainability context. I will, furthermore, discuss whether organizational identity is a stable or changing construct, how image relates to identity and what it entails to view organizational identity as a process. My research focuses on barriers and tensions that arise in the construction of sustainability-focused identity and I will discuss potential barriers and tensions that arise in identity construction. This leads to a discussion of the other aspect of my research question - how identity can be managed. I end my review of the literature with an outline of my research questions as well as my analytical framework.

### **The relevance of organizational identity as a research focus**

Identity is about the answer to the question ‘who am I?’ posed by an individual, and it remains one of the most fundamental and basic questions for human beings throughout life (Erikson, 1968). Figuring out what distinguishes you from others and the characteristics that make you similar to others is an ongoing process for human beings. The same holds for organizations (Brewer, 1991; Corley et al.,

2006). Organizational identity deals with the question “who are we?”, or more recently “who are we becoming?”, asked by members of an organization and is thus similar to the question dealing with identity among individuals. For both individuals and organizations, the question of who am I/ who are we is important because having at least some knowledge of the answer to that question enables interaction with other people and organizations and provides individuals with the ability to make distinctions I and you/us and them. Without at least a preliminary answer to this question, it becomes difficult to effectively interact with others on a long-term basis, as identity enables and assists human beings in explaining actions and making sense of the world (Albert et al., 2000; Gioia et al., 2013).

While the concept of identity has been the focus of studies for many decades and its importance is highlighted in a variety of academic disciplines, such as psychology, sociology, anthropology and political science. It can be argued that both individual and organizational identity is becoming even more central in contemporary society. Albert et al. (2000) argue that the construct of organizational identity is particularly relevant in a complex and dynamic society as on a practical level it serves the purpose of identification for internal stakeholders: “...as conventional organizational forms are dismantled, so too are many of the institutionalized repositories of organizational history and method, and the institutionalized means by which organizations perpetuate themselves. Increasingly organizations must reside in the heads and hearts of its members” (Albert et al., 2000, p.13). However, organizational identity is also relevant simply because it constitutes a meaningful concept for human beings; organizational identity is a construct that captures the interest of, as well as resonates with, organizational members, because it is about themselves and their understanding of the organization and because they feel a belonging to the organization (Ravasi & Rekom, 2003; Gioia, 2008; Gioia et al., 2013,). One might even go as far as to

claim that because we are living in a world where institutions no longer provide individuals with identity (e.g. Beck, 1992; Giddens, 1991), they use organizations – and organizational identity - as a resource and guideline for individual identity work. While the processes and dynamic relation between individual identity construction and organizational identity is beyond the scope of this review of literature, it illustrates and emphasises the relevance of organizational identity in contemporary society.

### **What is organizational identity and how is it constructed?**

What do I mean when I write “organizational identity”? A large part of the organizational identity literature is focused on defining this construct, so it seems appropriate to start with this discussion. A common or shared definition of organizational identity is not agreed upon among scholars researching the topic, and a number of strands or schools of thought have been identified. While researchers in the field share the same interest – how identity is constructed - they draw on and take inspiration from very different fields and theories, ranging from psychology and social psychology, to sociology and anthropology, and theories involving symbolic interactionism, communities of practice, and institutional theory at the other end of the spectrum (Ashforth & Mael, 1989, Schultz, Hatch & Larsen, 2000, Ravasi & Rekom, 2003, Corley et al, 2006). Some aspects of the concept are agreed upon: organizational identity is about defining one’s self, is a self-referential concept, and it is comparative; an organization is similar or different compared and relative to other organizations (Corley et al., 2006; Kenny, Whittle & Willmott, 2011). Adding to this, organizational identity involves a shared understanding among those to whom the concept refers and it is a collective-level construct, in part or in whole (Corley et al., 2006; Kenny, Whittle & Willmott, 2011).

Another significant point I want to make in regards to what organizational identity is relates to research areas. Three broad research areas in the field of organizational identity can be identified: 1. Research concerned with identity of people in an organization, 2. Research concerned with employee's identification with an organization and 3. Research concerned with the identity of an organization, an area distinctly different from the area of individual identity because it involves more than one individual, and it is a more fluid construct (Gioia, Schultz & Corley, 2000). I am interested in the third research area - the identity of an organization.

#### *The relationship and differences between organizational identity and culture*

Organizational identity and organizational culture may have many similarities and among a small number of scholars debates have been ongoing as to whether the former is simply a new word for the latter (Hatch & Schultz, 1997, 2000, 2002; Ravasi & Rekom, 2003; Alvesson, 2013); however organizational scholars agree that there is a clear distinction between the two constructs (Ravasi & Rekom, 2003). As culture is not my theoretical foundation for this thesis, I am not embarking on a review of the entire theory of culture, but I will briefly start by explaining what I mean by organizational culture and discuss the theories I will draw on in studying potential relations and connections between identity and culture; after this discussion I move on to a discussion of the differences between identity and culture.

Organizational culture theory is a large field with a variety of perspectives. I will mainly draw on more traditional theoretical perspectives such as Martin (2002) and Schein (2010), rather than newer streams surfacing recently. I draw on theory by Martin and Schein because it has an emphasis on shared beliefs and understandings in organizations which are central to my research questions.

Defining the concept of organizational culture, Martin states that organizational culture is about “how things are done here” and is manifested not only in values, but also in organizational practises (formal as well as informal), rituals, artefacts, stories, jargon as well as physical arrangements such as architecture, dress norms etc. (Martin, 2002). Martin (2002) presents three perspectives on culture: the integration perspective, the differentiation perspective and the fragmentation perspective. In the integration perspective, consistency of meaning exists across the organization, cultural manifestations are shared, hence there is an organization-wide consensus on what the culture is (Martin, 2002). The differentiation perspective is characterized by inconsistency in meanings across manifestations, i.e. cultural manifestations are not shared by all organizational members, but consensus exists within subcultures (Martin, 2002). An example of this is that within accounting, cultural manifestations are shared but they differ from the understanding of culture in the design department. In the fragmentation perspective, cultural manifestations are not shared as there is no organization-wide or sub-cultural consensus; thus there is a lack of clarity overall (Martin, 2002).

In a similar vein, Edgar Schein defines cultures as “...a pattern of shared basic assumptions learned by a group as it solved its problems of external adaptation and internal integration, which has worked well enough to be considered valid and, therefore, to be thought to new members as the correct way to perceive, think, and feel in relation to those problems” (Schein, 2010, p. 18). Schein’s (2010) theorizing of cultural layers may further enable me to understand how culture relates to identity construction. Schein operates with three layers of culture: Artifacts, Espoused Beliefs and Values, and Basic Underlying Assumptions (Schein, 2010). These three layers relate to how visible a cultural manifestation is for outsiders; where artifacts have a high degree of visibility to the outside observer, basic underlying assumptions require that outsiders become

familiar with the culture, if not part of it (Schein, 2010). Artifacts are manifestations on the surface level that an observer can see, hear and feel, such as physical environment, language, aesthetics and style, observed behaviour and observable rituals (Schein, 2010). According to Schein (2010), artifacts also refer to the information communicated in print, online etc. about a company's values, mission, vision and other formal descriptions of the company. Espoused values and beliefs refer to the rationalizations, ideals, goals, aspirations and values of a culture (Schein, 2010). These manifestations are not easily observable, but require an outsider to get more familiar with members of the culture, make enquiries and analyse the espoused values and beliefs (Schein, 2010). Schein argues that espoused values and beliefs reflect a founder or leader's assumptions about what is wrong or right; i.e. espoused values and beliefs are assumptions and actions taken by a leader that have proven successful over time (Schein, 2010). Though an idea may be tested and challenged when first introduced by the members of the culture, it becomes a shared value when it has been proven successful. If the idea or solution continues to be successful it will become a shared assumption that none of the members remember ever questioning as it is simply taken for granted (Schein, 2010). Schein refers to manifestations of culture that is taken for granted as basic underlying assumptions; basic underlying assumptions are integral and unquestionable to the culture (Schein, 2010). Schein states that "*Those who fail to accept such beliefs and values run the risk of "excommunication" – of being thrown out of the group*" (Schein, 2010, p. 26). Thus, given the power of basic shared assumptions, they provide members with stability and security and are difficult to change; as Schein argues, changing basic underlying assumptions is time-consuming, anxiety-provoking and difficult (Schein, 2010). Turning a shared belief into a basic assumption only happens in cases where a belief or value has been tested over time and continues to be reliable; testing of a value or belief can be either empirically or through social validation (Schein, 2010).

Schein (2010) defines culture according to its relation to leadership, as culture is often the result of a leader or founder's thoughts and ideas. Hatch & Schultz (1997) take a different position to Schein; central to their understanding of culture is that all members of an organization are part of and influence the culture, regardless of hierarchy; culture is not forced or induced upon members by leaders or top management as Schein argues. Rather, culture is formed and shaped when organizational members interact with insiders, as well as outsiders of the group (Hatch & Schultz, 1997). This perspective implies that organizational culture and organizational identity can never be completely managed and controlled (Hatch & Schultz, 1997).

The new analytical approaches emerging also view culture in a different way; newer streams emphasize that culture is not only an internal phenomenon, but a phenomenon increasingly influenced by an external audience (Weber & Dacin, 2011). The reason for considering external audiences – or outsiders – in cultural analysis can be found in the increasing availability of information about a culture, whether this culture is an organization, state or a community (Weber & Dacin, 2011). Weber & Dacin (2011) argue that whereas the perspective on organizational culture in the 1980s was characterized by treating culture as a somewhat stable entity, the new wave is characterized by treating culture “...as constitutive of a wide range of social processes rather than a regulative that works against other forces...” (Weber & Dacin, 2011, p. 287). Thus, whereas the field in the 1980s had a tendency to emphasize culture as a constraint on organizational members, the field now sees more of an emphasis on how organizational members make use of organizational culture, thereby granting organizational members a higher degree of agency as well as more freedom and choice in regards to cultural material (Weber & Dacin, 2011). Whilst I find these perspectives interesting, I

also find that they are limited in grasping the depth of culture, as well as the constraints and control embedded in organizational culture (Alvesson, 2013). In my view, culture is, or can be, regulative; it is not something that organizational members can easily change as culture builds on basic assumptions.

My outline and discussion of culture point to many similarities between identity and culture. As explained previously, organizational identity is about the answer to the question of who we are. Organizational culture, on the other hand, is about the answer to the question of “how things are done here” and is manifested in values, organizational practises (formal as well as informal), rituals, artefacts, stories, jargon as well as physical arrangements such as architecture, dress norms etc (Martin, 2002). Despite the different questions entailed in the two constructs, the themes covered from the two perspectives are often very closely related, which may be the reason for confusing the two (Alvesson, 2013).

While the two concepts are closely related, as illustrated by scholars in the field (e.g. Hatch & Schultz, 1997, 2000, 2002, 2004), I draw on Alvesson’s (2013) distinction between the two concepts:

While identity is something that the individuals in the organization ‘decide’ – the answer to the question ‘who are we?’ must be crafted by the people concerned, as this is a matter of experiences and self-understandings, not objective characteristics – culture has much less of this quality. It is partly about taken-for-granted assumptions and non-conscious meanings. It functions to an extent beyond consciousness and affects people irrespective of their understandings and eagerness to embrace values and ideals (Alvesson, 2013, p. 39).

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Thus, both culture and identity are seen to serve as a direction for organizational members on how to behave and what is expected from them, and both give

meaning to the context organizational members find themselves in. But while both concepts may give sense to organizational members, they represent different levels of awareness (Hatch & Schultz, 2002; Alvesson, 2013) and there is a difference in how the two concepts relate to image and branding (Hatch & Schultz, 2002; Cornelissen, Haslam, Balmer, 2007; Alvesson, 2013). Where it is broadly agreed that organizational identity is directly influenced by external expressions and communication, this is not agreed in the case of organizational culture; Alvesson (2013) argues that culture is an internal concept and too complex to be influenced by external perspectives and dynamics to the same extent as identity, while newer streams perceive culture to be increasingly influenced by an external audience (Weber & Dacin, 2011). On the other hand, culture is closely related to identity, as illustrated by scholars such as Hatch & Schultz (1997; 2000; 2002; 2004), theorizing that culture is dynamically related and influencing organizational identity. Other scholars perceive identity to be part of organizational culture – culture provides the framework that identity is building on (Alvesson, 2013). The central point is that the concepts influence each other as they are dynamic and interrelated.

#### *Four perspectives on organizational identity*

Despite establishing my research area, the term organizational identity still requires an explanation due to the complexity of perspectives surrounding it. Four different perspectives have been identified concerned with the construct of organizational identity (Gioia et al., 2013; He & Brown, 2013). Of these four, two strands or perspectives have dominated the field and the ongoing discussion, namely the social actor and social constructionist perspectives. Because they represent the majority of research carried out on organizational identity and are most relevant to my study, I will discuss them in detail, but first I will briefly discuss the other two perspectives identified, referred to as the institutionalist

perspective and the population ecologist perspective (Gioia et al., 2013). The institutionalist perspective is concerned with a macro level of analysis and views identity through an institutional lens. This perspective is traditionally concerned with the isomorphic aspect of organizational identity and employs institutional theory and institutional processes in understanding organizational identity (Glynn & Abzug, 2002; Glynn, 2008). Though this perspective is related to the social constructionist and social actor perspective in the focus on how organizational identity categories emerge, the institutional perspective has a stronger focus on institutional frameworks, systems of meaning and the role of globalization (Aten & Howard-Grenville, 2012). The population ecologist perspective perceives identity as an externally defined concept, perceived and defined by outsiders (Polos, Hannan & Carroll, 2002). In this perspective, industry membership and industry attributes are highlighted and considered essential for organizational identity construction, though recent research within this perspective adopts a more general approach (Hsu & Hannan, 2005). He & Brown (2013) also distinguish between four perspectives in organizational identity research, but two of these are somewhat different from Gioia et al (2013). He & Brown (2013) highlight a psychodynamic and a postmodern perspective instead of an institutionalist and population ecologist perspective. Regardless, the social actor and the social constructionist perspective are by far the most dominant strands of research ontology, where most contributions have been made and are most relevant to my research question (Gioia et al., 2013, He & Brown, 2013).

#### *Social actor versus social constructionist perspective*

As mentioned, the social actor and social constructionist perspectives on organizational identity dominate the field. What makes these two perspectives markedly different from each other is that they are guided by two different epistemological and ontological assumptions (Corley et al., 2006, Hatch &

Yanow, 2008, He & Brown, 2013), fuelling discussions and debate within the field. Starting with the social actor perspective, Stuart Albert and David A. Whetten coined the concept of organizational identity in their 1985 article ‘Organizational Identity’. They define organizational identity as including the central, distinctive and enduring features of an organization (Albert & Whetten, 1985), with emphasis on identity claims (Albert & Whetten, 1985, Whetten & Mackey, 2002, Corley et al., 2006, Hatch & Yanow, 2008). This definition serves as a point of departure for the main part of organizational identity research and theorizing (Ravasi & Rekom, 2003, Gioia et al., 2013), and in particular as a point of departure for what is referred to as a social actor perspective. Explaining the three defining criteria, Albert & Whetten argue that a central or “*claimed central character*” (Albert & Whetten, 1985, p.90), points to the essence of the organization, while “*claimed distinctiveness*” (ibid), points to features that distinguish the organization from others (others referring to organizations that are used for comparison). The last feature, “*claimed temporal continuity*” (ibid), points to characteristics that to some degree remain the same over time. In a social actor perspective, organizational identity is constructed through claims made or proposed by organizational leaders with the purpose of defining the organization. These claims, referred to as identity claims, provide organizational members with a narrative or self-referential discourse from which they gain a collective understanding of what the organization is (Ravasi & Schultz, 2006; Ravasi & Phillips, 2011).

The social actor/realist perspective is characterized by defining organizational identity as ‘something’ that resides in the organization (Corley et al., 2006; Ravasi & Schultz, 2006), in an organization’s essential features (Hatch & Yanow, 2008). The organization is viewed as a social actor because it has social and legal status (Albert & Whetten, 1996; Whetten & Mackey, 2002; Whetten, 2006). Essence is a

key word for this perspective, and research focuses on “*component elements*” (Hatch & Yanow, 2008, p. 30). Albert & Whetten’s definition of organizational identity has led to an ongoing discussion among organizational identity scholars about the definition of the concept (Schultz, Hatch & Larsen, 2000, Ravasi & Rekom, 2003, Corley et al., 2006). Albert & Whetten do not give an account of what it means to be central, distinctive and enduring (Corley et al., 2006), but the concepts point to organizational identity being a stable, static and essential feature of an organization (Schultz, Hatch & Larsen, 2000), as well as presupposes that these concepts are able to define all organizational identities (Hatch & Yanow, 2008). The definition furthermore implies that organizational identity can take on a form and dynamic of its own, and thus becomes equal or similar to the identity of a human being (Cornelissen, Haslam & Balmer, 2007). The criticism of the social actor perspective relates primarily to identity being perceived as enduring, an organizational core that remains the same over time and rarely changes. The central and distinctiveness attributes have not to the same extent been the focus of attention (Gioia et al., 2013).

Related to the social actor perspective on identity is the construct of corporate identity (He & Brown, 2013, Balmer, 2008). Although efforts have been made to distinguish and draw clear lines between organizational identity and corporate identity in order to define constructs (Hatch & Schultz, 1997; Schultz, Hatch & Larsen, 2000; Cornellisen, Haslam & Balmer, 2007; Balmer 2008), the two areas of research share certain characteristics. Corporate identity builds on the fields of marketing, communication and PR studies (Gioia, Schultz & Corley, 2000) and is a concept primarily employed in these disciplines, and as an applied concept by visual identity consultancies (e.g. Olins, 1989, 2003).

I do not attempt to make a complete review of the marketing, communication and PR literature discussing corporate identity, but rather identify similarities between corporate identity and a social actor perspective<sup>5</sup>. Balmer illustrates the similarities:

French scholars in making a ground-breaking contribution to corporate identity scholarship highlighted its importance by arguing that corporate identity traits bestows a corporation with specificity, stability and coherence (Moingeon and Ramanantsoa, 1997, Larçon and Reitter, 1979). Somewhat latter, and in a strikingly similar vein, the USA scholars Albert & Whetten (1985) in their magisterial and highly perceptive examination of the identity concept in institutional contexts reached a similar conclusion (Balmer, 2008, p. 886).

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Besides this striking similarity in concept definition, with a focus on central, enduring and distinctive features, it can be argued that a social actor focus on identity claims, in other words claims proposed by organizational leaders as a means of sensegiving to organizational members (Ravasi & Schultz, 2006), is similar to a corporate identity perspectives focus on top managers' roles in identity construction. Thus, both a corporate identity and a social actor perspective on identity have a focus on identity claims, where claims made by the organization constitute identity; however corporate identity stresses the articulation and communication of claims to a larger extent (Ravasi & Schultz, 2006; Gioia & Patvardhan, 2012; Gioia et al, 2013; He & Brown, 2013).

The other dominant perspective in organizational identity is the social constructionist perspective; here identity is defined as residing in collectively shared beliefs about the relatively central and stable features of the organization and with an emphasis on shared understandings (Ravasi & Schultz, 2006). From this perspective, organizational identity is a result of ongoing processes of social

construction taking place among organizational members (Corley et al., 2006; Gioia et al., 2013), and resides in the collective consciousness of organizational members (Corley et al., 2006, Hatch & Yanow, 2008). A social constructionist perspective is characterized by a focus on the construction of meaning, processes of meaning creation and sense-making in the organization (Hatch & Yanow, 2008). The social constructionist perspective perceives identity construction as a process that organizational members take part in, as identity is constructed through sense-making processes (Ravasi & Schultz, 2006)

### *Complimentary perspectives*

As mentioned earlier, recent research has illustrated that the two dominant perspectives in organizational identity may be viewed as complimentary rather than polarities (e.g Ravasi & Schultz, 2006, Gioia et al., 2010, Ravasi & Phillips, 2011 , Gioia, Hamilton & Patvardhan, 2014, Gioia & Hamilton, in press), and bridging the two perspectives open up for a more comprehensive perspective that I will now discuss.

In a longitudinal study of B&O, Ravasi & Schultz (2006), found that organizational responses to identity threats utilized both sensegiving and sensemaking actions, where sensegiving actions refer to new identity claims made by the management team to support changes, while sensemaking actions refer to organizational members re-evaluating distinctive and core elements of the organization (Ravasi & Schultz, 2006). Based on these findings, Ravasi & Schultz (2006) state that it is possible that the two strands in the organizational identity literature complement each other and that both the social actor and the social constructionist perspectives should be considered simultaneously when studying organizational identity:

We believe that the respective emphases of the two perspectives - institutional claims and collective understandings – represent different aspects of the construction of organizational identities. Together, the social actor and social constructionist views suggest how organizational identities arise from sensemaking and sensegiving processes through which members periodically reconstruct shared understandings and revise formal claims of what their organization is and stands for. One needs, therefore, to account for both perspectives to fully understand organizational responses to identity-threatening environmental changes (Ravasi & Schultz, 2006, p. 436).

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This view implies that while identity claims are often stable and enduring over time, the shared understandings and interpretations of these are subject to periodic change. Other studies support this perspective; Gioia et al. (2010) studied identity formation during the founding of a new college. The study found that organizational identity formation processes follow a sequential process involving both the negotiation of identity claims and perceiving an organization's identity as a social actor, as well as organizational members developing and engaging in the processes of creating shared understandings (Gioia et al., 2010). Based on these findings, Gioia et al., states:

We found that viewing organizational identity formation simultaneously from social construction and social actor perspectives not only produced a better sense of the processes and practices involved in the forging of an identity but also provided an avenue for understanding these processes not merely as complementary (Ravasi and Schultz, 2006) but, rather, as mutually recursive and constitutive (Gioia et al., 2010, p. 6).

Based on a study of organizational management and strategic change at B&O, Ravasi & Phillips (2011), suggest that a reconciliation of the two perspectives will provide a more realistic account of how organizational identity is constructed and reconstructed over time.

The studies carried out bridging the two dominant perspectives in organizational identity are compelling; they acknowledge that the process of identity construction is complex, involves multiple influences from internal as well as external stakeholders, from management as well as organizational members, and that the question of 'who am I?' involves identity claims, cultural cues as well as a construed image. This does not imply however, that identity construction is without boundaries and can be chosen randomly; as Gioia et al (2000) notes: *“Changes in identity are constrained within non-specified, but nonetheless moderating, environmental bounds”* (Gioia et al., 2000, p. 73). It does however imply that if an organization, over time, finds itself in a new context that requires identity adaptation, making use of both sensemaking and sensegiving processes, identity change is possible. In the next section, I will discuss such context specific identity construction – namely organizational identity construction in a sustainability context – and what this context entails for organizational identity.

### **Organizational identity in a sustainability and CSR context**

Sustainability and Corporate Social Responsibility provide a specific context for organizational identity construction as sustainability and CSR engagement influences identity and identity orientations (Amodeo, 2005; Brickson, 2007, 2013; Hamilton & Gioia, 2009; Morsing & Roepstorff, 2014). While other context may imply the same, a sustainability or CSR context is specific because it implies a commitment and promise of improving social and environmental issues, and as such, it is a promise that the organization commits to such improvements (Morsing & Roepstorff, 2014). Sustainability and CSR is also a legitimacy issue (Carroll, 1991, Matten & Moon, 2008), implying that the core of the company is at stake to a higher extent than, for instance creativity or innovation as a context.

### *Motivational factors for engaging in sustainability*

There are many reasons why companies engage in sustainability to such an extent that it becomes a core identity referent for the organization (Hamilton & Gioia, 2009). Studies point to motivational factors such as competitive reasons, financial benefits and legitimization (Lampe et al., 1991; Vredenburg & Westley, 1993; Post & Altma, 1994; Lawrence & Morell, 1995; Bansal & Roth, 2000), leaders feeling obligated to be socially and environmentally responsible (Lawrence & Morell, 1995; Winn, 1995; Amodeo, 2005), institutional pressure that social, legal and cultural institutions exert on an organization (Dimaggio & Powell, 1983; Scott, 1995; Menguc et al., 2010), and related to this, an expectation that companies take responsibility for the communities they are part of, given their economic power (e.g. Moon et al., 2005; Palazzo & Scherer, 2006; Crane & Matten, 2007; Morsing & Roepstorff, 2014). Most of the studies carried out point to either the important role of institutional pressure, explaining how institutional pressure from various stakeholders motivates organizations to engage in CSR (Hoffman 2001; Wright et al., 2007; Campbell, 2007; Matten & Moon, 2008; Pedersen & Gwozdz, 2014), or to pressure from stakeholders that may not constitute institutions (Pedersen & Gwozdz, 2014). Stakeholder theory refers to how companies create most value for their stakeholders as well as how stakeholders affect the business as a whole. Edward Freeman defines a stakeholder as “[a]ny group or individual who can affect or is affected by the achievement of the firm’s objectives” (Freeman, 1984, p. 25).

### *Organizational identity in a sustainability context*

While a vast amount of research exists on sustainability and CSR in general, and why organizations engage in sustainable activities, research on identity in a sustainability context is limited. Hamilton & Gioia (2009) have coined the concept of sustainability-focused identity; they use the term (instead of CSR identity)

because the term sustainability refers to a Triple Bottom Line – a balance between environmental, social and economic goals, without emphasizing social responsibility as CSR identity tends to do (Hamilton & Gioia, 2009). A sustainability-focused identity is defined as an organizational identity where sustainability is a core element in the organization. As sustainability is never fully achieved, a sustainability-focused identity requires constant sustainability-focused actions taken in the ongoing processes of constructing identity (Hamilton and Gioia, 2009). The term 'CSR identity' is employed by Morsing & Roepstorff (2014) as they take inspiration from Brickson's (2007) collectivistic identity orientation construct. Collectivistic identity orientation is a reference to organizational members engaging in a larger social cause beyond self-interest (Brickson, 2007). Morsing & Roepstorff (2014) extend this definition to also consider the influence and perception of external audiences and how the external audience perception of an organization's identity influences the identity work that takes place.

For the remainder of this thesis I will employ the concept of sustainability-focused identity as proposed by Hamilton & Gioia (2009). This concept of sustainability-focused identity appears to be more firmly grounded in the organizational identity literature and I find it is more clearly defined within this framework than CSR identity. Regardless of name, research on the topic of sustainability-focused identity emphasizes actions, temporality and processes; in order to construct a sustainability-focused identity, organizations must actively engage in certain activities that spur the processes of becoming sustainable and the processes of constructing organizational identity (Brickson, 2007; Hamilton & Gioia, 2009; Perez & del Bosque, 2012; Morsing & Roepstorff, 2014). It furthermore requires that organizations take a longer-term view on the actions and performance needed in order for sustainability to take root; building a

sustainability-focused identity is a long-term and dynamic process (Hamilton & Gioia, 2009).

### *Identity-image and identity-culture discrepancies*

The existing research on organizational identity in a sustainability context focuses to a large extent on either on identity-image discrepancies or identity-culture discrepancies. Taking a communication perspective, Perez & del Bosque (2012) carried out multiple case studies of CSR identity in the European banking sector. The studies found that a lack of communication to external stakeholders about the role that CSR plays for the company has significance for the difficulties in constructing a CSR identity. The study concludes that investing little effort in communication prohibits a CSR identity (Perez & del Bosque, 2012). In a recent study of IKEA Denmark, Morsing & Roepstorff (2014) illustrated that CSR identity is not only constructed based on core company values but also on social expectations among local external stakeholders (Morsing & Roepstorff, 2014). Their research illustrates that in situations where socio-political contexts change, and as such understandings of CSR commitment, an organization's CSR identity-image is disrupted and the organization will alter their CSR identity commitments in order to create an alignment between identity and image (Morsing & Roepstorff, 2014). This finding also suggests that a CSR identity cannot be entirely managed as socio-political contexts are unpredictable and out of the hands of managers.

Theorizing on the topic, and focusing on the interrelatedness of identity, culture and image, Hamilton & Gioia (2009) argue that a sustainability-focused identity remains an aspiration for most organizations rather than a reality. This is due to the required shift in an organization's values, practices and beliefs; in order to obtain a sustainability-focused identity, sustainability must become an

indispensable part of everything the organization does. If the organizational identity is not already sustainability-focused, it is necessary to initiate internal change processes (Hamilton & Gioia, 2009). Research on organizational identity suggests and speculates that identity change processes are more successful in cases where members can draw on existing or established referents in identity adaptation processes (Ravasi & Phillips, 2011). In a sustainability context, such speculation implies that identity adaptation may be more successful if existing identity referents carry similar features as those associated with sustainability, i.e. positive traits such as respect, passion, and responsibility. Such speculation emphasizes heritage as relevant to sustainability-focused identity construction and implies that embedding sustainability in the culture will aid the process (Ravasi & Schultz, 2006; Hamilton & Gioia, 2009; Ravasi & Phillips, 2011). Sustainable organizational practices are also likely to facilitate change towards a sustainability-focused identity as sustainable practices foster an even stronger belief of sustainability being a core component in the identity of internal stakeholders (Hamilton & Gioia, 2009).

Focusing on identity-culture discrepancies and building and extending her research on identity dynamics as well as cultural incrementalism, Amodeo's (2005) research on becoming sustainable illustrates the internal identity processes that an organization goes through in order to become sustainable. Amodeo's case study of Interbrand identifies 5 stages in the process of becoming sustainable: *"The stages define movement along a continuum from a **vision/identity gap** to **cultural incrementalism**, and from **scepticism to commitment**, reflecting an increasing connection to and belief in the new vision and mission of sustainability"* (Amodeo, 2005, p. 95). Amodeo's research suggests that while the process of building a sustainability-focused identity may be initiated by a leader formulating a vision, such a vision may not be compatible with the existing

identity, culture and image, thereby creating a vision/identity gap (Amodeo, 2005).

In the case of Interbrand, in moving from a non-sustainability focused to sustainability focused identity, experts were brought in to advice and explain how the new mission and vision could be executed and symbols could be used to enable the organization to understand the new ideas. As the organization came to a better understanding of the new vision, scepticism gave way to understanding what sustainability entails for the company. The new understanding of what sustainability meant contributed to a better alignment of the vision/identity gap, though the organization still struggled in aligning with the culture (Amodeo, 2005). As the process went along, sustainability activities was executed and implemented, thus sustainability became manifested in the organizational identity, leading the organization to slowly start to communicate externally about the new vision. As the organization started to believe in the new vision, sustainability as a value became part of the organization (Amodeo, 2005). Amodeo's research suggests a phase-based process or journey where sustainability is first implemented in the vision for the organization, then manifested in the culture and last in the image of the organization; sustainability does not become part of the core referent of the organization until a paradigm shift has taken place in the organization, where sustainability became part of the organizational identity. In the case of Interbrand, the paradigm shift was evident in the way organizational members described their jobs – organizational members were not just making carpets, the job was perceived as having a higher purpose and a direct positive influence on the environment, illustrating the identification with the organization (Amodeo, 2005).

### *Theorizing as opposed to empirically founded data*

As sustainability-focused identity is a relatively new research area, the body of research is naturally limited, leaving a gap in the literature. While Hamilton & Gioia (2009) theorize on the topic and make some interesting points, their theorizing is not built on empirical data. The existing research on sustainability-focused and CSR identity suggests a number of implications and challenges: In order for an organization to construct a sustainability-focused identity, the existing identity must undergo some form of change, implying that organizational identity is capable of change. It also implies that image – or at least how organizational members think outsiders perceive them - has an impact on identity construction. Studies carried out also found that temporal aspects are crucial for sustainability-focused identity construction, as becoming sustainable is a process taking place over a longer period of time. However, while the literature implies tensions, and management of identity tensions, the empirical data is limited despite a reasonable assumption that tensions that must be solved and negotiated arise in the construction of a sustainability-focused identity. In the next sections, I will discuss the relevant literature on these topics as they emerge in the general organizational identity discussion.

### **Organizational identity as stable and enduring as opposed to changing and dynamic**

One of the most substantial discussions on organizational identity that has taken place is whether identity is stable and enduring or subject to change (Gioia & Hamilton, in press; Gioia et al., 2013). In a social actor perspective, identity is rarely subject to change. Taking a point of departure in individual identity theory, Albert & Whetten argue that there are certain life cycle events that make the question of organizational identity increasingly important (Albert & Whetten, 1985), and are causes for change in identity (Whetten, 2006). According to Albert

& Whetten, it is only under exceptional circumstances and due to serious events that identity changes. Such events include times when an organization is forming and is new, when organizations lose their founder, when the reason to exist as a company disappears, when the organization grows and cannot keep up, and at times when companies are taken over or merge with other businesses (Albert & Whetten, 1985). Albert & Whetten compare this to major life events such as marriage, birth and divorce (Albert & Whetten, 1985). Other scholars argue that identity is unstable, dynamic and subject to change over the short and long term to varying degrees (e.g. Dutton & Dukerich, 1991; Gioia & Thomas, 1996; Gioia, Schultz & Corley, 2000; Hatch & Schultz, 2002; Corley, 2004; and Ravasi & Schultz, 2006).

Gioia et al. (2013) observe two recurring themes; the first theme discusses change from the perspective that identity is enduring, the second perceives identity to be dynamic and thus capable of change both short and long term (Gioia et al., 2013). These two strands are labelled “The enduring identity proposition” and “the dynamic identity proposition” (Gioia et al., 2013, p. 131).

#### *Identity as enduring and stable*

From an enduring identity perspective, identity change rarely occurs and if it does, only under dramatic life changing circumstances. A number of studies have illustrated that organizational identity is enduring and the reasons why it is a stable entity. This perspective is supported by findings that organizational members resist change (Corley et al., 2006), and organizational members need to maintain a positive identity (Gioia et al, 2013). Studies based on social identity theory support the finding that organizational members have a (psychological) need to preserve their own identity and it is threatened if the social context (the organization) they participate in is subject to identity changes that do not carry

positive associations (e.g. Brewer & Kramer, 1985; Ashforth & Mael, 1989; Dutton, Dukerich & Harquail, 1994). Other studies stress the role of organizational defence to external pressures (Brown & Starkey, 2000) as well as deception (Phillips & Kim, 2009). Elsbach and Kramer's study from 1996 investigating how business schools respond to school rankings, found that when confronted with less desirable rankings (and thus a less positive image of the organization), organizational members produce alternative social categories through which their organizational identity is viewed in a much more positive light. Elsbach & Kramer argue:

Organizational members' primary response to threats posed by the Business Week rankings was to make salient their school's membership in selective and favorable social groups through (1) categorizations that highlighted positive identity attributes not emphasized by the rankings and (2) categorizations that highlighted favorable social comparisons not emphasized by the rankings... Members appeared to use these categorization tactics for two purposes: (1) to affirm positive aspects of their school's identity that the rankings had neglected and (2) to make sense of and explain why their school achieved a specific, disappointing ranking (Elsbach & Kramer, 1996, p. 456).

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### *Identity as unstable and changing*

From a dynamic identity perspective, identity change occurs at various degrees whether organizational members try to resist it or not, and the body of research from a dynamic perspective is substantial (e.g. Dutton & Dukerich, 1991, Reger et al., 1994, Gioia & Thomas, 1996, Hatch & Schultz, 1997, 2000, 2002). Dutton and Dukerich (1991) carried out a case study on The Port Authority of New York and New Jersey. The focus of the Port Authority case study was initially to obtain an understanding of, and generate new theory on, the relation between individual interpretations and organizational actions (Dutton & Dukerich, 1991).

The study illustrates how change in organizational identity takes place when an organization faces strategic challenges and a perceived misalignment between identity and perceived image. The study also illustrates how identity construction is a process that relates to the external environment, as Dutton and Dukerich concluded that organizational identity is shaped and influenced by how external stakeholders, such as the media or the local community perceive the organization, resulting in internal stakeholders responding to and acting on this perception in order to create coherence between identity and construed organizational image (Dutton & Dukerich, 1991). Gioia and Thomas' (1996) study of a public university also illustrated that organizational identity is capable of change and that organizational identity is unstable. The study specifically looked at planned change, and how a strategically planned identity change process can take place. Gioia and Thomas (1996) argue that image, in particular a desired future image, is key in driving a planned identity change process and the authors concluded:

The findings on identity and image as they relate to strategic change were among the most revealing. If the concern is to make intentional, substantive change, then some fundamental organizational attributes must change. This apparently simple observation implies that even that which we usually presume to be essentially immutable (i.e., identity) might instead be fluid and malleable (Gioia and Thomas, 1996, p. 398).

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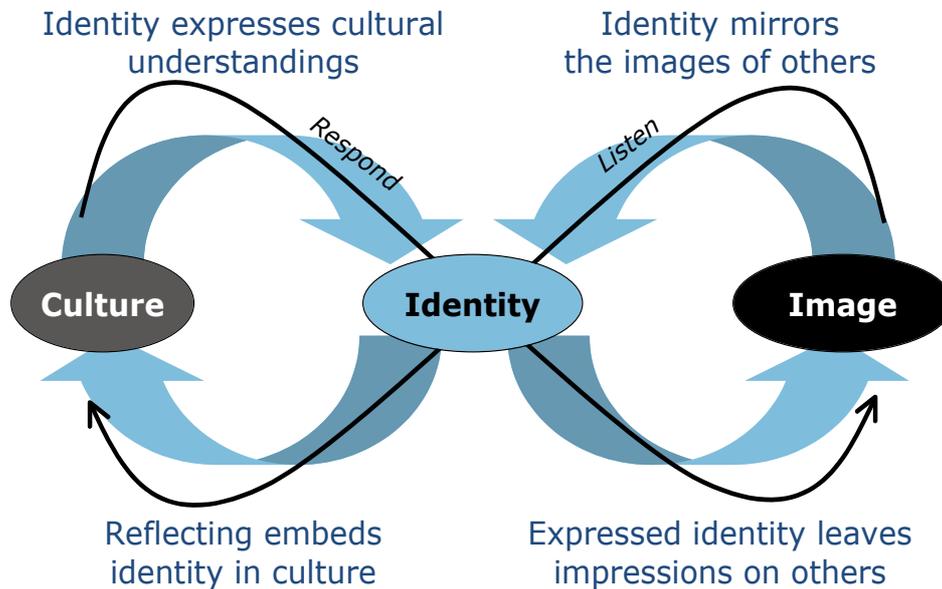
The studies by Dutton & Dukerich (1991) and Gioia & Thomas (1996) pose the possibility that organizational identity is unstable and adaptive. Gioia, Schultz & Corley (2000) support these findings; they argue that the fact that identity is unstable enables the organization to respond and adapt to environmental change, a characteristic or situation they refer to as adaptive instability (Gioia, Schultz & Corley, 2000).

A large proportion of the identity change studies and literature extend the findings of Dutton & Dukerich (1991) and highlight the role of external stakeholders and the environment; outsiders' perspectives on the organization and how organizational members perceive their image act as change enablers, often in the process of creating alignment and stability between identity and image.

Extending and building on Dutton & Dukerich's findings, Hatch and Schultz developed a theoretical perspective on organizational identity with an organizational level of analysis (Schultz, Hatch & Larsen, 2000). Hatch and Schultz argue that both organizational culture and corporate image, thus both internal and external stakeholders, are involved in constructing identities of organizations (Hatch & Schultz, 1997; 2000; 2002). Presently, external stakeholders influence organizational identity because organizations are exposed to the external world to an extent not previously seen, as organizations exist in a broader social and political context today. The media, consumer groups, financial analytics and business analysts are taking an increased interest in organizations, internal stakeholders are also customers and external stakeholders are invited to gain access and become part of the organization in various ways (Hatch & Schultz, 2002). The increased exposure creates challenges in regards to maintaining identity; as the organization is exposed to the external world, it becomes more vulnerable to criticism and negative feedback, and the combination of increased exposure and access to the organization puts pressure on both organizational identity and culture (Hatch & Schultz, 2002). Hatch and Schultz illustrate their theoretical perspective in the Organizational Identity Dynamics Model illustrating the processes that are involved in organizational identity construction; their model is reproduced below.

## Model 2.1

### Hatch & Schultz Organizational Identity Dynamics Model:



(Hatch & Schultz, 2004, p. 382).

The model illustrates how identity is a relational construct and how the processes taking place account both for identity change as well as stability. Explaining the process of change and sustenance, Hatch & Schultz state:

Based on this model, we would say that at any moment identity is the immediate result of conversation between organizational (cultural) self-expressions and mirrored stakeholder images, recognizing, however, that whatever is claimed by members or other stakeholders about an organizational identity will soon be taken up by processes of impressing and reflecting which feed back into further mirroring and expressing processes. This is how organizational identity is continually created, sustained and changed (Hatch & Schultz, 2002, p. 1004).

The conceptual model developed by Hatch & Schultz (2004) is supported by a number of studies, among them Corley & Gioia (2004) and Ravasi & Schultz

(2006). Studying the Danish design driven audio company B&O, Ravasi & Schultz explored how the organization responded to environmental changes, i.e. new demands, new competitors and new technologies (Ravasi & Schultz, 2006). These environmental changes posed a threat to the organizational identity of B&O. The study found that organizational culture influences the way the organization reacts and responds to organizational identity threats:

Our findings point to organizational culture as a central construct in understanding the evolution of organizational identities in the face of environmental changes, suggesting that collective history, organizational symbols, and consolidated practices provide cues that help members make new sense of what their organization is really about and give that new sense to others (Ravasi & Schultz, 2006, p. 455).

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Thus, a large body of research has illustrated that the need for aligning identity and image is strong in organizations (e.g. Dutton & Dukerich, 1991; Ginzel et al, 1993; Elsbach & Kramer, 1996; Gioia & Thomas, 1996; Hatch & Schultz, 1997; Gioia, Schultz & Corley, 2000; Ravasi & Schultz, 2006; Kjaergard et al., 2011).

Other studies have highlighted the link between identity gaps and identity change; these studies indicate that the gap between who the organization is and who they aspire to become motivates identity change processes (Gioia et al, 2013), while other studies focus on how hierarchy influences organizational members' willingness to change (e.g. Corley, 2004). Corley's 2004 study found that organizational members' perspectives on identity are directly related to the hierarchical level; members at a lower level of the organization have a tendency to view identity as stable while members of the higher levels of the organization (those closer to power) view identity as adaptive and in constant change (Corley, 2004). Similarly, the further away from power the more resistance to change and need to keep 'things the way they are' (Corley, 2004).

### *Identity as both enduring and changing*

However, recent studies that reconcile the two perspectives have also brought along a more nuanced perspective on identity change (e.g. Ravasi & Schultz, 2006; Ravasi & Phillips, 2011; Anteby & Molnar, 2012). In a study of strategic change at B&O, Ravasi & Phillips (2011) noted that previous literature may have over-emphasized the power and capacity to change or alter organizational identity though still recognizing that change is possible, but perhaps on a smaller scale and grounded in organizational referents already part of the organization though they may not be part of current identity claims: *“Radical new identities, then, are likely to require enormous strategic investments to retain congruence between the identity and the materiality of the organization, and may imply a loss of past investments, that may be justified only in the presence of dramatic environmental changes (technological discontinuities, etc.)”* (Ravasi & Phillips, 2011, p. 131).

The research points in different directions as to whether organizational identity is stable or subject to periodic change, but taking the number of studies on change into account it is plausible that identity is capable of change, but within a framework of existing identity referents (Ravasi & Phillips, 2011) or contextualized by culture (Hatch & Schultz, 2000,2002; Ravasi & Schultz, 2006). Whether one believes that identity is stable or changing, underlying processes are taking place to either keep identity stable or change identity. In the next section I will discuss these processes and a new research perspective in organizational identity.

### **Organizational identity as a process**

A recent research stream and perspective emerging within organizational identity is a process perspective. This perspective relates to identity as changing over time, as well as to the perspective of identity as a dynamic process. Where the

conceptualization of identity as dynamic as presented by Hatch & Schultz (2002,2004) illustrate a moment in time, process studies in organization and management studies extend this understanding by focusing on how something emerges, unfolds or changes over time and why this takes place. A central element of process studies is time, and how patterns of change take place over time (Schultz et al., 2012; Langley et al., 2013). Process research focuses on how something works and on action, for instance how to make changes over time that will enable an organization to go from A to B (Langley & Tsoukas, 2010) as well as temporality - how the past, present and future are related to and shape organizational identities (Hernes, 2007; Schultz & Hernes, 2013). Briefly accounting for a process perspective, Schultz et al. (2012) notes that “*A process orientation prioritizes activity over outcome, change over persistence, novelty over continuity, expressions over determination, and becoming over being*” (Schultz et al, 2012, p. 1).

### *Organizational identity processes*

Pratt (2012) argues that processes are involved in both organizational identity construction and maintenance; whether organizational identity is perceived as stable from a social actor view or changing from a social constructionist view, processes are involved in the efforts made. Agency, or the act of doing, has a central role in organizational identity research; though a social actor understanding of organizational identity assumes that identity is something that the organizations *has* (Gioia & Patvardhan, 2012), scholars with a social constructionist perspective have emphasised that identity is related to agency – what organizational members *do* -and thus related to and resonating with a process perspective. In this perspective, organizations, or the people within them, create the changes that take place over time through dynamic interactions; they are not things which just happen to the organization. Processes in this perspective are closely connected to

actions and practices as enacted by organizational members (Schultz et al., 2012; Langley et al., 2013; Gehman et al., 2013), which in a dynamic process create change over time. Thus, it is the organizational (internal and external) stakeholders that, through their practices, enable change.

Schultz & Hernes (2013) identifies and demonstrates three areas in which organizational identity scholars have approached and applied a temporal perspective. The relation and processes between the past, present and future are discussed extensively in studies focusing on identity change (e.g. Gioia & Chittipeddi, 1991; Elsbach & Kramer 1996; Gioia, Schultz & Corley, 2000; Corley et al., 2006; Lerpold et al., 2007; Gioia et al. 2010), and perspectives focusing on the role of narratives (e.g. Czarniawska-Joerges, 1997). The second perspective on temporality studies focuses on how organizational members reinterpret the past in efforts to reconstruct identity (e.g. Gioia & Thomas, 1996; Ravasi & Schultz, 2006), while the third focus has been on how identity emerges from ongoing identity construction processes (e.g. Clegg et al., 2007).

The strength of perceiving organizational identity from a process perspective is that it focuses not on ‘who we are’, but on ‘how we are becoming’ – thus it is the ‘how’ rather than the ‘who’ or ‘what’ that is central in unfolding the processes of organizational identity (Schultz et al., 2012). This is a recent focus in organizational identity and yet not thoroughly explored, but one that corresponds well with and may contribute to extending existing knowledge on sustainability-focused identity as it has an emphasis on actively engaging in identity construction and practices involved rather than the ‘end result’. Thus where the question of ‘who are we?’ denotes what the organization answers at the end of a process, the question of ‘how are we becoming?’ denotes the practices and actions involved in continuously engaging in identity work and construction.

