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the case of *Everlane*

Master thesis by  
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# **Transparency Mechanisms in the Age of Ethical Consumerism**

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*The power of a country road is different when one is walking along it from when one is flying over it by airplane. In the same way, the power of a text is different when it is read from when it is copied out. The airplane passenger sees only how the road pushes through the landscape, how it unfolds according to the same laws as the terrain surrounding it. Only he who walks the road on foot learns of the power it commands... Only the copy text commands the soul of him who is occupied with it, whereas the mere reader never discovers the new aspects of his inner self that are opened by the text, the road cut through the interior jungle forever closing behind it: because the reader follows the movement of his mind in the free flight of day-dreaming, whereas the copier submits to its command.*

**Walter Benjamin**

## Transparency Mechanisms in the age of Ethical Consumerism

### Abstract

While transparency is being implemented more and more in today's vocabulary as an attribute of openness and honesty, the actual effects have not essentially been examined. Transparency that carries only positive implications as a mechanism has lately been used in corporate activities. What has been noticed is a relationship between the tendency of ethical consumerism, sustainable fashion and transparency mechanisms. Although, most research has up until now dealt with the notion of transparency in the Supply Chain management, the purpose of this paper is to study the movement of transparency with a more holistic approach to corporate activities.

For this reason, Everlane a fashion company that presents itself as “*radically transparent*” is chosen as a case study of this research. By combining the literature of informational, participatory and accountability transparency with the concepts of corporate communication, co-creation and CSR policies, a deeper understanding regarding this novel mechanism is accomplished in this paper. Inspiration for this research was found in the framework of Bent Flyvberg (2012,2013,2014) *phronetic social research* and his four value questions; 1. *Where are we going?* 2. *Who gains and who loses?* 3. *Is this development desirable?* 4. *If not, what should we do about it?* From Everlane's analysis, interpretations are made regarding the different categories of transparency; information, participatory and accountability. The corporate mechanisms in relation to these categories offer fruitful insights for the purpose of corporate activities. A new category of transparency labelled as social transparency, emerges as a mechanism that promotes and engages with social impact.

Finally, a discussion takes place attempting to measure the effectiveness of Everlane's transparency while proposing further implications on how companies should implement it in their identities and strategies. The four value questions of Flyvberg (2012,2013,2014) are answered providing insights regarding knowledge and power relations, offering inspiration for further researchers and managers that are interested in the movement of transparency. As a last point, a model for future transparency mechanisms is designed with regards to phronesis and secrecy.

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## 1. Introduction

The stimulus of writing this paper came by the need of understanding transparency dimensions adopted by society and the implications emerged by the application of this term in business ethics. Especially, in the corporate environment, transparency policies are being used today more than ever (Tapscott and Ticoll 2003; Oliver 2004; DiPiazza and Eccles 2002; Pagano and Pagano 2003; Johnson 2004). On the other hand, the movement of transparency is presented as the opposite of secrecy (Florini, 2000, p.50) by leaving no space for closed doors. While the public applause this new movement of openness and honesty, there is a great possibility that the mechanisms of transparency hide critical gaps in terms of reasoning, comprehension and practice.

Consumers, that want to follow an ethical approach to their purchasing decisions, they highly approve transparency as they demand full disclosure from companies. The concept of transparency supports the tendency of ethical consumerism by deliberating an inconceivable amount of information regarding internal policies and corporate strategies. What is left to be understood is if this information manages to transform in tangible knowledge, or stays abstract and unjustified. Whereas *“knowledge is power”* (Flyvberg, 2013), it is really important to determine the embedeness of the information being shared and how it shapes the movement of transparency.

In order to structure this paper and examine corporate transparency, Flyvberg’s phronetic approach was studied. A couple of years ago, Bent Flyvberg introduced phronetic research theory in his book *Making Social Science Matter* (2001), as a critical approach to Aristotelian philosophy and more specifically to the virtue of phronesis. One common interpretation for phronesis is discursively stated knowledge that deals with concrete act, practice (Kirkeby, 2009, p.71). Phronesis is presented as a practical virtue for studying social phenomena (Kuljak, 2014, p.80) as in this case the phenomenon of corporate transparency in relation to ethical consumerism.

It should be mentioned that in this paper phronetic research is not applied per se but it is rather used as an idea for departure. At the same time it also serves as a framework to work with, carrying the

ethical dimensions of phronesis. As Schram (1995) mentions *“In phronetic social science, “applied” means thinking about practice and action with a point of departure not in top-down, decontextualized theory and rules but in “bottom-up” contextual and action-oriented knowledge, teased out from the context and actions under study by asking and answering the value-rational questions that stand at the core of phronetic social science.”*

Finally, in order to investigate the application of corporate transparency, the example of Everlane, a company that promotes radical transparency, would be used as a case study. By examining its transparency mechanism this paper aims to draw connections between theory and practice, stakeholders, companies and policy makers.