### *Challenges in organizational identity processes*

While focusing on the question of ‘how are we becoming?’ in identity construction processes is a new focus, considering processes in relation to organizational identity is not new. However, many of the studies mentioned in this regard study identity as an entity (Gioia & Patvardhan, 2012). The focus in past research on organizational identity as an entity illustrates the challenge in viewing identity as flow on a practical research level – how does one study something that is constantly in flow? Gioia & Patvardhan (2012) argue that identity might be best perceived both as entity and process, hereby enabling comprehensive studies of identity where both “*the being and the becoming of identity*” is considered (Gioia & Patvardhan, 2012, p. 57). This argument is in line with Ravasi & Schultz (2006) and Gioia et al., (2010) arguing that the social actor perspective and social constructionist perspective are both necessary when studying identity and thus complimentary. Related to this argument, a process perspective on organizational identity does not imply that things do not exist; an organization or a nation and other entities do exist, but a process perspective does not focus on the ‘thing’ but rather on the processes that the ‘thing’ or entity is involved in and how the thing continues to exist (Schultz et al., 2012). However, within a process perspective it is also argued that stability does exist, but a large amount of effort and processes goes into maintaining stability. Thus it can be argued that processes underlie stability, as noted by Langley et al.:

...seemingly enduring and objective managerial concepts and structures are underpinned by dynamic activity and processes. These concept and structures are able to endure over time only through ongoing repair and reconstruction. Much more active work is required to maintain practices, organizations, and institutions than most management scholars would admit (Langley et al., 2013, p. 10).

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A related second challenge identified in existing studies with a process perspective is the perception of change and temporality; much of the research available presents either a life-cycle perspective on change - referring to individual or organizational change that happens at critical moments, events or transitions points - or a linear normative step-by-step model of change (Van de Ven, 1992, Van de Ven & Poole, 1995). In line with this argument, Schultz & Hernes argue that the most commonly identified perception of temporality in organizational identity studies assume a 'periodic view' where identity is stable, then the stability is challenged, which then results in a new set of stable identity claims and characteristics (Schultz & Hernes, 2013, p. 3). The central point in the process perspective on organizational identity here is that processes underlie stability and that these processes are ongoing; thus the processes of change does not lead to a stable situation or end-point, as the processes are continuous, ongoing and always dynamic. This approach to organizational identity construction resonates well with sustainability as sustainability does not have an end-point, but is an ongoing continuous process that the organization engages in.

### **Tensions in identity construction**

My introduction to this thesis began with the statement that sustainability in the fashion industry is a controversial topic because critics will argue that fashion is inherently unsustainable. Whether fashion is inherently unsustainable or not, it implies that tensions are likely to occur when introducing sustainability as a core identity referent in the organization. Because this is my assumption I will now turn to a discussion of existing literature debating tensions in regards to organizational identity.

The existing literature illustrates a number of tensions arising and explanations as to why they arise. A classical tension described and studied in identity literature

relates to the desire to be different but at the same time be similar to others. The tension or situation is referred to as optimal distinctiveness (e.g. Brewer, 1991; 1999; 2003; Hornsey & Hogg, 1999; Ashforth, 2001). Tensions are also referred to in the literature as threats, because the challenges arising threaten the existing understanding of “who we are”. Some of these tensions have been discussed already, for instance I have discussed the existing literature of tensions arising due to identity change. Most of the existing research in this area indicates reluctance to change and a tension between past and future: we know who we are, but we do not know who we will become (e.g. Kjærgaard, Morsing and Ravasi, 2011).

Tensions related to identity-image discrepancies have also been covered widely in the existing literature and were discussed earlier. The findings suggest that tensions arising due to identity-image discrepancies are solved either by adapting identity (e.g. Dutton & Dukerich, 1991; Gioia & Thomas, 1996; Gioia, Schultz & Corley, 2000; Hatch & Schultz, 2000, 2002) or by preserving, deception strategies, or creating alternative positive categories (e.g. Brewer & Kramer, 1985; Ashforth & Mael, 1989; Dutton, Dukerich & Harquail, 1994; Elsbach & Kramer, 1996; Brown & Starkey, 2000; Phillips & Kim, 2009). Existing research also indicates that identity-image discrepancies occur due to tensions over future-oriented identity, where a vision or strategy for the organizational identity is in place but not yet achieved (e.g. Corley, 2004; Corley & Gioia, 2004) and past-oriented identities where the organizational identity has drifted away from what it used to be (e.g. Ravasi & Phillips, 2011). Corley’s 2004 study furthermore illustrates tensions related to hierarchical differences. Although not defined as a study of tensions, Corley’s (2004) study illustrates a discrepancy occurring based on hierarchy in the organization. Corley’s (2004) study points to multiple identities in an organization; multiple identities have been studied from various angles and levels (e.g. Pratt & Foremann, 2000), though do not necessarily point

to tensions or challenges. Albert & Whetten's (1985) concept of hybrid identities refers to potential conflicting identities in organizations. Again, such hybrid identities are not necessarily a challenge or conflicting but it requires negotiation to have hybrid identities that are not expected to fit or go together (Albert & Whetten, 1985).

Studies illustrating tensions occurring in regards to sustainability-focused identity have not been widely described. This is obviously due to it not being a thoroughly researched topic. One exception is Morsing and Roepstorff's (2014) study of IKEA Denmark; the study found that in a situation where external stakeholders contest CSR identity commitments, they are linked to a political context that employees may find uncomfortable. Morsing & Roepstorff suggest “...*that CSR identity work may commit managers and employees to a political agenda – with which they may not personally agree and for which no one has asked them to stand up*” (Morsing & Roepstorff, 2014, p 13).

Tensions imply that challenges or discrepancies must be resolved, further implying that tensions arising in identity construction can be managed. Having outlined the tensions found in the existing literature, I now turn to a discussion of how identity can be managed in order to resolve or negotiate tensions occurring.

### **Identity management and identity work**

It can be assumed that when tensions arise, there will be an aim to manage or resolve them in order to create stability and coherence. Tensions can be managed through identity management, i.e. management taking on a central and active role to manage identity (Scott & Lane, 2000), and they can be managed by performing identity work. Though management will to a large extent be performing identity

work, organizational members can also to a certain extent perform identity work. Hence there is a differentiation between identity management and identity work.

### *Identity management*

The literature on identity management suggests that tensions are managed either by adapting or adjusting identity or by persuading outsiders about who the organization is seen from an organizational lens (e.g. Dutton & Dukerich, 1991; Elsbach & Kramer, 1996; Ashforth & Mael, 1996; Gioia & Thomas, 1996; Glynn, 2000). Identity management is not only employed to manage tensions. Pratt & Forreman (2000), in their study of multiple identities, illustrate how compartmentalization and aggregation enable identity management. Other studies illustrate how culture can play a role in identity management, either by implementing policies and procedures (Anand, Manz & Glick, 1998; Feldman & Pentland, 2003), or by the use of cultural artefacts (Appadurai, 1986; Pratt & Rafaeli, 1997; Bechky, 2003). In their study of the role of dress and how it is related to identity management, Pratt & Rafaeli explain:

We believe that the transition we experienced offers support for our thesis that dress served as a vehicle for representing and negotiating a web of multiple and contradictory identity-related issues. Our study, therefore, illustrates how an examination of organizational symbolism can offer a view into organizational identity and ambivalence, as well as identity conflict and management. (Pratt & Rafaeli, 1997, p. 887)

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Organizational identity studies mentioned previously illustrate how identity management enables identity endurance (Dutton, Dukerich & Harquail, 1994; Ravasi & Schultz, 2006). Exploring how forms of identity work enable identity endurance, Anteby & Molnar's (2012) study of a French aeronautics firm illustrated that intentionally forgetting and leaving out contradictory aspects of the organizational past enable identity endurance. Their study illustrates how the past

and collective memory plays an active role in identity work, and how forgetting may be equally as important to identity construction and identity change as remembering. Taking a point of departure in Whetten's (2006) argument that memory of "who we are" plays an integral role in identity endurance, Anteby & Molnar state: *"A parallel phenomenon, we argue, might also be at play, one in which people relegate to forgetting the things they dare not remember. The repeated forgetting of "who we are not" in an organization's history might prove as central to the endurance of a given identity as remembering "who we are."*" (Anteby & Molnar, 2012, p. 532).

Identity claims play a significant role in identity management: they are central in managing identity as they are set out by and defined by management with the aim to give sense to organizational members and external members about who the organization is, thereby guiding a desired image of the organization (e.g. Albert & Whetten, 1985; Gioia & Thomas, 1996; Whetten & Mackey, 2002; Hatch & Schultz, 2002, 2008; Ravasi & Schultz, 2006; Balmer, 2007; Gioia et al., 2010). Identity claims are presented in various forms of communication such as advertising, websites, annual reports, CSR reports, newsletters, and events, addressing both internal and external audiences (Hatch & Schultz, 2008, Christensen, Morsing & Cheney, 2008). Such types of corporate communication, as well as corporate branding, provide a platform for managers to manage identity (Kärreman & Rylander, 2008; Hatch & Schultz, 2008; Christensen, Morsing & Cheney, 2008). One argument which has been voiced is that corporate branding has more purpose than simply being a tool through which management can inform external stakeholders about the values of the organization (Aaker, 1991, 1996, 2004; Balmer, 1995; Van Riel & Balmer, 1997; Hatch & Schultz, 2008; Kärreman & Rylander, 2008). As argued by Kärreman & Rylander, (2008), corporate

branding also informs, influences and potentially instructs internal stakeholders' perception of the values of the organization:

...drawing on recently developed understandings of the brand as a vehicle of meaning that influence interpretive communities, we suggest that branding practices may be usefully understood as management of meaning, i.e. systematic efforts from top management to influence and shape frames of references, norms, and values among organizational members (Kärreman & Rylander, 2008, p. 108).

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Identity management can be perceived to be negative. My thesis does not focus on a critical perspective of power and control. However, managing identity can also be viewed as controlling identity; managers can control the tools and resources available to organizational members, by systematic efforts to control the framework of identity construction. From this perspective it can be argued that it is how organizational management promotes or sets forth a specific set of values and how employees engage with the deployment of these values that are in focus. This in turn implies that organizational members do not necessarily accept an identity set forth but may accommodate, redefine or resist identity (Fleming & Spicer, 2003). In such a perspective, identity management is a process of regulation as described by Alvesson & Wilmott (2002). Alvesson & Wilmott state: *“Identity regulation encompasses the more or less intentional effects of social practices upon processes of identity construction and reconstruction. Notably, induction, training and promotion procedures are developed in ways that have implications for the shaping and directions of identity”* (Alvesson & Wilmott, 2002, p. 7).

Past research points out that identity management as identity regulation does not imply that organizational members are forced to accept an identity imposed on them through regulation; they may not have a free choice but neither are

organizational members puppets that have to accept whatever is allocated to them (Mumby, 1997; Brown, 2014) Past research suggests that power as an element of organizational communication gives power to organizational members other than managers, if not through control then through resistance (Fleming & Spicer, 2003; Zoller, 2014). Resistance from organizational members can take the form of parody, scepticism and irony (Mumby, 2005, Collinson, 2003). While it is argued that these forms of resistance rarely have the capability for change (Contu, 2005), it indicates that identity cannot be entirely managed by management. The perspective that identity cannot be entirely managed is pointed out by a number of studies suggesting that identity resides in shared understandings among organizational members and is an inert construct by definition (Hatch & Schultz, 1997; Gioia et al., 2000; Alvesson & Wilmott, 2002; Kärreman & Rylander, 2008). Thus, power and management of identity are not only to be understood in terms of domination and repressiveness but something that is open to change, enabling organizational members, and not merely constraining them (Zoller, 2014). What can be derived from these arguments is that power is not equally divided and it seems plausible that certain organizational members have more power to shape identity than others and thus are more persuasive, as suggested by Scott & Lane (2000) and Rodrigues & Child (2008).

### *Identity work*

Identity work offers further perspectives on identity management in that it includes work performed by employees as well. Organizational identity work or identity work at a collective level is a relatively new area of research and theorizing (Brown, 2014), so for my purpose and for understanding what forms of work entail, I briefly explore what the construct of work entails.

According to Svenningsson and Alvesson (2003), identity work refers to maintaining, revising and being engaged in the construction of identity in a productive and meaningful way. Thus, central aspects of identity work are agency as well as actively trying to reduce tensions, and identity work implies and emphasizes movement and change (Glynn, 2000, Gioia et al, 2010), as well as repeated work to maintain identity endurance (Anteby & Molnar, 2012). Thus repeated identity work may have the purpose of change, but can also have the purpose of staying the same.

Forms of work refer to a variety of research perspectives; in a recent article, Phillips & Lawrence (2011) identified 15 types of perspective on work in management studies. For the purpose of my thesis, and focus on organizational identity work, two perspectives are of interest as they inform or may inform organizational identity work, namely institutional work and individual identity work.

Growing out of institutional theory and research, institutional work emphasizes that institutions are the result of human agency and do not exist in their own right (Gawer & Lawrence, 2013, Kreiner & Murphy, in press). Institutional work is defined as *“the purposive action of individuals and organizations aimed at creating, maintaining and disrupting institutions”* (Lawrence & Suddaby, 2006, p. 215). Adding to this definition, Lawrence & Suddaby (2006) identified 9 types of institutional work, i.e. work with the aim of creating institutions (Gawer & Phillips 2013). The 9 types of work include: political work with the aim of reconstructing rules such as advocacy, defining and vesting; reconfigurations of belief systems through work such as networking, identity construction and changing norms; and work with the purpose of changing meaning systems through educating, mimicry and theorizing (Gawer & Phillips, 2013). For the purpose of my thesis, it is the

two last categories of work that may provide insight, i.e. the relations between changing belief systems and identity construction as well as changing meaning systems through work, though Lawrence and Suddaby's focus is on institutional work and not organizational identity work.

Exemplifying the relation between organizational identity work and institutional work, Gawer & Phillips (2013) conducted a study of Intel and the forms of institutional work that the organization performs. The studies found that engagement in new practices has an influence on the perception of identity amongst organizational members. That is, introducing new ways of doing things in an organization, or a new product that is not within the existing product category is related to who the organization is and whether this new practice is aligned with the perception of identity. In the instance of Intel, the initial reaction to introducing new practices led to a perception of misalignment between new practices and current identity, but after initial uncertainty the organization engaged in identity work by first of all trying to make sense of the tensions occurring, and second of all creating new identity claims that aligned the new practises and the identity (Gawer & Phillips, 2013). Extending existing studies of the relation between practice and identity, Gawer & Phillips state:

Our findings extend this thinking and suggest that, while organizations may attempt to change practices in response to institutional changes in logics, it is through the prism of their identity that organizational members make sense of these practices. And, most importantly, organizational identities shape understandings of who can legitimately perform what practices. Therefore, the adoption of new practices may encounter significant resistance when organizational members believe there is a conflict between a new practice and the organization's identity. (Gawer & Phillips, 2013, p. 27).

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The previous example of research on organizational identity work takes its point of departure in institutional work. Organizational identity work is also closely related to individual identity work. Emphasizing the influence of external aspects and adding to Svenningsson and Alvesson's (2003) understanding, Watson states that *“Identity work involves the mutually constitutive processes whereby people strive to shape a relatively coherent and distinctive notion of personal self-identity and struggle to come to terms with and, within limits, to influence the various social identities which pertain to them in the various milieu in which they live their lives”* (Watson, 2008, p. 129). Much research has focused on the processes of individual identity work but without reaching a consensus (Brown, 2014). While agency is key in the process of organizational identity work, it can be spurred by many aspects, such as sensemaking, claiming, resisting, and differentiating (Brown, 2014), all aspects that are similar to the organizational identity construction process. For the purpose of my research I will focus on past research and theorizing, emphasizing the social aspect of identity work.

Past research on identity work has debated whether identity work takes place in the daily life of individuals or whether it is performed when demanding and disruptive events that cause tensions and strains are occurring (Brown, 2014). Researchers advocating that identity work primarily takes place when disruptive or significant events are taking place argue that the mundane day to day life does not spur active identity work because daily identity work is less significant and more instinctual (Giddens, 1991; Alvesson & Willmott, 2002). Supporting such arguments, Brown states that *“[i]dentity work, it seems, is more necessary, frequent and intense in situations where strains, tensions and surprises are prevalent, as these prompt feelings of confusion, contradiction and self-doubt, which in turn tend to lead to examination of the self”* (Brown, 2014, p. 6). Thus,

performing identity work requires events or situations that require the individual to reflect on identity and actively engage in making changes.

Focusing on individual identity work, Giddens provides a platform for understanding identity work on an organizational level (Kreiner & Murphy, in press). Giddens employs an agency perspective situating identity work within a structure-agency understanding (Giddens, 1984, 1991). He argues that it is necessary to perceive individuals as agents actively participating in the construction of life and future. In contemporary society, individuals are responsible for their own lives, and they perceive social contexts as frames of action (Mørch, 1994). Thus, late modernity necessitates active participation in life, which develops when individuals use the possibilities and conditions offered. By extension, this implies that organizational identity work is something that the organization actively participates in, but within the given institutional or structural framework and conditions that exist for that particular organization.

According to Giddens, self-identity is an amorphous phenomenon and is therefore not a reference to a continuity of the self (Giddens, 1991). Self-identity presupposes a reflexive consciousness; it is the conscious knowledge a person has about him/herself. Self-identity must be constructed and maintained through reflexive activity, and this perspective implies that self-identity is not merely constituted by continuous personality traits that an individual is born with<sup>6</sup>. Though self-identity is not a set of traits that the individual is born with, it still entails continuity; self-identity is continuous, as the agent reflexively interprets it. Self-identity has to be maintained by continuously integrating events and experiences that take place in the course of interaction with the surrounding world. These experiences are selectively placed in the biography of an individual. Giddens argues that self-identity becomes a reflexive project in late modernity,

which implies that self-identity consists of a biographic story (Giddens, 1991). Self-identity creates a direction for the individual, causing them to have a biography, but also to live one; a biography that is reflexively organised and based on streams of social and psychological information about possible ways to live life. Thus, an essential question in late modernity is how to live life, a question that must be answered in the course of everyday life. This question involves decisions about how to act, dress, eat and other aspects of life, questions that are interpreted in the light of the time-related context of self-identity (Giddens, 1991).

Applying Giddens theorizing to organizations, this implies that organizational identity is influenced by the external world, as organizational members reflexively interpret events and situations, selectively integrating responses from the external world in identity work which is taking place. Other researchers studying identity work offer similar accounts of the social nature of identity work, but with a focus on culture as a toolkit, resource, frame or vocabulary for identity work (e.g. Swidler, 1986; Weick, 1995; Czarniawska, 1997; Callero, 2003). The time-related aspect that Giddens emphasizes is found in organizational identity theorizing as well, as I have mentioned previously. Past research has pointed out how organizational identity construction processes are understood by considering the past, present and future, as the identity work takes place in the present but by considering the past and the future of who we are becoming (e.g. Ricoeur, 1984; McAdams, 1993; Schultz & Hernes, 2013).

Giddens' theorizing on self-identity contributes with an understanding of identity work by pointing to the reflexive nature of identity work, the duality of social structures and human agency, the social nature as well as the temporal perspective of identity work. Again, the question as to whether an individual level of identity can be applied to an organizational level of identity. Illustrating how Giddens'

contribution is employed in various studies on an organizational level (e.g. Oliver, Statler & Roos, 2010; Anteby & Molnar, 2012; Knapp et al., 2013), and the similarities between individual and organizational identity work, Kreiner & Murphy state: “...we consider organizational identity work as comprising discursive, cognitive, and behavioural processes that help individuals and collectives create, sustain, share, and/or change organizational identity. This approach accentuates agency as a key component of organizational identity work...” (Kreiner & Murphy, in press, p. 9).

I have given an account of studies illustrating how identity can be managed, and discussed how various forms of work may inform my study of organizational identity work. Organizational identity work is a more recent perspective and focus in identity and management studies, and so far empirical studies are limited. However, the existing studies and theorizing point to an important aspect of performing work: human agency. Thus, individuals must actively perform work in order to make changes and to maintain the status quo.

### **Theoretical framing of my study**

In this chapter I have reviewed the relevant literature for my research questions, exploring how tensions and barriers that arise in the process of constructing a sustainability-focused identity can be managed, negotiated and resolved.

Having reviewed the existing literature on organizational identity, my understanding and approach to organizational identity is primarily grounded in the social constructionist perspective. However, while my perspective is not built on or grounded in a social actor perspective, I build on recent perspectives that the social actor perspective offers a complementary perspective, in particular in regards to identity claims as a central aspect of identity construction. I furthermore

find the reconciliation and recognition of both sense-making and sense-giving aspects relevant for my research questions.

In my review of literature I have introduced the concept of sustainability-focused identity. By introducing this concept, I am taking the stance that organizational identity construction in a sustainability context is a unique construct with specific conditions. I base this argument on the perspective that organizational identity in a sustainability context implies a promise of improving social and environmental conditions, which in turn implies a commitment to actively engaging in changes and making improvements (Morsing & Roepstorff, 2014). This understanding will guide my research on organizational identity construction and what it entails.

In my review of literature I have discussed the process perspective on organizational identity as an emerging theme in the field. Because sustainability is a continuous process in itself, requiring the organization to make tenacious efforts and improvements, it is closely related to a process perspective. My understanding of processes in regards to identity construction builds on the understanding that identity unfolds, emerges and changes over time, requires the organization to do something actively, focusing on agency, and that identity is shaped by both the past, present and the future, thus considering temporality in my analysis (Hernes, 2007; Schultz et al, 2012; Schultz & Hernes, 2013; Langley et al., 2013). My understanding furthermore implies that the process of organizational identity construction is not only guided by the question “who are we?” but also the question “who are we becoming?”.

Identity work is introduced as a central construct in my research questions. In my review of the literature I have discussed this emergent construct and what it entails. For the purposes of my research, I understand and employ identity work as

work performed by an organization to maintain and revise identity in an engaging way (Svenningsson & Alvesson, 2003). Identity work involves doing something actively, emphasizing agency, and can be performed by all organizational members, within a structural framework. Employing this understanding of identity work implies first of all that I do not perceive the management and work of identity to be confined to management, and that I am not employing a critical perspective in my exploration and analysis. While I find a critical perspective of identity management relevant and informative, my research approach is more related to an identity work perspective focusing on agency and engagement among all organizational members.

With that theoretical stance in mind, a key thread goes through the different topics discussed: the role of human agency and the viewpoint that individuals can and must actively engage in organizational identity construction. The focus on agency ties together theorizing on sustainability-focused identity, the process perspective as well as the performance of organizational identity work. However, while the focus on human agency within these new focal areas of organizational identity may favour a social constructionist perspective, they do not disregard a social actor perspective, but are able to encompass both a social actor and social constructionist perspective.

Finally, my research questions involve barriers and tensions. In my research question I make a distinction between barriers and tensions based on the assumption that challenges arising in the identity construction process can be divided into challenges that are of a more practical nature and can be resolved, and others that are of a more fundamental nature and thus more difficult to resolve. The current literature on tensions arising in identity construction processes do not make this distinction explicitly, but I am assuming that in the context of

sustainability, challenges arising will differ in regards to practical challenges that can be resolved and are relatively easy to resolve in some instances, and deeper lying challenges that relate to the commitment and promise to improve social and environmental conditions. Such a promise inevitably raises questions of what it means to be sustainable, and expose an organization to a debate of whether they can be sustainable at all. These challenges are more difficult to resolve, though they require management and negotiation to take place. They are also likely to have a greater impact on the organization's self-understanding and thus impact the identity construction process. For the purpose of clarification, I will understand barriers to adopting a sustainability-focused identity as practical obstacles that occur, and tensions as paradoxes and threats to identity that are more fundamental in nature.

With this framework in mind, my next two chapters comprise my methodological approach. In chapter 3, I introduce my case study and the industry it is part of, as well as justifying my choice of case company, while chapter 4 is an outline of my methodological approach.

## **Chapter 3**

### **Introduction to the case company**

#### **Introduction**

In the previous chapter I discussed, outlined and reflected on organizational identity and how it relates to the context of sustainability. In this chapter, I will outline and discuss my case company and the industry it is part of – the fashion industry. My topic is not about sustainability nor is it about the fashion industry; one is the context through which I research, analyse and discuss my topic of organizational identity, the other is the industry that my case company belongs to, but I bring attention to them because they both influence and have significant impact on my topic under study.

I have decided to dedicate a whole chapter to my case company and the industry it is part of for the same reason that I began my introduction to this thesis by stating that sustainable fashion is a controversial topic. I made this statement as the very first statement uttered because it is a specific condition for my topic under study. Even though my thesis is not specifically about the topic of fashion being controversial I recognize the perspective, that fashion is inherently unsustainable, as relevant and valid. I furthermore believe that there is no reason to avoid the fact that this perspective exists among critics of the industry. On the other hand, I believe that the overall picture is a little more nuanced than simply stating that the fashion industry is inherently unsustainable. I recognize that tensions and paradoxes certainly do exist when introducing sustainability in fashion. Sustainability as it was originally defined and described (World Commission of Environment and Development, 1987) is a process that implies tensions and paradoxes that must be solved or negotiated in order to progress and become sustainable. It is never a goal that can be achieved but a goal to strive for.

However, as a context for the fashion industry, with its unique and complex supply chain, sustainability influences organizing and strategic decisions in the fashion industry in a specific way, simply because the tensions arising are industry specific.

This chapter proceeds with an introduction to the case company H&M. It starts with a discussion of the fashion industry and how H&M is positioned within the industry. This is followed by a discussion on the extent to which sustainability is related to the industry followed by a section on sustainability at H&M and a mapping of H&M's sustainability involvement. The chapter ends with a justification for choosing H&M as a case company.

### **The fashion industry and H&M's position in the industry**

The top tier academic journals are not bursting with research on the fashion industry and it rarely attracts the focus of intellectuals (for an exception, see Lipovetsky, 1994). One can only speculate why this is so - perhaps the industry is found to be superficial, or maybe it is more difficult to obtain access to the industry compared with, for instance, the educational sector, healthcare or even technology. Or maybe it is simply not a topic that top tier journal editors find interesting. The fashion industry may not enjoy much attention from academia, but it is an industry with significant impacts for a large number of people globally. Considering the entire supply chain of the fashion industry, it is one of the largest industries with an estimated global turnover of \$1,200,000,000,000<sup>7</sup>. It is estimated that the industry employs in the region of 20 million people and is responsible for approximately 7% of the world's exports (Allwood et al., 2006, MISTRA 2013, DEFRA 2013, Pedersen & Gwozdz, 2014). Other sources include textiles, valuing the market at US\$1.7 trillion in 2012 and have an estimated employment of 75 million people<sup>8</sup>.

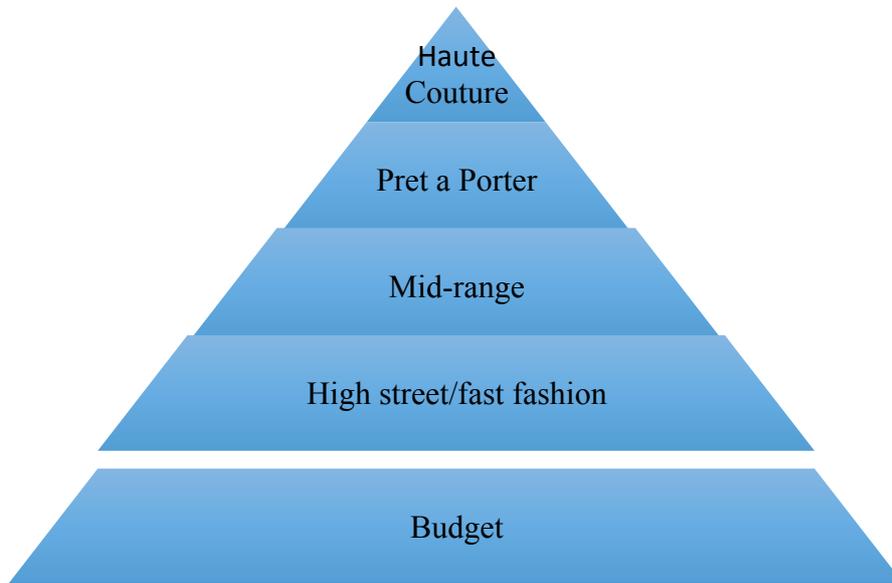
Fashion has multiple meanings, referring both to style, product, and lifestyle to name a few. The Oxford Dictionaries state that fashion is both a noun and a verb; as a noun it refers to “...*the latest style of clothing, hair, decoration or behaviour*”<sup>9</sup> or “*A manner of doing something*”<sup>10</sup>. As a verb it refers to making something into something. Fashion has not always existed; it is historically a phenomenon belonging to the Western world and the birth of fashion is linked to the development of the modern West (Lipovetsky, 1994; Barnard,1996).

Lipovetsky argues further that “*Fashion is a specific form of social change, independent of any particular object; it is first and foremost a social mechanism characterized by a particularly brief time span and by more or less fanciful shifts that enable it to affect quite diverse spheres of collective life*” (Lipovetsky, 1994, p. 16).

Here the term 'fashion' is used to denote what the fashion industry's purpose is: to provide fashion in the form of style and products to consumers. The fashion industry refers to companies that are part of the system of fashion. Fashion companies that are part of the industry, and providing the products to consumers, are divided into categories based on price segmentation or zones. Various segmentations of the fashion industry exist; for the purpose of my research topic it is sufficient with a simple segmentation model. Adapted and based on various segmentation models, model 3.1 takes a point of departure in the traditional European price points of fashion<sup>11</sup>.

## Model 3.1

### Price points in the fashion industry



H&M, the case company for my research, is the second largest company within the fashion industry, with 3,300 stores, 116,000 employees and presence in 54 countries ([www.hm.com](http://www.hm.com)). H&M is categorized as a high street or fast fashion retailer. Multinational conglomerates dominate the fast fashion retail sector and H&M is one such conglomerate. The main competitors of H&M vary according to market; local retailers who have been established on a market for several years but may not be well established outside their home markets often have substantial advantages. For instance, on the Danish market, Danish companies such as Bestseller and IC Company are competitors on a local scale but are not perceived as competitors to H&M globally as they do not have significant scale. The top of the fashion retail hierarchy, besides H&M, consists of Inditex (whose primary brand is Zara), Gap and Fast Retailing (whose primary brand is Uniqlo).

**Table 3.2****The four largest fashion retailers**

<b>Company</b>	<b>H&amp;M</b>	<b>Inditex</b>	<b>Gap Inc.</b>	<b>Fast Retailing</b>
<b>Country of origin</b>	Sweden	Spain	USA	Japan
<b>Founded in</b>	1947	1963 (first Zara retail store opened in 1975)	1969	1949 (first store), company established 1963
<b>Brands</b>	H&M, COS, Cheap Monday, Weekday, Monki, & Other Stories, H&M Home	Zara, Massimo Dutti, Bershka, Pull & Bear, Stradivarius, Oysho, Zara Home, Uterqüe	Gap, Banana Republic, Old Navy, Piperlime, Athleta Intermix (multi-brand luxury retailer)	Uniqlo Comptoir des Cotonniers Princesse Tam Tam, g.u. Helmut Lang PLST, Theory J Brand
<b>Turnover and net profits after tax (2012)</b>	21,575 million US\$/2,500 million US\$	20,241 million US\$/ 3,155 million US\$	15,653 million US\$ /1,135 million US\$ (net income)	-
<b>Markets represented</b>	48	86	39	19*
<b>Number of stores</b>	2,800	5,887	3,300	2,465
<b>Number of employees</b>	104,000	109,512	132,000	54,960*

\* From <http://www.fastretailing.com/eng/csr/employee/>. Fast Retailing website does not contain updated information on these matters – information is from August 2012.

**Introduction to case company: H&M**

As the previous section illustrated, H&M is one of the large companies in the fashion industry. The company has had steady growth over the years, but started on more humble ground. Despite being a global multi-national corporation, H&M is Swedish; the company was founded by Erling Persson in Sweden in 1947, under the name Hennes. With a merchant family background, Persson came upon the idea of adopting the American retail concept of ‘high turnover and low prices’

during a trip to the USA after WW2 (Pettersson, 2001, Davidson, 2009). Persson opened his second Hennes store in Stockholm in 1952, followed by a store in Norway in 1964. Initially the company only sold women's clothing, but in 1968 Persson acquired the menswear company Mauritz, expanding the business to men's and children's wear and changing the name to Hennes & Mauritz.

During the late 1970s and early 1980s, H&M started to expand in Europe, and the company name was changed to H&M. The company opened their first store outside Europe in the US in 2000 and has since had a rapid expansion strategy with a growth target of 10-15% per year ([www.hm.com](http://www.hm.com)). The company is still headquartered in Stockholm with approximately 1,500 employees working at the HQ, and operating locally from country offices in the markets where H&M is present. Corporate management is based at the HQ, as are the main departments for design, buying, advertising, communication, CSR and business development ([www.hm.com](http://www.hm.com)).

Part of H&M's expansion strategy has been to establish new brands as well as to buy existing brands. All expansion is self-financed by H&M; the company philosophy is to grow organically, being able to finance new business ventures themselves (Pettersson, 2001). H&M was introduced to the Swedish Stock Exchange in 1974. In 1974, employees were offered to buy 5 shares each for 375 SEK; the value of these shares was 3 million SEK in 2001 (Pettersson, 2001).

Beside the main brand H&M, the company also owns the independent brands COS, Monki, Cheap Monday and Weekday, as well as the newest established brand & Other Stories launched in February 2013. Whereas COS and & Other Stories are brands created by the company, Monki, Cheap Monday and Weekday was acquired in 2008 from Swedish company FaBric Scandinavien. Besides the

clothing brands, H&M Home was launched in 2009, offering home furnishings to its consumers.

In 2012 the annual turnover including VAT was 141 billion SEK, with the largest market being Germany, followed by the US and UK markets. Only the stores located in the Middle East and Thailand are operated on a franchise basis, the rest are operated by H&M. Taking a look at the 10 biggest markets, growth overall from 2000 onwards has been significant, with sales tripled on the German market, quadrupled on the UK market, while the American market was almost 16 times bigger in 2012 than in 2000.

**Table 3.3**

**Market overview: Increase/decrease in growth in 10 biggest markets since 2000**

<i>Country</i>	<i>Sales 2012 incl. VAT (SEK m)</i>	<i>Sales 2011 incl. VAT (SEK m)</i>	<i>Sales 2010 incl. VAT (SEK m)</i>	<i>Sales 2000 incl. VAT (SEK m)</i>	<i>No. of stores (30 Nov 2012)</i>	<i>Year established</i>
<b>Germany</b>	30,303	29,721	30,628	9,632	406	1980
<b>USA</b>	12,550	9,691	8,916	798	269	2000
<b>United Kingdom</b>	10,413	9,227	8,392	1,940	226	1976
<b>France</b>	9,976	9,336	9,140	972	182	1998
<b>Sweden</b>	8,225	8,318	8,365	4,208	177	1947
<b>Netherlands</b>	6,688	6,995	7,387	2,047	124	1989
<b>Switzerland</b>	5,821	5,995	6,122	2,307	82	1978
<b>Spain</b>	5,807	5,828	6,109	161	146	2000
<b>Norway</b>	5,615	5,397	5,858	2,367	111	1964
<b>China</b>	5,411	3,598	2,527	N/A	134	2007

(Source: H&M Annual reports 2000, 2010, 2011, 2012)

*H&M's core product and business concept*

H&M's core product is still apparel; the company offer a wide range of apparel, from so-called basic items such as T-shirts, jeans and sweatshirts, to trend-based

and fashion-focused clothes. H&M offer fashion apparel to women, men and children. Shoes, accessories, cosmetics and home furnishing are also part of the product portfolio, as is apparel in plus sizes and maternity wear. H&M presents clothes under a number of sub-brands and discreet label variations, appealing to various segments and age groups; the aim for the company is to appeal to all age groups.

H&M's business concept is fashion and quality at the best price with the underlying democratic assumption that fashion should be available to everyone and not confined to elite income groups. This basic concept drives the business strategy and all business processes. Besides being one of the leading high street fashion retailers, H&M is recognized for its yearly collaborations with high end fashion designers such as Stella McCartney, Karl Lagerfeld and Isabel Marant; these collaborations provide high end collections to the high street at a fraction of the cost of the original collections. H&M does not have a unique product such a Tetrapak for instance (Pettersson, 2001) and instead the company competes on the market for fast fashion on price, quality and design. However, H&M's competitive advantage can be found not only in price, quality and design, but also in the company's focus on retail location and retail store design, a focus that the company has had since the beginning (Pettersson, 2001). Adding to these aspects are the clustering of retail stores. H&M has a number of retail spaces in close proximity to each other because it stimulates consumption rather than creating competition among the stores (Pettersson, 2001).

When H&M started out in 1947, its strategy was to keep prices 30% lower than its competitors, resulting in a 30% markdown on profit, but an increase in volume that would counterbalance the lower profit per item sold (Pettersson, 2001). The strategy is still present today though slightly more complex as competitors have

adopted the same strategy. H&M prices range from as little as 99 pence for hair elastics to approximately £179.99 for a pair of leather trousers. Most items are retailed in the lower price ranges with only a limited number of items in the 3-digit price range. Prices at H&M vary only slightly from market to market; H&M aims to offer the same products at the same price on all the markets where they are present though some items may be marked up/down on some markets due to local competitors. An example is the British high street market with a large number of competitors competing on price, and H&M marking some items slightly lower than in, for instance, Denmark.

H&M has a number of flagship stores placed in exclusive addresses and in buildings with architectural significance such as the store on Avenue des Champs-Élysées in Paris. H&M also have a number of shops-in-shops, for example in Selfridges in London, as well as a few stores with an edited collection; these types of retail outlets are primarily placed in cities regarded for their fashion industry and twice yearly fashion weeks and fairs. Beside these small variations, the experience of entering a store in Shanghai should be the same as entering a store in Amsterdam in all ways but the language. This implies that the same retail layout and concepts are adopted in the majority of stores around the world as much as possible. By having the same retail concept globally H&M ensures a coherent brand experience and is cost effective.

As the fast fashion segment is highly competitive, a key to the success is the style and design of products, and a talented creative design team. It was not until 1987 that H&M established a design department and team, and prior to that the company sourced and purchased ready-made garments. Currently, the design department at H&M counts more than 160 in-house designers, as well as pattern makers and buyers. The design department at H&M works more or less in the

same way as a design department in any other fashion house: The designers get inspiration for new collections from travelling, art, music, and culture, as well as from trend books, style icons, street style, fashion shows and so forth. Thus, the designers at H&M create and design the collections and styles based on the interpretation of current trends.

H&M does not own any of the factories used for production, nor do they own the buildings where stores are located. H&M production takes place primarily in Asia and the company is the biggest fashion retail buyer in Bangladesh<sup>12</sup>. The company collaborates with around 900 suppliers and goods are produced at approximately 1,900 factories. The production is controlled by one of H&M's 19 production offices, located in the countries where production takes place. Whether first, second or third tier, all suppliers must comply with H&M's Code of Conduct, which will be discussed later in relation to H&M's sustainability work.

### *Organization of H&M*

According to interviews with long-term organizational members, H&M remains a family oriented company despite being listed on the stock exchange. The family-oriented values are represented in several aspects of the company, one being that a number of family members work in the company. When Erling Persson decided to step down in 1982, his son, Stefan, then 33 years old, took over the role of CEO, and Stefan Persson's son, Karl-Johan Persson is the current CEO of the company, a role he stepped into at the age of 34. The legacy of Erling Persson lives on in other aspects as well - Erling Persson ran H&M based on 'feeling' and improvisation with the motto "*we dig where we stand*" (Pettersson, 2001, p. 114, translated). Though the company is bigger in size and employ a much larger number of employees, the data collection illustrated that this philosophy still exists in the company. Despite its size, H&M reacts and adapts quickly to new

opportunities and does not necessarily base decisions on data and reports made by consultants. The company still finds it relevant to follow a ‘gut feeling’ and improvise along the way.

**Table 3.4**

**H&M CEO’s**

<b>Year</b>	<b>CEO</b>	<b>Background</b>
1947 – 1982	Erling Persson	Founder of H&M, with a merchant background, died in 2002
1982 – 1998	Stefan Persson	Son of founder Erling Persson; educated at Stockholm and Lund University. Prior to becoming CEO, Persson held various positions within H&M, including UK Country manager. Currently chairman of the board and H&M’s biggest shareholder
1998 – 2000	Fabian Månsson	Former Purchasing Director; left the company during a period of financial strain
2000 – 2009	Rolf Eriksen	Former Country Manager in Denmark; retired at the age of 65 in 2009.
2009 -	Karl-Johan Persson	Son of Stefan Persson, holds a BA in Business Administration from the European Business School, London. Prior to becoming CEO, Persson held various operational positions within H&M

H&M is organized with a board of Directors that the Managing Director refers to. The Managing Director appoints the executive management team as well as country managers. The executive management team consists of 17 executive managers for the following business areas: Investor Relations, Finance, Accounts, Security, IT and Logistics, HR, Buying, Production, Sales, Expansion, Marketing, Communications, Sustainability, Design, Business Development and New Business<sup>13</sup>.

All the main functions of the company are based at the Stockholm Headquarters, which then liaises and collaborates with country offices in carrying out assignments. Each executive manager is responsible for best practice, support and training within the department as well as for ensuring that each country office is working efficiently according to policies and guidelines within their area ([www.hm.com](http://www.hm.com)). Country offices have employees within all areas (for instance marketing, HR, communication, sustainability, design/styling) that have direct contact with and easy access to the relevant department at H&M HQ. Country managers, the managers responsible for H&M operations in a given country, liaise with H&M's CEO, and are responsible for the sale and profitability of the country overall as well as for all departments in the given country ([www.hm.com](http://www.hm.com)). H&M has a flat organization where employees have easy access to corporate management. Few layers in the organization, as well as few middle managers also illustrate the flat organization. Furthermore, the organization does not provide employees with titles; rather than having traditional titles, employees have job responsibilities and areas that they are in charge of (Pettersson, 2001)<sup>14</sup>.

Despite its size, H&M employees report that the company is loyal to employees. Belief in people as a central characteristic and shared value is illustrated in a number of ways according to the data collected. Though H&M does not record data on the average length of employment, H&M HQ confirms that employees tend to stay with the company for a long time, which is in contrast to the general trends in retail, which are of a high turnover of employees. The data collected suggests that H&M employees stay with the company for a long period of time, often as 'lifetime employees'. A newly introduced program rewards employees for their loyalty to the company; the H&M Incentive program initiated in 2011 rewards loyal employees financially regardless of position and salary level. Furthermore, belief in people as a central characteristic is illustrated by the fact

that very few employees are fired from the company and this occurs primarily in cases of theft and other violations. The belief in people is also illustrated in the opportunities to grow and advance within the company. Though a majority at HQ have academic degrees, and to some extent also at country offices, it is customary to obtain education and training within the company and be promoted within the organization through the years. This tradition has followed on from Erling Persson's time where a minority had an academic background and executive management and senior staff were recruited from within (Pettersson, 2001). Those who are employed in newly created positions are still primarily recruited from within the company, and it is considered an asset to have worked in various job functions, in particular at store level. Working at store level provides an employee with invaluable information about and understanding of the core part of the business. All H&M staff, regardless of position, are encouraged to replace normal job responsibilities at least once a year with retail work experience, for instance spending a day working in a retail store to keep up to date with the retail experience and stay connected to the core business product.

### *H&M's values*

H&M has defined 7 values that drive the company. All employees at H&M are introduced to the company values on a daily basis as the values are written on the walls back stage in stores, and at the offices of the company. The values that drive H&M are:

- Keep it simple
- Straightforward and open-minded
- Constant improvement
- Entrepreneurial spirit
- Cost conscious
- We are one team

- We believe in people

Sustainability is not communicated as part of the company values on the H&M website ([www.hm.com](http://www.hm.com), 18/2-2013). However, wherever the values appear in the company – for instance in retail stores or offices - sustainability is part of the core values of the company and presented as a tagline below the values is the message: “In all we do sustainability is a natural part”

### *Rankings of H&M*

H&M appears regularly in brand rankings and sustainability rankings. Various companies and rankings measure brand value, which refers to the monetary value of the brand, or more precisely the net present value of the estimated future cash flow attributable to the brand. However, there are a number of methods and no single agreed standard for how to measure it.

In 2012 the company was the highest ranking fashion retailer on Forbes' list of most powerful brands, ranked at 46 ([www.forbes.com/powerful-brands/list/](http://www.forbes.com/powerful-brands/list/)), and the highest-ranking fashion retailer on Interbrand's Best Global Brand Ranking, ranked 23rd ([www.interbrand.com/en/best-global-brands/2012/Best-Global-Brands-2012.aspx](http://www.interbrand.com/en/best-global-brands/2012/Best-Global-Brands-2012.aspx)). The second highest ranked fashion retailer on the list is Zara, ranked at 37. The rationale for H&M ranking so well compared to other retailers is its designer collaborations and use of organic cotton. H&M also appears on Interbrands Best Global Green Brand list 2012. H&M is ranked 46 on the list, and is the only fashion retailer appearing on the list. H&M did not appear on the list in 2011, the first year that the Best Global Green Brand list was introduced, but are in it in 2012 due to the company's ambitious sustainability strategy. In 2014, the Ethisphere institute named H&M as one of the world's most ethical companies and only 3 apparel companies appeared on the list. The Ethisphere Institute makes

the assessment based on an ethics quotient framework developed by an advisory board of academic and industry experts<sup>15</sup>.

In order to understand how H&M can embark on a journey of constructing a sustainability-focused identity, an overview of their sustainability actions is relevant. However, before I discuss H&M's sustainability strategy, I will discuss sustainability in the fashion industry overall. This provides a framework for understanding why H&M is considered at the forefront in the fashion industry, as well as providing an understanding of the specific conditions that the industry is working under.

### **Sustainability in the fashion industry**

Can fashion be sustainable and does it make sense to talk about sustainability in the fashion industry? Rankings suggest that it is, and the industry certainly often discusses and reports on its efforts. Acknowledging the paradox, Lipovetsky states:

The more powerful the logic of fashion becomes, the more powerfully ecological demands are expressed. The paradox is manifest: the logic of fashion celebrates the present, artificiality, and novelty, while the ecological movement focuses on the future, on nature, on conservation. The former is playful while the latter is fearful (Lipovetsky, 1994, p. 247-248).

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Whether concern for our planet and the fickleness of fashion can be bridged remains a debate. I take the stance that the world of fashion and ecological awareness or sustainability are compatible and can be bridged. Fashion may not be the solution to the great sustainable challenges of the planet, but sustainable fashion has a smaller footprint and provides a better alternative than the traditional world of fashion. This stance does not reject the notions that sustainable fashion is

simply part of a new consumption category – sustainable consumption. In the wake of ecological focus and sensitivity has sprung a whole new area of consumption, with its own labels, shops, and organic products spurring further consumption (Lipovetsky, 1994). The point is that sustainable consumption is a better alternative. From this point of view there is no gap between sustainability and fashion, as sustainable fashion has the same patterns and logic of consumption as traditional fashion.

#### *Current status of sustainability in the industry*

A relevant question to ask at this point is what the current status of sustainability is in the fashion industry. This question remains difficult to answer; considering the entire industry, a recent study concluded that “*Sustainable practices in clothing have not, thus far, created a significant impact and instead continue to be largely marginalized within the fashion industry. The fashion industry continues to work in an inefficient manner that creates massive waste, exploits workers, and makes it increasingly difficult to make a substantial profit*” (Palomo-Lovinski & Hahn, 2014, p 87). Other studies suggest that the industry is somewhat more advanced in regards to sustainability. Though it is a development led by a small number of companies, and the actions may not be systematized, those in the lead are the large multinational companies that are capable of initiating changes in processes which have impacts (NICE, 2009, MISTRA 2010).

#### *The emergence of sustainability in the fashion industry*

The concept of sustainability and related concepts emerged in the fashion industry during the 1990s. The focus and integration of sustainability in the fashion industry can be seen in the historical development and structure of the industry. The fashion and clothing industry is one of the world's largest industries (Allwood et al., 2006, MISTRA, 2010), and historically the industry has been characterized

by a separation between manufacturers and contractors, where the manufacturer has responsibility for design, procurement of textiles and marketing and the contractor carries out the actual production (Lash & Urry, 2002). This functional distinction between manufacturer and contractor has provided the industry with a structure that it retains today, with the notable difference that the actual production has physically been moved out - outsourced to Asian and African low-wage countries where large-scale production is of even larger scale than previously imagined possible. It is estimated that 70% of apparel imported in the EU is produced in developing countries (Laudal, 2010, Pedersen & Gwozdz, 2014). Thus the fashion industry is highly globalized with a complex supply chain that lacks transparency and is difficult to control entirely (Emmelhainz & Adams, 1999, Brito et al., 2008, Pedersen & Gwozdz, 2014).

The explanation for outsourcing of production and the complexity can be found in the conditions of the industry. First of all, it is a labour intensive industry, dependent on manual labour. Dependency of manual labour is caused by the difficulty of mechanizing apparel manufacturing; while wood and metal can be handled by machines and robots, this is not the case with cloth, and thus using a sewing machine is still part of producing a garment. Another reason for the use of manual labour is to found in the fast changes and unpredictability in fashion; because fashion changes so often and has such a rapid turnover it is generally not seen as profitable to invest in technology and heavy machinery used for long-run production of other consumer goods such as cars (Piore, in Ross, 1997, De Brito et al., 2008). This condition makes the supply chain of the industry particularly vulnerable to sustainable challenges and issues (De Brito et al., 2008). Third, the fashion industry is an industry, that does not require much capital investment to start up, making it an industry underdeveloped countries often engage in at the beginning of the industrialization process (Ross, 1997). Large-scale production in

low-wage countries has led the industry to become dependent on controlling wages and labour costs, because the manual operations are so extensive. This unique structure means that the industry has become far more complex and opaque, since many suppliers in the supply chain have emerged, and since production is outsourced to a variety of subcontractors – second and third tier subcontractors – that the manufacturer has no control over (Emmelhainz & Adams, 1999; Lash & Urry, 2002; Giesen, 2008; Langhelle et al., 2009).

The change to large-scale production has resulted in positive results from a manufacturers perspective, and retail profits have risen by 200-300% of what the real cost of producing a piece of garment is (Lash & Urry, 2002). However, the complex structure in the clothing industry has also led to a wide range of challenges related to ethics, and social and environmental issues in the industry (Ross, 1997, Allwood et al., 2006, De Brito et al., 2008, Pedersen & Gwozdz, 2014). The ethical challenges include child labour and slavery (Ross, 1997); social challenges include poor working conditions, long working hours, sweatshops and violation of human rights and safety standards (Ross, 1997, Giesen, 2008, Pedersen & Gwozdz, 2014); environmental challenges include water pollution and chemical hazards in production, as well as substantial issues arising in the consumer use phase creating a considerable negative environmental impact (Ross, 1997, Allwood et al, 2006, NICE, 2009, MISTRA, 2010).

As a result of the conditions and challenges that the industry faces it was heavily criticised during the early 1990s, when NGO's publicly condemned the industry, the media covered activist groups; actions against multinational companies, and consumer boycotts took off against companies under scrutiny (Ross, 1997, Sethi, 2003, Pedersen & Gwozdz, 2014). It seems reasonable to assume that these events, coupled with institutional regulations, spurred the emergence of CSR in

the fashion industry, as it was in the early 1990s that multinational companies such as Nike, H&M, Gap and Levi's began taking actions towards better work conditions in factories. For example, in 1991 Levi Strauss launched their first Terms of Engagement, setting out guidelines for how suppliers should treat employees and a pioneer Code of Conduct on the market (though not launched under this terminology) (Ross, 1997). Others followed suit some years later, with H&M launching their Code of Conduct in 1997. Supporting the assumption and recognising the importance of NGO's in the development that has taken place in the industry, Nike dedicated their 2009 Corporate Responsibility report to Neil Kearney, the general secretary of the International Textile, Garment and Leather Worker's Federation who passed away in 2009, stating that Kearney has taught the company some of the most valuable lessons on social and ethical issues in the industry (Nike, 2009).

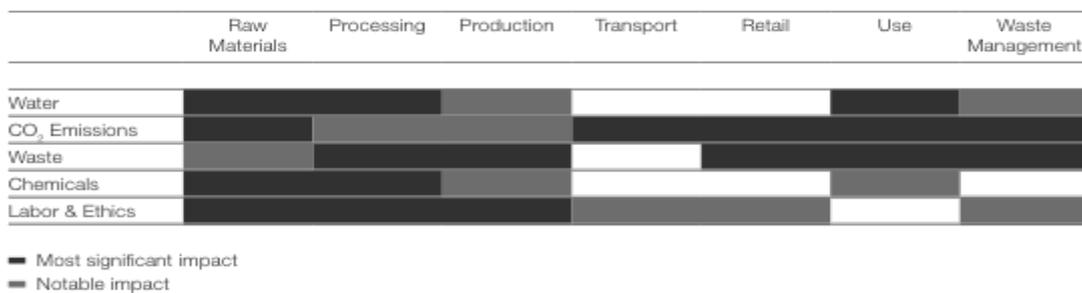
While a number of high-profile fashion companies since then have taken actions to address the issues that the industry is facing, it is more or less the same issues that the industry is facing today as in the early 1990s. However, the fashion industry has increased their engagement in sustainability issues over the last decades (Allwood et al., 2006; MISTRA 2010), and a deeper awareness of sustainability issues in the industry has led the industry to search for alternative solutions and deal with issues in the entire supply chain. When CSR and sustainability emerged in the industry in the 1990s, it was primarily labour issues in factories that the industry focused on, including child labour, slavery and other human rights issues (NICE, 2009). Today the industry's focus is on issues in the entire supply chain from raw materials to end use, and recently an increased focus on environmental issues (NICE, 2009), though social and ethical issues are still a relevant part of the sustainability portfolio. In the NICE 10 year plan of action, the primary challenges of the fashion industry now and in the near future were

identified. These include water, CO2 emissions, waste, chemicals and labour & ethics (NICE, 2009). As illustrated by the NICE 10 year plan of action, aiming to guide the industry towards greater action, the environmental and social impact is not equally relevant in all parts of the supply chain.

### Model 3.5

#### Social and environmental impact across supply chain in fashion

**Figure 2**  
Social and Environmental Impacts across an Average Garment Lifecycle



(NICE, 2009, p.11)

Though environmental and social impact is not equal throughout the supply chain, the challenges that the industry faces are interrelated, for example water is both an environmental and social issue, and cannot be viewed as a separate issue (NICE, 2009). The development in the industry within the last couple of years has seen the recognition that dealing with the challenges as interrelated is the only way to achieve systemic change, and that taking actions on such profound challenges requires collaboration (NICE, 2009, MISTRA, 2010, Pedersen & Gwozdz, 2014).

#### Sustainability at H&M

In the previous section I discussed the emergence of sustainability in the fashion industry, the challenges that the industry faces and the somewhat muddied landscape of sustainability engagement in the industry. As one of the largest

fashion retailers globally, H&M is one of the companies actively engaged in sustainability activities, and is recognized for the efforts it has made<sup>16</sup>. H&M started implementing sustainable measures and activities in the mid-1990s. The current sustainability strategy is proactive, integrated in the business strategy and central to the entire organization's activities. Systemic change in the fashion industry as a goal for activities carried out is mentioned regularly in the latest sustainability report<sup>17</sup>. While fashion remains the core business concept for H&M, sustainability is perceived as strengthening the fashion products offered (H&M sustainability report, 2012). In order to establish H&M's relevance as a case company, the following section will outline H&M's sustainability strategy and current activities.

H&M reports on its sustainability strategy and activities in a yearly sustainability report. With over 250 pages, the reports cover the main sustainability actions taken by H&M as well as describing and document improvements from the previous year's report. The report furthermore addresses the challenges that the industry faces and has yet to resolve, an approach not taken by others in the industry. H&M's sustainability report is praised by NGO's, blogs and CSR expert for addressing the big issues, despite belonging to an industry that is faced with huge sustainability challenges (<http://www.triplepundit.com/2012/05/10-outstanding-csr-reports>).

The current CEO of H&M is actively involved in the company's sustainability efforts, and states that the reason for the increased sustainability efforts is due to the belief that it is the only alternative future for the fashion industry, and that H&M aims to be at the forefront of this future scenario (H&M sustainability report 2012). From a business point of view, sustainability is a positive factor that contributes to resource efficiency, cost reduction, as well as stability and growth in

purchasing markets. However, the company, and the fashion industry overall, face a number of key challenges such as increasing water scarcity, climate change, textile waste and poor conditions for factory workers in producing countries (H&M sustainability report, 2012). Despite the size of H&M, the CEO argues that H&M are not able to solve these challenges on their own; industry and stakeholder collaboration is key to obtaining systemic change in the fashion industry. Driving the vision for systemic change is what H&M refers to as the 3 P's, namely People, Planet and Profit stating that: *“Our vision is that all our operations should be run in a way that is economically, socially and environmentally sustainable. Turning this vision into a reality helps us do great business using fewer resources. It also allows us to contribute to better lives for people and communities around the world”* (H&M sustainability report, 2012, p. 6).

The current Head of Sustainability is part of the corporate management team and reports directly to the CEO. A total of 170 employees work in the sustainability department. The sustainability department is located at the headquarters in Stockholm Sweden where 20 employees work only on sustainability issues. Their main jobs are to advise other departments on sustainability issues, as well as develop and review future goals and sustainability targets. Approximately 100 members of the sustainability team are located in producing countries where they have direct contact with suppliers and NGO's. This part of the sustainability department is responsible for monitoring sustainability issues in their respective countries (H&M sustainability report, 2012). The rest of the employees, working in the sustainability department, act as sustainability or Conscious coordinators on country office level.

While the sustainability department is responsible for advising on sustainability issues, it is the responsibility of the executive management of all the departments

in H&M to implement the sustainability strategy and goals. Thus the departments are responsible for operationalizing actions necessary to fulfil what is referred to as the seven conscious commitments (H&M sustainability report, 2012). In order to ensuring that the country offices are also part of the sustainability drive and are fulfilling the Conscious Commitments, 50 Conscious Coordinators have recently been appointed. Progress on sustainability goals are reviewed twice a year by the CEO, CFO and Head of Sustainability and reported to the Board of Directors. Issues that conflict with other areas of business are discussed and solved by a decision-making group referred to as “the Green Room” of which the CEO is a part.

#### *H&M's sustainability commitments*

H&M's sustainability activities are divided into 7 sustainability commitments each with a number of targets for the year. In this regard, H&M builds their sustainability actions on specific commitments to their stakeholder groups, external as well as internal. The commitments also serve as a template for structuring all the actions and activities that H&M engage in on a daily basis, as well as a template for addressing the challenges that the company perceives as most important to solve. Each commitment contains a number of actions, referred to as Conscious Actions. The Conscious Actions are the actions that the company is focusing on solving in order to fulfil the 7 commitments to their stakeholders. The Conscious Actions are evaluated in terms of achievements and status – whether the company is on track, has more to do or is in the start-up phase. While the 7 commitments remain the same, the Conscious Actions change over time, as challenges are solved and new challenges arise. H&M introduced their sustainability efforts under the H&M Conscious Actions name in 2010. Prior to this sustainability program, H&M's reporting was referred to as CSR reports, with the exception of 2009 where the sustainability report changed name to Substance

& Style, the stepping stone that led to H&M Conscious Actions. With Conscious Actions, H&M introduced a sustainability program rather than introducing a number of CSR initiatives. The purpose of introducing a program was to communicate to internal and external stakeholders that sustainability – and conscious actions – is perceived as a strategic commitment by H&M’s corporate management and sustainability actions are no longer only the responsibility of the CSR department, but the responsibility of the entire organization.

H&M’s 7 Sustainability commitments are:

1. **Provide fashion for conscious consumers:** H&M believe that sustainability adds value to the products they offer consumers and that consumers are increasingly choosing sustainable fashion. However, choosing sustainability should not compromise style or price, but by offering fashion that is also sustainable, H&M can provide a better choice for consumers. H&M aims to fulfil this goal, offering products made from sustainable cotton and other sustainable fibres such as recycled polyester, as well as by making it easier for consumers to care for their clothes. Furthermore, H&M has a number of other actions that aim to reduce harmful chemical and components used in production.
2. **Choose and reward responsible partners:** According to H&M, their garment production is often located in countries where regards for human rights are not high, leading to violations. Likewise, environmental awareness is not of high importance in the producing countries. Working conditions and environmental pollution are ongoing issues in the fashion industry and out of 15 activities, 1 is still in the beginning phase, while 10 activities remain ongoing with more work to do. H&M is committed to influencing and changing this situation: *“Our commitment is to choose and*

*reward responsible partners who share our values and who are willing to be transparent and work with us to improve their social and environmental practices. We provide training and support for improvements”* (H&M sustainability report, 2012, p. 27). The result so far is that 150 strategic partners performing well on sustainability measures produce 53% of all H&M’s products (H&M sustainability report, 2012).

3. **Be ethical:** H&M states their ethical approach is firmly rooted in the values of the company – respecting and treating people fairly is an integral part of who H&M is and is necessary because the company relies on many people, both inside and outside the organization, in order to do business. H&M launched a human rights policy in 2012, reviewed by external stakeholders specialised in human rights, such as Professor John Ruggie and UNICEF. Following the advice of experts in regards to managing human rights issues, H&M conducts due diligence processes assessing risk related to the industry. Key issues are labour rights, women’s rights and the right to water (H&M sustainability report, 2012, p. 51). All new markets are assessed based on the human rights policy. Ethics is also related to internal aspects such as respecting employees, promoting diversity and equality, and ensuring that employees have room to grow and develop their potential; H&M launched a new global learning and training program called GROW allowing employees to advance their skills, and women make up 50% of the Board of Directors and 74% of management. Ethics also relates to advertising and H&M has implemented an advertising policy stating that the company is committed *“to consider the impact of our advertising around the world and to choose models and images that convey a positive image”* (H&M sustainability report, 2012, p. 56)

4. **Be climate smart:** Climate changes affect H&M's business; the challenge is that the majority of climate impact along the value chain is outside H&M's own operations. Sales account for only 3% of climate impact while raw material counts for 15%, fabric processing 39%, production 4%, transport 3% and use 36%. In regards to H&M's own operation, the company is reducing CO2 emissions by offsetting and through improved energy efficiency in stores, which also has a positive impact on cost. H&M's target is to reduce total emissions by 2015 at the latest and to source 100% of electricity from renewable sources, making investments such as photovoltaic solar panels in order to reach the goal. H&M is using their influence to encourage actions outside their own business, working with suppliers, fabric mills and transport providers to come up with initiatives to reduce energy use.
5. **Reduce, reuse, recycle:** H&M's vision is to generate zero waste from their operations. The company's value chain generates waste in transport, packaging, from buildings and shop fittings and shopping bags. Cutting waste includes using fewer resources, applying methods to reuse resources as well as recycling. To achieve this, H&M have a consumer recycle scheme in place, where consumers are encouraged to recycle plastic bags, and 95% of the waste handled by the distribution centres are recycled.
6. **Use natural resources responsibly:** As an apparel company, H&M make use of natural resources. In particular, water use is a challenge in the apparel industry, where the resource is used throughout the value chain, from growing cotton to care of garments by consumers. In order to address water scarcity, H&M is collaborating with NGO's, organizations and industry peers on a number of actions. H&M has joined forces with WWF on a 3-

year water stewardship partnership involving 30 water-connected activities affecting the company's value chain. Furthermore, the company has reduced water use at its stores, offices and distribution centres by introducing low flow taps as well as harvesting rainwater and 50% of denim sold in stores being produced with new innovative water saving methods, which has saved an estimated 450 million litres of water. H&M has signed up to BSR's wastewater standards in supplier factories, requiring suppliers to treat wastewater. Other measures introduced to protect natural resources include zero discharge of hazardous chemicals - H&M state they the company since 1995 has taken the lead in chemicals management and H&M's approved list of chemicals and chemical restrictions have been made publicly available to industry peers and the public.

7. **Strengthen communities:** H&M operates in and is part of a large number of communities and has an interest and responsibility in strengthening these communities. By addressing social and environmental issues in the communities where H&M take part, the company wishes to drive positive change for the people and environment involved. H&M is focused on contributing to educational projects, offering education for children and women who would otherwise not receive any education. H&M contributes financially to people in need and charitable causes such as emergency relief for Syrian refugees. Furthermore, H&M continues to create new jobs around the world as the company continues to grow; 7.402 jobs were created in 2012.

### *Collaborations and partnerships*

Illustrating the company's increased commitment to sustainability, H&M is involved in a number of collaborations, multi-stakeholder initiatives and

membership organizations related to sustainability. These include multi stakeholder forums, industry organizations, working groups and memberships focusing on various aspects of the value chain. H&M also collaborates with several organizations on projects involving collections. These include All for Children, WWF and WaterAid. The primary and most important initiatives are illustrated in Table 3.6.

In 2012, H&M’s sustainability actions were recognized and acknowledged by the following indexes and rankings: Dow Jones Sustainability Index, FTSE4GOOD, Global 100 List, World’s Most Ethical Companies, Newsweek Green Ranking, Source Award Finalist, Textile Exchange Future Shaper and Rank a Brand (H&M Sustainability report, 2012).

**Table 3.6**

**Examples of multi stakeholder initiatives, working groups and memberships**

<b>Membership /collaboration</b>	<b>Type of organization and involvement</b>
Sustainable Apparel Coalition (SAC)	Founded by a group of apparel companies leading in sustainability, SAC is an active working group, working to improve the environmental and social impact of the apparel industry by joining forces. Wal-Mart, Patagonia and Nike founded the coalition and H&M was invited to join the coalition early on.
Fair Labor Association (FLA)	FLA is a non-profit organization that carries out audits among supplier factories. The organization is working towards better working conditions. H&M is a member and FLA conducts independent audits at H&M’s suppliers in China and Turkey
Better Cotton Initiative (BCI)	BCI is a multi stakeholder initiative focusing on good farm practices and on addressing sustainability holistically. H&M is a leading member and BCI founder together with Adidas, IKEA and Marks & Spencer
Fair Wage Network	This initiative bringing together fashion companies, NGO’s, researchers and garment producers in a joint effort to seek solutions for

	fair wages in the garment industry.
Buyers Forum Bangladesh	Founded by H&M and GAP Inc., the forum counts 20 apparel companies working towards addressing labour issues in Bangladesh through joint force
Better Work (part of ILO)	Also founded by ILO, Better Work aims to find better working conditions in collaboration with employees and employers. Better Work is currently active in Vietnam, Jordan and Lesotho
CEO Water Mandate	A group under UNGC, the CEO Water Mandate is a voluntary initiative where companies commit to improving water issues
Transparency International	A non-profit organization working to combat corruption in all forms. H&M is a corporate member of Transparency International Sweden

([www.hm.com/membership](http://www.hm.com/membership))

### **Justification for the choice of case company**

In the previous section, I outlined H&M’s sustainability strategy and initiatives; the purpose of presenting my case company is to first of all provide some background knowledge on the company under study, but also to explain why H&M is a relevant case company for the research questions guiding my studies. In chapter 2, the review of literature, I argued, based on existing studies, that in order to talk about sustainability-focused identity it is necessary to have sustainable actions in place (Hamilton & Gioia, 2009). One way to establish the relevance of H&M as a case company is to measure its sustainability actions. In order to establish levels of engagement in regards to CSR and sustainability, sustainability mappings are employed (Pedersen & Gwozdz, 2014). There are a number of ways to map a company’s sustainability efforts; I have chosen to employ sustainability – or corporate governance mapping - developed by Googins et al (2007). Based on studies of European and American companies CSR and sustainability efforts, Googins et al (2007) has constructed a mapping consisting of five stages of corporate citizenship development, representing patterns of behaviour and actions that the companies researched go through in different stages (Googins et al.,

2007). The focus on challenges and actions in the various stages are illustrated below:

**Table 3.8**

**Mapping of corporate governance/CSR/sustainability**

<b>Stages</b>	<b>Focus</b>	<b>Challenge</b>	<b>Examples of activities</b>
<b>Stage 1</b>	A focus on compliance with regulations, laws and industry standards. No transparency, but rather a defensive stands toward pressure from NGO's and other stakeholders	Gaining credibility among stakeholders as it is not enough to comply with law	Providing jobs and paying taxes
<b>Stage 2</b>	Beyond compliance with regulations and laws, exceeding the law in relation to health and safety as well as employment practices	Gaining knowledge ad building capacity and knowledge competence internally to address issues	Monitoring and implementation of policies (internal perspective)
<b>Stage 3</b>	A more comprehensive concept of CSR is developed and a deeper involvement of corporate management in CSR issues. Stakeholder management and engagement become an important focus as does reporting as a means of transparency	Coordinating efforts and activities internally as responsibility is spread out in the organization	Both external and internal activities as responsibility for CSR program is spread throughout the company. Reporting of activities (CSR/Sustainability reports published regularly)
<b>Stage 4</b>	An advanced stage where the focus is on sustainability or triple bottom line. Programs are well established and integrated at the organization. Has achieved or are striving to be champion within industry. Partnership and alliances are established. Organization is vocal about sustainability program	The depth of commitment and integrating sustainability into the business model	Social, ethical and environmental activities across the whole supply chain, often in collaboration with industry and/or stakeholders
<b>Stage 5</b>	Very advanced stage and at this point in time very few companies have reached this	Not yet known	-

	stage. Defined by visionary transforming leadership in sustainability changing business models and enabling social and environmental change. Partnerships essential.		
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(Adapted from Googins et. al., 2007)

As illustrated by the model, companies that have reached stage 4 and 5 are at the frontier of sustainability, but most likely a majority of companies will have reached stage 2 or 3 (Googins et al., 2007). The study furthermore illustrates that the more advanced stages of sustainability are characterized by collaborations and partnerships, necessary in order to move forward and solve major challenges such as pollution and waste water issues.

I became interested in H&M during 2009 and 2010, where I began my PhD project. At this time, I utilized the company’s sustainability report to map its sustainability engagement by employing Googins et al.’s (2007) mapping. The results of the mapping in 2010 illustrated that H&M was between stage 3 and 4, which according to Googins et al (2007) is an advanced stage, illustrating the company takes a leading position. Table 3.9 illustrates my mapping.

**Table 3.9**  
**Mapping of H&M’s sustainability stage 2010-2011**

<b>Key dimensions</b>	<b>Keywords</b>	<b>2010 – 2011</b>
<b>Stage</b>	From 1-5 where 1 is characterized as being Elementary and 5 as Transforming	4 Innovative → Integrated
<b>Citizenship Concept</b>	How is Corporate Citizenship/sustainability defined and how developed/comprehensive is	Sustainability & Triple Bottom Line concepts are employed throughout and used actively to explain how H&M understands and works within

	the definition	the area – the report in itself has changed its name, from being a CSR report to a sustainability report
<b>Strategic intent</b>	What does the company state is the purpose of corporate citizenship/sustainability in the company?	Business Case – Value proposition. Describing the sustainability strategy, it is stated: <i>“At H&amp;M, we see sustainability as an integral part of what it means to be a successful business. That’s why, when we think of sustainability, we look at it in terms of three connected areas: People, Planet and Profit”</i> (H&M, 2010, p. 11)
<b>Leadership</b>	Is the corporate management team leading and supporting the sustainability efforts? Are they visible in leading the efforts?	Steward – on top of it and moving toward being a champion, fronting sustainability efforts. New Corporate management at H&M are starting to front the sustainability development and take active part in planning and strategy. CEO Karl-Johan Persson has his own personal message in the sustainability report addressing some of the challenges that H&M are facing.
<b>Structure</b>	Who is responsible for sustainability? Is the responsibility shared across the organization?	During 2010, the responsibility for implementing the sustainability strategy was spread out in the organization, resulting in the CSR department being restructured as a support team function. The goal is for the new structure to result in ‘shared responsibility’ and organizational alignment, i.e. each department taking responsibility for reaching sustainability goals. These efforts take effect in 2011 with organizational alignment
<b>Issues management</b>	How is the organization dealing with social, environmental and ethical issues that arise?	Responsive, program: Most sustainability activities are systematized as H&M is employing recognized systems such as GRI. (2011?)
<b>Stakeholder relationship</b>	What is the role of stakeholders and how does the company engage with their stakeholders?	H&M are partnering with NGOs on various issues, and have partnered with industry in a number of coalitions and partnerships: <i>“...we interact with various stakeholders such as our customers, employees,</i>

		<i>suppliers as well as local and international NGOs and Unions, authorities, our shareholders and many more in a mutual dialogue” (H&amp;M, 2010, p. 11)</i>
<b>Transparency</b>	Is the company transparent about sustainability performance, including environmental, social, ethical and financial?	<i>“We are committed to open and honest disclosure and this report is part of that process” (H&amp;M, 2010,p.9)</i>

(Adapted from Googins et al., 2007)

Does this kind of mapping actually establish H&M as leading its sector? While the mapping convinced me that H&M was the right case company for my studies and would provide me with relevant data to answer my research questions, a recent study on sustainability leaders confirmed that my choice was right: *"by pretty much any way one measures it, Scandinavian countries and Scandinavian companies lead the world in strong CSR and sustainability performances."* (Strand, Freeman & Hockerts, 2014, p.6). I find that the strategy and actions employed by H&M, the level of engagement illustrated by mapping these using the tool of Googins et al., as well as the conclusion of this recent study justify my choice of case company.

In this chapter I have discussed and outlined the fashion industry that my case company is positioned within, presented my case company and discussed my choice of case company. I have furthermore justified why H&M is a relevant choice of case company. The next chapter will outline, explain and discuss my research approach and strategies.

## **Chapter 4**

### **Research approach and Methods**

#### **Introduction**

In the previous chapters, I have introduced my research topic and the relevant existing literature. I have furthermore presented my case company and the conditions that the fashion industry is part of in relation to my research topic. This chapter presents my methodological approach, choice of research methods and data analysis process.

The goal of this thesis is to explore and understand the barriers and tensions arising in the process of constructing a sustainability-focused identity and how organizations perform identity work to manage, negotiate and resolve these barriers and tensions. The questions that I am aiming to answer with my research are what type of barriers and tensions arise, how they are managed, negotiated and resolved through identity work and what the process of constructing a sustainability-focused identity entails. In order to answer my research question, I am building on a theoretical framework as well as on empirical data from a setting where my topic can be studied. Regardless of setting chosen, a methodological approach is necessary; my setting is an organization and its members go about their day-to-day life and routines, as compared to, for instance, a laboratory setting. In order to collect, use and make sense of the data from my organizational context, I employ a methodological approach and research strategy that enables me to answer my research questions. This methodological approach has impact not only on how I choose my methods of research but also how I interpret and present my data.

The chapter proceeds as follows: I will begin by explaining my methodology which is my ontological and epistemological point of departure. This is followed by an outline and explanation of my choice of methods and how the data collection proceeded. I end this chapter by outlining my data analysis process and the codes, themes and aggregate dimensions that the analysis process has produced.

### **Methodological approach**

The social sciences have been characterized by an ongoing methodological debate that is also taking place in the field of organizational identity. The debate has already been outlined in chapter 2, my review of literature, as the debate has shaped the discussion taking place and the disagreement on how to define organizational identity. In chapter 2, I outlined two dominant perspectives in organizational identity research, a social actor perspective and a social constructionist perspective. From a social science perspective, the two views represent, to some extent, a (positivist) realist perspective and a social constructivist perspective respectively. Despite the different labels, the content is similar. To clarify, I will identify the two strands as the realist and constructivist perspectives, as labelled by Hatch & Yanow (2008) as I argue that the debate within organizational identity relates and ties in with a general debate in social science, and in particular when dealing with the concept of identity.

The labelling of the two perspectives to some extent describes what the perspectives entail. In a realist perspective, the researcher strives to depict the way an object is or looks (Hatch & Yanow, 2008, Ravasi & Canato, 2013), how it is perceived realistically, and the interest lies in the object. In a constructivist perspective the researcher is interested in how something is constructed – hence the interest lies in the process (Hatch & Yanow, 2008, Ravasi & Canato, 2013).

This is a very simplified overview of the two perspectives, but illustrates how the labelling makes sense. The contrast and difference between the two perspectives can be found not only in theory but also in how the concept is studied – the choice of method. In a traditional realist (and positivist) perspective, the researcher is standing outside what is being researched and will often claim to be objective. This is an approach often represented in laboratory studies. However, in a social constructivist perspective, the researcher is part of what is being researched as his/her mere presence influences what is being researched; the researcher with a social constructivist perspective would not claim objectivity. These two contrasts create hugely different theories, as a realist theory does not perceive organizational identity to be context-specific or subjective; organizational identity is the enduring feature of the organization, the core essence.

While some authors argue that the field has now matured and overcome methodological discussion (Ravasi, Corley & Rekom, 2008), others claim that it remains necessary to state epistemological and ontological standpoints in order to avoid confusion (Hatch & Yanow, 2008, Ravasi & Canato, 2013). Hatch and Yanow offer a compelling argument for the need to state one's methodology:

Methodologies provide reasons for choosing procedures of inquiry (methods), and they should frame our evaluations of their analytic products. Discussions concerning competing approaches for studying organizational concepts often break down over differences in methodological presuppositions, but as these are typically not made explicit, scholars often argue past each other without understanding that their arguments are philosophical rather than substantive (Hatch & Yanow, 2008, p. 24).

Despite the argument that the field has matured, I argue that Hatch & Yanow touch upon a fundamental debate that is still relevant and necessary because it

provides background information on a particular scholar's perspective and where his/her opinions stem from, why she/he perceives the world in a certain way and what the premises are for his/her argument? By stating epistemological and ontological assumptions, the reader is able to categorize and understand the reasoning behind an opinion, statement and perspective. In the case of organizational identity, the field may be matured as I argued in chapter two; however confusion is still prevalent in the research produced.

This prompts me to state my own methodological perspective: My standpoint is born out of my background studying psychology and social psychology respectively. Individual identity poses the same challenges as organizational identity and the onion metaphor of identity has dominated the perspective (the onion metaphor is also used by Albert in: Whetten & Godfrey, 1998) and exemplifies a realist perspective of identity. Identity is the inner core of the onion, when all layers are peeled off – it is an intrapersonal and private phenomenon (Sabini, 1995). In contrast, a social constructionist perspective perceives identity as something that is socially constructed by the individual – identity is not an entity inside a person, but the result of what that a person does, in social interaction with the surroundings, a perspective inspired by Mead, Cooley and Goffman.

I believe that identity, whether individual or organizational, is constructed, which then means that my scientific meta theoretical approach is social constructionist. Social constructionism as a meta theoretical approach is employed by many scholars; what ties them together under the umbrella of social constructionism is (Burr, 1995):

- A critical stance toward the knowledge we take for granted

- Knowledge is historically and culturally situated. It is not static or universal, but depends on culture and time.
- Knowledge is created in social processes. Knowledge is not something that is automatically inside the individual, but something that emerges through social interaction.
- Knowledge and social processes do not exist on their own; they are dependent on each other. The knowledge we have, as individuals or groups, is constructed, and exists in the social relations that all humans are part of.

This meta theoretical approach implies that identity (individual and organizational) is constructed through actively taking part in life, through agency (e.g. Giddens, 1991, Mørch, 1994, Gergen, 1991, 1999). By perceiving identity as something that is constructed by actively taking part in life I focus on physical and linguistic agency when studying identity, not on an inner core or intrapersonal activities (Gergen, 1999). Here it is important not to make the same mistakes that traditional (identity) theorists did. Traditional theories on identity are interested in what happens within an individual, which implies that agency is a by-product of intra-personal activity (Gergen, 1999). To avoid this, I borrow from Gergen (1999), who argues that language and meaning are closely connected, and meaning is not an individual trait, but is created when people interact (Gergen, 1999). As such, language does not contain meaning, meaning is created by the way we use language. Meaning is created by using words in similar ways, and the reactions which these bring about in other people (Gergen, 1991). Hence, meaning is created between people, implying that identity is created through social interaction, between people and in the active participation in social relations.

Does this perspective then reject a social actor perspective? In my opinion, it does not, but does acknowledge that both perspectives have relevance and are

complimentary. It is my firm belief that it is not possible to be objective as an observer as a realist or functionalist perspective would suggest, nor do I believe that identity is an entity, something that is, like the core of an onion which is a commonly used metaphor for a realist perspective (Albert, in: Whetten & Godfrey, 1998). However, I do believe that identity can be managed to a certain extent, and that identity claims are vital in identity construction, and organizational members can perceive organizational identity as stable and enduring. That does not imply that identity is not constructed through actively taking part; it does imply however that organizational members adjust their actions to support a stable identity. My belief and opinion outline a fundamental challenge with a social constructionist perspective: It has been conflated with other contemporary modes of enquiry (Holstein & Gubrium, in: Denzin & Lincoln, 2013, p. 254).

Despite my choice of a theoretical framework that regards a social actor and a social constructionist perspective as complimentary, my meta theoretical approach denotes that I have a critical stance toward the knowledge that is taken for granted and that I view knowledge as historically and culturally situated; it is not static or universal, but depends on culture and time (Burr, 1995). It signifies that I perceive knowledge to be created in social processes and that knowledge is not something that is automatically inside the individual, but something that emerges through social interaction (e.g. Burr, 1995, Hatch & Schultz, 2004, Hatch & Yanow, 2008). It also indicates that my stance is that knowledge and social processes do not exist on their own and that they are dependent on each other. The knowledge we have, as individuals or groups, is constructed, and exists in the social relations that all humans are part of (Burr, 1995). When social processes take a central role in identity construction, it follows that agency is focal – actively taking part in constructing identity and enacting organizational identity values. However, I do agree with the notion that identity is not always a fluid and changing phenomenon;

identity can also be stable and enduring and though I do not subscribe to essence, I believe that it can aid and enable a better understanding to visualise organizational identity as having essence, especially for organizational members.

To state my position clearly, this means that my ontological perspective is social constructionist and intersubjective, while my epistemological perspective is interpretive. The choices of research methods are thus based on the social constructionist perspective that organizational identity is a dynamic and reflexive process, where identity resides in a collective understanding and beliefs about the features and primary values of the organization that are relatively permanent (Gioia, Schultz & Corley, 2000), implying an interpretive epistemology, where participatory methods are relevant (Hatch & Yanow, 2008).

Having outlined my methodological approach, in the following section I will outline the process of framing my research questions and discuss research design and the methods I have employed in order to carry out my research process, including collection of data, interpretation of data and analysis of data.

### **The process of framing my research and study**

During 2008 and 2009 I met the former Head of Sustainability at H&M, Ingrid Schullström, through my job. I was heading a Nordic initiative on sustainable fashion, and Ingrid Schullström became part of an advisory board to the initiative. Together with a select group of sustainability and CSR experts, Ingrid was advising me and helping me set up a major event for the fashion industry due to take place during COP15 in Denmark, the Copenhagen Fashion Summit 2009. As part of this massive event, the advisory board and I were producing a book on the major challenges the fashion industry were facing and would face in the future in regards to sustainability. Stating, describing and discussing the challenges led to

very inspirational meetings with Ingrid. She was not only interested in the topic but also very knowledgeable, and at the same reflective on the issues and challenges she did not have enough knowledge about. Our talks increasingly revolved around H&M's image and consumer engagement in sustainability. We discussed how Ingrid, and many organizational members of H&M were often met with negative comments on H&M's business model and how the company conducted itself. There was a clear divide between the way the organization perceived itself and the way 'outsiders' perceived the organization. The divide was not taken lightly and organizational members were frustrated with the accusations they were faced with at dinner parties, accusations that they didn't recognise from their daily work life. As a consumer psychologist I found this situation and challenge intriguing; why was it that 'outsiders' and consumers were so critical of H&M considering what I knew at that time: that H&M was the best practice in the industry? Further, why were they so critical considering that most research on the topic confirmed that consumers in general had very little interest in sustainability? Based on our conversations and my interest, I made a proposal for H&M for an industrial PhD project. Despite having never taken part in a PhD research project or similar project, within a few months, the corporate management team had decided to take part in the project, and so the project started.

As with many PhD studies, my research questions have changed over the course of the process. I initially started out with an interest in identity – image discrepancies: Why do external stakeholders, in particular consumers, not perceive the organization the same way as organizational members do? As the research progressed it became clear that this was not the only tension arising in the process of constructing a sustainability-focused identity. It also became clear that I needed to focus the research as I had initially started out with both a consumer focus and

an organizational focus. Despite having conducted interviews with consumers, they did not provide enough information to support a consumer focus. Instead I have opted for an internal focus on how organizational members and management relate to the topic in focus.

### **Research approach and case study design**

My research aims to build new and extend existing theory and for this purpose qualitative research is suggested to be most suitable (Denzin & Lincoln, 2013, Flick, 1998). Adding to this, an inductive research approach would benefit such purpose as it has the advantage of collecting rich and in-depth data, which will help me explore a topic that has not been explored sufficiently (Siggelkow, 2007, Yin, 2009, Denzin & Lincoln, 2013). My strategic research approach is the case study approach. Yin defines a case study as *“an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident”* (Yin, 2009, p. 18). This project explores tensions arising in organizational identity work in a sustainability contexts at H&M, why they arise and how they are managed, negotiated and resolved. The project is an inquiry into a real-life context (the organization H&M), and a phenomenon (organizational identity), where boundaries between organization and identity are hard to distinguish. The case study approach has furthermore been chosen, as it is particularly relevant for exploratory research, investigating ‘how’ and ‘why’ questions (Yin, 2009). While the project incorporates ‘what’, ‘how’, ‘which’ and ‘why’, the ‘how’ and ‘why’ questions are in focus, thus an exploration of what’s going on and why it is going on like this. The procedure of conducting the case study follows the general recommendations where: 1. The research question is defined based on a literature review, 2. The case study and methodology research are decided upon, 3. Data

collection processes are prepared, 4. Data is collected, 5. Data is analysed, and 6. Data is presented in a report (Yin, 2009).

### **Single case study**

The thesis builds around a single case study of H&M; this gives me the advantage of presenting a rich and in-depth narrative of ‘what is going on here’. Yin (2009) argues that a single case study can contribute with new knowledge. However, at the same time it may have limitations; critics would argue that a single case study is not representative and that adding more cases for comparison would be ideal (Eisenhardt, 1989, Pettigrew, 1997, Eisenhardt & Graebner, 2007). Siggelkow (2007) on the other hand argues that as long as the case study is not merely descriptive, it is representative: cases are not picked randomly but because that case is special: *“In fact, it is often desirable to choose a particular organization precisely because it is very special in the sense of allowing one to gain certain insights that other organizations would not be able to provide”* (Siggelkow, 2007, p. 20).

The case study of H&M has been chosen because they are considered as having best practice in regards to sustainability practices among peers and sustainability professionals. Thus they are picked because they are a special case. However, it is likely that H&M as a case is representative for the industry, as the industry more or less has the same supply chain structure and as such the tools, practices and engagements taken in order to create a sustainability-focused identity and the tensions arising in this process may be the same for other organizations within the industry.

## **Triangulation**

In order to strengthen the research findings of a case study, triangulation is recommended (Denzin, 1978, Yin, 2009, Denzin & Lincoln, 2013). For my research project, and based on an interpretative tradition, triangulation is not employed to validate data, as in the positivist tradition (Ravasi & Canato, 2013), but to improve accuracy and strengthen the case study. Based on this recommendation, the data elicitation process has been divided into 3 parts, serving the purpose of methodological triangulation (Denzin, 1978, Jick, 1979): collection and analysis of archival data and documentation, qualitative interviews with organizational members, management and external stakeholders, and participant observations at H&M's offices and retail stores. It is anticipated that a rigorous research design ensures that issues and various angles related to the research questions are explored.

## **Data collection methods**

Building on existing knowledge and theory on organizational identity theory, I am using several types of data to obtain an understanding of the tensions arising in organizational identity work and how they are negotiated. My unit of analysis is the organization and my purpose is to develop a framework or process based model of 'what is going on'. Table 4.1 is an overview of the data sources employed which will be described in detail as well. The data collection was undertaken continuously from Autumn 2010 to Spring 2014, with breaks in between. In the autumn 2010 pilot studies took place. Following this, regular participant observations and informal interviews at the headquarters in Stockholm took place. During June to September 2011, interviews with employees and consumers were conducted in London, UK, Hamburg, Germany and New York, USA. After almost a year maternity leave from October 2011 to September 2012, I revisited the headquarters for informal interviews and observations. The last

couple of interviews with corporate management took place in February 2014, and in May 2014, I conducted the final informal interviews and observations at the headquarters.

**Table 4.1**

**Overview of data sources and their use in the analysis**

<b>Types of Data</b>	<b>Description</b>	<b>Use in the Analysis</b>
<b>Archival data</b>		
CSR reports, Annual reports, social media and other external communication tools	CSR reports from 2009-2013 Annual reports from 2009-2013 Advertising material from 2009-2011 Facebook content with H&M as a sender for 2011 Information material developed for retail stores related to sustainability 2010-2013	Provide an understanding of identity claims and how it relates to sustainability, as well as corporate management's interpretation of and management of tensions; serves the purpose of methodological triangulation supporting findings from interviews and observations
Leaflets, training material and other internal communication tools	Material developed for employees related to sustainability 2010-2013 Training material related to sustainability developed for retail staff 2010-2011	Provide an understanding of identity claims and how they relate to sustainability, as well as corporate management's interpretation of and management of tensions; serves the purpose of methodological triangulation supporting findings from interviews and observations
External media articles about H&M and sustainability events related to the fashion industry	Collection of articles about H&M appearing in various media from 2010 to 2014, collected ad hoc as well as media articles collected by H&M Press	Supporting and elaborating on findings in regards to tensions arising in relation to external stakeholders.
<b>Interviews</b>		
Semi structured interviews	A total of 59 interviews were conducted. 34 interviews with employees 23 interviews with	Provide primary foundation for answering my research question. Interviews are used to identify barriers and

	consumers 2 interviews with corporate management	tensions as they are experienced by the respondents, to obtain an understanding of why these barriers and tensions arise as well as an understanding of how they are managed, negotiated and resolved; serves the purpose of methodological triangulation, supporting findings in observations and archival data analysis
Informal interviews and observations at H&M offices	Meetings, informal interviews and observations from 2010 to 2014. Monthly meetings with informal informants discussing progress and identity work taking place	Supporting and elaborating on findings in regards to identity claims, barriers and tensions arising and how they are managed, negotiated and resolved.
<b>Observations</b>		
Participant observations in a retail store	Approximately 50 hours of participant observations at H&M's retail store on Regent Street, London taking place during August and September 2011.	Provides an understanding of daily job requirements for employees working at store level and how sustainability is related to daily tasks. Contribute to employees perception of barriers and tensions arising; serves the purpose of methodological triangulation supporting findings from interviews and analysis of archival data

The data collection can be divided into 3 broad areas that will be explained and discussed in detail: archival data, interviews and observations.

#### *Archival data*

*Purpose:* The collection of archival documents is employed as an analytical tool and serves the purpose of capturing and obtaining a better understanding of H&M's identity claims, the tensions experienced and addressed by corporate

management and how they are managed. Collecting documents and analysing the collection builds on the social constructionist notion that meanings arise within discourse and assuming that communication, with H&M as a sender, is a representation of who the company is (Hall, 1997).

*Sampling:* archival data has been collected from 2008 to 2014. The data includes the following sources:

- H&M's annual CSR report, from 2008 to 2013 (last report available). The reports are selected from 2008 as this marks the year of increased focus on sustainability-focused identity
- H&M's annual reports from 2008 to 2013. The reports are sampled for this period to provide information on the extent to which sustainability was communicated and increased over the years to external stakeholders.
- H&M's advertising campaigns from 2010 and 2011. Campaigns are sampled from 2010 to 2011 as the Conscious Collections were introduced in this time period and campaigns reflected the specific focus on sustainable fashion.
- Information about H&M online on [www.hm.com](http://www.hm.com) from 2010 to 2014
- Information about sustainability issues on H&M's Facebook site from 2010 to 2011 when the Conscious Collection was launched
- H&M in store magazine 2008-2011
- Internal communication: H&M leaflet to retail staff 2010/11, training program on sustainability aimed at retail staff 2010/11, educational program aimed at all H&M employees 2013/14

Most of the material produced by H&M that is available to consumers is visual material. However, the sampling focused on written material and the visual material related to campaigns on sustainable collections.

*Procedure:* The material has been collected with assistance from H&M's marketing and communication department, the two departments producing text and campaigns available both to internal and external stakeholders. Campaigns

from 2008 and onwards have been systematized and delivered on DVD's; H&M catalogues have been delivered in their physical form and so have the H&M magazines published from 2008 and onwards. CSR reports from 2008 to 2013 have been downloaded from the internet and H&M's global Facebook profile has been followed on a daily basis during 2010-2011 and copy pasted into a template.

I have also collected news and media articles about H&M on an ad hoc basis; these articles provide background information on how H&M is presented in the media in relation to sustainability.

### *Qualitative interviews*

#### *Semi structured interviews*

Qualitative in-depth interviews were conducted with 3 types of respondents: 1) Organizational members across hierarchy levels, 2) Corporate management and 3) Key consumers at selected markets. The same interview method was used for all three groups, namely semi structured interviews. Semi structured qualitative interviews were chosen because they provide in-depth knowledge of subjective theories (Flick, 1998).

As recommended by Yin (2009), prior to conducting interviews, I carried out a pilot study, testing that the questions in the topic guide were easy to understand for the respondents participating. Prior to collecting data, a contact person was appointed in each country. The contact person in each market acted as a respondent for the pilot study. In particular I was concerned about understanding the concept and ensuring that I, and the respondents, were referring to the same concepts; this was especially relevant in regards to sustainability, the context through which I view organizational identity, as the concept is not necessarily understood well. After my initial pilot interview, the topic guide was altered

slightly to accommodate my concerns; I included a question asking respondents to tell me how they defined sustainability.

Below I provide an overview of respondents as well as explaining the purpose and sampling procedures for each group of respondents individually.

**Table 4.2**

**List of respondents**

<b>Number</b>	<b>Role/office</b>
<b>United Kingdom respondents</b>	<b>1 member of management, 11 employees, 7 consumers</b>
1	Employee, Press – UK office
2	Employee, HR – UK office
3	Employee, General office/travel – UK office
4	Employee, Marketing – UK office
5	Employee, Marketing – UK office
6	Employee, Marketing – UK office
7	Employee, HR – UK office
8	Employee, Press – UK office
9	Employee, Merchandiser – UK office
10	Employee, Merchandiser – UK office
11	Employee, Area manager – UK office
12	Employee, Logistics - UK office
13	Management – UK office
14	Employee, building – UK office
15	Consumer, UK
16	Consumer, UK
17	Consumer, UK
18	Consumer, UK
19	Consumer, UK
20	Consumer, UK
21	Consumer, UK
<b>Germany Respondents</b>	<b>1 member of management, 8 employees, 7 consumers</b>
22	Employee, office - GE Office
23	Employee, PR – GE Office
24	Employee, CSR – GE Office
25	Management – GE Office
26	Employee, Communication – GE Office
27	Employee, Merchandiser – GE Office

28	Employee, Merchandiser – GE Office
29	Employee, Marketing – GE Office
30	Employee, HR – GE Office
31	Consumer, GE
32	Consumer, GE
33	Consumer, GE
34	Consumer, GE
35	Consumer, GE
36	Consumer, GE
37	Consumer, GE
<b>USA Respondents</b>	<b>1 member of management, 10 employees, 9 consumers</b>
38	Employee, Marketing – US office
39	Consumer, USA
40	Employee, HR – US Office
41	Employee, Marketing – US Office
42	Employee, Marketing – US Office
43	Employee – Visual/Display – US Office
44	Consumer, USA
45	Management – US Office
46	Consumer, USA
47	Employee, Customer Service – US Office
48	Employee, Press – US Office
49	Consumer, USA
50	Consumer, USA
51	Employee, PR – US Office
52	Consumer, USA
53	Consumer, USA
54	Employee, Customer Service – US Office
55	Consumer, USA
56	Employee, Merchandiser – US Office
57	Consumer, USA
<b>Sweden Respondents</b>	<b>2 members of corporate management</b>
58	Management – SE HQ
59	Management - SE HQ

All interviews are anonymous and have been given a different name to disguise identity.

### *Qualitative interviews with organizational members*

*Purpose:* Semi structured qualitative interviews with organizational members provide primary findings on how employees perceive tensions arising as well as insight into identity work taking place to negotiate tensions.

*Sampling:* Respondents were sampled by theoretical logic (Flick, 1998; Lincoln & Cuba, 1985); I was looking for a varied sample of informants in terms of seniority, work areas and titles in order to ensure that perspectives on the topic in question were represented broadly, but selecting those informants that would to the highest extent be able to inform me on the research questions (Flick, 1998; Lincoln & Cuba, 1985). In order to select respondents, a contact person was appointed in each of the 3 markets and the contact person was briefed in writing on the all aspects of the project: 1) The topic of the project, 2) Why the project is being carried out, 3) Who is conducting the research and 4) How it is carried out in terms of methods employed. The contact person was then asked to select 10 respondents from their location meeting bearing the following sampling criteria in mind:

- Representing the office departments but sampling respondents with relation to the topic in question: identity related issues so that the respondents are able to inform the project
- Representing the hierarchical level of the organization, senior as well as entry level employees

Following these sampling criteria, the information described the exact procedure of how the interviews were going to take place, when and where they were going to take place, that respondents were granted anonymity and the approximate duration of interviews.

*Procedure:* interviews were carried out at the respective country offices. A topic guide was constructed prior to interviews. The topic guide is based on the theory discussed in the review of literature and aimed at providing respondents with the

opportunity to present a detailed and elaborative narrative about the topics in question. The topic guide was not followed strictly, but as a semi structured topic guide it was open to changing directions according to the respondents' answers, following up on important and relevant points related to the topic (Flick, 1998).

The topic guide consists of the following structure:

- 1) Introductory and general questions to establish rapport - occupation, prior occupation, educational background, years working for H&M, typical work assignments and typical day.
- 2) Organizational identity - questions related to how organizational members answer the question 'who are we?'
- 3) Culture at H&M - questions related to everyday life at H&M, how things are done around here
- 4) Image of H&M - questions related to how organizational members perceive H&M's image and how it affects them
- 5) Sustainability at H&M - questions related to how organizational members define sustainability, how it relates to their daily work life and to H&M
- 6) Wrapping up - giving the respondent the opportunity to add perspectives or ask questions.

All interviews were conducted by me; the interviews were recorded and later transcribed by a professional transcription service provider. The duration of the interviews lasted between 50-90 minutes.

#### *Qualitative interviews with management*

*Purpose:* Qualitative in-depth interviews with corporate management provided knowledge on the vision of H&M in relation to a sustainability-focused identity, identity claims and insights into how tensions are being managed.

*Sampling:* Corporate management and management respondents were chosen based on relevance to the topic and availability. Informal interviews with the corporate management team were undertaken for the duration of the project. Even so, in order to deepen my understanding of how tensions are managed, I conducted formal semi structured interviews with two corporate management team members, the Head of Communication and Head of Sustainability, as well as one member of the country office management team from each country, a total of 5 respondents from management. Sampling followed the logic of theoretical sampling, as the management team members were in a specific position to provide information on the topic in question (Flick, 1998).

*Procedure:* the procedure for interviewing country management team members followed the procedure employed for interviewing organizational members. The two interviews with corporate management team members took place in February 2014 and a new topic guide was constructed for these interviews, focusing specifically on development, specific events and actions in regards to the topics, taking place from 2011 to 2014, as well as on tensions and management of tensions. The first interviews with the Head of Sustainability lasted 2 hours while the interview with the head of Communication lasted 1 hour. Both interviews were recorded and notes were taken during the interviews. The topic guide developed for the corporate management interviews was semi structured and was not followed strictly. The structure and topic categories were constructed in order to assist me in covering relevant topics related to a management perspective and role in regards to research focus. The topics focused on the construction of sustainability-focused identity and the challenges experienced in the process, identity and identity claims, strategy for change, and identity management.

### *Qualitative interviews with H&M consumers*

*Purpose:* I carried out 23 interviews with consumers for the project. The interviews provided background information in regards to how consumers perceive H&M's core values and how they relate H&M to sustainability issues. The interviews serve mainly to identify whether barriers and tensions experienced by consumers, as a key external stakeholder group in regards to sustainability, are aligned with internal respondents' views. Consumers were chosen as a specific external stakeholder group because they are perceived by H&M to be the most important stakeholders; their opinions and actions have high relevance for how the organization responds to issues.

*Sampling:* Consumers from each of the 3 markets were identified on the basis of a consumer survey carried out by H&M. Consumers were sampled based on purposeful sampling (Flick, 1998) and were chosen based on the following criteria: geographic location, repeat customers at H&M (at least twice a year), level of awareness of company (measured through a survey), level of awareness of sustainability (measured in surveys), willingness to participate in an interview lasting around 1 hour in either London, Hamburg or New York. These criteria were constructed in order to ensure that the respondents had at least a small amount of knowledge of the company as well as a minimum understanding of the concept of sustainability, and thus were able to contribute with insightful knowledge on the topic. The survey carried out by H&M did not identify a substantial number of potential respondents; I initially aimed for 10 consumers to participate from each of the 3 countries. Once relevant informants had been identified from the survey, they were contacted to set up the interview. It proved difficult to engage consumers, and instead of 30 interviews with consumers, I ended up with 23 interviews; 7 respondents from the UK, 7 from Germany and 9 from the USA. The interviews took place at H&M's offices in the respective country. For the interviews in Germany, a translator was present, assisting in

translating questions and answers. However, it turned out that only 1 out of 7 consumers interviewed in Germany needed a translator. The duration of the consumer interviews was between 45 minutes to 1.5 hours. All interviews were recorded and later transcribed by a professional transcription service provider. One of the interviews with an American respondent was not recorded as the recorder failed to record. Immediately after the interview was conducted notes on key topics were written down. Respondents were given a gift card to H&M of approximately GBP30 as an appreciation for the participation.

### *Informal interviews with internal informants*

During the 4 year course of the PhD project, I have spent a substantial amount of time with H&M employees and corporate management at the headquarters and at the offices in London, UK. I have had numerous meetings where the project and sustainability strategy have been discussed and had the opportunity to engage in talks with a number of employees on the topic in question. These interviews are not part of the formal body of data collected, but count as background information for the analysis and discussions. Notes on thoughts, opinions and reflections expressed through these interactions have been taken during the 4-year course and have provided a platform used to develop, confirm or reject initial notions and findings in the analysis.

### *Observations*

#### *Participant observations*

*Purpose:* Participant observations are employed at H&M's retail space in order to explore organizational practices as they take place in daily life and to experience and observe how the daily routines relate to sustainability. Participant observation is particularly useful for collecting rich data in a natural setting, in the subject's own language as it is used in everyday life (Flick, 1998).

Participant observation implies that the researcher becomes part of the field being researched (Flick, 1998). The retail space is where H&M is in direct contact with end users; shop assistants have the opportunity to explain and inform end users, and retail space can also be used to inform about sustainable values and who H&M is. Through participant observation, knowledge about potential identity signifiers represented in retail space design and information materials, as well in behaviour of shop assistants can be observed and analysed. The participant observation will provide relevant information of how H&M's identity and values are represented at a physical level, as well as information on how end users experience H&M.

*Procedure:* Participant observations took place over the course of 2 months and approximately 50 hours at H&M's main retail store on Regent Street in London. As part of the participant observation I followed staff members in various role for the days of observation; observations were made by following a deputy store manager, floor managers, sale assistants, stock room assistants and visual merchandisers. During the observations I carried out the same tasks and had time to conduct informal interviews with the respondents being followed. The tasks carried out included getting stock ready for sale (for instance putting on alarms, putting clothes on hangers), assisting customers on the floor, changing window decorations, administrative tasks such as planning hours, conducting training, following up on staff, as well as participating in informal activities such as farewell parties for staff leaving, breaks etc. I have followed the guidelines for participant observations set out by Spradley (1980). Notes were written down and recorded in a logbook on the premises after each day of observation, and then coded along with other data collected.

## **Analysis of data**

My aim is to extend and elaborate existing research on the phenomena in question and my starting points are existing theoretical concepts; I am pushing existing theory further in order to develop a more detailed understanding of the phenomenon. Although I am not setting out to develop new theory, as was the original purpose of grounded theory building proposed by Glaser & Strauss (Glaser & Strauss, 1967, see Corbin & Strauss, 1990 for an elaboration of grounded theory building and its specific processes), I am following the approach taken by the majority of empirical organizational identity studies employing an approach where theory and data are continuously compared during the analysis process. While it is often referred to as a grounded theory building approach (e.g. Dutton & Dukerich, 1991; Gioia & Thomas, 1996; Elsbach & Kramer, 1996; Corley, 2004; Corley & Gioia, 2004; Ravasi & Schultz, 2006; Nag et al., 2007; Clegg et al., 2007; Tripsas, 2009; He & Baruch, 2010; Gioia et al., 2010; Clark et al., 2010; Kjærgaard et al., 2011 and Ravasi & Phillips, 2011), it is not clear whether the process followed strictly adheres to the analysis process proposed by Glaser & Strauss (1967).

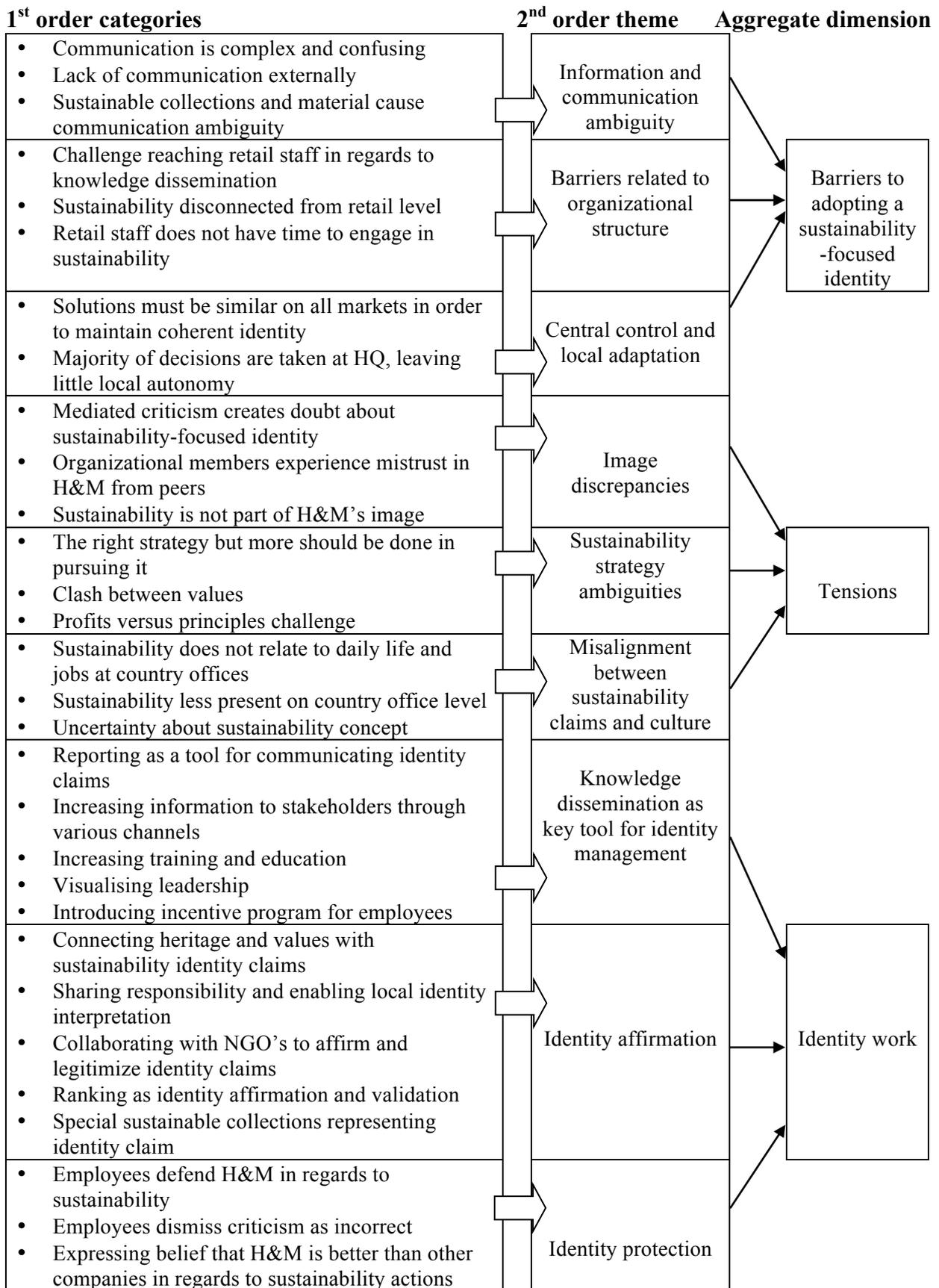
Eisenhardt & Graebner argue that case studies are particularly suitable for theory building as they provide rich data from multiple sources as well as answers to how and why questions that are likely to produce interesting and accurate contributions to theoretical constructs (Eisenhardt & Graebner, 2007); they further argue that a good process for theory building based on case studies is an iterative process or repeatedly going back and forth between data, emergent theory and existing literature (Suddaby, 2006, Eisenhardt & Graebner, 2007). This data analysis process presents an often employed analysis process for qualitative data that is similar to grounded theory building developed by Glaser & Strauss (1967) and to the process described by numerous organizational identity scholars engaging in

empirical studies. As this method is ‘tried and tested’ by scholars in the field, I have employed the same technique for analysing data.

Following this process, the first step in the process consisted of an open coding phase of interviews and archival data. The data was coded manually identifying data related to the topics in questions: identity, barriers, tensions and identity work. Word databases were used to store the large volume of data. After this initial stage, the data was grouped into 1<sup>st</sup> order codes emerging from the analysis of the open coding process. In order to structure the data, several databases were used to store the data and divide it up. The codes were constructed based on themes emerging from data. The next step in the process involved the construction of broader second order themes which eventually led to collapsing of some of the 1<sup>st</sup> order codes. The second order themes were constructed based on existing theory and themes emerging from 1<sup>st</sup> order codes. Going back and forth between data and theory, second order themes were adjusted and 1<sup>st</sup> order codes collapsed until codes and themes were eventually clear. Clarifying the themes led to three overarching categories or aggregate dimensions.

The analysis of data identified 3 aggregate dimensions: Barriers to adopting a sustainability-focused identity, tensions and identity work. Barriers differ from tensions in that they can be overcome and are often of a practical nature; they may be difficult to overcome, but a solution can be found to overcome the barrier. Tensions represent issues that are difficult to overcome; tensions are tensions because they represent oppositions or paradoxes. Identity work refers to how a barrier or tension is solved; either through identity management or through other modes of identity works in the organization. Table 4.3 presents representative data supporting my analytical interpretations following Corley and Gioia (2004), thus the Gioia methodology for data structure (Gioia, Corley and Hamilton, 2012).

**Table 4.3 Data structure**



The data supporting my analytical interpretations are presented in table 4.4. The table outlines the themes that emerged from the data analysis process and data representing the topics under each theme.

**Table 4.4**

**Data supporting analytical interpretations**

Theme	Representative quotations
Information and communication ambiguity	<i>Barriers to adopting a sustainability-focused identity</i>
	<p>“[The training] Who is that, it’s a sales adviser, read the content, look at the audience then read the content and look at the audience again, it’s not something with the most engaging, it’s just not engaging, ..., it’s informative in the sense of it being enlightening, there’s not a ‘what’s in it for me’, which this generation, this generation more than any generation wants to know is, “why, why do I wish to do this?” (US2EMP)</p>
	<p>“Well I don’t think we shout about it enough. I think now we’re beginning to with Conscious Actions, the green material but generally we don’t shout about it enough. I mean on a local level, say if we do have something that’s 100% organic or whatever, we would communicate that on a TV ad or a press ad or something like that but generally I don’t think we talk about it enough.” (UK4EMP)</p>
<p>“I still think there is a long way to go [in regards to sustainability message]. I think people start to realise because we, obviously, have campaigns and we can start to communicate it more in the stores now, and we also have like we do recycled, I mean, communicate it more, but I still think it’s not that common if you look to a lot of other retailers. So I think, sustainability, we need to work on it and I still think we need to use the stores and our campaigns to communicate this.” (UK11EMP)</p>	
Barriers related to organizational structure	<p>“...I think they [retail staff] thought it was only on the store levels I thought they definitely thought that it was only that collection, but then we had the green tags with organic cotton and that’s good ‘cos then you. We talk about our baby’s basics now and kid’s basics that they made out of organic cotton and I think organic cotton is something that is easy to relate to, I think so, organic is... and sustainable is very broad, and sustainable is a little trickier I think right now” (US3EMP)</p> <p>“It’s hard, in the break and that’s I’m from the HR department and we really want that they [retail staff] have the break for relaxing, that they can yes have an empty head so that their head is not full of work</p>

	<p>or something like that, but then they have the break, but the shop information, you know, the magazine or the newspaper which lots of information online, on the table and that's the only possibility to read. I think that's not really a break for the stores and there is really high workload in the stores and sometimes I think, not sometimes, often it's really hard to get every information..." (GE9EMP)</p> <p>"I think it's really tough for them [retail staff] to be very honest, really, really tough, yeah. I think we're not giving the customer service because there just isn't the staff in the stores. And I think no matter what we try and do with sustainability, with the way of working, with sales advisor training, when you're faced with a hundred crates every single day that you know you're not going to clear I think your motivation starts to go..." (UK2EMP)</p>
Central control versus local adaptation	<p>"Yes, the logic definitely comes through but I also think that there are just certain nuances or certain aspects that can't possibly be understood just by sitting in Stockholm and having to understand how that's going to translate to thirty-eight different markets..."(US4EMP)</p> <p>"I think sometimes we can be, I think the bigger we get as well and of course it's so important that we maintain our brand image and brand identity... I am so aware of protecting the brand, but at the same time it's not always the right thing to be so global all the time or to only have, I think what we struggle with here sometimes is always having to ask for permission to do things and maybe we do know our market you know, a bit better than headquarters will ...it's not that we want to do everything locally but to have flexibility, for example to pursue our British Red Cross partnership... (UK1EMP)</p>
	<i>Tensions</i>
Image discrepancies	<p>"And it's something like, I had recently also a comment, a girl found that, a TV broadcast and she was kind of shocked, she said "Oh I love H&amp;M so much, 80% of my drawer is full of H&amp;M clothes and I found this scandalous TV broadcast, is it true?" ...Yeah. And I answered her and she was really relieved so people, they don't want that this is true what they see on media but of course media it's always something what other people are saying and maybe people also recognise media, what we are using, also just as a media channel, that we're saying messages and they can't really find out if this is true. I mean I can say a hundred times that we don't support child labour and I can believe that but I don't know by heart if it's like that. I never saw a factory from inside, I trust the company that this is true but I don't know." (GE8EMP)</p> <p>"...I think when you start to say 'hey, I'm doing this' and 'hey look at what I'm doing over here' it starts to make people think it's a little suspicious, so it's a very, it's a very fine line, so I think it's great when we do something and then we mention it and we put it out</p>

	<p>there and then we let the people decide on how much praise should be given or, you know, how much we should really talk about it, but I think once we get that information out then I think it's always interesting. But it's hard too because then I find people that say 'oh, I didn't know you guys did that' or 'I didn't know you guys were so involved' and then that's kind of hard so then it's a little bit more of our side of trying to get that information out but not scream it" (US1EMP)</p> <p>"No, I think sometimes I'm surprised when I have friends and we talk about when it's every time coming out that's yeah, how it's H&amp;M treated people in the Third World or something like this and I say "Yeah, they do their best" of course, you never know what happened in every company there. But I think they do their best and they have really clear structure how they work and then I sometimes say to them "Trust me because it's better to buy the big company sometimes like than the small company because they have..., it's not possible'. But I have it a lot of time that they see for these prices, it have to be bad situation for the people" (GE5EMP)</p>
Sustainability strategy ambiguities	<p>"And so I think, now, moving into the sustainability issue more with regard to consumption of raw materials and disposal of those materials, again, we could have been a little bit more proactive with that message earlier. Now it feels like we came in when, you know, when it's become kind of typical for all companies to be talking this up. Companies have no business talking it up, but they can just make claims, you know, because it's good for the bottom line. So as far as, is it part of our identity? No. It's something new that we're, obviously, trying..."(US11EMP)</p> <p>"I mean for example we spoke about this, so be ethical for example, does ethical, I mean at the moment in terms of working with you know, suppliers who share our values and, but we also say we're cost conscious so do you go, if you're looking to, I think we have to be a bit clearer in how, what our guidelines are for staff for example, so at the moment I'm sure if you ask most people if we're looking to work with say a new contractor to build a store, do we go with the company that has the better sustainability credentials or do we go with the better cost, ..., we're a cost conscious company, but sometimes you know, we should, I mean I think we need to clarify that area, so for example at the moment we're working with a company who, they're called XXXX that we've installed in over fifty of our stores in the UK to save energy, and those costs, it's a big investment and it's an extra cost, it costs us more money to do that but we're saving energy, so we've made an investment in that area, so there is a balance and sometimes they can conflict as well..." (UK1EMP)</p> <p>"I just think, I think as a perception, especially now as a culture or within our society that you know, sustainability is becoming much</p>

	<p>more important, you know, the likes of (COMPANY) and us we are turning over stock so much that I think we're perceived more, much more of a wasteful company if we didn't talk about sustainability than say (COMPANY) and luxury..." (UK5EMP)</p> <p>"I do, I think there are not many competitors that are doing it at our price point and our level, that are doing organic, sustainable collections. I think, you know, like (COMPANY), that are more the higher end brands that are definitely following that trend, but I think we're one of the first in the US to really do that. I mean, (COMPETITOR COMPANY) doesn't have a sustainable programme, (COMPETITOR COMPANY) certainly doesn't, so I think we definitely are leading in that, in our market...I think it's hard to convince or to educate media on something that they feel like they've already heard, you know, even though they may not have reported about it. I think they've heard 'Okay, H&amp;M is doing a Conscious Collection, H&amp;M is doing organic'. I think until the whole line is 100% sustainable there wouldn't be a new angle for them, so I think it's hard. I think as we bring on new collections, as we bring on new CSR initiatives and new sustainable initiatives I think it's important to keep that dialogue up, but I think it's hard from an editorial perspective, it's hard to I think justify writing or reporting on H&amp;M again unless there's something really big that we're doing differently" (US9EMP)</p>
<p>Misalignment between sustainability claims and local culture</p>	<p>" I mean I think a lot of it has to do with the production focus, you know, and even a lot of our global initiatives are geared towards the production countries. And then I guess like the other day, I think by us doing, you know we did the UNICEF, you know stickers. Everyone in America knows what UNICEF is but they always associate UNICEF with Africa, Asia, you know so when we're doing our local initiatives, you know, breast cancer that could be your mother, that could be your sister, that could be... So I think a lot of the initiatives we do, obviously not fashion against AIDS, but like Water Aid are, a lot of it's focused on the production countries, so..."(US8EMP)</p> <p>"I think it might improve when we go to the new office (visibility of sustainability at country office), which we're moving to in July, because even things like recycling bins, at one point recycling bins were brought in but no one really knows how to use them. That, apparently, they're going to address when we move. I'm sure there's other green issues they're tackling when we move, but even with regards to... I know when we move to our new office, for example, when you print, we have so much wasted paper, there's so much printed at the photocopiers that people never pick up. Now it's going to be that you go to the photocopier, you have to press your key and then take your print out, so if you don't collect it it never gets printed. There is loads that we could do to be more environmentally</p>

	<p>friendly, yeah” (UK10EMP)</p> <p>“It’s nice, it’s an add on, I think, because it’s new for us. It’s new for the customer and H&amp;M, so it’s nice that its, it’s good to know I’m doing something good, I’m giving to UNICEF, or this is, but it’s, I think, always after they decided to buy it, of course, the driving factor is, is it nice? Do I want to...? Its fashion still, but I think it would be amazing if we would have everything sustainable then when you walk in and then you know everything is, and maybe we are going in that direction, it has to be, actually, in ten, twelve years, I guess” (GE6EMP)</p>
	<p><i>Identity work</i></p>
<p>Knowledge dissemination as key tools for identity management</p>	<p>All, yeah, every new member of staff that joins us will get an email about, you know, welcome to H&amp;M, and then just very briefly what you’re going to expect on your first day, what you need to bring with you, what the training is like, just small paragraphs, just so they’ve got a knowledge, and then a whole page on ‘Okay, as a company we have these seven commitments to sustainability’ and make it a real big focus. The booklet will all be in the classic red, black and white, but that page will be in green, and then we’re also setting up, one thing that I spoke about again after seeing you last time, we had somebody that’s really, really passionate about it in one of the stores, about recycling; she’s going to head a project group up called How to Improve the Image of Sustainability, like how to get people to buy into it. She’s going to be the project leader and then she’ll select somebody from each area and the call up centre and the DCs, ‘Okay, right, what can we do realistically that will make a difference, that the staff can get involved in?’ It’s going to be very staff focused. (UK2EMP)</p> <p>Yes, I think so, yeah you know, because I think the face of Karl-Johan is really known to almost all H&amp;M employees, so it’s from media and the name and you know, it’s all then we get the letter you know, and Karl-Johan is writing even more you know, then he’s writing a Conscious letter and all these things, the people are really aware of who he is and he’s very you know, in their daily lives since they have the Conscious information almost everywhere and the explanation was like, I talked to a girl in the store, she said, “it’s really funny when we got the letter, so we all had the feeling like this is really important and we felt that it’s not only blah, blah, that it is really something”... So they got a letter...From Karl-Johan, he wrote a letter, Conscious letter when we started the collection, to sell the collection in-store and he said, “okay, this is really important, it doesn’t matter what you do in H&amp;M but Conscious and sustainability are really part of our daily life and whatever you can do to improve things at H&amp;M you’re welcome to tell us”...GE2EMP</p>

	<p>“To show our appreciation to all employees who contribute to H&amp;M’s success we have introduced an incentive programme that includes all employees in all countries on the same basic principles.”  <a href="http://about.hm.com/en/About/facts-about-hm/people-and-history/working-at-hm/HIP.html">http://about.hm.com/en/About/facts-about-hm/people-and-history/working-at-hm/HIP.html</a>)</p>
Identity affirmation	<p>“H&amp;M named as a 2014 World's Most Ethical Company. On March 20 the Ethisphere Institute, an independent center of research promoting best practices in corporate ethics and governance, recognised H&amp;M as a 2014 World’s Most Ethical Company®. This is the fourth time that H&amp;M has been honored with this award, which recognises organisations that continue to raise the bar on ethical leadership and corporate behavior. World’s Most Ethical Company honorees understand the correlation between ethics, reputation and daily interactions with their brand and that the award belongs as much to their associates as it does to them. H&amp;M is one of only three companies in the Apparel industry honored this year. “The entire community of World’s Most Ethical Companies believe that customers, employees, investors and regulators place a high premium on trust and that ethics and good governance are key in earning it,” said Ethisphere’s Chief Executive Officer, Timothy Erblich. “H&amp;M joins an exclusive community committed to driving performance through leading business practices. We congratulate everyone at H&amp;M for this extraordinary achievement.” “We are very proud to be named as one of the world’s most ethical companies this year again. It is a great recognition of H&amp;M's strong ethical approach," says Karl-Johan Persson, CEO at H&amp;M” (H&amp;M Press Release, 25/3-2014)</p> <p>“I think, I mean, the family’s always been involved in H&amp;M, no question about that, and I think that it rolls through the family very closely, but of course it’s different when the family... a family member says that, OK, you know, we’ve been doing this since ’47 and we’re gonna do that another 60 years. It’s super strong and you can really feel that long... talking about sustainability and having that long term view, and I think as an employee for H&amp;M, it feels really good that, you know, we’re not only chasing the short term, we are really thinking long term. And you know, any CEO can say that, but of course it’s different when you’re family owned, for sure”  (US6EMP)</p> <p>“...we have some forms of what we’re using but of course I always adapt that to the question or to the comment and most of the time it’s that H&amp;M don’t support or don’t tolerate child labour. We, if you would like to hear more about it we have some information on our CSR page and recently I also added that H&amp;M work together with UNICEF and there is an interview from Karl Johan and UNICEF so this is a kind of neutral link because I linked to the UNICEF page and also to the Reuter report regarding, it was on June 10<sup>th</sup>, regarding</p>

	<p>that H&amp;M met all ten criteria regarding fighting child labour. So, and I also linked to that Reuter report since this is also a kind of neutral source that people can read something and it's I would say, it's good that we have supporting links like that..."GE8EMP)</p> <p>"I think increasingly it is [sustainability part of H&amp;M], yeah, I think that maybe now there's a greater awareness of the things that we had been doing perhaps all along or for a while, but I think it is, I mean it was rolled out with our new value structure, so that makes it a lot easier for it to naturally be a part of it and when we have the big campaigns, I think that especially supports what we've been saying internally. So when we have the Colours campaign which has a lot of recycled fibres and then when we have the Conscious campaign and then when we roll out the Conscious Action, I think all of that stuff really helps to push us in that direction" (US5EMP)</p> <p>"I mean there's a lot of different factors in the sense of someone that's very educated in let's say organics, when we had our Conscious Campaign, I mean people were really ecstatic about it because we worked with a lot of bloggers to actually get the news out and then once people found out like 'hey that's, you know, you guys do so much' I think then the positive news starts to travel, and that's a good thing. But then you know, you have those people that really care about the environment and then those that really care about fashion and then, so I mean I think for us to take one part of it was say the Conscious Collection is a great, is a great way to educate the fashion people to the, you know, the conscious side and then vice versa. " (US1EMP)</p>
Identity protection	<p>"It makes me proud to know that I really believe in the product I'm selling, and the culture, and what especially makes me proud is that I can work for a company that does not say, "We're perfect", and I really enjoyed reading all the messages I had to, you know, communicate to stakeholders, because we never would say, "There is no child labour", we never would say, "There are no violations of our code of conduct whatsoever, but we do our best. You can read it here, here, we're open for feedback", and this makes me proud because I can really... there were some times when the store from beneath called me and said, "We're from TV team here, come down", and I was always, I mean, I was excited to talk to them, but wasn't afraid that they kind of would find out something I have to hide, so that really makes me proud, yeah". (GE3EMP)</p> <p>"... now we feel the need that we not really shout it out but we need to inform people, and that we constantly need to inform, and if we do good things that we really can be proud of it and tell it, so that's the thing because otherwise people don't believe you, it was kind of you know, reactive PR so we get kind of accused for whatever, chemicals I think, bad working conditions or child labour, but you know, this is not the issue anymore so you know, it's like, and every</p>

time you give out the information, what we do and that we have the sustainability report, everybody is free to see how much cases really of child labour we found in a year and so on, and that you can look up all these things, it's then people say, "oh, really, I can do this, wow!". (GE2EMP)

"But I think, you do run a risk that you have to make, if you are going to talk about it, you have to make sure that you're not going to be exposed to any negative connotations because that will undo all the good work that you can start to do by talking about it. But, yeah, I mean, it is still, and, I mean, I think consumers are, you know, they're becoming more aware of it but they're still not demanding it. So it's not, it's not an absolute necessity but I think it will start to set us apart and become this sort of differentiating point, you know, not only in the marketing strategy but in a sort of positioning strategy as well, in the market place and, you know, if we can move ourselves away from the likes of (COMPANY) and (COMPANY) that are, you know, in a sort of similar kind of price point, we're sort of slightly above them, but people do class us in the same sort of, sort of bottom end in terms of pricing, if we can sort of differentiate our way from there then that will be a good thing to do, and just try and become more accountable really." (UK6EMP)

In this chapter I have presented my methodological foundation, methods of research and data analysis process. The next 3 chapters present my findings and results from data that emerged from the analysis process. The findings are divided into three chapters. Chapter 5 presents the findings related to barriers to adopting a sustainability-focused identity; chapter 6 presents the findings related to tensions that arise in the process, while chapter 7 presents findings on identity work performed to manage, negotiate and resolve barriers and tensions.

## **Chapter 5**

### **Findings and results from data:**

#### **Barriers to adopting a sustainability-focused identity**

##### **Introduction**

In the previous chapters I have discussed and explained the theoretical and empirical framework through which I attempt to answer my research questions. The next three chapters present the findings and results from the data analysis process. The data analysis process identified three overarching themes, or aggregate dimensions: These are 1) barriers to adopting a sustainability-focused identity, 2) tensions arising in the process and 3) identity work employed to manage and negotiate barriers and tensions. Table 4.3 in the previous chapter provided an overview of the 1<sup>st</sup> order codes and 2<sup>nd</sup> order themes leading to the conceptualization of the overarching themes. The three chapters presenting the findings and results from data are based on these three overarching themes.

The empirical data that is the foundation of my analysis in this chapter and in chapter 6 was primarily collected through 2011, whereas the analysis in chapter 7 on identity work is based on data collected in 2011 and in follow up interviews in 2014. The journey of constructing a sustainability-focused identity at H&M however, started back in the mid to late 1990s. This process, leading up to interviews in 2011 and outlining how H&M got to the point where sustainability became such an important value and key referent that it led to a desire to construct a sustainability-focused identity, will be outlined and discussed below. This provides an overview of the time frame for my study.

*The process leading up to a sustainability-focused identity construction process*

In the previous section, I have described my case company and the extent to which H&M has engaged in sustainability. However, why did this process of sustainability engagement take place leading to the current situation where H&M is aiming at constructing a sustainability-focused identity? When H&M was established in 1947, sustainability was not on the agenda anywhere – the concept did not exist in the meaning it has today, nor did CSR. In 1947 H&M was a Swedish family company with a focus on establishing a sound business first and foremost in Scandinavia and then expanding at a good pace in Europe. In retrospect, H&M already had socially responsible and sustainable values from the beginning and a heritage to build on. During the 1980s the Swedish government introduced substantially higher taxes in Sweden and the tax increase for companies led other Swedish retailers, such as IKEA to move headquarters in order to avoid the tax increase. H&M, however, decided to keep their headquarters in Stockholm and thus pay company taxes in, Sweden thereby meeting what the family perceived as their responsibility to Sweden; this decision has had significant positive influence on the company's reputation in Sweden, compared to other Swedish companies that decided to move their headquarters in order to save on taxes (Pettersson, 2001).

During the 1970s, 80s and 90s H&M grew from being a local retailer to a European retailer, and the supply chain became more complex. It was no longer possible to maintain control and an overview of all suppliers and during the 1990s the environment around H&M changed rapidly. NGO's and consumers started criticising the business model and the way the products were produced. The criticism culminated in a Swedish documentary aired in December 1997 accusing H&M of supporting child labour in the Philippines. Prior to the documentary H&M had already commenced CSR work: The first sign of H&M's CSR policy

and actions was a restrictive chemical list launched in 1995. Furthermore, prior to the documentary, in 1997, H&M launched their Code of Conduct, which was so comprehensive that it is still in use today with minor changes. The Code of Conduct and restricted chemical list marked the beginning of the journey to becoming sustainable, a journey that H&M has been on for almost two decades. It is reasonable to claim that the journey was spurred by the anticipation of regulatory frameworks in regards to chemicals and working conditions, and spurred even further by external criticism and external stakeholder expectations; initially a risk management approach as is the case for most fashion and apparel retailers making changes to their business conduct in the mid to late 1990s. In this respect, H&M was quick to adapt to regulatory frameworks and expectations as they were one of the first fashion retailers to introduce both a chemical list and a Code of Conduct. However, it is also reasonable to assume that the company were meeting expectations because they already had a sustainable and socially responsible mindset and strategies in place to react before institutional and regulatory frameworks forced them to change. Because the company have had socially responsible values as part of their heritage, it has led the company to remain on a sustainability journey, doing more than what they are legally obliged to do and striving to be the frontrunner in sustainable fashion. As the current Head of Sustainability explained, being of Swedish origin may also play a role; like other Scandinavian countries, unions are commonly accepted as part of running a business, an instinctive respect for nature underlies the Scandinavian cultures as does socially responsible values, circumstances that has led to the coining of Scandinavian CSR (see Strand, Freeman & Hockerts (2014) for a detailed overview). The changes and CSR tools such as the Code of Conduct were implemented in order ensure a more sustainable supply chain and systematize changes, but according to the Head of Communication the tools and actions were not primarily intended to be part of corporate communication, but to ensure that

the company behaved responsibly throughout the supply chain and in line with the company values. The company were transparent about their CSR activities in the mid to late 1990s but did not communicate them to same extent as today. This approach to sustainability and CSR – referred to as implicit CSR (Matten & Moon, 2008), is not uncommon among European companies. Historically, Europe has had an implicit approach to CSR while its American counterparts have had an explicit approach. The explanation, according to Matten & Moon (2008) may be found within the institutional framework in Europe that has led European companies to include CSR measures implicitly. This implies that European companies like H&M historically have tended to communicate less than their American peers on CSR.

Despite not communicating about its CSR activities on a consumer level to a high extent, the CSR department expanded significantly during the late 1990s and 2000. However CSR remained an implicit aspect of H&M that wasn't advertised or communicated as something central or unique to the identity of H&M. However, during the mid-2000s, the CSR department expanded significantly parallel to the expansion of CSR activities that the company engaged in. Contrary to the tradition of primarily recruiting from within, the expansion of the department and a more comprehensive sustainability program required new competences and experts within specific areas of sustainability. The CSR department has expanded from a few employees to more than 100 employees globally. During the 2000s the goal was to meet the demands of external stakeholders and develop the competences to drive CSR initiatives. This implied moving a large proportion of CSR employees to producing countries, where they were responsible for auditing factories and ensuring that the Code of Conduct was adhered to. H&M furthermore expanded the number of CSR initiatives it took part in, such as multi stakeholder initiatives, roundtables, industry peer interest groups.

The goal was to do well, and be ahead of potential regulatory frameworks, and within the CSR community and the fashion industry H&M gained a reputation for being among the leaders in the fashion industry.

By 2009/2010, a new CEO took over and in 2010 a new Head of Sustainability was in place. This is significant because these two changes in corporate management correlate with the journey to become a frontrunner within sustainable fashion and the desire to make sustainability a central feature of the organization's identity. The goal and identity claim was first made in the 2009 CSR report, where it was stated that H&M's aim was to make CSR part of its DNA. This was later followed up and declared in more detail. The shift is also significant because of a related event or strategy - changing the CSR department from having responsibility for CSR and sustainability activities, to being a support and advisory function for other departments and country offices. This decentralization implied that all departments have responsibility for carrying out defined sustainable goals, not only the CSR department. The goal was furthermore set up to engage the entire organization in sustainability, a goal that was not possible as long as sustainability was 'merely' an add-on. By 2010 when the new Head of Sustainability took over, the focus turned to internal integration of sustainability across the entire organization.

Despite an internal focus on integrating sustainability, external events that affected H&M of course still took place and were dealt with. Some of these events dramatically affected both how the organization was perceived and how the sustainability program was shaped. While H&M was not necessarily involved in major external events relating to fashion and sustainability, it still affected the organization due to its size: because of its size H&M responded to all events that related to the business or the industry, despite not being part of it. Whereas the

mediated criticism of the mid 1990s may have spurred H&M to engage more in sustainability, the more proactive the company becomes in regards to sustainability and communicating about it, the more the increased transparency of how H&M works and conduct itself spurs media attention. This does not pose an issue for H&M as the company is aware that being a large retailer entails increased attention from the media and NGO's who try to get their message across, a message that is easier to get across of the targeted company responds. And H&M responds.

The biggest mediated events and internal events that took place between 2009 and 2011 are illustrated in table 5.1

**Table 5.1**  
**Overview of time frame and significant internal and external events**

<b>Year</b>	<b>July 2009</b>	<b>2010</b>	<b>October 2011</b>
<b>Internal events</b>	New CEO Karl-Johan Persson appointed	Head of Sustainability Ingrid Schullström steps down  New Head of Sustainability Helena Helmersson appointed  New CSR/sustainability program launched: H&M Conscious  H&M joins Sustainable Apparel Coalition  H&M launches incentive program for employees	H&M joins Fair Wage Network  H&M is globally the biggest user of organic cotton  Better Cotton Initiative Cotton is being used in production for the first time
<b>Research related events</b>		Workshops and informal interviews carried out at H&M HQ	Interviews carried out with employees and country office management in UK, USA and Germany

<b>Examples of external events</b>		<ul style="list-style-type: none"> <li>- Bangladesh revision of minimum wages (social unrest in Bangladesh in regards to this)</li> <li>- Media reports that some H&amp;M stores in the US trash garments</li> <li>- German media reports of contaminated cotton (GMO)</li> <li>- Garib &amp; Garib Factory fire in Bangladesh</li> </ul>	<ul style="list-style-type: none"> <li>- Mass fainting at factories in Cambodia</li> <li>- Greenpeace issues report “Dirty Laundry” consisting of a zero discharge and detox campaign. The campaign accuses fashion retailers of toxic water pollution in their production line</li> <li>- Over-consumption debates appear in the global media criticising fashion retailers for creating and encouraging consumers to over-consume</li> </ul>
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As a result of the increased focus externally and internally, H&M launched a new sustainability program and sustainability commitments in 2010 called Conscious. This was an event marked by increased communication internally and externally as well as special edition sustainable collections in store. These strategic actions are clear indicators of the identity change process that H&M’s corporate management fronts and will continue to front in years to come.

As this background implies, the road to the situation in 2011, where a sustainability-focused identity is central, has been long. H&M is not starting from the beginning, plenty of steps have been taken along the way leading up to it. If those actions had not been taken, a sustainability-focused identity had not been relevant to talk about. Another relevant point to make here is that the changes that H&M are embarking on, constructing a sustainability-focused identity, are part of a positive journey and identity change in the sense that sustainability is associated with positive attributes. It can therefore to some extent be expected to be embraced by organizational members. As Dutton, Roberts & Bedford note in exploring positive identities: *“The identity literature is founded on the basic*

*assumption that individuals, dyads, and collectives are motivated to construct identities that are infused with positive meaning*” (Dutton, Roberts & Bednar, 2009, p.4). While the reaction from organizational members to the increased focus on sustainability as a key identity referent is positive, it still presents some challenges to become sustainable. There are doubts, scepticism, confusion, clashes and challenges that arise in the process. Some of these perceived issues are of a practical nature and are barriers that can be overcome, negotiated and resolved by making some changes to practices and strategy. Others are grounded in fundamental and more socio political debates that create tensions and are much more difficult to resolve. Both corporate management and organizational members engage in identity work to manage, negotiate and resolve barriers and tensions. It is this process I will focus on in my analysis in chapter 5, 6 and 7 through “snapshots” taken in 2011 to 2014.

### *Structure of the chapters*

The findings and results from data presented in the next three chapters aim to answer my research question of what kind of barriers and tensions arise in the process of constructing a sustainability-focused identity as well as identify what kind of strategies and identity work are employed to manage and negotiate the barriers and tensions arising in the process of constructing a sustainability-focused identity.

This chapter proceeds with an analysis of the 3 barriers to adopting a sustainability-focused identity that emerged after the launch of the new sustainability strategy. I define barriers as obstacles that prevent progress. But unlike tensions, barriers are practical obstacles that do not entail paradoxes. The barriers identified are barriers related to information and communication, barriers

related to central control versus local adaption, and barriers related to organizational structure. This is followed by a chapter summary.

### **Information and communication ambiguity**

As mentioned in the introduction, H&M rolled out their new sustainability strategy - named 'Conscious' - in 2010. This was followed by increased communication efforts both internally and externally. It also marked the first time that H&M launched a sustainability information campaign in store which coincided with the launch of a sustainable collection. The campaign was executed by country office employees who were in charge of implementing the campaign according to guidelines. By the time interviews were conducted with country office employees in 2011, the campaign had been executed, enabling employees a retrospective perspective on it. The data indicated that employees at country office level had benefitted from the increased communication, in particular newer staff, as sustainability communication was now part of the introductory package about H&M as an organization. Sustainability was introduced to new employees as a central value in written communication, highlighted by the pages being the colour green, as opposed to the rest of the information package being on white paper. Included in the introductory program was also an online training program that communicated sustainability as a key identity referent:

...when I did my training there is a big section within there about our sustainability... Yeah. So I did, there's like an online training facility that we do and within that you watch videos and there is a bit in, and there is a large section in there about sustainability and about what we do as a brand to make sure that we vet all our suppliers and, because, obviously, we're not buying the raw materials but we're buying materials from a supplier, to make sure that that supply chain is as good as it can be. But it was always strange that, or I always found it odd that we were never really talking about it, were never really commenting on it and,

you know, if we do have something that is more sustainable then we should be talking about it... (UK6EMP)

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My data illustrates that disseminating a sustainability message to new organizational members in an introductory package has a positive effect on the sustainability message and how sustainability is understood and interpreted as a key value for the organization. Graphically highlighting sustainability content in the introductory package enables new organizational members to have an understanding of sustainability as a key identity referent. However, the findings also illustrate that such a message must be followed up continuously in everything the organization does in order to claim a sustainability-focused identity.

#### *Confusion in regards to the new sustainability program*

Though informants at country offices had a good understanding of sustainability, they expressed confusion in regards to the newly launched sustainability program. The confusion that arose related to the change of name from Sustainability to Conscious. This change was perceived by informants to confuse the message that H&M tried to convey:

I think the way it was done wasn't the best. Again, to call it the Conscious Collection, I think there could have been some more build-up to why it's called Conscious Collection, because... What does it mean, it's like 'Oh you're conscious about... what?' Conscious can be looked at that you're awake... Yeah, so it's a bit 'what does this actually mean', and I think sometimes we try to... we overcomplicate something that could be very simple, you know, so it could have just been called Eco Friendly or whatever, I can't think of a word, but no, I think we could have done it in a much better way. (UK2EMP)

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While efforts had been made to explain in detail what the new program entailed, it presented difficulties because the message was perceived by informants to be too complicated:

What's conscious? So, I mean, it's a good thought, but I think that Conscious Collection, conscious you don't... We've been making it a little bit too complicated in that sense for people to know what it was. And also internally, that both... you know, a lot of the material that we use and what we do have in many of them, it's quite complicated, to be honest, and maybe we have to simplify it a little bit and say, you know, "This is actually that we do, we do less of this or more of that, and we do... And we have more organic cotton, but we also improve the rest of the cotton," because it was so many different materials and hemp and this and reused water bottles... Yeah, but I mean, if you ask me, I think that we have to make it much simpler in the communication. So if we talk in terms of communication or a standard in communication, I take your point, it's a huge subject. And I think that we have to... we should communicate certain things that people know what it is, and then say, "OK, here is..." this we'd do better, to take an external example, I mean, it's like what is sustainable, first of all? (US6EMP)

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The findings illustrate the difficulties in communicating sustainability as a key identity referent. Sustainability is a complex knowledge area and organizational members throughout the organization are unlikely to have the required background knowledge to fully comprehend the complexities and nuances of the topics and actions related to sustainability. It is likely that this will be a general barrier relating to other types of industries and organizations as well, who are in the process of constructing a sustainability-focused identity.

The complexity of conveying H&M's sustainability-focused identity claims related to both external and internal stakeholders. When employees interviewed at country offices shared their perspective on the message being too complex, it was

a reference to being too complex for both retail staff (internal stakeholders), as well as consumers (the perceived key external stakeholder). These two groups of stakeholders were grouped together because retail staff are the direct link to H&M's customers. They were grouped because they are both perceived to represent a primary challenge in regards to becoming sustainable. Following this section, I will present the data related to external stakeholders, while the next section presents data related to retail staff.

### *Lack of external communication*

External communication was a recurring challenge for informants, as increased communication internally seemed to be misaligned with external communication efforts despite the increased level compared to previous times. While the majority of employees at country office level interviewed felt they had obtained substantial information about H&M's new sustainability strategy, communication barriers existed in regards to an external audience, affecting internal members' perceptions. According to employees, H&M had been slow in communicating externally about sustainability efforts and was not informing external stakeholders about sustainable actions to the extent that employees thought necessary, resulting in comments that the company should have started at an earlier stage:” *...but I think we should have started earlier communicating things you know, it was kind of an understatement that we do things and I mean everybody in the textile industry and so on knows ...so, but you know, it was like for, not for the customers you know*” (GE2EMP)

While industry peers and insiders may have been aware of H&M's efforts, the key challenges in regards to the lack of external communication related to how H&M compared to competitors and thus image, and how consumers perceived H&M's sustainability efforts. Again, employees compared H&M's communication efforts

to those of other retailers, and the perception was that H&M was left out or lagging behind compared to others, because communication did not take place at an earlier stage. The perception was illustrated in the following types of comment:

...I think there's occasions where other brands maybe make more of a point of it in store, if they have a special collection or if they're doing something a bit different, whereas I think sometimes we've done and we have done for a long time, like the WaterAid Collection, which we've done for years, and it's only now really that we're actually trying to externally communicate a bit more with the consumer and actually say 'This is what we're doing and this is why'. Before it was just a couple of random bikinis with a swing tag somewhere, it didn't really mean anything... (UK10EMP)

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The slow or hesitant external communication led to a fear of being accused of green washing; when H&M started to communicate externally about sustainable commitments it was perceived as somewhat disconnected from the company image and values. Thus, despite being aware that H&M had sustainable actions in place, and most likely to a larger extent than competitors, employees feared being accused of green washing and sustainability not being a sincere value because the company did not communicate it at an earlier stage:

It's something, I wonder about it as well because when we started the last Conscious Collection here in the stores and of course we promoted that. And I remember the bus we had on our Garden Collection, on the first Conscious Collection, that was really, we didn't say anything about it and it was a big, big topic on fashion blogs and everything. It was really huge without doing anything, without promoting, nothing, we didn't do anything, it was really big and when we started here, it was a fashion, the Conscious Collection in the Spring, of course the Press Department provided information, what's it's made of and so and so and the blogs took it over, yeah, okay, yeah, hmm, could be green washing, so not all comments were positive about it. (GE8EMP)

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The fear of green washing accusations expressed by informants emerged because communicating about sustainability has built in dilemmas: on the one hand, informants wanted H&M to communicate more to an external audience about its efforts and being recognized for ‘doing good’, on the other hand, there was an awareness that communicating more would also lead to being scrutinized more by external stakeholders such as the media. Informants expressed that a result of this dilemma for H&M was, despite there being a comprehensive sustainability program to communicate, communication ended up as incoherent, lacking ‘a red thread’:

I think it's people can be quite cynical about green washing and that we're just, it's more like a marketing kind of...and I think as well because we haven't been as a company even though we've been doing so, so much here in the UK, (COMPETITOR COMPANY) is very much seen as at the forefront because they're so good in terms of communicating what they do in their store, they really do have what we call a red thread through everything which we cannot be so good at I think, we're getting there but we haven't been so vocal about what we're doing, of course that's starting and I think it's really exciting this year to see (UK1EMP)

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Such expressions were related to events and experiences taking place during the execution of the new sustainability campaign. During the execution, informants at country offices experienced and perceived that initial ideas were withdrawn or toned down, because it proved difficult to communicate a sustainability-focused identity without claiming too much and without interfering with the existing marketing strategy that was based on image and price. This issue was felt in both country offices and the headquarters during the execution of the campaign:

So it was a little tricky because we got so, I think the HQ, the first initiative was really big and they wanted to do like a hey we're sustainable company, we have all these conscious actions and there was a big plan but then it was narrowed down to like they

skipped a couple of formats and they said we can't say 100% sustainable, we can only say more sustainable than... And then in the end you know we questioned a little bit whether we should really produce flyers to tell people about our sustainable actions 'cos then we produce paper and use paper, but I know... so from a marketing perspective like I don't think...H&M normally don't want to say a lot in our advertising, we just want to have a great price and, you know, a description of what it is it's hard to get across a sustainable message because either you have to almost do it full on and like write a little bit about it in the ads and when you communicate to the people, if you only write recycled polyester one time a year on our billboards or on our TV commercials, maybe in the long run it will help some people associating H&M with sustainability but it was a one-time action that I don't know if it... for sure think it helped us internally to understand it, to realise that we are working with...(US3EMP)

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The findings illustrate that increased sustainability communication can lead to increased scrutiny which in turn leads to increased concern about green washing amongst organizational members. The concern arises because organizational members are not necessarily involved in sustainability actions and because organizational members have a need for sustainable actions, identity and image being aligned.

#### *Sustainable collections and materials cause communication ambiguity*

The external communication in store was primarily focused on the sustainable collections being launched as well as the materials they were made of. On one hand, the sustainable collections provided an appropriate way of communicating sustainability internally as they provided a way of making sense of sustainability as a new identity referent; they were visible on all markets, with hangtags explaining why they were sustainable, what sustainability is about and they were tangible. However, the sustainable collections had a built in dilemma: they also implied that H&M's sustainable engagement only related to these special edition

sustainable collections, which could be misconceived as these collections being the only sustainable actions taken by H&M. Statements indicated that such relations – between a specific collection and sustainability - would undermine the perception of a sustainability-focused identity as the actions taken were too limited to claim a sustainability-focused identity:

I would say very few [know that sustainability is about more than the conscious collection], not to the fact that it hasn't been spoken about but it's also how you speak about it and to what detail, so how did you back that up then if you have a desire to be, not leave a footprint as the famous you know, saying goes, I don't wish to leave a big footprint on the earth, okay so what are you doing, what are you doing with shipping, what are you doing with transport, what are you doing, like are most people aware now that we try and put things more on trains than we do actually put into a truck, and then why do we do that. (US2EMP)

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Another issue arising with the communication related to the sustainable collections was that recycled polyester was a dominant material in the collections. It was particularly the emphasis on polyester being a sustainable material that was disconnected from employees understanding of what is sustainable and what is not. This finding related primarily to the British and German markets where informants perceived polyester to be a non-sustainable material and difficult to market as sustainable to consumers despite being made of recycled material:

...because we have green hang tags, so anything that is sustainable, we hang that on there. It has the material on there and, obviously, it says recycled polyester on there, and I, I don't know, again, purely anecdotal, but it just feels to me that people are looking at it and like, 'Yeah', because, even though, I bet seventy percent of people's wardrobe has got polyester in it, it's not advertised outwardly. So I think there's a balance between talking about sustainability and the kind of language that we use in making sure that it is a really, really positive message because recycled, I think recycled fabric or recycled material has got a sort of a better feel about it than polyester. Polyester is manmade

anyway so for it to be recycled it's, I don't know, it just doesn't sit well with me. (UK6EMP)

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This finding illustrates that while collections and products may be representations of sustainability, they can be perceived as inappropriate representations because what they represent is not aligned with how organizational members perceive and understand sustainability. However, representations of a key identity referent are also likely to communicate the message better because they make sustainability more tangible for organizational members.

The communication barrier expressed by informants presented here related primarily to an external audience. The issues related to barriers caused by external communication emerged because informants perceived the communication to be missing at an early stage where competitors were already communicating externally about sustainability, and because informants perceived that the communication should be stronger. The perceived lack of communication became a barrier because informants expressed a need for H&M to be recognized for the efforts taken in regards to sustainability: if the company does not talk and communicate to an external audience about all the sustainable efforts that are important internally, the company will not receive recognition for it. H&M may be recognized by industry peers for its sustainability efforts; however as an external stakeholder, industry peers count less than the media and consumers. It is those two groups of external stakeholders that were singled out because their opinion related to H&M's image. Thus, H&M's image was at stake when sustainability was not communicated as a key identity referent, but communicating sustainability as a key identity referent had challenges that H&M was trying to manage at this point.

## **Barriers related to organizational structure**

Simultaneously with the launch of the new Conscious sustainability program in 2010 and increased external communication about H&M's sustainability efforts, sustainability information aimed at retail staff was increased. The internal information consisted of a training program and other forms of information about the new sustainability focus, including a personal letter from the CEO as well as a booklet about H&M's sustainability program. The information was increased to retail staff for two purposes: First of all to disseminate knowledge about sustainability being a key identity referent to the group of internal members that are the hardest to reach, and secondly to ensure that retail staff were equipped to answer potential questions from consumers in regards to sustainability.

### *Challenges reaching retail staff in regards to knowledge dissemination*

Retail staff constitute the largest percentage of H&M employees. They do not have direct contact with HQ in Stockholm and instead they have daily contact with area managers as well as country offices. It is, however, only store managers that are in contact with country offices. Retail staff are comprised of store managers, floor managers and sales advisors. A large proportion of retail staff are part time staff, and working at H&M for a limited period. This is not unique for H&M but applies in general for the retail sector. There were a number of challenges related to this organizational structure, and reaching and communicating to retail staff was perceived by informants to be a significant barrier to adopting a sustainability-focused identity.

The first challenge was related directly to the structure of the retail staff level: the fact that a large proportion are part-time employees, not on permanent contracts, but passing through while they study or for other reasons. Engaging part-time or

temporary employees in sustainability was a challenge in itself, leading to retail staff having less of an interest and knowledge about H&M's sustainability focus.

The second challenge related to the lack of time among retail staff; due to a heavy workload in stores, retail staff rarely had the time to obtain information on new aspects of the business, but needed to focus their time on their day to day tasks:

You know every store is different but if they follow the routines, you know. I know there's some discussion on whether they could, I'd expect them to look at stuff at their break or not but I know as of now it's not part of their day or they're not scheduled to have to read this, even the shop info. It's a challenge that I have too because we're trying to get people to read the shop info that go out. And you know, we had a focus group for shop info and everybody that came, they were recommend by their manager, like the district managers and these were all people that were totally into H&M, totally into, you know, so they read the shop, they read everything because they care. You know and how do you get someone to care, you know what I mean so I do feel there could be some more time set aside for more regularly scheduled presentations about the materials and things. But even with the shop info, I said "Well why can't we, you know, make it fun, I mean if it's going to affect the selling then so many people are going to have more knowledge, why not set aside a time but then it cuts into, you know then it cuts into sales and schedules.  
(US8EMP)

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The third challenge related to the communication tools available to put forward the idea sustainability was a key identity referent to retail staff. These tools were limited because retail staff did not have access to computers in their workplace. In order to overcome this barrier, H&M introduced various types of communication tools: A training program for retail staff which included a section on sustainability (the training program covered a variety of aspects of fashion retail and retail staff offered 15 minutes of training daily), a leaflet to be handed out to retail staff, a

personal letter from the CEO introducing the new sustainability program and explaining why it is important to H&M as an organization, Wallpaper, a newsletter hanging on the wall backstage, and stickers in store with information targeting both retail staff and consumers. H&M provided substantial information, yet despite these significant efforts, reaching and disseminating knowledge about sustainability to retail staff remained a challenge:

So I think that that's really, what I found with sustainability is that we've had lots of information through lots of channels so far, and it's clear that it's a real focus and... It's clear that all functions are working on, and working with, the topic of conscious, our sustainability. What I do find is that we, you might get a little bit of information through marketing, something else through press, something else through HR, something else through merchandising, something else, and it doesn't actually feel that there's, necessarily, a synergy to this and I think that it's important that conscious and sustainability is throughout all parts of the business, however, I think that this feels something far newer that we're working with now, and for us to launch something, it needs to be launched in a single way, so that then, how it branches out, so that it's, so it's clear who's responsible for what as well because for us to actually... so that it doesn't become something that we just do, and we just start, that we actually maintain it and we sustain it, because I think that education is one thing but how we keep this alive and part of the daily fabric of our working and being, within the company, is something that's got to live much longer than an education package that you get on day one. So I think that that's where we have a big opportunity. We've tried to consolidate information, drive it through one channel, but it does feel like it's coming from everywhere, a lot of it, at the moment. (UK7EMP)

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While informants acknowledged an increased level of information, the challenge that was experienced in regards to external communication was also experienced in regards to internal communication: the lack of coherence and a key thread running through the message.

This finding raises an important question: In order to adopt a sustainability-focused identity, must sustainability be embedded in the entire organization? If this is the case, then for global organizations with numerous organizational layers and in particular a retail layer, this would then pose a barrier to adopting a sustainability-focused identity as the communication channels that are traditionally used throughout the organization are not available at retail level. What I, furthermore, identified in my data is that organizational members need to see the logic and coherence in the communication and actions they are presented with, which is referred to as a 'red thread'. This is of particular importance for organizational members whose job it is to execute new guidelines that they have not defined themselves.

#### *Sustainability disconnected from retail level*

Another challenge emphasized in this regard was that sustainability at this point in time was not part of daily life and activities in the organization and not weaved into the fabric of the organization (Hamilton & Gioia, 2009). These findings pointed to the role of ingraining sustainability in daily life and how things are done in order to construct a sustainability-focused identity. In order for sustainability to take hold, it had to be part of the daily activities and routines of all organizational levels. This also applied to physical signifiers and artefacts representing sustainability. Besides not being ingrained in how things were done and daily routines, retail stores and staff areas were perceived by informants to be disconnected from sustainable values: There were no signifiers or indicators of sustainability available to retail staff in the physical surroundings:

I think it needs to be included on the training a lot more. I think newsletters or if it's included on the wallpaper magazine or, sorry on the wallpaper or if there's just posters that can be made that

can be put in the stores, like what we want to achieve and how we're getting there, and how you can make a difference. Because I think it's alright saying "we want to cut carbon emissions in the company by twenty percent", okay but how can I help do that?  
(UK2EMP)

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The observations carried out in store support the findings that sustainability had very little presence at retail level, both back and front stage. Retail staff did not have access to information to the same degree as country office staff. They did not have access to computers, there were no communication channels other than Wallpaper at the back stage areas and informal interviews with retail staff further supported the finding that they had limited knowledge on sustainability issues. They did, however, receive substantial training on sustainability issues and the booklet provided to all members of staff contained a variety of information on H&M's sustainability focus, as well as relating sustainability to retail level. But despite these attempts to overcome barriers created by organizational structure, country office employees perceived this to be a significant obstacle.

The finding illustrates that connecting sustainability to local organizational levels and physical surroundings is key to adopting a sustainability-focused identity. Making an identity referent visible and tangible enables organizational members, who do not have resources available for obtaining knowledge through traditional channels, to make sense of what the new identity referent entails. Thus, utilizing physical surroundings may aid the process of constructing a sustainability-focused identity throughout organizations with multiple organizational layers and in particular in regards to retail level.

*Retail staff do not have time to engage in sustainability*

As previously mentioned, lack of time on a daily basis amongst retail staff were perceived to present a barrier to disseminate knowledge about sustainability.

Informants from country offices are often recruited from within and therefore have retail experience. Furthermore, country office employees are encouraged to help out in stores for a few days a year. During these days, and from their experience, informants at country office level had encountered the hectic daily routine that retail staff are met with every day; such a hectic job does not leave much time to adopt new knowledge:

I think there's is a bit of a gap in terms of probably internally now what we were talking about, I mean we know everything that we do but I don't think our customers or even our store staff... we're getting a lot of information and our stores are very, very busy, we have you know, we've been watching you know, staff hours and costs etc., so I mean we recently closed the office for us all to go and work in the stores, which we do quite frequently, and you really realised how much, how busy the stores are, how hard it is for them just to process a delivery, and of course their focus is on selling and running the stores so it's, I think it's a challenge to try and to get them to engage in sustainability and what it's about, and to educate them so they can in turn pass on the information to our customers, and so they feel comfortable talking about it, because there's a lot of new materials we're using, there's a lot of facts, we talk about our seven Conscious Actions Commitments, but we have so many, we have the H&M Values, we have the five Basic Demands, it's like another thing for the staff to remember, and it's quite complicated really...(UK1EMP)

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The overload of information targeting retail staff related to a barrier in regards to the communication about sustainability that was perceived as a barrier in general: the material was perceived to be too complex. This was in particular a concern raised in regards to the training material presented to retail staff. While it was recognized that sustainability is a complex issue, concerns were raised as to whether it was too complex for retail staff to comprehend considering that they had not been exposed to sustainability material previously:

Yes. But I think, I mean, sometimes, when I see, for example, our education, sales advisors, what we're giving, you know, it's very good information but it can be... it's almost shooting over the target at times for the sales advisor because of what you're saying. So all that is very valuable, but it's almost that we could have made it a little bit simpler there, and that information can be used also to maybe be doing more advanced sales training for people who have stayed with us for a longer time and want to move on and want to grow and want to know more about customer psychology. Because, I mean, we even have things like that, this is how the customer thinks, if you say this how do you make them pick up a second thing. Quite advanced things. And at times, it's all very good information, but there I think, you know, our staff have difficulty saying hello sometimes to the customer. We're there, you know, we're not that advanced yet. So at least for our sake, it has to be... but it could be more to say that, "Did you know that H&M is really striving to improve... really making sure that we're better than our competition when it comes to the environment?" or when we do this. OK, yes that I remember. So it makes me feel a little bit more empowered and a little bit more... I know what we're all about. (US6EMP)

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This finding illustrates that despite increased information, a barrier to adopting a sustainability-focused identity throughout the entire organization is lack of time at retail level. This finding is likely to pose a general barrier to various types of retail organizations, as retail jobs entail working on the retail floors and serving customers, which prohibits time spent on getting acquainted with sustainability.

The findings on barriers related to organizational structure presented here are significant for a number of reasons. Retail staff comprise a large percentage of H&M employees, and in order to obtain a unified sustainability-focused identity, sustainability must be recognized as a key identity referent amongst this large group of staff. At his point in time, retail staff had received substantial information and a training program has been introduced on sustainability; however sustainability was not weaved in to daily life and routines on retail level. Adding

to this was a hectic daily life leaving little time for reading about sustainability. At this point in time, there were no sustainability signifiers at retail level as opposed to country offices where signifiers were present in communal areas, though there was ample opportunity to utilize back office space and communicate through alternative means. While this may seem trivial, having actions, routines and physical signifiers present in the surrounding environment enables employees to make sense of sustainability as a new identity referent and relate it to something tangible and relevant to their daily life.

### **Central control versus local adaptation**

In order to maintain a coherent brand and organizational identity across all markets, H&M had guidelines in place to ensure that the identity was expressed and enacted coherently on all markets. In order to maintain a coherent brand, strategies and decisions in regards to a majority of aspects of the business are taken at the headquarters in Sweden which then communicates guidelines to country offices. Country offices are then in charge of interpreting and carrying out guidelines. This brand strategy approach is employed by a variety of global retailers, where the brand universe and brand experience are the same on a global scale.

*Solutions must be similar in all markets in order to maintain coherent identity*

The centralized decision making process was subject to frustrations in local markets as it was perceived as restrictive, leading to comments such as: “...*I think sometimes it’s, you feel like you’re just being told ‘no’ because that’s just the way that is, and it’s tricky because you want to try something new..*”. (US1EMP).

Although the centralization was a frustration for country office employees and a barrier to enacting sustainable values, employees tended to understand why a coherent brand and thus coherent actions and communication were necessary.

Statements acknowledging the need for a coherent brand justified the central control with size of company: “...and some things come from the headquarter and they say ‘you have to do it;’” and you can’t do this in Germany, and this is the confusion to see how can we do it or can we manage it or not, and it’s a bit difficult sometimes. But that’s it if you work in such a big company with so many markets and so different markets so...” (GE1EMP). Despite understanding why it can be necessary with a unified brand and coherent actions on all markets, it was a barrier to local actions that posed a challenge for informants, who expressed a need for more autonomy in order to carry out tasks:

Yes, sometimes, I think it’s the... I think okay in Sweden it’s the headquarter and they have ideas and I think the most problem is, or the biggest problem is that countries are different and for example we here in Germany have other challenges like maybe in Sweden for example with the demographic change and so we have to have our own solutions for some things. But I don’t know if Sweden knows that, it would be necessary to do it different in every country because so when we do that it’s not central, it’s every country is doing his own thing. Of course it’s hard and it’s a challenge to have all in one hand, if every country does his own. So on the one hand it’s necessary that their ideas come from Sweden for the whole company but on the other side we should do our own in different things. (GE9EMP)

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*The majority of decisions are taken at HQ, leaving little local autonomy*

The centralization of decisions was particularly noticeable for employees at country offices in regards to communication about sustainability; markets where local competitors had been communicating about sustainable values for a longer period of time led to employees expressing the feeling of being left out, giving them a disadvantage in regards to sustainability or inhibiting them in expressing their identity:

Yeah, well, I think we’ve wanted to talk about it for a long time because..., all of a sudden they’ve sort of said, “Okay, now we’re

allowed to talk about it” and it does feel, it feels like, you know, a lot of our competitors are already doing that and have been doing it for a long time and they’ve got, and they’ve got sort of heritage of doing that now. (COMPETITOR COMPANY), for example, has got a thing called (SUSTAINABILITY STRATEGY) and, you know, that’s kind of really embedded into their communications strategy and probably quite embedded into their culture as well. We’re at the kind of very start of that journey and so it doesn’t feel that integrated into our culture at the moment, from my point of view, I think as we kind of go on and we have more collections that are more sustainable and that raises the profile, externally as well as internally, I think we will start to become more aware of what we’re doing and what we’re saying. (UK6EMP)

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On markets where partnerships with charities were used as a signifier of sustainable involvement and sustainability-focused identity, such as the US and UK markets, the lack of local adaption became poignant. Competitors on these markets were seen to promote or communicate sustainable involvement through charity partnerships that H&M on local markets were not able to engage in. The lack of engagements in charity partnerships were barriers to adopting a sustainability-focused identity because the engagement expressed such an identity to external stakeholders and was visible to external stakeholders in a way that other sustainability actions were not:

I think, because we were discussing here as well that we feel that we could have better charity partnerships and be more relevant for our market as well you know, because for example we haven’t, we have worked with breast cancer charities in the past here which for our main audience that’s a really... Yeah, but the reason we didn’t pursue that was unlike UNICEF or Water Aid there isn’t a global breast cancer or cancer charity so it’s very hard for us to produce global material for all our markets so we haven’t done that, but I think there’s a huge opportunity out there to really steal the fashion sustainability side of things, and we’re doing so much already it’s just how we...(UK1EMP)

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This finding illustrates that a barrier to adopting a sustainability-focused identity is autonomy in local markets. On a local level, expressing a sustainability-focused identity is central to feeling or perceiving the identity to be sustainability-focused. Another relevant point found in regards to barriers related to central control was that H&M does have global campaigns and partnerships with charities, but the majority of sustainable actions were focused on challenges and aspects in the supply chain. This finding suggests that barriers arise when the overall sustainability strategy is focused on larger issues in the supply chain, issues that relate to water scarcity, resource scarcity, CO<sub>2</sub>, and working conditions and not to local sustainability issues. In my case, these issues tend to have less of an impact on country office level where the production of garments is not in focus. Such findings and statements point to relevant tensions that will be discussed later: What does the concept of sustainability entail and how relevant was it to local country offices.

### **Chapter summary**

This chapter has presented findings related to barriers to adopting a sustainability-focused identity. H&M's sustainability journey and desire to make sustainability a key identity referent did not happen overnight. It was, and is, a process and journey that has taken place over two decades, building on the heritage and values that the company was founded on. During those two decades, the company incorporated an extensive sustainability program and sustainability actions, collaborated with external stakeholders and built an organizational structure where sustainability carries equally important weight as other areas. Without this structure and a program in place, there would not have been a foundation for taking the step of constructing a sustainability-focused identity. In order to take the next step, H&M launched a new sustainability program and, along with this, they increased information externally as well as information and other measures

aimed at ingraining sustainability internally. As sustainability is a value and identity referent that is associated with positive attributes, it could be assumed to be embraced and adapted to by organizational members. However, despite great efforts and logical assumptions, it still faced barriers in its introduction.

The data analysis process identified three barriers to adopting a sustainability-focused identity at this point in time. The first barrier related to communication ambiguities and the importance informants put on communicating sustainability as a key identity referent to external stakeholders. In order to embrace sustainability as a key identity referent, external stakeholders must be made aware of the efforts made by the company to a higher extent than had been the case previously, because organizational members had a need to create recognition and to create alignment between identity and image.

The second barrier is related to organizational structure and internal aspects. Informants stated that whereas the sustainability message had reached country office level, it presented a challenge to reach retail level. Reaching retail staff with the message was important because they comprised a large percentage of H&M's organizational members. However reaching them faced difficulties due to staff turnover, the communication channels available, as well as the hectic routines that characterize retail. The findings suggested that in order to communicate sustainability as a key identity referent to retail staff, it was important to tie sustainability to daily routines and activities as retail staff were far away from the sustainability actions taken by H&M that are usually emphasized. If sustainability is not made tangible through relevant actions or sustainability signifiers, there is a challenge to ingrain it at retail level; however, making sustainability tangible enabled sense-making processes.

The third barrier identified relates to central control versus local adaptation, or lack of local autonomy. The findings suggested that it was difficult to navigate and take part locally in establishing sustainability as a key identity referent without local autonomy. Thus, informants at country office level expressed a need to adapt to local markets. Again, it was a matter of making sustainability relevant to local markets, so that organizational members could identify with sustainability as a key identity referent. Enabling organizational members to understand why sustainability is important and related to their daily tasks and environment may enable members to embrace a sustainability-focused identity.

Table 5.2 provides a summary of the barriers identified and an explanation of what the barriers to adopting a sustainability-focused identity entail.

**Table 5.2**

**Summary table of barriers**

<b>Barriers to adopting a sustainability-focused identity</b>	<b>Explanation of barrier</b>
Information and communication ambiguity	Lack of external communication about sustainability as a key identity referent acts as a barrier to adopting a sustainability-focused identity because it leads organizational members to perceive identity and image as misaligned. Aligning identity and image is central to an internal adoption of a new key identity referent that implies a promise to external stakeholders
Barriers related to organizational structure	Retail level acts as a barrier to adopting a sustainability-focused identity as this level of organization finds it harder to engage in sustainability due to staff turnover, proximity to actions and knowledge, daily routines and job tasks and limited access to traditional communication channels.
Central control versus local adaptation	Lack of autonomy acts as a barrier to adopting a sustainability-focused identity

	<p>because organizational members operating on local markets compare and benchmark sustainability engagement to local competitors and local sustainability events. Providing organizational members with autonomy will enable the adoption of sustainability-focused identity as sustainability as an identity referent is related to local sustainability signifiers</p>
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Overall the three barriers to adopting a sustainability-focused identity were perceived to be challenges that can be resolved. They affected organizational members' perceptions and were obstacles to a sustainability-focused identity, however these obstacles can be overcome. In this case, resolving the barriers was perceived to be possible by increasing communication about sustainability, by embedding sustainability signifiers in the physical environment at retail level and by providing local country offices with more autonomy in carrying out sustainability actions. What is central at this point in time was that informants at country offices were aware that sustainability was a key identity referent and something that H&M was striving for – it was, and is, a future goal that can be obtained gradually. While barriers are obstacles that can be overcome, tensions also arose in the process of constructing a sustainability-focused identity. Tensions represent deeper underlying issues and ambiguities that are more difficult to manage and negotiate. The next chapter presents the findings related to tensions arising in H&M's process of becoming sustainable, what the tensions were and why they arose.

## **Chapter 6**

### **Findings and results from data:**

#### **Tensions**

##### **Introduction**

In the previous chapter, I presented the findings related to barriers to adopting a sustainability-focused identity. In this chapter I will present the findings that relate to tensions and how these tensions are negotiated and managed. Tensions differ from barriers as they constitute paradoxes or incompatible aspects. The data analysis process identified 3 tensions that arise in the process of constructing a sustainability-focused identity at H&M. The 3 tensions which will be discussed and presented are: image discrepancies, sustainability strategy ambiguities, and misalignment between sustainability claims and culture. Not surprisingly, the barriers and tensions identified are related. Image discrepancies relates to communication ambiguities, while misalignment between sustainability claims and culture relate to organizational structure barriers.

The analysis presented in this chapter is based on the interviews carried out with employees in 2011.

##### **Image discrepancies**

The discrepancies between image and identity has been a topic that corporate management struggled with for some time; this was not a recently occurring challenge but one that had been the centre of focus for previous management teams as well. Image discrepancies occur when an organization's identity and image is misaligned, causing discomfort for organizational members. H&M carried out image surveys over the years, where sustainability had become an increasingly prominent value for the company, but the surveys did not reveal that

consumers were aware of the efforts made. The lack of sustainable image was partly the motivation for the new sustainability strategy and for the actions taken by corporate management to communicate sustainability to a higher extent to internal and external stakeholders. However, for informants, the increased communication was not perceived to have taken root among external stakeholders. Informants addressed three types of image discrepancies that they perceived to be a threat to organizational identity: mediated criticism of H&M; lack of sustainable image among consumers; and criticism and mistrust in H&M expressed by peers.

*Mediated criticism creates doubt about sustainability-focused identity*

The mediated criticism that H&M was subject to occasionally related to both environmental and social aspects. It was also country specific; German informants experienced more profound mediated criticism than American or British based informants. The mediated criticism of H&M in Germany related to child labour accusations, genetically modified cotton and safety in factories.

While these mediated incidences may not actually involve H&M, the company was still mentioned in relation to accidents and incidences due to the size of the company. This gave rise to frustration among informants:

The time that I can oversee we didn't have so much negative coverage. Actually I expected more, I said, coming from phrasebook, 'I know what a company have to take from the press'. We certainly do have a lot of coverage, saying... well if you have a big article about negative aspects of big brands you always will find H&M being mentioned, but not exclusively on 'This is how H&M exploits people'. I think... I mean, this is part of my job, to make sure we have a balanced coverage of people criticising the right aspects but not, you know, just being blunt and saying 'Yeah, well I guess this is wrong with H&M'.  
(GE3EMP)

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The frustration occurred because the mediated criticism was perceived to be unfair. Whether H&M was actually involved or not, it impacted informants and how they felt about H&M creating doubt about sustainable credentials:

I think that I saw also and I made my own research on the topic because every time when we see something online, a television programme, I mean of course it touch me as well because the company said this and the TV broadcaster said that, so what is the truth? So we have to find out and of course I doubt also things sometimes. (GE8EMP)

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Whereas American and British informants did not express that they were affected by the mediated criticism to the same extent as German informants, informants from all three country offices recounted how mediated criticism affected consumers and peers. Thus the mediated criticism spilled over, creating other image discrepancies that in turn caused tensions. When incidents occurred in the fashion and garment industry, informants were confronted by peers who questioned H&M's sustainability actions and sincerity in regards to sustainability:

We had lots of topics in the big magazines and they were not that nice, for example that H&M has children work and that the garments are only that cheap because of children work and always that big headline and that we have chemicals that employees are breathing and maybe it's not true but the customers read it and my... Yes, and I have lots of friends, when they hear that I'm working for H&M, the most often thing I hear is, "Oh, H&M really?" so it's not, it's a very negative (image)... yes, and I know lots of things about that we don't have and children work and that we have the Code of Conduct and that there are really good working solutions in the fabrics (factories) and I try to tell them and try to make the picture a bit better, so...(GE9EMP)

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Constructing a sustainability-focused identity implies transparency and communicating externally about sustainability-focused actions. It also implies that

the organization will be scrutinized by the media who will investigate whether the claims made by the organization are aligned with actions. In my data, I saw the alignment of identity and image is important from an early stage. Stories about multi-national corporations acting unsustainably create headlines and will be picked up by several media outlets, and as organizational members are exposed to the media to the same extent as other citizens and consumers, it has an effect on how they perceive organizational identity.

*Organizational members experience mistrust in H&M from peers*

The mistrust in H&M that informants experienced from peers related to the tension between price and sustainability and in particular in child labour. Though child labour had not been an issue reported in the media for a number of years, it was still a present topic and one that peers remembered. While such accusations created doubt and frustration, the increased information about H&M's sustainable actions and the increased transparency enabled employees to present their viewpoints and address the criticism:

We always have that, for example, that we employ children... We have... it's not that long ago. But then we had the discussion with the supplier who signed the Code of Conduct, and the thing was, OK, now you can say on the one hand we skipped the contract with the producer, but on the other hand, if we do that then we lose a lot of employees and a lot of people are getting unemployed and don't earn money, so it's... That was really a difficult thing, and that was also a discussion I had with my friends, because they said, 'OK, you are employing kids. Why don't you skip that producer?' and then I explained to them yes, they have to say on the contract, they have to do something, we are checking this from the company side, but we can't say, 'OK, we'll take out that producer,' because then we'll have some people sitting on the street which don't earn money anymore. And I think that's quite a dangerous thing. (GE7EMP)

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While mediated criticism is dealt with by the organization, mistrust from peers is a criticism that organizational members were confronted with directly as they were held liable for the actions of the organization they worked for by friends and family. What I saw in my data is that this type of criticism has a profound impact and creates profound doubt among organizational members, because they identify with the organization they work for and because the criticism by extension is directed at the individual as they represent the organization. This finding suggests that organizational members become liable for the actions of the organization and when these actions are perceived in a negative light, it casts a negative light on the ethics of organizational members. In such instances, organizational members respond by defending the actions of the organization, but as they are not directly impacting the actions of the organization, it creates tensions in the organizational identity process.

#### *Sustainability is not part of H&M's image*

When informants were met with criticism and mistrust from peers they defended H&M and were capable of providing valid explanations as to why the criticism was not fair. This was not the case with consumers and they represented the biggest concern and tension expressed by informants. Image is given significant emphasis in the fashion industry, as the competition among fashion retailers is fierce. So, when image and identity are disconnected, tensions arise that may affect organizational members to a larger extent than in industries not relying on consumers to the same level. There were a number of challenges in regards to consumers and H&M's image. Informants were firm in their belief that consumers simply did not care about sustainability but were primarily interested in fashion and price, leading to comments such as: *"I think our customers are more interested in getting a good deal, like getting good quality and you know cheap or*

*good prices, than knowing that they're shopping at a store that take actions and is sustainable"* (US3EMP).

Whilst informants expressed doubt about consumers' engagement in sustainability, these statements also illustrated the extent to which H&M's brand values had taken root. This was supported by the consumer interviews carried out, illustrating that the tag line 'fashion and quality at the best price' had a strong presence both internally and amongst consumers. It may have had such a strong presence that it overshadowed or inhibited sustainability from taking root:

[H&Ms image] I think good prices, for sure. I think probably good prices, fashion. We have lots of garments, we have lots of new garments all the time, that they get a good deal...I'm sure that they [consumers] see H&M as a trustworthy brand, on the whole, but I don't know if they really know how far or the efforts that we make to be sustainable or what we do environmentally, or our morals or our Code of Conduct, I don't think that that would even come into sort of question for a lot of consumers.  
(UK10EMP)

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Other reasons for a lack of sustainable image were reported to be because consumers did not know about H&M's sustainable actions and the reason they did not know about this was because H&M did not communicate adequately:

We haven't talked about it, we don't push it out. I mean, we push our fashion...that's good, and we should continue to push that because that's our business model, but from the very beginning, you know, sort of the treatment that (COMPETITOR COMPANY) is getting, a lot of people just sort of were saying like, 'I don't want to know why it's nine ninety five, I don't care', you know, and some people would, I used to hear the comments all the time like, 'Oh well, you know, because you obviously have children sewing it', I was like, 'No, we don't', you know, it's, but we don't, we didn't really make any concerted effort to push the agenda, knowing that there's maybe a prejudice against a

company that would be able to offer such low prices and not explain themselves (US11EMP)

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This perspective was supported by the interviews carried out with consumers illustrating that not only did consumers interviewed know very little about H&M's sustainability activities but also their knowledge level on sustainability was low in general.

The perceived lack of communication and thus lack of knowledge about H&M being sustainable among consumers was particularly relevant in regards to stores and products. As I mentioned previously, informants stated that, in their view, if H&M had increased communication at store level, the disconnect between image and identity would not have been as significant as it was perceived to be at this time:

I definitely think people understand our business concept of fashion and quality at the best price, I think that's pretty clear because that is what we communicate in the windows, in the ads, in the store. I don't think that they're aware of all the really good things we do sustainability-wise outside of campaigns where we're working with UNICEF or WaterAid or something like that.... (US4EMP)

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Informants from country offices work closely with the retail level and put increased emphasis on its importance in communicating H&M's identity and values to external stakeholders – the store is the primary window to H&M's identity and when the retail space is not utilized in communicating a sustainable message or advertisements do not carry the message, it is perceived to be difficult to obtain a sustainable image. Lack of awareness among consumers due to lack of communication became more of a challenge than consumers simply not caring, as the blame was on the organization for not doing enough to inform and ensure

alignment between image and identity. It also became a substantial challenge as informants believed that those consumers who did care about sustainability had a very negative perception of H&M. This negative perception was fuelled by H&M being a large global retailer with prices at the lower end of the spectre. Thus consumers were believed to link price and sustainability to the same extent as organizational members:

Because, erm, let's say my feeling is that people don't go to H&M stores looking for organic cotton. They like it if they see it at home and say 'wow, this actually is organic cotton', but my feeling is that if you shop at H&M you care for the fashion and the price, and if you don't see anything leading to child labour or pesticides you are happy, and yes, somewhere, maybe I've heard they do something, but people are not interested. I would say this is true of the vast majority. There's a tiny, small part that says 'I will never, ever shop at the H&M because these big brands are just the image I have of bad multinational companies'.  
(GE3EMP)

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According to informants, the emphasis on child labour in the mediated criticism that H&M experienced in the mid-1990s stuck to the company's image. For informants, child labour accusations represented the worst accusations as they involve vulnerable people who cannot defend themselves, which stigmatizes the company and those working for them. These accusations especially imply a "big, bad and uncaring" company which is in direct opposition with how informants perceived and experienced H&M's culture. This led to reflections and a need to defend the company, rather than casting doubt on H&M's sustainability credentials:

...and actually I've had, not so much now but over the years, some feedback has been, 'How come you can do prices so cheaply?' but then at the same time we are the second biggest retail company in the world, we are able to negotiate with buyers and suppliers in a good way that we can actually get prices down

or use different materials or other things to actually drive price down...No, I think that's the biggest gap that we have now [consumers understanding that low price and sustainability can go hand in hand] and I think it will take a long time in order to bridge that gap in a way because I don't think we scream enough as a company about what... for instance, and I know we use the internet now and other things and that's a great tool we can actually have to tell the customers about things, but if we do a sustainable collection we just call it Conscious, we need to say that did you know that this dress was made out of recycled cardboard boxes, or did you know that all our children's basics now are actually going to be made from organic cotton, those are really bold statements that we actually can be able to do but then of course it's the marketing and other things that's involved.  
(UK9EMP)

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The findings suggest that image discrepancies cause great concern both among corporate management and employees. There are a number of reasons for image discrepancies being perceived as a primary tension. For instance, as a fashion retail company H&M relies on consumers to survive; this is likely to apply to various types of retail organizations and influence the identity construction process as it makes this type of organization more susceptible to image among consumers. Consumers may not have an interest in sustainability at this point in time, but it is generally believed that at some point this will be equally as important as design and price. So the process of constructing a sustainability-focused identity is not only in order to make employees satisfied with working for the organization, but to a larger extent also a way to sustain the company in the future, and securing a company as a healthy company and employer.

### **Sustainability strategy ambiguities**

While the new sustainability focus may have had a smaller impact on consumers, in spring and summer 2011 when the interviews were conducted, the new sustainability strategy was slowly taking a hold in the organization. Informants at

the country office level showed good awareness overall of sustainability being a key referent albeit they did not acknowledge sustainability as a fully integral part of the identity and culture at this point in time. On the one hand, informants stated that H&M is on the right track in obtaining more focus on sustainability and claiming the position of being a leading sustainability-focused fashion retailer, while recognising that more work needed to be done. On the other hand informants perceived fashion retail to be disconnected from sustainability as a value. In between these two issues arose ambiguities that employees struggled with in their efforts at making sense of the new values and focus.

*The right strategy but more should be done in pursuing it*

According to informants, the new sustainability strategy was the right strategy; being the second largest fashion retailer globally with continuous growth entails responsibility:

Because I think we have, I think we have obviously as the size of the company that we are we have obligation to be active in recycling and etc, and I hope that it's kind of setting a tone for role modelling because eventually it's, you know, the way you know, the climate change and stuff like that it's gonna have to trickle down and eventually come to the point where as individuals we have to, we have to do this, we have to be sustainable in all aspects so I think, you know, as being perceived as a huge global brand needs, it needs to start somewhere basically and it's our responsibility to do that. (UK5EMP)

Informants recognized that H&M had made considerable progress in regards to sustainability and they could see the changes in their daily life and work tasks, but they also stated that more must be done in order to become a leader in sustainable fashion:

... taken a big step because, obviously, with the campaigns and the collections and also that we now, I mean, it's much more

really us, we're recycling plastic bags and etc, etc and I think it's a big difference and I think we always think and talk about don't print on two pages in the office, shred the paper so it goes back to recycling. So I would say yes, but I don't think we are hampered, I think there is still things that we can... I think we are good at shredding paper and don't waste and not, talk about not printing, we don't do it if we don't really need it. But its things that always can improve because still, if I... I can just go to myself and sometimes maybe I print more than I actually need, so there's still room for improvement... (UK11EMP)

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Despite recognizing the substantial changes taking place and huge steps toward a more sustainable identity, there was a tendency according to respondents to not follow up on the strategy locally. This was not in reference to the overall strategy but lack of following the strategy through at country office level, creating a disconnect between the strategy and actions outlined at HQ and routines and actions locally. While it may be in the small that country office can make an impact in regards to sustainability, the actions on a local level were symbolic and impact informants' feelings of being a sustainable company:

It's my impression, I don't know if it's also the impression of other people but I think it's with... with lots of things, we talk and we have it in mind, not only with sustainability, also with maybe developing some things and we talk and we know what is necessary to be successful in the competition, also with the other companies but sometimes the action is missing...(GE9EMP)

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The perception voiced by employees in regards to lack of follow up and following the strategy through, was also perceived to be visible in stores and here the smaller symbolic actions may have had an even bigger symbolic value as they could differentiate H&M from other fashion retailers as discussed in the previous chapter:

...to work in H&M is not that different to work at any other retailer, apart from our values. And that's what we need to get

across to people that we have a set of values, that we believe in the sustainability, we have a good corporate social responsibility, we have good Code of Conduct...No. I think it is definitely worth doing it [communicate H&Ms sustainability strategy] but I think there's a lot more things that we could do as a company...  
(UK2EMP)

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Again, the visibility of sustainability at retail level had an impact on informants' perceptions that H&M may have a comprehensive action plan in place in the supply chain, but the sustainable values did not have much presence at retail level. As employees from the country offices helped out in stores a couple of days per year, they noticed the missing sustainability component in store. While some of the missing sustainable actions could be rectified by country offices or retail stores themselves, other aspects, such as excessive packaging creating waste locally, were due to issues that could only be solved at HQ:

...the packaging that we use you know, again as I said when I was working in the stores and you see how the actual garments or shoes for example arrive in our stores and how much packaging there is on it that's not really necessary, so yeah, it's the whole product life cycle that we have to look at...(UK1EMP)

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The perception that H&M was not walking the walk was exemplified in the confusion that on the one hand the organization said they wanted to be sustainable and a frontrunner, on the other hand plenty of aspects of the business on a daily basis were not sustainable. Though this may only be in regards to smaller aspects, such as recycling, printing double sided, turning off the lights and computers when not in use, these small sustainable actions had a significant symbolic value, in particular when informants noticed they were not carried out on a daily basis. When the organization was not perceived by organizational members to be following up on the sustainable commitments or acting in what seemed to

informants to be unsustainable ways, or there being a disconnection between identity claims from actions taken, it created ambiguity:

Yeah, the Conscious Collection, we sent out a pamphlet to every staff member to explain to them... Was that on recyclable paper? No, no, it wasn't... It [H&M] doesn't link everything all the time, so I'm just going to use that as an example again, you do this wonderful Conscious Collection... Yes, that's not on recyclable paper, it's asinine, why would you spend all of that money with the right message, with the right statement, with the right sentiment behind it and then just print pamphlets, even if you just did two thousand of them, even if you did two hundred of them and somebody didn't say, 'you know what, maybe that should be on recyclable paper'. (US2EMP)

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The ambiguity arose because of perceived minor aspects or actions, but as these were aspects of sustainability that country office informants could take part in and most easily relate to, they became important. The larger sustainability issues that H&M's sustainability strategy addressed had very little presence and impact locally, and not all aspects of the sustainability strategy were easy to understand. One example of this was the choice of materials and why some seemingly unsustainable materials were promoted as sustainable:

Yeah. I think we don't have to produce so much polyester because polyester is such a bad material and it's, if it's waste it's special waste and this is also not so good... In education at school our teacher said always polyester is special waste, don't wear it and so I think it's to combine sustainability with polyester it's not so [good]... (GE1EMP)

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My findings suggest that organizational members are sensitive to new identity claims if they perceive a disconnect between actions and sustainability identity claims. Any discrepancies between the sustainability and actions give rise to tensions as organizational members interpret discrepancies as the organization "not walking the walk". This is likely to be specific for sustainability as a context

as sustainability entails a promise to the external world and organizational members fear the consequences if actions are not completely aligned with claims.

### *Clash between values*

Related to this, ambiguity also arose because it was perceived to clash with a sales driven culture; recycled polyester was simply perceived as more difficult to sell and thus not aligned with a sales driven culture:

I think we struggled a little bit because I think for example on the posters we wanted to say, or Sweden wanted to say, 'Recycled polyester dress,' for example and then we were like, 'Oh polyester, that sounds a little negative, so we don't want to use that word, we want to use recycled fabric', but then we couldn't use that here 'cos HQ wanted us to use polyester, but that was like important to get across. And we were like, 'Oh I don't know if that's going to sell,' but that's also again going back to our goal is to sell as many clothes as possible here and I think it's even more so here than... it's a very competitive landscape here....  
(US3EMP)

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An interesting finding in this regard was the emphasis and importance of actions to back up sustainability claims. Informants were sensitive to this aspect – if H&M claimed to be more sustainable than other fast fashion retailers, informants expected this claim to be followed up both on a global and local scale. Even small actions, or lack of small actions, had a symbolic effect. Informants acknowledged and believed that H&M did it better than competitors, but tensions arose when even minor discrepancies between what was being claimed and what was being done occurred. The ambiguity was further fuelled when informants tried to translate and make sense of the new guidelines and sustainability values. With H&M's core values, the new sustainability commitments, and for retail staff, the five basic demands, there were many aspects to consider when making daily decisions:

Yes, it doesn't matter if you're on the store or if you are here, everywhere we try to live teamwork, it is teamwork everywhere here and I think 'keep it simple' is sometimes a challenge because we say we try to keep it simple but we sometimes are very... maybe I make an example, I mean we say maybe we keep it simple, not that much paper in the office, but we have so many guidelines which are, or which make it necessary to have more paper and then in the last year so I think that's a bit...(GE9EMP)

The clash between values was most pronounced between sustainable values and being cost conscious, which drove H&M's business to a large extent: At this point in time, as guidelines were not entirely in place, cost consciousness was the most pronounced value. Such value clash led to comments such as: "*The cost before the sustainability, rather than saying like, 'Okay, this is not the right thing. Let's see, can we be more sustainable and as a result become also more cost conscious?'*" (US11EMP)

This finding that tensions arise due to a clash between cost consciousness and sustainability applies to other organizations and industries as well, as the cheapest solution is not always the most sustainable solution. For organizations where cost consciousness is a key identity referent the tension will be even more significant. This finding illustrates that constructing a sustainability-focused identity is challenging as it requires sustainability to be fully embedded in everything the organization does which may be misaligned with other key identity referents.

#### *Challenges arising in regards to profits versus principles*

The clash between values, and the tensions caused by this ambiguity related not only to H&M's values, but also to the overarching industry and what it encompasses and the disconnect to sustainability as a value. Attempting to put words on why fashion and sustainability cause ambiguity, one informant explained:

Well, I mean, what's true for fashion is, in my view, it's purely emotional, there is no rational reason for fashion, but sustainability is purely rational... Yeah, for most people I would say, so you kind of have to bridge these two aspects. I think that the people, I wouldn't say they equal sustainability and raw material, but if they can it's easier. This is why organic cotton was understandable for them, saying 'Why, this raw material that has been used for these pants was organic, I understand', and that's an emotional bridge that can be made, I think, but given that the supply chain would also include CO2 emissions, the question 'Where does the energy come from? What are used, waste treatment?' and these are all rational thoughts that people don't want to have. That's my feeling. (GE3EMP)

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The reflections expressed in these statements pointed to deeper lying tensions experienced and voiced by informants – making sense of the relation between being a high street fashion retailer and the type of business model it entails, and being sustainable. This led to comments from informants such as: “...*And I think generally a lot of people are very interested in that [sustainability]. But I think it's a lot different with fashion because fashion can be quite throwaway, so are you going to go to the effort of printing loads of literature about something that people might not keep?*” (UK2EMP). While it may have been explained in the material handed out, the perception that H&M was linked to retailers with an unsustainable image due to price similarities was a cause for concern. This led to some informants finding it difficult to make the relation and understand how H&M was different from low priced retailers, and others trying to explain why H&M was more sustainable than those retailers:

I think that there are probably retailers out there that one would assume are not and I think a retailer like (COMPETITOR COMPANY), you would never think of them as being sustainable and I think it's just because of their prices and maybe where things are produced... but yeah, I don't really think... You know, sometimes it really can be on par [the price] but I think often times they'll have things that... in ladies, for example, like a tank

top for 2.95 and it can be really hard to say, you know, is it possible that a tank top for 2.95 or even ours for 5.95 like can that be a sustainable item, like is that something that we can be making an effort. (US5EMP)

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Ambiguities in sustainability strategies relate to concerns and tensions that are much more profound in their nature and thus more difficult to resolve. They are deeply founded concerns that internal members will have about sustainability if the business model of the organization is not sustainable from the beginning. Such tensions may be spurred by external stakeholder opinions, but they are also logical reflections that organizational members have when sustainability is introduced to an organization as a key identity referent and it is disconnected from the business model or industry. This finding is in particular relevant for fast fashion retail; as I argued in the introduction fast fashion is perceived to be inherently unsustainable and such a perception will of course also be reflected by organizational members. However, it is also likely to be tensions that apply to other industries where low cost and high profit margins are fundamental for the business model and strategy.

### **Misalignment between sustainability claims and local cultures**

Tensions arising due to sustainability strategy ambiguities related to tensions that arose due to a perceived misalignment between sustainability claims and the organizational culture at country offices. In 2011, the new sustainability strategy was still relatively new to country office informants and had not been implemented fully. It was not yet clear how sustainability was going to be implemented in daily work routines to a larger extent than it already was and while sustainability as a new identity referent had been presented in written material as well as discussed in meetings, sustainable actions following up on it were not implemented in all work functions.

*Sustainability does not relate to daily life and jobs at country offices*

At this point in time it led to a disconnect between sustainability strategy and work functions and tasks that informants were responsible for carrying out. These disconnects were reflected in statements such as: “*No. I mean, again that kind of thing [sustainability] is discussed in our support office meetings, and I understand that we want to be a responsible company, but I don't know a great deal about sustainability, no*”(UK10EMP). In order to make sense of the new sustainability strategy and the company's sustainable identity claims, informants attempted to link sustainability to aspects of the office rather than their actual work functions:

Right now, my role is, in merchandising there's not so much specific to my job function that requires a sustainable message, really, other than if we decide to like really start talking about our quality and like what we talked about from the buying office, the sustainability on the purchasing side and production, but what we've kind of done is that we've said, 'You know what, if we're going to be a company that's about this, we at least need to have to try to set the standard here in the office', so right now, the green team is really just a cheerleader team for the office to be, at least be conscious of it and kind of tell you the number of people that still throw aluminium cans in the garbage, and it's like 'That's like twenty years old' that we're, you know, so we're at least trying to keep it going up here in the office to say, you know, 'Shut your lights off', like really kind of boring things, but...(US11EMP)

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Thus, at some country offices such as the American one, organizational members took the initiative to implement sustainability signifiers in the office space; these signifiers were implemented to represent sustainability as a key identity referent because job tasks and functions at country office level were not perceived to be about sustainability. At this point in time the sustainability strategy was perceived to have more relevance for H&M's headquarters where the strategy was developed than at country offices:

I see the focus on it from a corporate level, from a global level, but I think if we're getting really specific and granular ... You know, we don't take some of the measures that I think on a more granular level we could be doing to be a bit more responsible (laughs), and a lot of that is, you know, is us; I could be trying to see 'Okay, who could pick up the recycling'. I don't think... you know, I think that we, from an outside perspective, I think we definitely are pushing that. (US9EMP)

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My findings suggest that tensions arise when organizational members do not recognize a key identity referent in their daily job functions and tasks. Connecting sustainability to what goes on locally is fundamental for the identity construction processes, both in terms of job, daily life and routines as well as the physical surroundings, because organizational members must be able to relate to an identity referent in order to embrace it.

#### *Sustainability is less present on local markets*

As country offices have a direct link to retail stores, relating sustainability as a value to this level of the organization became important. Informants found it easier to make sense of sustainability as a key referent during the times where it was present in the retail space, for instance during the launch of the sustainable collections, where there were messages about sustainability in store and the special edition sustainable collection – the product and sustainable messages became identity signifiers enabling informants to make sense of the new sustainability strategy because they were tangible, as I discussed previously. However, as the collections were special editions and the messages were taken down after that, sustainability became less present on a daily basis. While these signifiers may have been aimed at external stakeholders and in particular consumers, they carried an important message to internal stakeholders and helped them make sense of the new sustainability strategy:

I mean, not maybe on a day to day basis [notice sustainability on a daily basis] because we don't really talk about it, because I'm not involved like in the buying office, you know, I'm more in the taking care of the stores process, and it's not really something that we talk a lot about in the stores, maybe...could do more but, I mean, they also think about the same things that we are doing, so I wouldn't say that it's a day to day but I think that, in fairness, it's much higher now than it has ever been, and I also think, from customers and from staff, they really appreciate when we have these message on the window, we do these recycling collections or... so there is much more awareness, especially also from young people, I would say. (UK11EMP)

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More specifically, informants were pointing out that signifiers were not present in employee areas where opportunities to convey the message irrespective of specific campaigns and collections were available:

I think it's improving [sustainability being part of the culture], definitely improving. And I think more people are becoming aware that what we do has an impact on the future and I think that's, with everybody there's more in the press and everything. But I still think we could make it a lot bigger and a lot of the time is when you look around the office there's no posters in the staffroom to say 'that's our aim'. (UK2EMP)

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From the data analysis, it became apparent that two aspects were significant in order to become sustainable and make sense of the sustainability-focused identity claims: first of all, the daily work tasks and job responsibilities that organizational members have must in some way be related to a value in order to be a key identity referent. The identity of H&M that was expressed in the existing values and the brand message – fashion and quality at the best price – was visible and related to the job responsibilities that the majority of informants have at country office level. In addition it is directly visible in the product – fashion apparel – that daily tasks focus on. Second of all, a new key identity referent or value must be enacted in the physical surroundings in order to take hold of the organizational culture and

identity. If there is no presence of a key referent in the physical surroundings, it is hard to relate to it:

I'm from Sweden so I've grown up with H&M and I have seen what's happened with all the negative press and debated and blah blah blah, so yes I think so, I think H&M is absolutely one of the good companies out there, absolutely, but when it comes to in our office here locally, if we're sustainable and if our identity is sustainable not so much... We have this green team just recently started, so we have a meeting, four times a year we have meetings with entire support office here and he [Country Manager] takes the lead on those meetings and the last meeting we had he introduced the green team and said that we have this sustainable actions but we also have to live them and so he's trying, he's not ignorant at all.... (US3EMP)

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The findings suggest that organizational members connect with a new identity referent when it is part of 'how things are done around here', part of the job functions, as discussed previously, as well as present in the physical surroundings. Thus, a new identity referent must be embedded in the organizational culture in order to take hold. If a new identity referent is misaligned with the local culture, tensions arise, because sustainability as a new identity referent is then perceived as less relevant than other identity referents.

#### *Uncertainty about the sustainability concept*

One of the reasons that sustainability was perceived to be less relevant to country office work functions and was perceived to be less present at country offices related to the understanding of what sustainability is. Informants were able to give a good account of the sustainable actions that H&M engaged in, that it involved the entire supply chain and was specific to production. However, this conceptualization was the reason that it became difficult to connect to country office level as country offices have no direct link to this part of the business.

Informants were also able to relate it to the smaller aspects that they could take part in, such as recycling and creating less waste. Yet, as these smaller sustainable actions were not perceived to be part of the bigger picture and sustainability strategy for the entire organization – they had little impact on the global issues that H&M were actively trying to resolve – they were played down and perceived to just be minor behavioural adjustments or something that “made sense”.

Such perceptions of sustainability led informants to reflect on whether sustainability was at all relevant for them personally and whether they had been considerate enough:

And I wonder if, I was really, I mean do I care when I see something and I had a look on all the collections and I said okay, I would like to buy something but do I really, is it? And my opinion, do I like it more if it's CSR? Of course in the supermarket, I like the correct butter and milk more than the one that is from mass production, so I like bio-butter more. I buy ecological products and if I consider that on clothes or on other product, I don't know if it's really already in everybody's mind that this is so important to support it. Of course it's, if you see the facts, that say they don't use chemicals and hopefully the people are working with that have better working conditions and we could avoid some other harm to the environment and everything else which was just so obvious and so good. Since this is so in the media as well, I don't know if this is working for that. I mean if we know that in 2020 H&M is using anyway cotton which has had sustainable sources then you don't have to care, then you don't have to care about that one, yeah, but since... (GE8EMP)

For the majority of informants, the reflections led to the conclusion that sustainability is important and more must be done. In addition, the fact that H&M increased its engagement in sustainability and communicated sustainability as a key identity referent made employees proud to work for the company. Informants had difficulties seeing how they could participate to further the development, but

were aware that it was an important development, the right progression for H&M and good for the brand:

..and I think, you know, as we do more of that [sustainability] there is going to be more pressure on us to become, you know, to integrate that as part of our culture, and while they do say that it's one of our kind of core values then, because it hasn't been that visible, I don't think that many people really think about it as much as they should. I certainly didn't. I'm probably more aware of it than others because I've worked on projects where sustainability is kind of at the heart of it. (UK6EMP)

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Aligning local culture with the global sustainability strategy was key in order to become sustainable. Informants did have a sense of where H&M – the group company – was going, but at this point in time, it was not embedded in the local cultures and local identity. While sustainability may not have been equally relevant at all markets at this point in time, informants could understand the overall aim, a reflection implied by statements such as:

Yeah, and I don't know if it's a competitive advantage to be sustainable as a fashion company here, I think it's really a good thing but I think that most American customers, I don't think that they care so much about sustainability, that it's something that we have to market to get more sales necessarily, but in the long run I think it's super important to really now talk about sustainability and then you know in the long run we become the sustainable company, also that people think we are a sustainable company. But we're so early in the process, we never used to talk about this historically. (US3EMP)

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My findings suggest that sustainability as a concept may be a cause for tensions in itself as the concept is difficult to comprehend for organizational members. This is likely to be a tension arising generally as sustainability has many definitions. Findings indicated that the tension arising due to misalignment between local cultures and sustainability as a new identity claim may be managed over time

through identity work, linking the global identity of H&M with local identities and cultures.

Another interesting finding that I saw in my data is that a new identity referent is linked and connected to individual behaviour and identity of organizational members as they reflect on the process; such identification with the organization is interesting as it may indicate a transference between organizational and individual values. This can be both negative and positive for the organizational identity construction process; if organizational members do not relate to sustainability on an individual level, it may be difficult to adopt it on an organizational level. On the other hand, if sustainability is a part of how organizational members perceive themselves, then it may have a positive influence on the process on an organizational level.

### **Chapter summary**

This chapter has presented the tensions that arose in the process of constructing a sustainability-focused identity at H&M during 2011 and why they arose. The data analysis process identified three themes related to tensions: image discrepancies, sustainability strategy ambiguities, and misalignments between sustainability claims and local cultures.

Identity- image discrepancies often occur in organizational identity change processes, as was discussed in the review of literature, and the findings suggest that they posed a threat for organizational members at H&M as well. Identity- image discrepancies were of great concern for informants, partly because fashion retail is a very image driven industry, leading to a significant identity threat when image is misaligned with identity. When organizational members were met with mediated criticism or criticism and mistrust from their peers it affected how they

perceived H&M's identity and their own identification with H&M. This caused a tension in the construction of a sustainability-focused identity because the criticism of H&M in regards to sustainability was recurring. The findings illustrated a significant challenge: The main criticism of H&M, from the media, consumers as well as peers, related to the supply chain and low prices, i.e. how garments are produced to allow the affordable prices that H&M's product carries. Employees at country office level, as well as retail staff for that matter, had no relation with or influence on these aspects, nor are they likely to have ever visited and inspected working conditions at factories where products are produced. So in the instances where they were met with or confronted with criticism related to these aspects, employees had to rely on and trust the organization without any other proof (in most instances, they have the same proof as the media but the media has a contrasting view to that of H&M). The tensions arising because of image – identity discrepancies were unlikely to be resolved easily as they are founded on another tensions identified - sustainability strategy ambiguities.

The findings related to tensions arising due to sustainability strategy ambiguities illustrated that despite informants supporting the sustainability strategy and change, they still struggled to connect sustainability with the existing company values and the business model. This was illustrated by informants reflecting on how H&M can be both profit oriented, carry affordable prices and produce the amount of products that are currently on offer and at the same time be sustainable. This was a profound tension that fed into a philosophical debate of what it means to be sustainable.

The findings related to misalignments between sustainability claims and local cultures were briefly touched upon in the previous chapter. These tensions arose because sustainability was not embedded in the local cultures. This was partly due

to the job roles and tasks at country office level not involving sustainability issues to a large extent, partly because there were no signifiers of sustainability in the environment. Those signifiers present, such as recycling at the office, and fair trade coffee were seen as ‘things you just do’ rather than sustainability actions. The findings suggested that a new identity claim must be related and embedded in the culture in order to take hold and become a central characteristic of the identity.

Furthermore my findings suggest that organizational members do not differ markedly between identity, culture and image. All three aspects of the company are part of the brand and thus interrelated. For organizational members, creating alignment between identity, culture and image is important because it is a matter of strengthening the brand.

Table 6.1 provides a summary of the tensions identified and an explanation of what the tensions that arise in the process of constructing a sustainability-focused identity entail.

**Table 6.1**

**Summary table of tensions**

<b>Tensions that arise in the process of constructing a sustainability-focused identity</b>	<b>Explanation of tensions</b>
Image discrepancies	Identity-image discrepancies occur when organizational members’ perceptions of “who we are as an organization” are misaligned with how external stakeholders perceive the organization. Identity-image discrepancies relate to how an organization is portrayed in the media, the image among consumers, as well as the response that organizational members are met with from peers.
Sustainability strategy ambiguities	When organizational members have difficulty connecting existing organizational values with sustainability, due to conflicting values and purpose of business, tensions arise. The

	ambiguities are pronounced for business models entailing high volume production that require a manual workforce, make use of natural resources and business that are price driven.
Misalignment between sustainability claims and culture	If a new identity referent is not embedded in the culture, it is difficult for organizational members to relate to it and embrace it. Tensions arise when sustainability is not part of job functions and tasks, the physical environment, the daily routines nor made tangible to organizational members.

In regards to the process of constructing a sustainability-focused identity, the findings illustrated that even though H&M had worked and integrated sustainable measures for many years, it takes a long time for sustainability to take hold in the organization. Identity does not change easily, despite the new identity referent being linked to existing values, heritage and actions taken by the organization. H&M had a long term perspective and realized that the process of constructing a sustainability-focused identity was met with barriers and tensions and that it was going to take time for a new identity referent to take hold in the organization. In order to overcome those barriers and tensions, managers actively engaged in identity work. However, so did employees, illustrating that they were with the company in this process. In the next chapter, I will present the findings related to identity work taking place.

## **Chapter 7**

### **Findings and results from data:**

#### **Identity work**

##### **Introduction**

The barriers and tensions that arose in H&M were not new to the organization. They were the primary reason that a number of internal measures were put in place by corporate management with the purpose of managing, negotiating and resolving them, thereby enabling the process of building a sustainability-focused identity. This implies that the identity work took place continuously throughout the process described and was performed simultaneously as the barriers and tensions arose in order to manage, negotiate and resolve them. Thus, identity work was performed to embed sustainability as a key identity referent in the organization in 2010 and 2011 by introducing a new sustainability program and related activities supporting a new identity claim. The response from organizational members to this identity work performed was presented in the two previous chapters. Identity work was then performed to manage and resolve the responses to previous identity work, i.e. spurring further identity work. Thus, identity work and the response to identity work is not a linear process but rather a circular and dynamic process taking place simultaneously to the process of constructing a sustainability-focused identity. This also implies that identity work performed and barriers and tensions arising become a question of “the chicken and the egg”; for the purpose of my analysis, it makes most sense to divide my analysis based on the 3 overarching themes emerging, i.e. barriers, tensions and identity work, despite identity work taking place both before, simultaneously and after barriers and tensions arise.

Thus, in this chapter I will discuss the findings related to identity work and identity management. The data analysis process identified 3 themes relating to identity work: knowledge dissemination as a key tool for communicating identity claims, identity affirmation and identity protection. While the two first themes are led by decision makers, the data analysis found that organizational members in general take part in identity work through identity protection. I will start my presentation of findings by discussing how the tensions were being managed and negotiated by corporate management and then move on to a discussion of how organizational members took part in the process by preserving and protecting the identity.

An indication of the time frame is added throughout for clarification. The chapter concludes with a concluding discussion of my analysis. In the concluding discussion I draw on the interview data collected in 2014 with corporate management. The concluding discussion focuses on how the process of constructing a sustainability-focused identity evolved from 2011 to 2014, what type of identity work strategies were employed throughout this time period to resolve challenges arising and how the barriers and tensions identified in 2011 shaped the future strategy and influenced the identity construction process.

### **Knowledge dissemination as a key tool for communicating identity claims**

As discussed previously, H&M increased information about their sustainability efforts when the new sustainability program, Conscious, was launched in 2010. Knowledge dissemination about sustainability as a key identity referent for H&M was not only aimed at an internal audience. Launching the new sustainability commitments and increasing information was to a large extent aimed at an external audience through corporate identity messages. Previously corporate identity and organizational identity were perceived to have a different audience for

messages conveyed about identity, with an external versus an internal audience respectively. However, it is argued that with blurred lines between insiders and outsiders, this has changed and internal stakeholders are as likely to be recipients of corporate identity messages. Schultz, Hatch & Larsen (2000) argue that organizational members may even pay more attention to corporate identity messages than external stakeholders. An example of this are the sustainability reports that primarily targeted external stakeholders, and were a way for the outside world to see how well the company was doing in regards to sustainability; but these reports are becoming equally relevant for internal stakeholders.

#### *Reporting as a tool for communicating identity claims*

This was also the case with H&M's knowledge dissemination. In 2010, when H&M launched the sustainability program and initiatives under the new name, Conscious, along with the 7 new sustainability commitments, the audience was both internal and external. While H&M's sustainability reporting serves the purpose of communicating and verifying the sustainable activities that H&M engages in, it is also an important tool for communicating identity claims. The sustainability reporting highlighted that sustainability was part of the claims made by corporate management in regards to identity; the 7 new sustainability commitments represented such claims, and the claims, and leadership in regards to sustainability, were furthermore emphasized by the CEO appearing with a personal message in the reports as well as the strategy becoming more and more focused each year.

The new CEO highlighted that sustainability was a primary focus for H&M in the sustainability and annual reports, an important tool for communicating strategy and identity to external stakeholders. Sustainability being a key identity referent for H&M was represented by the importance sustainability content was given in

the annual report. Whereas H&M's annual reports were usually focused on figures and fashion first, and sustainability and responsibility mentioned further back in the report, the report had a new layout in 2011; figures and facts had moved further to the back while H&M's values were in the front. The first statement made was: *"Fashion and Quality at the best price. H&M is a design-driven, innovative, responsible fashion company. Guided by strong values, H&M is growing with quality, sustainability and high profitability all over the world"* (H&M Annual Report, 2011, p 5).

This was compared to the first message in the 2008 report, containing a message from the former CEO: *"Rolf Eriksen, CEO of H&M, looks back on the past year. 2008 was an intense and exciting year for H&M in a challenging economic climate. Our customers purchased fashion and quality at the best price for more than SEK 100 billion in stores from San Francisco in the West to Tokyo in the East, as well as through Internet and catalogue sales"* (H&M Annual Report, 2008, p. 6)

Illustrating sustainability as a key identity referent and claim, in 2010 and 2011 a sustainability message was highlighted in the first message of the Annual Reports. In 2010 the sustainability message related to factories and responsibility in regard to production, stating: *"H&M works hard on sustainability. H&M does not own any factories but has responsibility for ensuring that all products are made under good working conditions and with the least possible impact on the environment"* (H&M Annual Report, 2010, p. 11).

In 2011 the sustainability message related to design, illustrating a significant development in the sustainability strategy: A sustainability-focused identity

requires sustainability to be part of the entire process from design and collection planning to end of use:

Design with sustainability. The collections are created in-house at H&M's headquarters. Designers work with pattern makers and buyers to produce a broad spectrum of styles to suit every age group and passion for fashion. H&M is not just looking for the perfect design, but also works actively to develop a more sustainable chain of design, manufacturing and product handling for both people and the environment (H&M Annual Report, 2011, p. 5)

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The new CEO had already made his focus on sustainability apparent in the 2009 annual report. In 2009, the new CEO marked the increased focus and leadership on sustainability by stating in his message that sustainability was part of H&M's strategy and went hand in hand with the company's business concept (H&M's Annual Report, 2009). However it was in 2011 that the sustainability message was increased to such an extent that it stood out as one of the most important messages. First of all, the sustainability chapter in the index had moved from page 46 in 2009 to page 28 in 2011. Secondly, sustainability was highlighted in a number of chapters in the report, as well as in the highlight of events in 2011 where the Conscious Collection was first mentioned, followed by a mention of H&M being the biggest user of organic cotton as the third highlight of the year. The message from the Head of Design was also focused on sustainability for the first time, with the headline and subheadings: "*Conscious Fashion. Quality, sustainability, the latest trends and great design. Customers who are aware want conscious fashion. At H&M more than 100 designers are working to meet these customer requirements*" (H&M Annual Report, 2011, p. 23).

The message from the Head of Design was followed by a message from the Head of Sustainability, with the headline and subheading stating an important goal and

identity claim to external stakeholders: *“H&M takes a responsible lead. H&M invest considerable resources and effort in creating more sustainable development for the people and environment affected by H&Ms activities. Cooperation with other companies and organizations is a vital means of achieving lasting improvements”* (H&M Annual Report, 2011, p. 28).

In 2009 the sustainability report included a message from the new CEO, stating the importance of H&M’s increased sustainability commitment. This marked the first year where the CEO had a personal message in the CSR report, highlighting that this was a central aspect of H&M and that the organization was moving towards a sustainability-focused identity. In contrast, the 2008 sustainability report did not include a message from the CEO as an introduction to the report nor from the Head of Sustainability; instead the report contained a joint interview with the former CEO and Head of Sustainability. The increased emphasis on sustainability as a key identity referent progressed from 2009 to 2011. Whereas 2009 had a focus on value chain and shared responsibility, 2011 emphasized that sustainability was a key referent for the organizational values. The progress is illustrated in table 7.1.

**Table 7.1**  
**Examples of sustainability report statements 2009-2011 supporting identity claims**

<b>Actions/Year</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Core CEO message</b>	<p>“We are moving toward sustainability becoming a shared responsibility”</p> <p>“Like everything else at H&amp;M, our sustainability agenda is based on a</p>	<p>“To continue our efforts to play as full a role as possible, we have made sustainability the responsibility of all departments in the company”</p>	<p>“Sustainability is a key element of both our corporate values and our business idea of offering fashion and quality at the best price. Our industry faces a number of challenges – from the way we use natural</p>

	<p>drive for continuous improvement. Ultimately, our entire value chain has to be leaner, smarter and more sustainable than that of our competitors”</p> <p>“Being responsible is not only the right thing to do – it also makes perfect business sense”<sup>18</sup></p>	<p>“Today’s economy is global and it is not a question of whether companies like our should be present in developing countries, it is a question of how we do it”<sup>19</sup></p>	<p>resources to working conditions in supplier factories. Given our size we have the opportunity to tackle these challenges by taking Conscious Actions and thereby make more sustainable fashion accessible and affordable to customers around the world”<sup>20</sup></p>
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*Increasing information to stakeholders through various channels*

It was not only through the traditional sources such as annual and sustainability reports that H&M communicated about the new sustainability identity claims. As discussed previously, this period marked the first time that extensive and elaborate communication material was made specifically for internal stakeholders.

Communication material had also been developed in early 2000 but was not as elaborate as 2011. H&M had a number of channels available to communicate to the organization globally: through its intranet (not available to retail staff though), the magazine Wallpaper which hangs on the wall in stores and country offices, as well as through written material which is given to employees when they start to work at the company. Retail staff were also introduced to information once weekly through the retail staff training material. At this point in time, all information channels were being used to convey the sustainability message. While the content on the intranet and Wallpaper were news-related and featured various articles, the training material for retail staff focused on a weekly topic. Conveying the sustainability message had some challenges: sustainability has several definitions and means different things to different stakeholders; it involves many aspects and

areas of focus; and it requires careful consideration in terms of wording and claims in order to avoid accusations of green washing.

The communication department at the headquarters were responsible for developing written material aimed at H&M employees through the various written communication channels. A leaflet was produced in connection to the launch of Conscious and the 7 sustainability commitments. It was very detailed in explaining actions, motivations behind actions, type of materials used in the Conscious Collection as well as signifiers of expected behaviour from employees (in particular retail staff), and was handed out to the large number of H&M employees. For instance, in regards to organic cotton, the leaflet explained that H&M used a lot of cotton and the benefits of using recycled cotton (a part of the new collection launched), its reduction of chemical use and the reduction of virgin cotton use. The leaflet furthermore explained some of H&M's Code of Conduct, for instance that H&M is committed to animal rights and how this reflects on material use (i.e. no acceptance of mulesing when producing merino wool or only accepting leather from animals raised for meat production). The last pages were dedicated to tips on how H&M employees can act consciously; these included asking customers if they need a bag before providing one, providing advice on washing at colder temperatures as well as recycling hangers. Besides the leaflet on sustainability, H&M also at this point in time included a page in the information pack on sustainability. The information pack was handed out to every new employee at the company, and the sustainability information in the pack was emphasized by being green (whereas other sections are in the traditional white, red and black colours).

At country office level, the increased information and launch of the new sustainability program did have an effect as discussed previously. While

informants may have disagreed with the amount of information and the choice of communication channel, statements indicated that informants understood that H&M is at the forefront of sustainability and that it is an important key value for the organization:

If I started with H&M today, or let's say I interviewed with several different companies, I think that something that it would be important to me to know that, OK, the difference between these two companies is that these guys over here, they take responsibility outside only selling at the cheapest price, but they also do it in a responsible way. Because people... I don't think we should underestimate that, you know, everybody wants to defend where they spend eight hours a day, you meet friends and you meet family and you have a Friday dinner or Sunday dinner and these discussions come up. You then want to be able to say, 'Oh, actually, I hear what you're saying, but you know, we don't have child labour, even though it's cheap.' (US6EMP)

The findings from the data illustrate that performing identity work through internal and external knowledge dissemination, that is increasing communication about a new key identity referent, has an impact on organizational members. It provides organizational members with knowledge about the content and meaning of a new identity referent, though it is not enough to embed sustainability in the organization. Other forms of identity work are most likely needed for embedding sustainability throughout the organization. It is the combined efforts and types of identity work that enable the process. However, disseminating knowledge provides management with a tool for managing perceived communication barriers and tensions arising due to sustainability strategy ambiguities as well as perceived image discrepancies as disseminating knowledge through reporting reaches both an external and internal audience.

### *Increasing training and education*

From 2011 onwards, added emphasis on sustainability was also present in the new training material being launched targeting store staff. The weekly topics varied from sustainability issues to increasing sales, styling tips to trouser shapes. The HR department at HQ in Stockholm developed the material and distributed it to HR at country offices, then handing it over to retail stores in all markets. At retail level a manager was responsible for getting acquainted with the material before training staff. The training material was the same for all countries and all stores every week, and was part of the focus on H&M's image and reaching the customer, a primary stakeholder. As mentioned earlier, retail staff are H&M representatives with direct access to consumers and pose an important but also challenging entry point to the consumer. It is challenging because retail staff are not necessarily full time staff nor are they necessarily going to stay with the organization for a longer period of time. Making the investment in training staff on sustainability may not prove fruitful given these conditions, however, retail staff carry out a vital role in building a sustainable image. Adding to this, on some occasions, H&M retail staff had been targeted by media for not being knowledgeable about sustainability, prompting the focus on training. The idea was that by training retail staff, it would enable them to answer any potential questions that customers posed in regards to sustainability.

The training material on sustainability contained information on the Conscious Commitments, what they entailed, and attempts had been made to keep the language informal and simple. A training session usually included some sort of action or group activity. It also included questions for staff participating, and most importantly, it conveyed the company values and key characteristics that corporate management wanted employees on all levels to embrace:

This Is H&M is a new international training, it was created by Sweden, so it's all over the world and it's a training that was the former symbolic leadership, we had training in the past that was called symbolic leadership and it was only for the leaders, so for the Department Managers and the Store Managers and I think it's really cool that also the employees and the Sales Advisor gets this training and it's about our values and the symbols we used in the daily life...(GE9EMP)

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While training material was not developed for country office staff at this point in time, other means of knowledge dissemination were put in place more sporadically. For those country office employees travelling to HQ occasionally, efforts were made to convey the new sustainable values and what they implied through informal lectures:

I mean I don't think I ever learnt so much about cotton since I was actually, I was in a meeting and I forgot because like, but he was working in the CSR Department and so he explained...yes, and he explained the whole thing and I mean I thought he was really interesting because he, you don't actually know what actually, it, how it goes, like... I mean I was in Stockholm so it was like pretty much all over the PR guys that were there and he explained the whole process, why it actually takes so long to actually qualify sort of, certify someone, the whole waste water, like the course with the dye with the sandblasting, so all that information we got first-hand from someone, but I don't know, let's say like a department that has nothing to do with the garment side of it, if they know all the CSR side, like 'this is what we're doing', more for them they might know more about the cost of...of less, using less trucks to deliver products, being able to reuse the products that we do have from other locations and, but I, I'm not sure if everyone will know that, I think sometimes people feel this job's specific, like they've heard it, they've read it once but it's, for me it was different because I had to know it, so, and I think in my position now like it just basically carries over so if I do get one of those questions like I already know the answer to it so...(US1EMP)

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During 2012/13, the organization began offering an educational program to its members. The program was referred to as a mini MBA in the 2012 Sustainability report. The aim of the educational program was to educate organizational members at country office level to a larger extent on sustainability. Education and information continued to be the main tools for disseminating knowledge about sustainability, and whereas training prior to 2011 was mainly targeting retail staff, it was also offered to country office staff from 2012 to 2013.

The findings suggest that reaching retail staff is a significant challenge and various types of identity work are performed in order to manage the barrier that the organizational structure presents. Despite the challenges presented at retail level, performing identity work through training may be a suitable option for conveying the message of sustainability as it ensures that all members of the organization at retail level are reached. Thus, though organizational members at retail level may not stay with an organization for long periods of time, training represents one of the most appropriate ways of communicating a new identity referent.

### *Visualising leadership*

Previously, the sustainability work had been led by the Head of Sustainability. While it has for a number of years been integral to H&M's business conduct and strategy, the new leadership marked the increased importance of sustainability through visible leadership, leading the way for H&M on the journey to become sustainable. This visible leadership was evident in the sustainability report: In 2011, the report had a message from both the CEO and the new Head of Sustainability. This was the first year where H&M accentuated that sustainability was led from the top. The Head of Sustainability reports directly to the CEO and the Executive Management Team has the overall responsibility for sustainability. Within this new framework, all departments reported on their Conscious Actions

and progress, which was then discussed and approved by the CEO, Head of Sustainability and CFO. Issues that related and influenced more than one department were discussed in the Green Room forum, established in 2011. Thus, sustainability was no longer an add-on for the company, addressed and solved by the sustainability department, but integrated across all departments, now carrying responsibility for addressing issues and commitments related to a specific department. The 2012 sustainability report also outlined how H&M engaged with various stakeholders, emphasizing a variety of stakeholder groups, including employees, investors, consumers, suppliers as well as industry peers. H&M was thereby addressing a commitment to collaborate, address challenges and meet needs across the entire value chain, not ‘just’ certain causes. For employees, the visible leadership was highlighted by personal letters from the CEO, explaining that sustainability was important to H&M and a key identity referent. With visible leadership, informants found it clearer what direction H&M was taking and why the changes were taking place:

...and I think it's something, I mean we communicated it to the staff via a letter from Karl-Johan [Persson, CEO] which was really nice, and I think it's fantastic because you really feel throughout the company since Karl-Johan came on board you really feel how much he backs and believes and is genuinely passionate about sustainability, so I think since he has become our CEO you really feel the strength of that and it's all been packaged together in a much clearer way, but I still think there's a lot of work that we need to do. (UK1EMP)

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The findings suggest that leadership is one of the most important forms of identity work performed as it shows the direction the organization is heading to organizational members. However, equally important to the process of constructing a sustainability-focused identity was the emphasis sustainability is given on corporate management level. The Head of Sustainability reports directly

to the CEO and the responsibility for meeting goals and commitments is divided among all departments, and is not only the responsibility of the Head of Sustainability. This finding illustrates the importance of leadership; in order to construct a sustainability-focused identity, the process must be led by a leader and sustainability must be a shared responsibility in the organization. When the entire management group is being held responsible, it signifies to the organization that this is top of the organizational agenda, and part of everything the organization does. Further emphasizing the importance is the introduction of an accountability system on a par with financial goals. Introducing such a system sends a message to the organization that sustainability is an equally important key identity referent and value as cost and profits.

#### *Introducing incentive programs for employees*

As part of the new sustainability program, internal CSR was also increased. Internal CSR refers to social responsibility and sustainable aspects inside the organization which benefit internal stakeholders, such as health, equal opportunities, incentives, and work-private life balance (Sen, Bhattacharya & Korschun, 2006, Vives, 2006, Morsing, Schultz & Nielsen, 2008). Internal CSR had been part of H&M's culture and approach since the beginning, but with a new incentive program introduced in 2011, internal CSR was increased. The incentive program applied to both full-time and part-time employees and encouraged long term employment. Furthermore, H&M had an emphasis on equal opportunities with at least 50% of managers, as well as 50% of Board of Directors being female.

Highlighting internal CSR is a way of relating sustainability as a new identity referent to local cultures and makes it relevant to other aspects of sustainability than supply chain issues. The type of identity work performed was aimed at managing tensions related to sustainability ambiguities experienced by

organizational members and enabling them to view sustainability in a broader perspective. While it is also necessary to relate sustainability to local job functions, tasks and physical environments that pose a challenge for the identity construction process, broadening the perception and definition of the concept provides organizational members with tangible aspects of a new identity referent.

### **Identity affirmation**

Identity work was performed by corporate management through affirming the identity. Various resources were utilized in order to affirm sustainability as a new identity referent, such as connecting sustainability to existing heritage and values of the organization, collaborating with NGO's, rankings and special sustainable collections.

#### *Connecting heritage and values with sustainability identity claims*

Prior research has illustrated that when identity change is met with resistance from organizational members, connecting new identity claims to existing identity referents enables organizational members to connect with and embrace new identity claims (e.g. Ravasi & Schultz, 2006, Phillips & Ravasi 2012). For H&M, connecting sustainability with the heritage of the organization and the family values that organizational members understood, was attempted in order to make it easier for employees to make sense of the new values. The connection with existing values was recognized and understood by employees, connecting sustainability with the founding family:

I think, I mean, the family's always been involved in H&M, no question about that, and I think that it [sustainability] rolls through the family very closely, but of course it's different when the family... a family member says that, OK, you know, we've been doing this since '47 and we're gonna do that another 60 years. It's super strong and you can really feel that long... talking

about sustainability and having that long term view, and I think as an employee for H&M, it feels really good that, you know, we're not only chasing the short term, we are really thinking long term. And you know, any CEO can say that, but of course it's different when you're family owned, for sure (US6EMP)

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The connection with the family values of H&M affirmed the sustainability-focused identity; the sense made of the new identity claim was that sustainability had always been present, it had just not been communicated and talked about previously:

No, because I think it's [sustainability at H&M] always been there but it's always been in the background a little bit, it has always been that we'd look about how we produce garments, we look at how we transport garments, so it's never been something, we're suddenly doing this, but I think globally for people, not just H&M but globally, people are more aware of it and they're more aware of the impact that being unsustainable has. So I think it's good that we're doing it and it's good that we're pushing it. (UK2EMP)

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Furthermore, the connection to H&M's heritage was made in order to make sense of the new values. Country specific values – H&M being Swedish, was perceived as affirming the 'natural or obvious road' of becoming more sustainable:

Yeah, it might be a cultural thing, yeah because on a general level I suppose Scandinavian countries, people seem to be more reserved and don't necessarily shout about things so much whereas maybe especially in America I think people are quite loud, same as the UK I suppose, yeah maybe it is more a cultural thing but it's also, if it's a message like sustainability it's a positive message so it should be shouted about, you don't need to shout about everything but yeah. (UK4EMP)

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Connecting sustainability to identity referents and values that are already available to organizational members enables them to make sense of a new identity referent

making use of existing values and heritage in performing identity work points to the importance of utilizing organizational culture in the process of constructing a sustainability-focused identity; by connecting sustainability to the existing culture, it becomes more relevant for organizational members and it provides a platform for embedding sustainability in the organization and it affirms that sustainability is already part of the organizational identity.

### *Sharing responsibility and increasing local identity interpretation*

The leadership had another important function; it supported the Head of Sustainability in her strategy to ingrain sustainability in the organization. After 2011, sustainability became a shared responsibility which implied that all heads of department at HQ were responsible for ensuring that their department acted sustainably and met the goal set for that department. Shared responsibility also referred to a decentralization process that H&M embarked on in those years: country offices were now responsible for ensuring that they implemented sustainable measures and were also measured on how well they performed. Thus measuring became a tool in identity management. Whereas the shared responsibility in regards to departmental functions met a few challenges, it had a positive effect to decentralize in regards to country offices. One of the challenges that arose with shared responsibility amongst departments was a clash of values. This was a tension that was difficult to overcome as the goals, purposes and tasks of departments vary greatly. Sustainability was not a complimentary aspect to all of the central departments' agendas. In order to overcome this tension the departments had individual sustainability goals that they were measured on, and they received support from the sustainability department to carry out these goals. A process had been put in place: systematizing the sustainability measurement so that it would be less of a challenge in the future.

In regards to country offices, the autonomy granted proved to have a significant effect on engagement. Country office managers were also measured on sustainability goals, but as they now had more choice in regards to strategy, there was a marked change in their commitment. Besides being given more autonomy, all country offices were allocated a local sustainability coordinator structuring the process of becoming sustainable.

Despite making significant improvements to share responsibility and ingrain sustainability internally, the retail stores and staff remained a barrier. As the country offices were responsible for retail in their respective countries and this was not an area where HQ felt they had mandate to intervene. Following 2011 a guideline was developed suggesting how country offices could invest in retail space and staff and increase sustainability awareness, but it was up to each country manager to decide what was being done.

#### *Collaborating with NGO's to affirm and legitimize identity claims*

H&M collaborated with a number of NGO's. While these collaborations had multiple motivations and purposes, they had an affirmative role for H&M's identity claims. An outside organization confirming that H&M is sustainable had significant impacts on the feeling of being sustainable internally while at the same time affirming H&M's position as a sustainable company to external stakeholders. With NGO's confirming that H&M is sustainable through collaborations, a sustainability-focused identity was not only a claim made by H&M but a claim supported by an independent body:

Or you know, they might read something like you know, 'you guys just gave \$100,000 to UNICEF, that's really cool, like, you know, congratulations on that'. So I mean it's one of those things that's kind of hard because we're not really the company to talk about it because it seems a little bit boastful for us to do, we just

like to do it and I think that's the company's like DNA, it's like we do good things but we're not the ones to go 'hey, hey, this is look at what I've done', I think we pride ourselves on just doing it and then, you know, of course making a statement or an announcement about it but not you know, waving our hands saying, you know, 'look at all the good that we're doing', we would just rather do it and not, and take the credit that way ..  
(US1EMP)

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Other forms of approval from outside bodies carried similar identity affirmation, for instance independent labelling. H&M is a member of the Sustainable Apparel Coalition, a coalition that at this point only counted founding members. In 2011, the coalition was in the process of developing the HIGG index, an index that will measure companies' sustainability performance, with the future purpose of developing a measurement tool for individual products that can be attached to a garment in the form of a label or hangtag. For H&M such future labelling provides multiple benefits as it will enable both internal and external stakeholders to assess how sustainable H&M's products are and affirm, internally as well as externally, that H&M is at the forefront of sustainability.

The findings illustrate that collaborations and labelling are important to organizations working on constructing a sustainability-focused identity as they provide an effective means of affirming a sustainability-focused identity as it provides an organization with an independent body's seal of approval. This type of identity affirmation strengthens the perception of being sustainability-focused both internally and externally and as such it affirms both identity and image.

#### *Ranking as identity affirmation and validation*

Collaborating on various projects with NGO's and getting their 'stamp of approval' represented one of the means through which the organization affirmed the new identity claim. Another important source of social validation of the new

identity claim came from rankings made by external stakeholders. Rankings and indexes such as Ethisphere, Dow Jones Sustainability Index, FTSE4GOOD, Global 100 List and Newsweek Green Ranking provided the company with valuable social validation and affirmation for claiming to be sustainability-focused. H&M highlighted rankings in the sustainability reporting, illustrating that the rankings were not only used internally to affirm the identity claim, but also externally to illustrate the social validation that the organization had obtained, providing a ‘stamp of approval’ for being a leader in sustainability; H&M has listed the organization's ranking both in the sustainability reports as well as online under the heading “What others say”. In the 2012 report, the company recognized the importance of external validation: *“Knowledge bears weight but achievement bears lustre as the saying goes, and here are some of the indices, rankings and awards that assessed and recognized our sustainability performance during the year”* (H&M Conscious Actions Sustainability Report 2012, p. 14)

What I saw in my findings was the importance of rankings and utilizing them in the identity work performed. The social validation that rankings and awards represent are significant for affirming a new identity claim both internally and externally as the independent ranking and award justifies a sustainability-focused identity. Rankings represent the most obvious stamp of approval for a new identity claim and signify that claims about sustainability being a key identity referent by an organization are aligned with outsiders' perceptions of the organization. Without social validation from external stakeholders, it is difficult to justify a sustainability-focused identity and both internal and external stakeholders place much emphasis on such rankings as a mean of validating its authenticity.

*Special sustainable collections representing new identity claims*

The sustainability message was also followed up with sustainable fashion collections. The Conscious Collection launched in 2011 involved increased information to external stakeholders and reached consumers in the form of leaflets and posters in stores, green hangtags on certain products, as well as social media feeds about the collection and what H&M does in regards to sustainability. The collections received significant attention from fashion media who wrote about H&M's sustainability actions. While the collections were special edition collections, utilized as a showcase for H&M's sustainability focus, they carried an important message internally: for informants, the collections were tangible and a direct representation of H&M's sustainability focus. Thus, sustainable fashion collections were a way of making sense of sustainability communication material that was perceived to be difficult to comprehend:

I talk a lot with our PR Manager, she tells me about what we're doing 'cos she sees our focus, the Communications Manager, sorry, she tells me about it and then since I was working a lot with conscious collection I got something out of that because I didn't know the seven actions we had and I thought that was good for internal... and that was good because I got it in like small doses and small messages but I know that we had sort of like a Bible with a sustainability report or something that we sent out to the stores, or was it cancelled I don't remember, it was supposed to go out to all the stores but I think we cancelled it. But that was a little heavy, the information in there but I think that some of the points are really good. (US3EMP)

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What I saw in my findings were how much weight that tangible physical items carry in communicating a new identity referent as well as affirming that "this is who we are". While special editions of products may carry pitfalls in that they can be perceived as the only sustainable items that the organization produces, the positive effects of such tangible products may outweigh the negatives: products

send a signal to both internal and external members about sustainability being important to the organization.

### **Identity protection**

Identity work is about actively maintaining, revising and engaging in identity construction (Svenningsson & Alvesson, 2003). The findings suggest that organizational members can take part in identity work through identity protection. The identity work carried out by organizational members is represented by defending H&M, by dismissing criticism of the organization as incorrect and by comparing H&M to others.

#### *Employees defend H&M in regards to sustainability*

Defending H&M was illustrated by informants stating that H&M engages extensively in sustainability and that it is a key aspect of the organization. It was not perceived to be part of the identity at this point in time, but there was increased awareness in the organization about the sustainable actions and how H&M was trying to make the supply chain more sustainable:

I can relate it now [sustainable fashion], although I always, I think there's a true core in that criticism, and we don't deny it. I mean, we, of course, H&M does produce in Bangladesh because wages are low. I mean, you would pay something like two hundred Euros if you were to produce a T-shirt here, so that's, of course, that is an aspect that can't be denied, but I do now see that, so to say, the child labour label is not the only explanation for low prices in the store and, actually, I didn't really think about that, as a consumer before. I was like low price, low wage (*laughs*)... actually my view of H&M is better than the image I had of it before. So because I... and that's my deepest belief, the more people that learn about what H&M does for sustainability the better image they have, and I think we should really be more open. (GE3EMP)

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The protection and defence of H&M is illustrated by informants wanting H&M to be more transparent because the company was perceived to be better and more sustainable than how it was communicated to external stakeholders:

Yes, absolutely. I think they should know [retail staff know about sustainability]. They don't have to know everything, but I think that we should know our efforts and what we are striving for and we are improving. Because I think we are doing many things that, you know, we're also proud of working for a company that does something like that, so it is internal branding, for sure. (US6EMP)

The identity protection was furthermore illustrated by informants reflecting on how sustainable it was possible for a fashion retailer to be; it is a challenging task and not as simple as external stakeholders make it out to be. Thus informants are defending the choices made by the company in regards to sustainability issues:

I guess every part has to make a compromise because I also, what I learned when I read about CSR products and when we have a factory which behave in the wrong way, which treat their employees in a wrong way like under paying or overtime and stuff like that and when the company lose the contract with a brand like, with (COMPANY) and H&M and the people got unemployed, that can't be a solution as well. And I learned, I mean of course I am absolutely against child labour but I also learned that in some parts it's necessary that all family members have to work, that they can survive their life. Or that they get enough money for food which is not okay to send child to factories but maybe the definition of child is something different in different cultures. ...And so there's not always a clear solution for all parties and that's a tricky part...(GE8EMP)

These findings suggest that organizational members may present initial doubt about sustainability being a legitimate identity referent but that sustainable actions and practices provide evidence for the claims made by corporate management. Such evidence in turn provides organizational members with confidence in the organization leading to them defending the organization. Defending the

organization is a type of identity work carried out by organizational members in order to resolve tensions related to image discrepancies; rather than adjusting identity, members who have the necessary proof that actions and identity are aligned will defend the organization in order to align the mirrored image and identity.

*Employees dismiss criticism as incorrect*

Besides defending H&M as being better in regards to sustainability than it was being recognized for, informants dismissed criticism from external stakeholders as being incorrect. As one of the largest fashion retailers globally, H&M was met with criticism whenever an incident took place, whether they were involved in it or not. For organizational members, the criticism was a direct threat to the organizational identity and their identification process with the organization. When H&M was being criticised, so were they. Informants acknowledged that the business model for fashion retail had sustainable pitfalls and challenges, but as H&M was meeting those challenges, the criticism was dismissed as incorrect:

Yeah, well, I mean, I guess there's a certain irony to it, I mean, we are all here because of the business model that we have. I think it is a general understanding that you can play the game and just be as responsible as you can be within that, because, frankly, if we didn't have the economic structure that we have, no one, we wouldn't be buying as many clothes as we do, so it's just, it's a reality that we have to face. It's a matter of, you know, right now I think the average person would say, okay, it would be a very extreme person that would say, 'I'm not going to shop at H&M because they're produced in China', and that's either because they're really, really anti-China, or anti anything where it has to do with that. ... and, but I think some people who do their homework, you know, they sort of say, 'Okay, I don't live in a world where that's a possibility because I want to, you know, consume fashion and I want to be a part of this', so if I stack them up I'd say H&M is at least making some effort within the greater scheme of things. If I compare it to (COMPETITOR

COMPANY), where there's probably slightly more people that will not shop there because they feel like there's too much mystery around where their garments come from. (US11EMP)

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When H&M was met with criticism the company responded to it, whether it was from larger NGO's, the media or individuals criticising or raising awareness of issues. At the country office level, employees dealt directly with individuals raising awareness of issues and they experienced how the organization responded to such incidents, often recalling products. For informants these actions implied a company that cares and responds to issues and their experience of H&M was a company that cared, a perspective that was incompatible with the criticism they were met with from external stakeholders:

Yeah, you know if there is a negative thing it's like, 'okay, today it's a kind of a crisis day so you take the phone, you write an info, you keep contact to eh Headquarters', and then you know, we have to arrange everything....sometimes if there is something in it [the story] or if there would be something in it then H&M would be so professional to say, 'we improve on this', we have this kind of co-testing, and every time they find something negative we say, okay, and we send it to the headquarters and to the quality people and they say, 'yes, definitely, this is not good, we have a look into this and if we have it next season it's definitely this substance is no longer in it', so this is why... Or even recall, we have it very seldom but I mean we had the example here from Germany it started, only one father, he called our customer relations and he said, 'I have a very nice knitted check for my baby, but every time I put out the pacifier there is some wool around, so this might be they can eat it, they can choke because of this'...he said, 'do you think this can happen?', so then the girl from customer relations she called the quality department in Sweden and then they said, 'yeah, might be, this is not good, it's too hairy', and then, I mean it was two or three days later they recalled the product. (GE2EMP)

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The findings illustrate, that swift actions taken by large corporations when met with criticism enable trust in the organization from organizational members. By reacting swiftly to issues that arise, large corporations send a signal to organizational members that the emphasis on sustainability is authentic, deep felt and that claiming to be sustainable is legitimate. Such signals in turn lead to organizational members embracing and protecting a sustainability-focused identity.

*Expressing the belief that H&M is better than other companies in regards to sustainability*

The criticism of H&M was also dismissed on the grounds that H&M was at least doing better than others. Comparing themselves to industry peers and competitors who are not known for their sustainability efforts, became a means of protecting H&M's identity. The perception that H&M was performing better than its competitors was strong among informants: there was a firm belief that H&M was at the forefront, despite its size that could otherwise be perceived as a barrier:

I don't know any clothing retailer that's doing it [sustainability]... I can't think of one global and I can't think of one sizeable retailer that's doing it on that level ... No, I actually, I honestly do believe this, and believe me I can be the biggest critic of this company sometimes, is that again I think there's a real want and desire to change it and do the right thing whether that's getting as much as the organic cotton supply chains secured to again putting things more on to trains rather than using trucks, to really think about what the shipping looks like, the whole logistic side of things, yes... (US2EMP)

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H&M was also perceived to be performing better than competitors, even though the prices were low and H&M, pricewise, is on par with the retailers with a bad reputation:

Yeah, I am, I mean I wouldn't like to work for (COMPETITOR COMPANY) you know, I feel like...I think I don't really, I mean I think if you're working for a you know, I truly, I mean I think we are a very responsible company, that's important to me, I wouldn't want to work for like a...fast fashion retailer who I felt was a bit dodgy or not really doing, I feel that we do do the right thing and I truly believe that...I think for the UK market there's been a lot of you know, people remember like the (COMPETITOR COMPANY) stories, the (COMPETITOR COMPANY) stories and unfortunately I think sometimes we can get grouped with that because of the price of our garments, so they just group them together, it's the industry, and it's the low price retailers who get grouped like that, so I think that's what we have to fight against and make sure we get our reputation out there and get the message out there about what we're doing, and I think PR actually has a huge role to play in that, and even just our marketing communications and our ads, we've never really communicated the sustainability messages before in our ads, we always weren't allowed to communicate that. (UK1EMP)

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The findings suggest that comparing the organization to others within the same industry is an important part of the identity work carried out by organizational members. Despite all the criticism that organizational members may be faced with, the recognition that the organization is performing better than industry peers provides a protection against the criticism in the form of: "well at least we are not as bad as the others". This type of identity protection provides organizational members with an active way of negotiating the criticism that they are faced with from external stakeholders that are not only targeting the organization but organizational members as individuals as well.

### **Concluding discussion of analysis**

The past three chapters have presented the three overarching themes that the data analysis identified. The analysis has illustrated that the process of identity was initiated during 2010 and 2011 by corporate management performing identity

work in the form of knowledge dissemination; this type of work was performed by making claims about the new identity referent, by introducing a new sustainability program and initiatives as well as by increasing communication internally and externally. The introduction of a new identity referent and the work performed led to a number of responses and reactions from organizational members. While the identity change process towards a sustainability-focused identity was generally perceived to be positive, it also spurred scepticism, confusion and questions on the new direction. Some of the responses and reactions were of a more practical nature – they were barriers to adopting a sustainability-focused identity - while other responses were linked to tensions arising that were more difficult to resolve. Identity work was performed throughout the process and simultaneously to organizational members responding and reacting to the identity change process that was taking place.

In 2014, interviews were conducted with corporate management, focusing on how the process of constructing a sustainability-focused identity has evolved from 2011 to 2014, what type of identity work strategies were employed throughout this time period to resolve challenges arising and what the focus in the future was. Analysing the data from 2014 illustrated that the organization had resolved some of the barriers to adopting a sustainability-focused identity and had been involved in a continuous process to negotiate the tensions that arose. The findings also illustrated that the same types of identity work were performed from 2011 to 2014; this illustrates that the process of resolving challenges involved continuous knowledge dissemination, identity affirmation and identity protection and that the company was tenacious and persistent over time in resolving barriers and tensions that arise in the process of constructing a sustainability-focused identity.

### *Negotiating and resolving barriers*

In chapter 5 of my analysis, I identified three categories of barriers to adopting a sustainability-focused identity that arose at the time the interviews were collected in 2011: information and communication ambiguity, barriers related to organizational structure and control versus local adaptation. From 2011 onwards, corporate management performed various types of identity work to resolve and negotiate these barriers. Some of the identity work performed has already been discussed in this chapter, and identity work has to resolve barriers have continued throughout. The data collected in 2014 illustrated that two types of identity work was performed to manage and resolve barriers: knowledge dissemination and identity affirmation. The analysis also illustrated that the barriers that had been resolved after 2011 were mainly internal barriers, such as communication ambiguities and problems of central control versus local adaptation. I will outline and discuss how identity work was performed to resolve barriers to adopting a sustainability-focused identity.

### *Knowledge dissemination as a key type of identity work*

The data collected from 2014 points to knowledge dissemination as a key type of identity work performed. The organization continued to report on sustainability as a tool for communicating identity claims; the annual sustainability report has added activities each year and the strategy also illustrated the process that the organization was going through by making claims of sustainability a key identity referent. Illustrating that sustainability is a key identity referent, the CEO states in the 2013 sustainability report:

Of course I hope that H&M will continue to grow and contribute to jobs and development around the world. But to continue growing, we need to consider our planet's boundaries. I believe that the way fashion is made and consumed will change. I hope that we will be able to produce fashion in a closed loop, using less

of our planet's resources and reducing waste instead. For the resources that we will still need, we must share them fairly between today's and future generations (CEO interview in Conscious Actions Sustainability report, 2013, page 3)

Such statements presented in a report that is available both to internal and external stakeholders illustrates that the organization is persistent in presenting sustainability as a key referent for the organization, and that it is now considered on a par with growth of the business and financial goals.

My findings illustrated that increasing training and education was a type of identity work performed to manage and resolve barriers that arose due to information and communication ambiguity, due to organizational structures, as well as barriers related to central control. The data collected in 2014 illustrated that increasing education and information continued to be the main tools for resolving barriers to adopting a sustainability-focused identity. To resolve barriers internally, a comprehensive educational program and e-learning program was launched, and while the program was not available to all H&M employees globally in 2014, the strategy is to offer it on a global level to all employees. This is in contrast to 2011 where training on sustainability was mainly aimed at retail staff; in 2014 the type of sustainability education was extended both in terms of audience and in terms of content, and the program was no longer a training program but an educational program, highlighting the complexity of the topic.

As I have presented in the findings, leadership was utilized as a means of identity work when H&M launched the new sustainability strategy and to manage the barriers that arose afterwards. In the years that followed the strong leadership remained a key type of identity work performed and the CEO of H&M continued to push the sustainability agenda both internally and externally. The CEO's

commitment was perceived to be instrumental in the changes made during the years:

Well it's, I think it's not only part of his agenda as a CEO, I mean he is very engaged in his private life also...to him it is super important and also for Stefan [father of CEO and former CEO] that first of all that staff when they retire from H&M, that they should feel that they have done more than selling fashion...that they are part of something bigger, and then of course it is super important that consumers can rely on us, they can just come to our stores and have fun and don't worry about these things (Head of Sustainability).

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This finding illustrates that the visual leadership is two-fold: it is a type of identity work performed in order to resolve internal barriers to adopting a sustainability-focused identity by providing internal stakeholders with direction as well as enabling employees to attach a deeper meaning to the job they carry out on a daily basis. However, it is also a type of identity work performed to manage and negotiate tensions that arise due to identity-image discrepancies and sustainability strategy ambiguities by providing sustainable options to consumers that are visible and comprehensible. This type of identity points to two important findings: one type of identity work is performed to manage and negotiate several barriers and tensions at the same time. When an organization performs a type of identity work it is not only to resolve one specific barrier but to negotiate several barriers. While there may be a number of barriers to adopting a sustainability-focused identity as well as tensions that arise in the process, it may be that there are only a limited number of types of identity work available to organizations to manage and negotiate them. The other important finding illustrated is that while barriers can be resolved due to the more practical nature of the challenge, tensions can primarily be managed and negotiated with implicated stakeholders, but they are not resolved easily.

### *Identity affirmation as a type of work resolving barriers*

Central control versus local adaptation was a barrier to adopting a sustainability-focused identity in 2011. In order to resolve this barrier, identity affirmation was performed as a type of work. After 2011, sustainability became a shared responsibility; this implied that the responsibility for embedding sustainability in the organization became shared throughout the organization and thus that all heads of department at HQ were responsible for ensuring that their department acted sustainably and met the goal set for that department. Shared responsibility also implied a decentralization process that H&M embarked on in these years: country offices were made responsible for ensuring that sustainable measures were implemented and were also measured on how well they performed. Country offices were furthermore given more autonomy in embedding sustainability in the organization. By sharing responsibility H&M resolved a barrier that arose due to the perceived lack of local autonomy. The shared responsibility and increased local autonomy also led to significant sustainability engagement locally. Country office managers now have more choice in regards to strategy and actions, leading to an increased commitment on country office level. Besides being given more autonomy, all country offices were also allocated a local sustainability coordinator structuring the process of becoming sustainable. Explaining the changes the Head of Sustainability stated: “...they have their conscious coordinators who knows about the process, they know where to set the goals, so that it is much more structured and they are much more aware and engaged, so there [at country offices] you would see a difference” (Head of Sustainability). This finding suggests that sharing responsibility enabled employees to relate sustainability to their daily jobs and life at country office. Thus, sharing responsibility and enabling local identity interpretation as a type of work also became a way of managing and

negotiating a significant tension that arose due to misalignment between claims and culture.

The findings discussed here illustrate that various types of identity work are performed in order to manage, resolve and negotiate barriers that arise. Table 7.2 outlines the types of work performed to resolve barriers and tensions, and illustrates that two types of work are utilized in order to resolve a number of barriers:

**Table 7.2**

**Forms of identity work performed to manage, negotiate and resolve barriers**

<b>Barrier/Tensions</b>	<b>Identity work performed to manage, negotiate and resolve barrier/ tension</b>
Information and communication ambiguity	<ul style="list-style-type: none"> <li>• Increase information to stakeholders through various channels</li> <li>• Visualizing leadership</li> <li>• Increasing training and education</li> </ul>
Barriers related to organizational structure	<ul style="list-style-type: none"> <li>• Increase information to stakeholders through various channels</li> <li>• Visualizing leadership</li> <li>• Increasing training and education</li> <li>• Connecting heritage and values with sustainability identity claims</li> <li>• Introducing incentive programs for employees</li> </ul>
Central control versus local adaptation	<ul style="list-style-type: none"> <li>• Sharing responsibility and enabling local identity interpretation</li> <li>• Increasing training and education</li> <li>• Connecting heritage and values with sustainability identity claims</li> </ul>

The table highlights that it is the same types of identity work that are utilized in order to manage and resolve several types of barriers. For instance, types of knowledge dissemination are utilized to resolve barriers related to organizational structure as well as barriers arising due to communication ambiguities. This finding implies that being persistent, consistent and tenacious in the work carried

out over time is favoured over engaging in new types of identity work. It also points to another explanation, as touched upon before: the types of identity work available are limited and organizations therefore employ the same types of work to overcome multiple barriers.

*Identity work performed to manage and negotiate tensions*

The findings suggest that the same types of identity work performed to resolve barriers are also performed to manage and negotiate tensions. While tensions are not easily resolved, the findings illustrate that H&M throughout the period 2011 to 2014 has been able to manage and negotiate tensions to some extent as discussed previously. While knowledge dissemination and identity affirmation are also utilized as types of identity work performed to manage tensions, organizational members also performed identity work themselves by protecting H&M’s identity. Identity protection as a type of identity work was performed when organizational members experienced a disconnect between the internal identity change process and external reactions and perception of H&M’s identity. Yet it was also performed as a way for organizational members to make sense of a new key identity referent, by comparing H&M to others. This finding demonstrates that identity protection is a type of work performed as a reaction to external identity threats and not to the same extent performed to manage internal tensions. Table 7.3 exemplifies the type of identity work performed to manage and negotiate tensions that arise in the process of constructing a sustainability-focused identity.

**Table 7.3**

**Types of identity work performed to manage and negotiate tensions**

Image discrepancies	<ul style="list-style-type: none"> <li>• Employees defend H&amp;M in regards to sustainability</li> <li>• Employees dismiss criticism as incorrect</li> </ul>
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	<ul style="list-style-type: none"> <li>• Expressing the belief that H&amp;M is better than other companies in regards to sustainability actions</li> <li>• Reporting as a tool for communicating identity claims</li> <li>• Collaborating with NGO's to affirm and legitimize identity claims</li> <li>• Ranking as identity affirmation and validation</li> </ul>
Sustainability strategy ambiguities	<ul style="list-style-type: none"> <li>• Collaborating with NGO's to affirm and legitimize identity claims</li> <li>• Ranking as identity affirmation and validation</li> <li>• Connecting heritage and values with sustainability identity claims</li> <li>• Reporting as a tool for communicating identity claims</li> <li>• Employees defend H&amp;M in regards to sustainability</li> <li>• Employees dismiss criticism as incorrect</li> <li>• Expressing belief that H&amp;M is better than other companies in regards to sustainability actions</li> </ul>
Misalignment between central identity and local identities	<ul style="list-style-type: none"> <li>• Connecting heritage and values with sustainability identity claims</li> <li>• Increasing information to stakeholders through various channels</li> <li>• Increasing training and education</li> <li>• Visualising leadership communication</li> <li>• Special sustainable collections representing identity claim</li> <li>• Introducing incentive program for employees</li> </ul>

*Identity affirmation as a type of work to manage tensions*

The table illustrates that identity affirmation is a key tool in managing tensions, in particular in collaborations with NGO's and rankings. This finding is interesting as it points to the role that external stakeholders came to play in the identity construction process and a change in identity work performed from 2010 onwards.

From early on, H&M collaborated with external stakeholders in an effort to improve the supply chain and drive changes. Such collaborations have been seen as instrumental in developing sustainability actions over the years and have been a key focus for H&M. However, the findings suggest that between 2010 and 2012 an internal focus was favoured by the CEO and the new Head of Sustainability. This was perceived as necessary in order to embed sustainability in the identity and culture, and to develop the sustainability focus even further. This does not imply that collaborating with external stakeholders became less important, but as the focus was on strengthening sustainability internally, less focus was on engaging with new external stakeholders emerging on the scene and there was less participation in conferences and external knowledge sharing activities.

This in turn led to H&M at times lacking the support from new stakeholders which had emerged. When a crisis hit, H&M experienced that they did not have the support and back up from new external stakeholders. This had an effect on the perception of identity and the image of the company leading to H&M updating their network to avoid the same situation in the future. The responsibility for updating and engaging with stakeholders was shared and delegated to various organizational members and local markets. It also meant increasing conference attendance telling about the work that H&M do on a global and local level. Such activity ensures that H&M continuously has opportunities for knowledge sharing with external stakeholders, that changes and actions are made in collaboration with external stakeholders who have a stake in specific issues, and it also has the purpose of validating H&M's sustainability work amongst industry peers and NGO's. Thus constructing a sustainability-focused identity does not only involve internal stakeholders, but also involves getting external stakeholders on board and supporting and validating the journey.

## **Chapter summary**

In this chapter, I have presented the forms of identity work that H&M performs in order to manage and resolve the tensions and barriers arising in the process of becoming sustainable. The data analysis identified three forms of identity work performed by H&M: knowledge dissemination, identity affirmation and identity protection.

Knowledge dissemination was applied as a tool for establishing identity claims and for managing the tensions occurring. This was an activity engaged in by corporate management. By communicating extensively internally and externally about H&M's sustainable activities, H&M was claiming sustainability as a key identity referent. The communication is twofold as it targeted both internal and external stakeholders by projecting sustainability as a key identity referent and by projecting to both audiences that H&M was going through a process of change. This was both a step in the process of embedding sustainability in the organization as well as building a sustainable image. The process of change was led by management and visible in types of communication where sustainability had not previously been a key focus such as annual reports. In particular the new CEO took on a key role in conveying the message which illustrated a shift in the importance placed on sustainability. Education was also central in this form of identity work as it provided knowledge about sustainability as a key identity referent to internal members on a daily basis. Internal sustainability initiatives enabled organizational members to better comprehend that sustainability was relevant to all organizational members and not merely related to supply chain issues.

Identity affirmation provided a second form of work and was also performed by corporate management. Identity affirmation had the purpose of ensuring

organizational members that the new identity referent was aligned with the existing values. This form of work was performed by connecting sustainability to the heritage of the company and to the existing values. By connecting sustainability to existing values, corporate management was attempting to negotiate tensions that arise in regards to misalignment between culture and sustainability. The new identity referent was also affirmed by external stakeholders; when H&M was ranked as the highest fashion retailer on various sustainability rankings it validated the process that the company was going through in order to construct a sustainability-focused identity. By having independent bodies validating the sustainability efforts made, it conveyed a message to both internal and external stakeholders that H&M was at the forefront of sustainability and that the company was sincere when claiming sustainability as a key identity referent. As such, independent bodies validating H&M as sustainable served the purpose of managing tensions related to image – identity discrepancies but to an even larger extent, it affirmed to both internal and external stakeholders that the claim of being sustainability-focused was authentic.

Organizational members also performed identity work through identity protection. The finding that organizational members engaged in identity work through identity protection indicated that H&M had been successful in embedding sustainability in the organization and in changing the organizational identity. When organizational members engaged in identity work of this kind, it was in order to protect and defend H&M's sustainable identity. This type of work was performed by dismissing criticism that H&M was not sustainable, by defending H&M as better than its image and by comparing H&M to others. Comparing H&M to others was supported by the independent and external recognition that H&M received; when comparing H&M to other fashion retailers, H&M was performing better on sustainability and though the company may not have been

fully sustainable in all its activities, at least the company was doing better than its competitors.

Table 7.4 provide a summary of the types of identity work identified and an explanation of what these types of identity work to manage, negotiate and resolve barriers and tensions that arise in the process entails.

**Table 7.4**

**Summary table of identity work**

<b>Identity work performed</b>	<b>Explanation of identity work</b>
Knowledge dissemination as key tool for identity management	Knowledge dissemination through formal communication outlets such as annual reports, sustainability reports, websites etc. provide a platform through which corporate management can convey identity claims. Such platforms reach both internal and external stakeholders and signify to stakeholders that the identity change process is led from the top. Training and education are other types of identity work performed to enable the identity change process.
Identity affirmation	Various types of identity work are performed in order to affirm a sustainability-focused identity. in particular rankings and collaborations with NGO's provide the organization with social validation from external stakeholders, affirming that the claims made are legitimate and authentic. Other forms of work performed to affirm identity includes utilizing cultural aspects such as heritage and existing identity referent and values.
Identity protection	Identity protection is a type of work that takes place in order to protect the organizational self-understanding that is threatened due to criticism from external stakeholders, and organizational members identification process with the organization. Organizational members take active part in these types of identity work that includes defending, dismissing and comparing to others.

The retrospective perspective in the concluding discussion of analysis, provided by the findings collected in 2014, illustrate that the process of becoming sustainable is an ongoing journey that requires constant and continuous identity work, a journey that H&M is committed to. Some of the barriers occurring in 2011 are still challenging the process while most have been resolved. Tensions are also still arising but H&M has been able to manage some of them, in particular internal tensions. As the process of constructing a sustainability-focused identity continue, more barriers and tensions will be managed and resolved and new ones will arise; this is the dynamic nature of the sustainability-focused identity construction process. Reflecting on the challenges ahead, corporate management perceive mass consumption and a new approach to business as key challenges. New approach to business includes consumer behaviour, closing the loop and systemic change, issues and challenges that H&M will engage in through collaboration with industry peers and partnerships with other external stakeholders in their effort to resolving them.

This chapter summary concludes my analysis of the empirical data. In the next chapter I will discuss my findings and how they relate, support and extend existing theoretical themes related to sustainability-focused identity.

## **Chapter 8**

### **Discussion of findings**

#### **Introduction**

In the past couple of chapters I have discussed the topic of sustainability-focused identity, the themes in organizational identity theory that are most relevant to sustainability-focused identity, and outlined why it is a topic that implies barriers and tensions that must be negotiated, managed and resolved through identity work in order to enable the process of becoming sustainable. I have also presented the findings from my study of H&M's experience. In this chapter I will discuss my findings and how they relate, extend and contribute new insights to the existing literature and debates.

As I have outlined previously, my study sets out to explore the process of constructing a sustainability-focused identity at H&M, a global leader in fashion retail. My study has focused on the barriers and tensions that arise in this process and how H&M has performed identity work to manage, negotiate and resolve these barriers and tensions.

Becoming sustainable is a long and challenging process for organizations as it involves issues beyond the organization that cannot be resolved by the organization alone (Loorbach, 2009). However, overall, it can be argued that sustainability is positive for an organization (Roberts & Dutton, 2009); internally it brings well-being and pride to employees, and it strengthens the relationship between employees and organizations by enabling employees to feel that what they do has greater meaning and purpose (Hamilton & Gioia, 2009). Pratt and Ashforth (2003) refer to this phenomenon as transcendence; when employees find meaning from what they do and from being part of the organization. However,

sustainability is obviously also positive for the greater good of society as it brings about alternative methods of doing business that are better for people and the planet (Googins et al., 2007; Werbach, 2009; Cramer & Karabell, 2010). Adding to this, despite research suggesting a lack of interest in CSR and sustainability among consumers (Devinney, Eckhardt & Belk, 2006), it can be argued that sustainable values may also strengthen the relation to key consumers and enable brand loyalty (Bhattacharya & Sen, 2004; Shuili, Bhattacharya & Sen, 2007).

However, my findings indicate that despite the fact that sustainability is a key identity referent imbued with positive attributes, this does not imply that organizational members simply embrace sustainability as a new identity referent. Because organizational identity is important to organizational members who spend a good part of their life at work, and identify with the place where they work, organizational identity changes have an effect on individuals that are part of that organization (Russo, 1998; Alvesson, 2000; Hatch & Schultz, 2000). Generally speaking, the most immediate tension or reason for resisting sustainability as a new identity referent is the belief that it is inauthentic or due to the accusations of green washing from external stakeholders. In this case, sustainability could be seen as a negative attribute. However, as I illustrated by applying Googins et al.'s (2007) sustainability mapping and by the sustainability rankings that H&M is achieving, H&M puts actions behind the identity claim; in the case of H&M, green washing is misplaced and unfair.

Despite H&M putting words into action, the findings illustrate that fear of green washing is a barrier that arises in relation to externally communicating H&M's sustainability-focused identity. The findings illustrated that barriers and tensions arise for a variety of reasons: some are due to internal challenges such as organizational structure, lack of communication and lack of local autonomy, but

also more fundamental challenges such as misalignment between sustainability and local culture, sustainability strategy ambiguities, and clashes between existing values and sustainability. Barriers and tensions also arise due to external aspects - an often illustrated finding in organizational identity studies is that image discrepancies act as a tension or threat to identity construction (e.g. Dutton & Dukerich, 1991; Gioia et al., 2000; Hatch & Schultz, 2002) and the findings from my case study support this. This tension is accentuated by the internal perception that the organization is not doing enough to rectify or create alignment between identity and image by communicating more extensively about the sustainable efforts and actions made by H&M.

Identity work is both causing barriers and tensions as well as performed to resolve, negotiate and manage barriers and tensions. It is performed as a tool for introducing and claiming a new identity referent. When barriers and tensions arise, corporate management perform identity work in order to manage, negotiate and resolve issues. Corporate management approach barriers and tensions as knowledge challenges, and attempt to resolve them by increasing communication and knowledge dissemination internally as well as externally. Other types of identity work performed to resolve tensions are identity affirmative actions, legitimizing sustainability as a new key identity referent. While those two types of identity work are performed by corporate management, organizational members also take part in identity work through identity protection. This type of identity work is performed by dismissing criticism, defending H&M and comparing H&M with others. This type of identity work illustrates how significant the perspective of outsiders or external stakeholders is in the identity construction process: The organizational answer to who we are, who we are becoming, and how we are becoming is constantly weighed and compared to what outsiders express about the

organization. Identity is not necessarily adjusted, but it is compared, evaluated and reflected upon based on outsiders' perspectives.

In the remainder of this chapter I discuss the implications of my findings for existing theory on the topic. This chapter proceeds with a discussion on four key topics: 1) I start my discussion by arguing why sustainability-focused identity is relevant as a construct in itself. 2) This is followed by a discussion of what the process of constructing a sustainability-focused identity involves. I then discuss the two key issues that emerge in the process of constructing a sustainability-focused identity. These are: 3) the impact of culture in constructing a sustainability-focused identity, and 4) the impact of image on sustainability-focused identity construction.

### **The construct of sustainability-focused identity**

My research has focused on a specific type of organizational identity construction: sustainability-focused identity. Sustainability and CSR as a specific context for organizational identity is a relatively new area for research and only a few studies have explored the topic (e.g. Amodeo, 2005; Brickson, 2007, 2013; Morsing & Roepstorff, 2014) and theorized concerning it (e.g. Hamilton & Gioia, 2009). Morsing & Roepstorff (2014) pointed out that a CSR or sustainability-focused identity carries a specific condition that set the context apart from other contexts because it is a promise to external stakeholders to improve the social and environmental conditions that the organization is part of. My study complements and extends past research and theorizing of sustainability-focused identity as a specific construct by illustrating specific requirements that define a sustainability-focused identity construction process. There are three main reasons why sustainability-focused identity is a unique construct in itself: 1) it is an identity construction process initially motivated by pressure from external stakeholders or

by institutional pressure, 2) in order to identify the organization as having a sustainability-focused identity it is required that outsiders acknowledge the identity at some level and 3) it is required that specific actions are taken.

*Institutional pressure as a motivational factor for becoming sustainable*

The historical account of how H&M arrived at a point where it was necessary and relevant to ingrain sustainability to such an extent in the organization that it becomes part of the identity illustrate that various factors and events taking place kick-start the process. As discussed in the review of literature, sustainability-focused identity is a relatively new research area and current research is limited. The existing literature suggests that companies engage in sustainability for a number of reasons such as institutional pressure (e.g. DiMaggio & Powell, 1983, Scott, 1995, Maigne et al., 2010), competitive advantage, legitimization and financial motivations (e.g. Vredenburg & Westley, 1993, Post & Altma, 1994, Lawrence & Morell, 1995, Bansal & Roth, 2000) and because organizational leaders feel an obligation towards society (Winn, 1995, Lawrence & Morell, 1995, Amodeo, 2005).

The findings from my case study complement current research on what motivates sustainability, illustrating that a number of motivational factors were shown to have an effect of H&M's sustainability motivation, but at different times in the process. While H&M's sustainability efforts were initially motivated by institutional pressure as well as complying with regulations and anticipating future laws, shifts in motivation for increasing sustainability efforts occurred during the process. This supports past research on the evolution of sustainability from being reactive to being proactive (e.g. Carroll, 1999; Jermier et al.; 2006, Loorbach et al., 2009). H&M quickly adapted to a CSR agenda moving beyond compliance to a more comprehensive involvement in sustainability issues. With a point of

departure in Googins et al. (2007), H&M moved swiftly from stage 1 to stage 2 where compliance is in focus and rapidly started to build a CSR department, thereby increasing expert knowledge within the organization as well as increasing activities. During the process, complying with law and meeting the expectations of external stakeholders continued to influence the organizational sustainability strategy, but the main motivators shifted to being proactive rather than reactive, seeing opportunities in increasing sustainability efforts. As H&M became more advanced in regards to sustainability activities and knowledge level, motivational factors shifted to competitive advantage, seeing opportunities leading to the organization starting to embrace sustainability as a positive and value increasing attribute. As the depth of commitment to sustainability increased, the organizational leaders began to feel a moral obligation motivating the organization to strive for championship within their industry (Googins et al., 2007).

Thus, a significant difference in sustainability-focused identity compared to, for instance, identity in a creative or innovative context, is that it is derived from motivational factors. Because sustainability is spurred by external and institutional pressure, it is seldom a process that organizations, in particular MNC's, have initiated themselves. Sustainability is an aspect of business that organizations initially have been forced to engage in and deal with. Further, it is a never ending journey that, despite the level of sustainability, continues to be influenced by institutional pressure. Whereas organizational identity in a creative context peaks, when the organization 'has arrived', becoming sustainable never ends, as new demands are continuously placed on the company.

#### *Social validation from outsiders*

Hamilton & Gioia (2009) argue that sustainability-focused identity is relevant because organizations have the power to make fundamental societal changes; their

status as a social actor enables organizations to take actions that have significant impacts on society, and they have the ability to influence societies in a positive direction. However, such power also implies a promise when an organization embarks on a journey of becoming sustainable. It is a promise of doing something better and improving social and environmental issues, and it is not only a promise to internal stakeholders but indeed also to external stakeholders (Morsing & Roepstorff, 2014). It is difficult to imagine the same would be the case in other contexts such as creativity or innovation. While both contexts may lead to improvements for external stakeholders, it does not to the same extent imply a promise. Sustainability-focused identity is unique because it is a promise to the external world. Such a promise in turn implies acknowledgement from the outside world, otherwise the promise has no validity. This implies social validation (Ravasi & Phillips, 2011), which has been highlighted and understood by past research to be a legitimizing process of feedback from external stakeholders (Pratt & Kraatz, 2009; Gioia et al., 2010; Ravasi & Phillips, 2011). Thus, it does not make sense to talk about sustainability-focused identity unless external stakeholders acknowledge it and socially validate it.

The findings from the data illustrate the point that a sustainability-focused identity must be acknowledged by outsiders in order to have validity (it may exist without outside acknowledgement but then it has no purpose or promise other than internal satisfaction as the promise is distinctly a promise to external stakeholders). The acknowledgement from outsiders is achieved through sustainability rankings, through collaborations with NGO's and mediated visibility. While mediated visibility and acknowledgment are important, it is sustainability rankings as well as NGO collaborations that act as a 'seal of approval', as rankings and NGO's are perceived as critical independent bodies of authority. By ranking the company as number one within the industry as well as by NGO's agreeing to collaborations,

the sustainability-focused identity is approved, affirmed and acknowledged by outsiders.

Thus, rankings have a significant impact on sustainability-focused identity construction as they serve the purpose of legitimizing identity claims and provide the organization with social validation of being sustainable. Past research has illustrated the role of rankings in identity construction processes; more specifically, Elsbach & Kramer (1996) studied how business school rankings pose an identity threat when rankings are not aligned with identity perception of the organization. The findings also illustrated that rankings are used to affirm positive identity attributes when schools are ranked better than expected (Elsbach & Kramer, 1996). While past research on organizational identity has illustrated that outsiders influence identity construction, these findings have implications for current theorizing on sustainability-focused identity construction as they imply that outsiders have a bigger impact on identity construction and that it is specific groups of outsiders who influence the identity construction process in a sustainability context. Thus, because sustainability-focused identity construction processes rely on social validation in the form of rankings and approval, the focus on external impact in current literature may be extended and elaborated when researching organizational identity in this particular context.

#### *Specific actions required*

A sustainability-focused identity entails sustainable actions and practices. As I have discussed previously, a sustainability-focused identity is defined as an organizational identity where sustainability is a key identity referent to the organization. As sustainability is never fully achieved, a sustainability-focused identity requires constant sustainability-focused actions (Hamilton and Gioia, 2009).

It is theorized that agency and practice are particularly relevant in regards to sustainability-focused identity as sustainability actions spur the identity construction process (Amodeo, 2005, Hamilton & Gioia, 2009). Thus, increasing sustainability practices foster the belief that sustainability is a core component of the identity among internal stakeholders. The point made in the existing literature (Amodeo, 2005; Hamilton & Gioia, 2009) is that long-term sustainable actions are necessary in order to construct a sustainability-focused identity. At the same time as sustainability takes root, because of the sustainable practices, the sustainability-focused identity is growing within the organization thereby motivating sustainable practices even further, thus strengthening the sustainability-focused identity.

My case study complements the theorizing. Sustainable practices are necessary in order to construct a sustainability-focused identity; sustainable actions and practices are crucial as a foundation for constructing a sustainability-focused identity, as actions provide the foundation for both sense-making and sense-giving processes. Without comprehensive sustainable actions in place, it is impossible to tell what it is that H&M is doing that justifies a sustainability claim, and without telling what they are doing the company cannot claim to be sustainable. Thus the process of constructing a sustainability-focused identity implies a dynamic relation between sustainable practices and identity construction.

However, it is not sufficient that sustainable practices are in place on a global level of the organization; it must also relate to a local context and the task and jobs carried out locally. The findings illustrate that local sustainability practice plays a significant role in the process of constructing a sustainability-focused identity; more specifically, a challenge arises when organizational members are not able to relate a new identity referent to practice. Organizational members may be able to recognize that the company engages in sustainability on a global level, but if their

daily tasks, routines and surroundings are not related to sustainability, it becomes a barrier for constructing a sustainability-focused identity.

There is also a degree to actions and practice that must be in place; it is not enough to simply comply with the law, the company must have implemented sustainability measure to at more advanced level as indicated by Googins et al.'s research (2007). The findings from my case study support Googins et al.; H&M was at least at a stage 3-4 when mapped using Googins et al.'s mapping before it made sense to talk about sustainability being a key identity referent. Thus, having a CSR department that deals with issues in the supply chain does not lead to sustainability being a key identity referent; it is a process that begins when sustainability is so ingrained in the organization that it is part of all aspects and all considerations taken.

Again, other contexts may imply specific actions as well, but the actions related to a creative context for instance are to a larger extent intangible. An example could be 'Why are Alexander McQueen's design considered more creative than Ralph Lauren for instance? What are the parameters for such an evaluation? This is difficult to answer, whereas the parameters for sustainability – though not straightforward – at least are possible to frame and define.

Having discussed justification for framing organizational identity in a sustainability context as a unique construct under the label sustainability-focused identity, I now turn to a discussion of what the process of constructing such an identity involves.

## **The process of constructing a sustainability-focused identity**

What does the process of constructing a sustainability-focused identity look like and how is it possible to define whether an organization has a sustainability-focused identity? In the previous section, I pointed out the reasons justifying the construct of sustainability-focused identity. In this section I will discuss how the process of becoming sustainable unfolds, what is involved and aspects utilized in the process. I will begin this section by discussing the process of constructing a sustainability-focused identity and then move on to discuss what aspects that are important and utilized in the process.

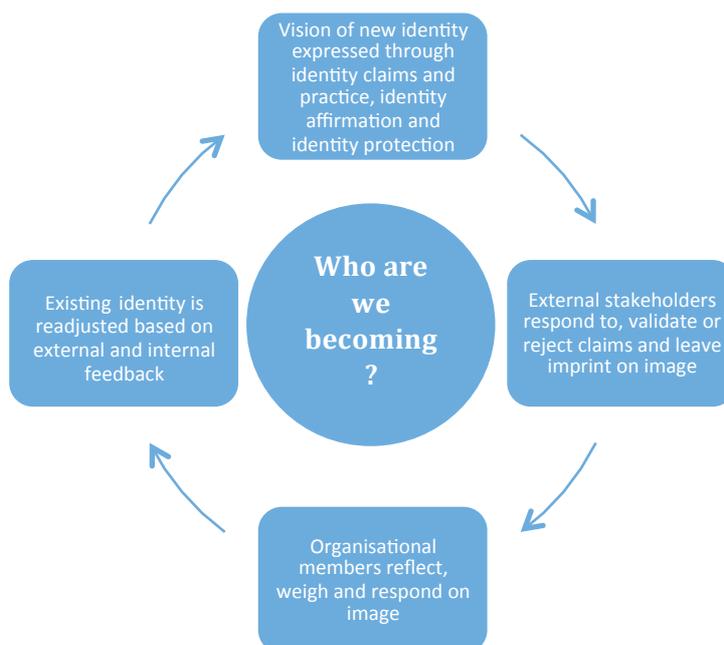
### *The process of sustainability-focused identity construction*

Becoming sustainable and constructing a sustainability-focused identity involves processes. The process of constructing identity is a recurrent theme in organizational identity research, but a specific process perspective is a relatively new stream within the field. What is interesting about a process perspective is that it focuses on the process as it unfolds over time and on how an organization get from A to B, tying together the past, present and future (Hernes, 2007; Langley & Tsoukas, 2010; Schultz et al., 2012; Schultz & Hernes, 2012 and Langley et al., 2013). Schultz et al. (2012) further theorizes that identity construction processes is related to actions, novelty, change, expressions and becoming. The focus on dynamic processes, doing something actively to shape the process and the interrelatedness between past, present and future makes a process perspective particularly relevant for sustainability-focused identity; I previously argued that agency plays an integral role for sustainability-focused identity and the findings furthermore suggest that building on the past referents may help the process of becoming sustainable along.

The findings from my study illustrate that the process of constructing a sustainability-focused identity is not linear, step by step or leading from A to B; it is rather circular, and a reaction to events, barriers and tensions arising outside and inside the organization that the organization responds to with reactions and actions. The process is an ongoing dynamic relation and conversation between sustainable actions, external reactions to actions, internal reflection leading to new actions and claims. This conversation results in sustainability becoming increasingly embedded in the organizational identity. This process, or processes as it is a process that is repeated again and again, is not guided by the question of who are we? Because sustainability-focused identity is relying on actions and practice, it is not a matter of asking the rather static question of who we are, but rather how do we go there, what does it take and who are we becoming? The process is illustrated in model 8.1.

## Model 8.1

### Sustainability-focused identity construction processes



The process that I have attempted to represent in a model is not linear, but captures the sequences that occur and interrelates. The sequences include the organizational sustainability vision represented through identity claims and practices, external stakeholders responding to sustainability claims and practice by either rejecting or validating it, which then feeds into the reflections of organizational members. Organizational members reflect, compare and weigh the feedback from external members which then feeds into the identity process, and appropriate adjustment of the internal understanding of who we are becoming. These reflections, along with response from external members then leads to new practices and claims with the purpose of aligning new identity claims with expectations or with the purpose of persuading external and internal stakeholders of who the organization is becoming.

#### *Organizational identity change and adaptation*

The process that H&M went through in order to construct a sustainability-focused identity implies change; while sustainability may be related to existing identity referents in the process, sustainability is a new key identity referent introduced when a new sustainability program is introduced. Whether organizational identity is capable of change represents one of the greatest debates within the field of organizational identity. Albert & Whetten (1985) argued that identity is stable, enduring and rarely subject to change, while research has illustrated that identity is both dynamic and unstable and subject to change (e.g. Dutton & Dukerich, 1991; Gioia & Thomas, 1996; Gioia et al., 2000; Hatch & Schultz, 2002; Corley, 2004 and Ravasi & Schultz, 2006). The findings from my case study support existing theory that identity is subject to change; however it is not an entirely new identity that emerges, but rather incremental changes that are aligned with existing identity referents and values of the organization, complementing findings made by Ravasi

& Schultz (2006) and Ravasi & Phillips (2011). Thus, H&M does not have a completely new identity, but rather a new identity referent has been added to the existing identity.

With H&M's history in mind, and due to the fact that sustainability is a relatively new phenomenon and not an identity referent generally considered in the first decades that the organization existed, the identity has changed. Sustainability is part of how the organization defines itself, which it was not a couple of years ago. The change has been spurred both by external pressure and changes in the external environment. However, it is also motivated by management and internal members' desire to leave a legacy and carry out meaningful work. The organization have a new vision, and although sustainability is already part of the organizational practice, and how they conduct business, sustainability does not become a key identity referent until identity work is performed to change the identity. Yet because it is already part of something that the organization does, management is able to push it even further through identity claims and identity affirmative actions.

Past research illustrates that identity change may be resisted by organizational members if the changes do not carry positive associations (e.g. Brewer & Kramer, 1984; Ashforth & Mael, 1989; Dutton, Dukerich and Harquail, 1994). In the case of a change to a sustainability-focused identity, it is not a threat to individual members' identities, on the contrary. In fact, the increased positive features and positive feedback from the external environment such as rankings, external bodies and media talking about H&M's new identity claim and actions in a positive light lead to members being more inclined to change. Thus, all the positive external feedback has a positive impact on how members perceive themselves, as research by Kjaergaard et al. has illustrated previously (2011).

Past research has illustrated that organizational identity is subject to change if significant environmental changes take place (e.g. Bouchikhi & Kimberly, 2003; Brunninge, 2004). Gioia, Schultz and Corley (2000) introduced the concept of adaptive instability, a situation referring to identities being unstable and adaptive, enabling organizations to respond and adapt to environmental changes. My findings suggest that some parts of identity are unstable and adaptive, but here it is an added identity referent, not one that replaces the other identity referents. Sustainability as an identity referent is added because the organization adapts to environmental changes. As the environment around H&M has changed, sustainability has become prominent and therefore (along with other factors) the identity changes. As such, it can be argued that a sustainability-focused identity orientation is a survival strategy for the future; the changing environment necessitates that in order to be attractive to internal and external stakeholders in the future, the organization must construct a sustainability-focused identity. Here the internal stakeholder aspect is interesting: sustainability is not just for external audiences but also to attract and make existing employees happy and satisfied with the organization.

The process of constructing a sustainability-focused identity is not smooth. Despite sustainability being considered a positive attribute, I argued earlier that the concept of sustainability inevitably contains conflicting material. In my data analysis I saw that culture was a recurring topic in regards to barriers and tensions, and in the next section I will discuss how culture impacts sustainability-focused identity construction.

## **The impact of culture on sustainability-focused identity construction**

In my data analysis I found that many of my findings related to organizational culture issues. The findings illustrated how both barriers, tensions and identity work relate to culture. These were barriers due to organizational structure, due to central control versus local adaptation, tensions arising due to misalignment between sustainability and local culture, and identity affirmation as a form of identity work utilizes cultural resources. Although my theoretical foundation is not organizational culture, these findings are interesting because they have implications for understanding sustainability-focused identity construction processes and how culture is involved in these processes.

### *Culture as a tension arising in the process of constructing a sustainability-focused identity*

My findings illustrated barriers arising due to organizational structure and central control versus local adaptation. Barriers arising due to organizational structure extend past research on discrepancies occurring due to hierarchy level, illustrating that the further away from taking decisions in regard to identity organizational members are, the more reluctant they are to change (Corley, 2004). My study illustrated that it is more difficult to engage lower hierarchy members in the identity change process, leading to sustainability not being equally embedded throughout the organization. This is likely to be a barrier for organizations with an organizational structure spanning several countries and organizational levels and for retail organizations is a particular challenge. As retail staff perform functions and work that are not closely tied to traditional sustainability actions, are often far away from where such actions take place and as retail often have a high staff turnover, this organizational level poses a particular challenge in regards to sustainability-focused identity construction. This finding illustrates that the answers to 'how things are done here' differ depending on organizational level;

the answer is not the same at HQ and at retail level as the job functions, the daily routines and the environment are vastly different

The findings also identified barriers related to central control versus local adaptation of sustainability, referring to a need to adapt sustainability to local markets. When organizational members' need to adapt the sustainability strategy to a local market is not met, it prohibits engagement with sustainability as a key identity referent as it becomes less relevant when it is not connected to local activities. This is a general barrier illustrating that autonomy to some extent may be beneficial for adopting a sustainability-focused identity but would also lead to a less integrated or monolithic identity. Central control versus local adaptation is a barrier that arises because organizations aim to create coherence across markets ensuring that organizational identity and brand experience are the same regardless of national or cultural influences (Olins, 2003). However, in my case study I found that creating identity coherence and not taking local culture into account in turn creates a barrier.

Furthermore, my findings pointed out that tensions arise when local culture is misaligned with sustainability. Past research has illustrated how sustainability must be manifested in the organizational culture in order to become sustainable (Amodeo, 2005) and theorized on the dynamic relation between culture and identity (Hatch and Schultz, 1997; 2000; 2002; 2004). Hatch & Schultz illustrated how both organizational culture and image influence identity as "identity expresses cultural understandings" and "reflecting embeds identity in culture" (Hatch & Schultz, 2004, p. 382). My study suggests that in the case where sustainability is not related to and expressed in local organizational culture, tensions arise in the sustainability-focused identity construction process as organizational members find it difficult to relate to sustainability in such cases.

I have previously discussed that a condition for constructing a sustainability-focused identity is sustainable actions and practices. The findings illustrate that such actions and practices are not only relevant on a global level but must also be in place locally. As enacting sustainability actions and strategy is a job primarily dealt with at HQ, relating to supply chain issues, it does not offer a logical line of action at country offices or division of the organization not placed at HQ or production offices. However, in order to relate to sustainability as a key identity referent, sustainability must be present and tangible at local offices, and in this regard it must be embedded in “how we do things around here”. Thus, sustainability must relate to routines and everyday life of organizational members across the organization and not only be present at HQ. Drawing on Hatch & Schultz (2004), this implies that sustainability as a new identity referent must be expressed in local cultural understandings.

Extending past theorizing and research, my findings suggest that relating local organizational culture to sustainability enables and assists the sustainability-focused identity construction processes. This finding applies to two aspects: relating sustainability to the jobs, routines and tasks carried out locally and enabling sustainability through symbolic signifiers locally, for instance physical surroundings and artefacts.

These findings imply that local sustainability actions must relate to the jobs and tasks carried out locally; if sustainability as a key identity referent is disconnected from what organizational members are engaged in daily, it is difficult to align sustainability with a local understanding of what the organizational identity is. In the case of sustainability-focused identity, the relation between practice and identity is tied together, and misalignment between practice and identity makes it

difficult to embrace a new identity referent. Symbolic actions such as recycling, fair trade products, physical signifiers and clear guidelines for how to carry out jobs and tasks sustainably enable the identity construction process, as the symbolic signifiers are embedded in the culture. Thus culture supports identity and enables identity to take hold in the organization.

*Barriers and tensions arise because of cultural understandings in the organization*

I have discussed how some of the barriers and tensions that arise in a sustainability-focused identity construction process arise because of organizational culture. In this section I will discuss how cultural understandings in an organization may be the reason that culture becomes a barrier to adopting a sustainability-focused identity. In order to understand how organizational culture is perceived in my case study and how this understanding may give rise to barriers and tensions, I will draw on Martins (2002) understanding of organizational culture; Joanne Martin (2002) has introduced 3 perspectives on culture that enable me to understand why this barrier to adopting a sustainability-focused identity and tensions arise.

As explained in the previous chapter, one of the barriers identified relates to central control versus local adaption: Solutions must be similar in all markets in order to maintain a coherent identity and thus, the majority of decisions are taken at HQ, leaving little local autonomy. This barrier serves as an example of how internal understanding of organizational culture may pose a barrier to adopting a sustainability-focused identity in itself.

In my findings I discussed how this barrier creates frustration among informants as they feel decisions are often incompatible with how things are done locally, and restricting actions. As I argued in the analysis, the centralization of decisions is

particularly noticeable for employees at country offices in regards to communication about sustainability; markets where local competitors have been communicating about sustainable values for a longer period of time lead to employees expressing the feeling of being left out, giving them a disadvantage in regards to sustainability or inhibiting them in expressing their identity. Thus central control becomes a barrier to adopting a sustainability-focused identity locally, because the framework that country offices are operating within is set by HQ and not framed based on local customs and expectations. Furthermore, the analysis illustrated how sustainability's lack of relevance to jobs, tasks and routines at country office level is a tension arising in the process, as informants do not identify with sustainability as a key identity referent: their job simply does not involve or relate to sustainability.

This example illustrates that when organizations assume to have an integrated culture but in fact have a differentiated culture, it creates a tension in itself. The tension does not arise because the culture is differentiated, it arises because identity management is based on the culture being integrated. Thus, when introducing a new identity referent, my findings illustrate how identity work performed to embed sustainability in the organizational culture was based on the culture being integrated and was the same across countries and all levels of the organization, though in fact organizational culture was differentiated (Martin, 2002).

The need for coherence is present and highlighted in numerous pieces of popular management literature, including branding and corporate identity (Olins, 2003); coherence and alignment between vision, culture and identity is furthermore highlighted as a necessity for creating a valuable brand (e.g. Hatch & Schultz, 2008), so it is hardly surprising that organizations strive for a coherent identity and

integrated culture. Existing research has also illustrated that some form of shared understanding and agreement may be required in order to build a sustainability-focused identity (Amodeo, 2008). However, my findings indicate that it is not necessary to have an integrated culture across all markets in order to construct a sustainability-focused identity. Yet accepting that the culture is differentiated and that sustainability will not have the same meaning across the entire organization is potentially key to resolving the barriers and tensions as a differentiated culture has relevance if sustainability is an identity referent as well as a cultural value or manifestation can be interpreted differently and to varying degrees amongst organizational members and across the organization, without it hindering the process of building a sustainability-focused identity. For instance, it seems obvious that sustainability is imbued with much greater meaning and value in the sustainability department than, for instance, in accounting. It also seems likely that sustainability is imbued with much greater meaning at HQ than country offices as HQ drives the sustainable actions and strategies.

In this section I have discussed how culture and organizational understandings of culture may give rise to and act as barriers and tensions to adopting a sustainability-focused identity. The implications of these findings are that organizational culture influences and is involved in the process of constructing a sustainability-focused identity and that culture should be regarded to a larger extent in both literature and practice than has previously been the case. In the next subsection I will discuss how culture relates to identity work and whether identity management and cultural management are interchangeable in sustainability-focused identity construction.

### *The involvement of culture in identity work*

My study illustrates that organizational culture is utilized as a resource in identity work. Why is culture a powerful and useful tool in performing identity work?

Alvesson (2013) argues that organizational identity is an aspect of organizational culture, “...as culture provides the overall framework for how identity is being constructed” (Alvesson, 2013, p. 41). Past research has highlighted how aspects of culture can be utilized in identity work such as policies and procedures, and use of cultural artefacts and dress (e.g. Appadurai, 1986; Pratt & Rafaeli, 1997; Anand, Manz & Glick, 1998; Bechky, 2003; Feldman & Pentland, 2003; Anteby & Molnar, 2012). Past research exploring individual identity work with an emphasis on the social nature of identity has explored how culture is involved in the process of identity construction; these studies illustrate how cultural toolkits, resources or frames are employed in identity work (Swidler, 1986; Czarniawska, 1997; Callero, 2003), and how a cultural discourse or vocabulary is employed in the process (Weick, 1995). By extension, individual identity work applies to organizational identity work.

The importance of culture as a type of identity work is also illustrated in past research, suggesting that in order to construct a sustainability-focused identity, internal enablers must be facilitated to initiate a process of internal change (Amodeo, 2005; Hamilton & Gioia, 2009). Current research illustrates that this process of change is more successful in the cases where members can draw on existing core identity and cultural elements or heritage of the organization, which carries the same features associated with sustainability, i.e. positive traits such as respect and compassion (Ravasi & Schultz, 2006; Hamilton & Gioia, 2009; Ravasi and Phillips, 2011). The findings from my study illustrated that culture is utilized in identity work by connecting it to the heritage and existing values of the organization. These findings complement past research. My study illustrated that

tensions arise when sustainability as a new identity referent is not embedded and visible in local cultures. These tensions are managed and resolved in part by visible leadership and by connecting sustainability to organizational heritage and existing cultural values. My findings also illustrate that not utilizing cultural aspects and connecting sustainability to the culture acts as a barrier to adopting a sustainability-focused identity.

These findings have implications for theory on sustainability-focused identity as they suggest that identity and culture are dynamically interrelated. This point has been made in regards to organizational identity by Hatch & Schultz (2000; 2004); Amodeo (2005) furthermore illustrated the significance of aligning identity and culture but current research on sustainability-focused identity does not exemplify the importance of utilizing culture as a type of identity work in order to avoid culture being a barrier to adopting a sustainability-focused identity.

*The extent to which an identity referent must be embedded in the culture*

In my introduction to this thesis, I wrote that at this point in time it is difficult to say anything about the extent to which sustainability should be a core referent in order for an organization to have a sustainability-focused identity, what it imbues, and for how long it should have been a core referent (Hamilton & Gioia, 2009). In my discussion I have argued that in order to construct a sustainability-focused identity, culture plays a significant role; culture is both a barrier and an enabler in the process. Cultural differences across the organization act as tensions to adopting a sustainability-focused identity because identity work is performed based on the understanding that culture is similar across the organization. At the same time, culture is a tool that is utilized in identity work. By utilizing cultural aspects and connecting culture to a new identity referent, culture becomes an enabler that assists organizational members in making sense of a new identity

referent. I have also argued that as part of the process of constructing a sustainability-focused identity, sustainability must be embedded in the organization. The question remains as to what extent this is the case.

Past research on sustainability-focused identity illustrated that in order to become sustainable, it is necessary for sustainability to be deeply ingrained (Amodeo, 2005). In her studies of the topic, Amodeo states: “*Effectively ‘walking the talk’ of sustainability requires a general consensus that the values associated with the concept serve as the guiding light of all organizational decisions*” (Amodeo, 2005, p. 40). Such a statement points toward sustainability being integrated to such an extent that it is part of the basic assumptions of the organization. My study illustrated that ingraining sustainability as an identity referent to such an extent that it becomes part of basic cultural assumptions may not be necessary. Rather, utilizing and manifesting sustainability in cultural artifacts may provide organizational members with a sense of the new identity referent.

Schein’s (2010) theorizing on cultural layers enables me to discuss this further. Schein (2010) operates with three layers of culture as discussed in my review of the literature, namely Artifacts, Espoused Beliefs and Values and Basic Underlying Assumptions. Where Artifacts are manifestations on the surface level, they are also the most visible part of culture for outsiders. In my case, sustainability was not to a large extent visible to outsiders, but in my analysis I found that if sustainability is part of Artifacts, that is culture that is visible and tangible, it enables organizational members to make better sense of a new identity referent. Espoused Values and Beliefs refers to goals, aspirations and values of the culture. My study found that connecting a new identity referent to goals, aspirations and values of the culture, either by connecting a new referent to

existing values and heritage, or by exhibiting strong leadership, is necessary in order to embed sustainability in the culture.

Thus, my findings also illustrated that visionary and visible leadership in regards to identity change is central to the process of sustainability-focused identity construction. Such findings suggest that at least connecting and manifesting a new referent in Artifacts and Espoused Beliefs and Values is beneficial and enables the process further.

*Are identity work and cultural work interchangeable?*

My discussion on the influence of organizational culture on the process of constructing a sustainability-focused identity leads to a central questions that has implications for both theory and practice: If culture is a barrier to adopting a sustainability-focused identity, does this then imply that identity work performed to manage, negotiate and resolve barriers and tensions is a matter of cultural work or management? Past research has illustrated the interrelatedness between identity and culture (e.g. Hatch & Schultz, 2000; 2002; 2004; Alvesson, 2014). The question is whether these two constructs – in a sustainability context – are interchangeable. This would have implications for both theory and practice. In my discussion of the role of culture I have argued that sustainability as a key identity referent must be embedded in the local culture, that a sustainability-focused identity is difficult if the organization aims for an integrated culture and that utilizing cultural aspects enables the sustainability-focused identity construction process. This implies or suggests that identity work may be interchangeable with cultural work as both aspects are dynamically involved in the process or that identity work is part of cultural work. Such speculation requires the theoretical field of identity work to become more established as it is still a relatively new area of research.

In this section I have discussed how culture impacts a sustainability-focused identity construction process. In the next section I will turn to the image of the organization and how image impacts the process. I have already discussed how external stakeholders play a key role in the process. In the next section I will discuss in more detail how perceptions of external stakeholders influence and impact the process and what implications this has for theory.

### **The impact of image on sustainability-focused identity construction**

Current literature presents a number of tensions arising in identity construction processes. These relate to optimal distinctiveness (Brewer, 1991, 1999, 2003; Hornsey & Hogg, 1999; Ashforth, 2001), resistance to change (e.g. Brewer & Kramer, 1985, Ashforth & Mael, 1989; Dutton, Dukerich & Harquail, 1994, Elsbach & Kramer, 1996, Brown & Starkey, 2000, Phillips & Kim, 2009), tensions between past and future identity (e.g. Corley, 2004; Corley & Gioia, 2004; Ravasi & Phillips, 2011), and tensions due to identity-image discrepancies (e.g. Dutton & Dukerich, 1991, Gioia & Thomas, Gioia, 1996, Schultz & Corley, 2000, Hatch & Schultz, 2000, 2002).

My study focused specifically on the barriers and tensions arising in the sustainability-focused identity construction process and how they were managed, negotiated and resolved by performing identity work. While some of the tensions identified in past research were identified in the data analysis process, others did not have relevance for my specific focus. For instance, tensions arising due to optimal distinctiveness, a desire to be different but at the same time similar (Brewer, 1991), were not in focus. However, tensions related to past and future identity were identified in my study; the findings illustrate that in the process of constructing a sustainability-focused identity, tensions due to temporal identity

discrepancies (e.g. Corley, 2004; Corley & Gioia, 2004; Ravasi & Phillips, 2011), or vision-identity misalignment (Amodeo, 2005) occur. Such tensions arise when organizational members perceive a vision of a future identity and current identity as misaligned, thus, organizational members were aware of what the organization was striving to be but the identity is not yet there. In my case study, this tension arises because global sustainability action and vision are not aligned with local actions, and because vision and identity are not aligned with image. Other future identity discrepancies identified relate to projected image discrepancy (Ravasi & Phillips, 2011) a barrier that occurred when organizational members perceive that the way the organization portrays themselves to external stakeholders is misaligned with organizational identity. In my study, this barrier arises because organizational members feel that the headquarters and management are not communicating adequately about sustainable actions and efforts.

While my findings complement past research, they also illustrated that identity-image discrepancies were a pronounced tension occurring in the process. The tensions arising due to identity-image discrepancies are particularly interesting in regards to sustainability-focused identity, because, as I have argued, the process of constructing identity in a sustainability context is dependent on external stakeholders providing the organization with social validation. This implies that image may have a particularly important role for identity construction in a sustainability context. In this section I will discuss how image is a barrier and tension to adopting a sustainability-focused identity and then move on to how organizational members respond and perform identity work to resolve, negotiate and manage identity-image discrepancies.

### *Tensions arising due to identity-image discrepancies*

Much existing research on organizational identity has illustrated that image has a significant influence on identity construction processes (e.g. Dutton & Dukerich, 1991; Hatch & Schultz, 1997; 2000; 2002); not surprisingly, my findings complement this research. What is interesting and worth exploring further is how image may have an even larger impact in a sustainability context than other contexts.

With a few exceptions (e.g. Morsing & Roepstorff, 2014), past research on organizational identity in a sustainability context has tended to focus on internal aspects of the process and tensions arising internally (e.g. Amodeo, 2005; Hamilton & Gioia, 2009). While my study supports the focus on internal change and tensions arising in this regard, my findings also illustrate that image plays a significant role for the sustainability-focused identity construction. Embarking on a sustainability-focused identity process requires social validation, but at the same time it also leaves the organization vulnerable to negative feedback and criticism. This challenge arises because of tensions related to profit versus principles which I argue is a specific condition for identity construction in a sustainability context. Such tension leads to fear of green washing. Green washing in turn becomes a challenge because of the mediated attention that particular organizations receive when claiming a sustainability-focused identity, which in turn is an even bigger risk for organizations that are part of the fashion industry and other industries with an increased consumer focus and substantial use of natural resources.

### *Social validation implies hyper responsiveness*

As discussed earlier, social validation and legitimizing feedback from external stakeholders is a feature that makes sustainability-focused identity a construct in itself. As argued, it is reasonable to assume that because a sustainability-focused

identity entails a commitment and promise to external stakeholders of improving social and environmental issues, how external stakeholders perceive the organization plays a more significant role in identity construction than in other contexts. However, the implication of social validation may be that the organization becomes hyper adaptive to external demands and expectations. This is illustrated by the constant response to incidental events taking place, that requires or leads to actions and a reflection of ‘who we are’ and ‘who we are not’.

Past research has pointed to a situation of “hyper-adaptation” (Hatch & Schultz, 2002), where identity adapts to the expectations of external stakeholders. I will argue that in my case study it may be more of a situation of “hyper responsiveness”, that is the organization responding swiftly as is expected of them to incidental events relating to sustainability. However, as “hyper responsiveness” is an integral part of being sustainable, it is what the organization has promised and is expected to do. Adding to this, if the organization was being hyper-adaptive, it relates only to this identity referent of the organization and as such the adaptation is within the boundaries of a sustainability context. Thus the findings suggest that because sustainability as a context connects the organization to an even higher extent with external stakeholder expectations, image shapes and influences the identity construction process to a higher extent in a sustainability context, because it requires the organization to respond to expectations from external stakeholders.

An example of “hyper responsiveness” is how a stance towards animal welfare affects a sustainability-focused identity construction. When a mediated event initiated by PETA arises in regards to how angora rabbits used for angora production are treated, H&M responds immediately. The media reported widely that the animals were treated cruelly in the production, which in turn led to H&M

responding to the accusations by cancelling and withdrawing all products immediately, followed up by mediated claims in press releases. The response led to a vast amount of news coverage about H&M's fast response to the event linking it to the organization's general strong stance on animal welfare.

However, this does indicate that actions are altered due to external events and stakeholder pressure that in turn influences how H&M defines itself as an organization. In this case, H&M is the first to respond and act, which in turn leads to a self-understanding of being a front runner, then to a self-understanding that "if we are the first we are doing well, and we can be confident and believe that we are more sustainable than our competitors". This understanding is affirmed by the media, which applauded H&M for responding to the issue of animal welfare. I call this hyper responsiveness rather than hyper adaptation because responsiveness does not imply that all sustainability related actions and responses are influencing identity, but it aids a self-understanding and self-definition process with sustainability as a key identity referent. Thus, positive mediated feedback when an organization is hyper responsive legitimizes the claims made by the organization in regards to sustainability.

However, not all mediated feedback has a positive influence on the identity construction process. In the next section I will discuss how tensions caused by a disconnect between profits and principles are a barrier to adopting a sustainability-focused identity.

#### *Profit versus principles as a specific tension arising in the process*

The findings from my study suggest that organizational identity in a sustainability context poses specific conditions that give rise to context specific tensions. Past research on identity in a sustainability context supports findings that context

specific tensions arise. Past studies have illustrated that lack of communication to external stakeholders about sustainability efforts prohibits the process of constructing a sustainability-focused identity (Perez & del Bosque, 2012), while other studies illustrate that socio-political contexts influence identity in cases where the context changes and the organization then alters their identity in order to create identity-image alignment (Morsing & Roepstorff, 2014). My study complements past research highlighting the role of external communication or lack of communication as a barrier to adopting a sustainability-focused identity. The findings illustrate that lack of communication to external stakeholders influences and presents a barrier because it prohibits social validation and legitimizing feedback from external stakeholders when they are not aware that sustainability is a key identity referent (Pratt & Kraatz, 2009; Gioia et al., 2010; Ravasi & Phillips, 2011). Thus lack of external communication as a barrier to adopting a sustainability focused identity is closely connected to identity-image discrepancies and tensions arising.

Specific to sustainability-focused identity are tensions which arise due to ambiguities between sustainability and business models or due to profits versus principles, which were illustrated by the findings. This paradox represents one of the biggest challenges for high volume production industries wanting to become sustainable; the question raised will inevitably be whether high volume production is in any way compatible with sustainability as the type of production that high volume necessitates often uses a substantial amount of natural resources which is perceived as unsustainable. Adding to this, high volume also implies mass consumption, which is not compatible with sustainability either. This is not a challenge confined to the fashion industry, other high volume industries experience the same tensions; but it is accentuated in the fashion industry because the products may not be seen as necessities, as for instance food products are.

My study illustrated that the tensions and incompatibility between profits and principles, or of being a high street fashion retailer and being sustainable occur among organizational members. Despite organizational members having significant awareness of how important sustainability is to the organization and of sustainable practices, this substantial tension arises because the industry category, in this case fashion retail, is perceived to be disconnected to sustainability and because organizational members are often met with negative feedback on this matter. The misalignment exists on two levels: first of all it arises because of organizational value misalignments; sustainability as a key identity referent and guideline for actions is misaligned with other organizational values, and on a much more fundamental level, sustainability is misaligned with the business model, i.e. profits versus principles is at stake. These tensions in turn cause an image-identity discrepancy because organizational members are met with negative feedback from external stakeholders expressing the perceived disconnect between profit and principles. The tensions caused by a disconnect between profit and principles have a significant impact both for theorizing sustainability-focused identity and practice as it is a tension that is unlikely to be aligned unless the business model is changed.

#### *Identity work performed to resolve identity-image discrepancies*

As discussed previously, identity work refers both to management actively managing identity as well as identity work which is performed by organizational members maintaining, revising and actively engaging in identity construction (Svenningsson & Alvesson, 2003). For both types of work, agency is central, whether the purpose of performing identity work is for change or identity maintenance. Past research has focused on identity management performed when identity-image discrepancies arise (e.g. Dutton & Dukerich, 1991; Elsbach &

Kramer, 1996; Ashforth & Mael, 1996; Gioia & Thomas, 1996; Glynn, 2000). The existing literature suggests that tensions are managed by either adapting or adjusting identity or by persuading outsiders to perceive the organization through an organizational lens.

My study complements past research by illustrating that identity-image discrepancies are managed by persuading outsiders about who the organization is seen from an organizational lens. The work is performed by increasing information about sustainability as a key identity referent. However, identity-image discrepancies are also resolved through other types of identity management, in particular identity work that seeks to obtain social validation of the organization claiming to be sustainable. Earlier I discussed how social validation is a requirement for constructing a sustainability-focused identity. It is also a type of work that is utilized to persuade outsiders that the organization is sustainable, thereby seeking to resolve identity-image discrepancies. My study illustrated that ranking plays a significant role in this type of identity management, as well as collaborations with NGO's, as both rankings and collaborations provide the organization with a stamp of approval.

My study furthermore illustrates that the perspective of external stakeholders and thus image both has negative and positive implications for a sustainability-focused identity construction process. When the organization experiences negative feedback, it creates doubt about a sustainability-focused identity. When the organization experiences positive feedback it aids the internal adaptation of a sustainability-focused identity. Yet in instances where the negative feedback is perceived to be misaligned with practice and actions, organizational members reject the feedback. In such situations, the rejections of negative feedback are justified by lack of knowledge amongst external stakeholders. This is in contrast to

Elsbach & Kramer's (1996) findings that organizational members will create new categories when confronted with negative feedback. Instead of creating new categories, organizational members compare the organization's sustainability performance and conclude based on practice that the organization is better than those it is being compared to, thereby rejecting outsiders' perspectives on the organization. Outsiders' perspectives are furthermore rejected on the grounds that they – outsiders – do not have adequate information to evaluate sustainability, and thus due to the organization not communicating extensively enough about sustainability.

This finding supports and extends Perez & del Bosque (2012) notion that lack of external communication about CSR and sustainability influences the identity construction process. Organizational members will blame the lack of external communication in cases where internal perspectives of identity are misaligned with external stakeholder's perspectives of the organization. On the other hand, when organizational members experience positive feedback, this enhances and affirms the feeling of being sustainable. In this situation, it is a different type of responsiveness as it doesn't relate to expectations, but more likely to fashion being an image-driven industry. Thus it is likely that the responsiveness is due to the emphasis on image in the industry and this is industry-specific.

Past research on individual identity work has illustrated how individuals engage in identity protection when their identity is negatively perceived. Protection as a type of individual identity work is performed by rejecting negative perspectives, by persuading outsiders to change perspectives, by defending and by comparing to less favourable groups of individuals (e.g. Tajfel & Turner, 1986; Ouellet, 1994; Ashforth & Kreiner, 1999; Hogg, 2003; Kreiner, Ashforth & Sluss, 2006). My study found that organizational members take part in managing image-identity

discrepancies through similar types of identity protection. Rather than creating new categories, organizational members defend the organization and dismiss a misaligned image as incorrect. Identity protection also includes rejecting outsiders' perspectives of the organization and by persuading outsiders to change the perception. Furthermore, my study illustrates that identity protection is also taking place by comparing the organization to industry peers with a less favourable sustainability image. This type of identity work leads to a dismissal of criticism and illustrates how organizational members try to persuade outsiders that their perception of the organization is incorrect. Thus my findings illustrate that by extension, identity protection as a type of individual identity work also applies to organizational identity work.

### **Chapter summary**

In this chapter I have discussed the findings from the data and how they complement, extend and contribute to past research and theory. Overall, in this chapter I have attempted to contribute to building more theory on sustainability-focused identity by discussing the implications of my study and how findings from my study along with past research can elaborate and extend theory on organizational identity in a sustainability context.

Sustainability-focused identity is theorized as a positive identity attribute, but the positive aspects that sustainability entails do not imply that organizational members immediately accept sustainability as a new identity referent. As with other contexts for identity change processes, sustainability-focused identity construction is a process with a long term perspective that requires continuous actions and identity work. As with other identity change processes, a sustainability-focused identity process requires that the vision of becoming

sustainable moves towards alignment with the existing identity, with the culture of the organization as well as with the image of the organization.

Despite similarities to other organizational identity change processes, my discussion illustrates that sustainability-focused identity is a construct in itself because it involves specific conditions that other contexts for identity construction do not involve. Sustainability-focused identity construction is a specific context for identity construction because it is a promise to external stakeholders of social and environmental improvements. Added to this, it is a process that for business to consumer organizations, multi-national companies with a consumer focus and for organizations that make extensive use of natural resources, is spurred by external pressure, requires specific sustainable actions and requires social validation from external stakeholders.

The process of constructing a sustainability-focused identity involves sequences that are interrelated and dynamic. The organization's sustainability vision is represented in claims and practices that are responded to by external stakeholders either rejecting or validating the claims made. Organizational members reflect on the response by external stakeholders which then feeds in to the identity work performed with the purpose of either adjusting identity or presenting new claims and practices with the purpose of persuading outsiders that vision and identity are aligned. The process carries similarities to the dynamic identity model theorized by Hatch & Schultz (2004); the process is not linear nor a step by step process but rather an ongoing reflection and conversation with agency in focus. Thus, sustainable practices spur the process as they are either rejected or validated by outsiders, leaving an impression on internal members who perform identity work.

Two key topics are involved in the process of constructing a sustainability-focused identity: the impact of culture and the impact of image. These two key topics act as barriers to adopting a sustainability-focused identity and are involved in the identity work performed to manage, negotiate and resolve barriers. Culture acts as a barrier to adopting a sustainability-focused identity because of organizational structures, and a differentiated culture that is not anticipated in the initial identity change process. More specifically, tensions arise when sustainability is not ingrained and manifested in cultures locally. Thus a new identity referent must also be part of the culture in order for organizational members to embrace it. Culture does not merely act as a barrier; because it has a significant role for adopting a sustainability-focused identity, culture is a powerful tool utilized in the identity work performed. Culture as a type of identity work is expressed by building on an organization's heritage and connecting a new identity referent to existing values of the organization. Consequently, these findings imply that identity work is also a form of cultural management as culture and identity in a sustainability context are interrelated.

Previous research has illustrated that identity-image discrepancies create tensions in an organization and that organizational members have a need to align identity and image. Supporting past research, my study illustrates that image and the perspective of external stakeholders are particularly poignant for the sustainability-focused identity construction process. As a sustainability-focused identity construction process is reliant on social validation from outsiders, the opinion and perspectives of external stakeholders are crucial, as they have the power to reject rather than validate, thereby not providing the organization with the legitimizing feedback necessary for the process to take place. While past research has pointed to such a situation as leading to hyper-adaptation (Hatch & Schultz, 2002), I suggested that given the nature of sustainability-focused identity,

it may be a situation of hyper responsiveness. Hyper responsiveness in turn provides the organization with instant social validation when the organization receives positive mediated feedback for responding swiftly to a given situation or event related to sustainability.

The discussion focused on specific tensions that arise in a sustainability context, namely tensions due to a disconnect between profits and principles. This poses a significant tension arising in the process of adopting a sustainability-focused identity as it is continuously spurred by negative feedback from external stakeholders. In order to overcome this tension, organizational members perform identity work by protecting the identity. This type of identity work has similarities to individual identity work where individuals engage in identity work by protecting their identity through defence, by rejecting criticism and by comparing themselves to other less favourable groups.

Having discussed the implications of my findings, the next chapter will conclude with the main findings of my thesis, as well as outlining implications for practice, limitations of my study and suggestions for future research.

## **Chapter 9**

### **Conclusions**

This thesis has studied and explored the processes of sustainability-focused identity construction at a large multi-national retail organization. My research has been guided by a number of research questions that I have attempted to answer throughout the thesis. In the following I will conclude on the research questions and outline my main findings; this is followed by an outline of the implications my findings have for practice, the limitations of my study, and lastly suggestions for future research.

#### **How are barriers and tensions that arise in the processes of constructing a sustainability-focused identity managed, negotiated and resolved?**

Despite sustainability being a positive attribute, my study has illustrated that organizational members did not immediately accept sustainability as a new key identity referent but questioned its sincerity, authenticity and fit to existing values. Such questions and scepticism arose because sustainability is a promise to the external world that social and environmental improvements will be made, and organizational members feared that a vision of becoming sustainable was not aligned with the actions that needed to be taken to make such a claim and promise. The reason for such concerns were due to the specific conditions that give rise to and that must be met in order to claim a sustainability-focused identity.

Sustainability as a key identity referent was spurred by external pressure and the process was initiated in order to meet the demands of external stakeholders and to obtain legitimacy for business purpose and conduct. This in turn implied that in order to be sustainable and construct a sustainability-focused identity, the organization needed social validation from external stakeholders in order for such claims to be legitimate. Rankings in particular provided such social validation and

a seal of approval for the actions taken and claims made in regards to sustainability. In order to obtain such social validation, and to build a resilient business, the organization initiated a sustainability program that went beyond compliance; embedding and integrating sustainability throughout the organization as a shared responsibility.

The process taking place had a long term perspective and the aim to construct a sustainability-focused identity involved sustainable actions and practice and several forms of identity work performed and engaged in to enable the process of change.

### **Which barriers and tensions arise in identity construction within the context of sustainability?**

I have identified three barriers to adopting a sustainability-focused identity; these were information and communication ambiguity, barriers related to organizational structure and central control versus local adaptation.

Information and communication ambiguity involved lack of external communication about sustainability as a key identity referent. Lack of external communication acted as a barrier to adopting a sustainability-focused identity because it led organizational members to perceive identity and image as misaligned. Aligning identity and image was central to an internal adoption of a new key identity referent that implied a promise to external stakeholders.

Barrier identified that related to organizational structure involved the retail level in an organization but could potentially also involve other levels that are disconnected from sustainability practices. Retail level acted as a barrier to adopting a sustainability-focused identity as this level of the organization was

harder to engage in sustainability due to staff turnover, proximity to actions and knowledge, daily routines and job tasks and limited access to traditional communication channels.

Central control versus local adaption related to lack of local autonomy. Lack of autonomy acted as a barrier to adopting a sustainability-focused identity because organizational members operating on local markets compared and benchmarked sustainability engagement to local competitors and local sustainability events.

Providing organizational members with autonomy would enable the adoption of sustainability-focused identity as sustainability as an identity referent was related to local sustainability signifiers.

I furthermore identified three tensions that arose in the process of constructing a sustainability-focused identity. The three tensions were image discrepancies, sustainability strategy ambiguities and misalignment between sustainability claims and culture.

Image discrepancies referred to identity-image discrepancies that occurred when organizational member's perceptions of "who we are as an organization" were misaligned with how external stakeholders perceived the organization. Identity-image discrepancies related to how an organization was portrayed in the media, the image among consumers, as well as the response that organizational members were met with from peers.

Sustainability strategy ambiguities arose as a tension because organizational members had difficulty connecting existing organizational values with sustainability, due to conflicting values and purpose of business. The ambiguities were found to be pronounced for business models, entailing high volume

production that requires a manual workforce, makes use of natural resources and businesses that are price driven.

Misalignment between sustainability claims and culture arose because sustainability was not embedded in culture. Because sustainability as a new identity referent was not embedded in the culture, it was difficult for organizational members to relate to it and embrace it. Tensions arose when sustainability was not part of job functions and tasks, the physical environment, daily routines and not made tangible to organizational members.

**What are the forms of identity work that organizational members employ to manage and negotiate arising barriers and tensions?**

I have identified three types of identity work performed in order to manage, negotiate and resolve the barriers and tensions that arose in the process of constructing a sustainability-focused identity. The three types of identity work identified were: knowledge dissemination as key tool for identity management, identity affirmation and identity protection.

Knowledge dissemination as a type of identity work was identified as a key tool for management to manage identity. Knowledge dissemination through formal communication outlets such as annual reports, sustainability reports, and websites provided a platform through which corporate management could convey identity claims. Such platforms reached both internal and external stakeholders and signified to stakeholders that the identity change process was led from the top. Training and education were other types of identity work performed to enable the identity process of change.

Identity affirmation as a type of identity work was performed by management to affirm sustainability as a key identity referent. Various types of identity work were performed in order to affirm a sustainability-focused identity. In particular, rankings and collaborations with NGO's provided the organization with social validation from external stakeholders, affirming that the claims made were legitimate and authentic. Other forms of work performed to affirm identity included utilizing cultural aspects such as heritage and existing identity referents and values.

Identity protection as a form of identity work was carried out by organizational members in general. Identity protection was a type of work that took place in order to protect the organizational self-understanding that was threatened due to criticism from external stakeholders, and organizational members' identification process with the organization. Organizational members took active part in these types of identity work that included defending, dismissing and comparing to others.

### **What does the process of constructing a sustainability-focused identity entail?**

My study illustrated that the process of constructing a sustainability-focused identity was not linear nor a step by step process. The process was illustrated in model 8.1 exemplifying how vision of a new identity referent, reflections of internal and external stakeholders dynamically interact and provide feedback to the question of "who are we becoming?" The processes involved sequences that occurred continuously and were spurred by sustainable actions and claims about sustainability as a new identity referent that external stakeholders responded to, validated or rejected. This led to a reflection among organizational members weighing the validity of external feedback, if the external feedback were perceived to have relevance the reflection process led to a readjustment of identity which

then fed into vision and claims about the new identity referent. Thus, as with other processes, the process of constructing a sustainability-focused identity required constant actions, reflections and identity work.

As past research has illustrated in regards to organizational identity construction, the process of constructing a sustainability-focused identity also required that the vision of becoming sustainable was aligned with the existing identity, with the culture of the organization and with image. Culture and image were two key themes occurring in the process, because barriers and tensions arose due to culture and image, but also because culture was utilized as a type of identity work performed in the process. Consequently, the conclusion of my discussion was that identity management is at the same time a matter of cultural management as the two constructs are tightly linked and interrelated in the process of constructing a sustainability-focused identity.

### **Applied implications of findings**

On a practical level the findings have implications for companies embarking on a process of constructing a sustainability-focused identity. The implications are not confined to companies within the fashion industry, but apply to business to consumer companies of various types that make use of natural resources and have an impact on the communities that they operate in, and are part of.

#### *Sustainable action is a requirement*

Constructing a sustainability-focused identity requires that the organization have a sustainability program in place and are taking advanced sustainable actions. This is the foremost prerequisite for a sustainability-focused identity process. A sustainability program enabling the foundation of a sustainability-focused identity implies that the organization must move beyond compliance. Googins et al.'s

(2007) mapping of corporate governance illustrates that in order for constructing a sustainability-focused identity, organizations should be at least at stage 3 in order for such a process to make sense. The reason that organizations must be at an advanced sustainability stage is because organizational members are otherwise likely to reject a new identity referent if it is misaligned with actions of the organization, and external stakeholders are likely to accuse the organization of green washing if claims of being sustainable are made without actions to back it up.

#### *Leadership priority*

A further requirement that my findings and past research highlighted is that the process of constructing a sustainability-focused identity and implementing a comprehensive sustainability strategy throughout the organization must be led from the top (Amodeo, 2005). Corporate management must show leadership and vision. In order for the process to take place, it is required that it is on the agenda and prioritized by corporate management. In this respect, my findings suggest that making sustainability goals on a par with financial goals enables and aids the process. My findings furthermore exemplify that visual leadership strengthens the communication internally about a new identity referent. When communication about a new identity referent is voiced by the CEO it has a significant impact and makes the communication clearer.

#### *Clear communication strategy*

My findings illustrated that communication ambiguities is a barrier to adopting a sustainability-focused identity that must be dealt with on several levels. This finding implies that communication has a significant role in identity construction processes; it also illustrates the difficulties in communicating a complex issue such as sustainability. My findings suggest that increasing communication and

increasing other forms of knowledge dissemination such as training and education enable an organization to communicate a new identity referent more clearly internally. Specific sustainable product launches carrying the message further assist the organization in communicating a new identity referent to external stakeholders, and at the same time make sustainability more tangible to organizational members. Specific sustainable product launches, followed up by in store communication further aid the process of constructing a sustainability-focused identity as it relates sustainability to daily routines and tasks at retail level. In turn, the increased level of consistent communication also enables the process of embedding sustainability in the culture.

#### *Connecting sustainability at retail level*

My findings illustrate that retail organizations are faced with a challenge in regards to disseminating knowledge to retail staff. Retail staff carry out specific tasks, serving customers in a high paced environment and do not, to the same extent as other organizational members, have access to information channels such as computers, and the company's intranet. Adding to this challenge, retail organizations are often faced with a higher staff turnover at retail level than at other organizational levels. At the same time retail staff represent an important touching point with customers and end users and are a key brand ambassador for the organization. These findings and challenges demonstrate that it is valuable for a retail organization to introduce sustainability to retail staff and embed this at an organizational level. As the means of communication channels are limited, finding alternative means of communicating that are efficient is key. My findings illustrate that this barrier can be overcome by introducing sustainability in introductory information to new retail staff members, making use of alternative types of communication such as film and backstage areas, investing in efficient training and being consistent in training retail staff as well as increasing in store

sustainability artifacts and messages. The findings also illustrated that connecting sustainability to everyday tasks of retail staff and providing symbolic signifiers within the retail space both in store and back stage increases the level of awareness and enables the process of embedding a new identity referent.

### *Embedding and utilizing culture*

CSR and sustainability relates to both internal and external responsibilities, and a sustainability-focused identity entails a commitment and a promise of improving social and environmental issues (Morsing & Roepstorff, 2014). This is a vital point to bear in mind for companies and corporate management embarking on a journey of constructing a sustainability-focused identity; it is not only the organization that is being held liable for such a commitment and promise but also organizational members that are part of the company (Morsing & Roepstorff, 2014). Getting organizational members on board and taking part in the journey will benefit the process.

My findings from the study complement past research and illustrate that sustainability must be embedded in the organization in order for the process to take place (Amodeo, 2005, Googins et al., 2007, Hamilton & Gioia, 2009). This implies that sustainability should be integrated throughout the organization as a shared responsibility and not be the sole responsibility of a sustainability department. By sharing responsibility, it is much more likely that sustainability is embedded throughout the organization and related to organizational members' daily organizational lives. By embedding sustainability throughout the organization, managers embarking on a sustainability-focused identity process furthermore enable organizational members to make sense of a new identity referent; if the referent is present and tangible it enables organizational members to make sense of the new identity.

My findings complement past research in illustrating that the process of becoming sustainable is helped by connecting sustainability to the heritage of the organization and existing referents (Ravasi & Schultz, 2006; Ravasi & Phillips, 2011). When a new identity referent is associated with values and aspects of the identity and culture that organizational members are already familiar with, it enables members to embrace a new identity referent.

### *Aligning identity and image*

Because sustainability-focused identity requires social validation from external stakeholders, the internal identity construction process must be backed up and take place simultaneously with identity work ensuring that identity and image are aligned. As organizational members are exposed to the mediated criticism as well as positive feedback on the organization's sustainability credentials, the perspectives of outsiders have significant impact on the process. While sustainable actions provide the foundation for aligning identity and image, substantial efforts must be made to communicate the actions of organizations as well as allowing local markets to adapt to local sustainability interpretations.

### **Limitations of my study**

As mentioned in chapter 4, my findings are based on a single case study. While a single case study has the advantage of in-depth data, it runs the risk of not being representative. My case study company is furthermore part of a specific industry with specific conditions, which implies that the findings are boundary specific; the findings are specific and likely to only apply to larger business to consumer companies that make use of natural resources, have high volume production and sell products to consumers. The findings are most likely going to have more relevance for companies whose actions are highly mediated as the mediated

visibility has an impact on strategy. Furthermore, for practical reasons, my primary data source, qualitative semi-structured interviews, were carried out at country office level and not at retail level. As retail staff comprise a large percentage of the organization, carrying out interviews with this group of organizational members would have been equally informative, but time, resources and practicalities did not allow for in-depth interviews with retail staff. In order to overcome this limitation, participant observation at store level was carried out instead.

### **Suggestions for future research**

Sustainability-focused identity is a relatively new area for research, leaving room for a variety of the studies. The limitations of my study point to an opportunity to explore whether the findings will also apply to smaller companies, to companies in a different industrial context and to companies that are not business to consumer. The case company is also characterized by being best within its industry and by being run by the founding family. This leads to two interesting areas of research: Would the findings apply to organizations doing less well in regards to sustainability and would they apply to non-family led organizations. Along the same lines, a further exploration of the role of the founding family would be beneficial.

Theorizing on sustainability-focused identity would furthermore benefit from studies exploring the impact an organizational sustainability-focused identity has on organizational members' identification process. As sustainability is perceived as a positive identity attribute, what does this imply in regards to identification processes and individual identity work?

Lastly, I want to point out that my study leads to questions on how a sustainability-focused image is obtained. This also poses one of the Gordian knots for organizations engaged in sustainability struggling with obtaining a sustainability-focused image. Within this line of research, two related topics emerge: Exploring the tension between profits and principles and the perception that certain industries are inherently unsustainable would provide valuable insights to the field, and exploring the topic from a consumer perspective.

## V

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H&M CSR reports and Conscious sustainability reports available at:

<http://sustainability.hm.com/en/sustainability/downloads-resources/reports/sustainability-reports.html>

Interbrand's Best Global Green Brand ranking:

<http://www.bestglobalbrands.com/2014/ranking/>

NIKE CSR Report 07-08-09 (2009):

<http://www.nikebiz.com/crreport/content/pdf/documents/en-US/full-report.pdf>

Siegle, L: Is H&M the new home of ethical fashion? The Observer, 7/4-2012:

<http://www.theguardian.com/business/2012/apr/07/hennes-mauritz-h-and-m>

<http://www.statisticbrain.com/fashion-industry-statistics/>.

<http://www.va.se/nyheter/naringslivets-maktigaste-kvinna-614072>).

World's most ethical companies 2014 by Ethisphere:

<http://ethisphere.com/worlds-most-ethical/wme-honorees/>

## VI

### Endnotes

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<sup>1</sup> <http://www.statisticbrain.com/fashion-industry-statistics/>. Estimated global turnover of the

<sup>2</sup> For more information about emmbers see [www.sustainableapparelcoalition.org](http://www.sustainableapparelcoalition.org) and <http://www.ethicaltrade.org>.

<sup>3</sup> For examples of companies expressing the desire to make sustainability part of the organizational identity, see [www.marksandspencer.co.uk](http://www.marksandspencer.co.uk), [www.nike.com](http://www.nike.com) and [www.hm.com](http://www.hm.com)

<sup>4</sup> H&M's position as sustainability leader is illustrated in numerous media articles. Recently, H&M's Head of Sustainability, Helena Helmersson was named the most powerful woman in business in Sweden due to her and the company's impact on global sustainability issues reaching far beyond the company (<http://www.va.se/nyheter/naringslivets-maktigaste-kvinna-614072>).

<sup>5</sup> I want to point out that like organizational identity, corporate identity is not a homogenous field of research; several definitions of corporate identity exist (Van Riel, 1995) as do various perspectives such as visual corporate identity and strategic corporate identity (Balmer, 1997). What these perspectives do share is a focus on the role of management in identity construction as well as a focus on external stakeholders as a primary audience – and through this a focus on the image of the organization as relevant in identity construction.

<sup>6</sup> This perspective on self-identity is of course also present in the work of G. H. Mead (1934) and E. Goffman (1959). Both Goffman and Mead were concerned with the self in social interaction, and how we construct our self-identity.

<sup>7</sup> <http://www.statisticbrain.com/fashion-industry-statistics/>. Estimated global turnover of the industry varies from source to source depending on what is included as the boundaries of the industry are fluid.

<sup>8</sup> <http://www.fashionunited.com/global-fashion-industry-statistics-international-apparel>

<sup>9</sup> <http://www.oxforddictionaries.com/definition/english/fashion>

<sup>10</sup> <http://www.oxforddictionaries.com/definition/english/fashion>

<sup>11</sup> Segmentation based on price points varies according to source. This is partly due to different price points between the European and American industry. Based on Hedegaard Jørgensen & Bech Hansen 2005, I have developed a simpler model to illustrate the traditional price points and segmentation of fashion companies and product offerings.

<sup>12</sup> <http://www.spiegel.de/international/europe/interview-with-h-m-boss-on-bangladesh-working-conditions-a-910054.html>

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<sup>13</sup> <http://about.hm.com/content/hm/aboutsection/en/About/Corporate-Governance/Organisation/Executive-Management-Team.html#cm-menu>

<sup>14</sup> During 2014, titles have been introduced so that employees now have formal titles

<sup>15</sup> <http://ethisphere.com/worlds-most-ethical/wme-honorees/>

<sup>16</sup> I base my argument that H&M is recognized for its sustainability efforts on sustainability and related rankings where the company ranks highest within their sector as well as on articles appearing on the topic in recent magazines and newspapers.

<sup>17</sup> 2012 Sustainability report:  
[http://about.hm.com/content/dam/hm/about/documents/en/CSR/reports/Conscious%20Actions%20Sustainability%20Report%202012\\_en.pdf](http://about.hm.com/content/dam/hm/about/documents/en/CSR/reports/Conscious%20Actions%20Sustainability%20Report%202012_en.pdf)

<sup>18</sup> H&M Style & Substance Sustainability report, 2009, p. 2 and 3

<sup>19</sup> H&M Conscious Actions report 2010, p. 4 and 5

<sup>20</sup> H&M Conscious Actions Highlight, 2011, p. 2



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Enhancement and Export Performance  
of Emerging Market Firms:  
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tivalternationen i spansk  
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Four papers on how fashion firms create  
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Relasjonen mellom virksomhetsledelse  
og kontraktshåndtering, belyst via fire  
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The prohibition against misleading names in an internal market context*
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