## **2. Background**

### **2.1 Web 2.0 & Information Society**

Many writers have started the discussion about the new face of the Internet, also known as Web 2.0 (Shirky 2008, Gelles 2009; Arnone, Geerts and Scoubeau 2009; Hair, Rose and Clark 2009). The term Web 2.0 was invented by O'Reilly (2005, 2006) to explain various social and technical changes in the Internet sphere. One of the most common definition of Web 2.0 is *“a new design that facilitates the use of websites where the visitor is apart from consumers also a co-creator of information”* (Gandía et al., 2016, p. 29). To put it differently, Web 2.0 symbolized the shift from individual publishing to collaborative podiums of users occupying social networking sites like Myspace and Facebook in the first place (Hethorn & Ulasewicz, 2015), followed by Youtube, Blogs, Twitter and Instagram. These users' communities reformed the way information is produced and disturbed. This transformation is believed to be highly associated with the freedom of speech and the right to be informed. (reference) Researchers as Caba, Rodríguez, & Lopez, (2005); Pina, Torres, & Royo, (2009); Styles & Koprowski (2008) have focused on how the new face the Web 2.0 is used as a tool for transparency. To put it differently, the technological assistance offered by Web 2.0 regarding the circulation of information allowed a constant and consistent flow of data that was not possible for one to experience before this milestone in the Internet area. Marshall McLuhan marks that society has arrived at a “Global Transparent Village”. These pioneering dynamics offer new perceptions of knowledge and power along with a need for a strong identity of the modern man in the meta-Internet area. While stakeholders express their opinion through their channels,



corporations need to adopt at identifying stakeholder interests by trying to meet them (Madsen, 2009, p.639).

However, what started as an omen of an innovative way to share information seems to be treated today as another overrated example of massive uniformity combined with vast ambiguity. Shenk, (1997) refers to Datta Smog, as this amount of information which circulates through transparency and ends up having the same impact as secrecy (Birchall, 2011, p. 16). What is being noticed is that this constant change in technology and information is so certain that it impairs all the other certainties (Caza et al, 2004, p. 170). Through this change, information society is created carrying new dynamics of power and knowledge. Thus, consumers and companies are in a process of adaptation in the current technological standards.

## **2.2 Ethical Consumerism**

*“If you have ever boycotted grapes to support the United Farm Workers union or decided to drive a hybrid car to help conserve the earth’s resources; if you have ever ‘bought green’ or paid extra to purchase ‘fair trade’ coffee, you know perfectly well that consumer decisions can be political”*

Michael Schudson, 2007

Over the last years, the reach of ethical consumerism has broadened from the cultural borders to popular society (Carrington et al., 2010, p.139). Consumers consider the market, as a place of declaration of their political and ideological concerns (Stolle, Hooghe and Micheletti 2005). While in the past people who were interested in ecological products represented a very small part of society, today almost everyone has an intention towards ethical consumerism even if it does not always lead to an actual purchase. When we look at the numbers, this trend has globally presented a 47% growth in 2017 (Carrington et al., 2010, p.140) and it is believed that this shift towards a conscious consumption will soon monopolize the marketplace. In general, ethical consumerism or ethical consumption deals with the purchase of products that are created and brought up in the market under ethical standards. This practice brings into surface issues like human rights, animal rights and the future of the environment.

There are many reasons why this shopping ‘activism’ takes over past consumption practices, that

were fast, excess and superficial. First of all, ethically minded consumers feel an obligation towards the environment and the society and they endeavour to show their moral criterions through ethical consumption and purchasing preferences (De Pelsmacker et al., 2005; Shaw and Shui, 2002).

Moreover, instead of the feeling of doing bad by wasting money and time, consumers embrace the belief of actually doing good by choosing products that support an environmental or social issue (Nickel & Eikenberry, 2009, p.978-979). They choose to be active instead of passive by using their purchasing power to address and try to resolve issues that matter to them. In this way, ethical consumption establishes a more political face as Jeremy Youde (2009) mentions a radical act of “punk rock capitalism”. Consumers feel like accomplishing something bigger than just obtaining a new item, for personal usage. They identify the material essence of the product they buy (Shen et al., 2012, p.234).

Youde (2009) also adds that maybe this new way of purchasing products is a convenient cover for First World guilt. *“Instead of being mere commerce, political consumerism functions as a form of social movement activity”*. In other words, the public that cares for the common good utilize its money to ‘vote’ in order to make a difference. There are two ways of accomplishing this ‘vote with their dollars’, either by boycotting some products highlighting their unethical practices, or by buycotting some others promoting them as conscious choices (Youde, 2009, p.203). Consumers 2.0 count on their dollars to make a difference while maybe their actual votes do not. They feel like engaging in a citizenship. The New York Times named it “wearing our conscientiousness on our sleeves” (Alter, 2012). A contradiction though is taking place between their individual desires and the collectives needs of the world. Jackson (2008) mentions this constant battle and Seyfang (2011) presents two types of sustainable consumption. Firstly, there are the *“individual green consumers”* who are keen on improving their way of consuming but they do not usually go too far from traditional practices. On the other hand, *“ecological citizens”* are ready to follow more radical changes and to adapt their lifestyle according to the needs of the community. They can present role models for future generations as they act *“within communities of place, practice and interest”* (Seyfang 2011, p.21).

### **2.2.1 Ethical self**

Behind the social dimension of ethical consumerism, there is also a very clear form of self-identity. Foucault (1978, 1980, 1984, 1985) describes green consumerism as “politics of the shelf”. Malpas (2005) explains that the circulation of goods and products constitute a language between the individual and society, creating a language, a code. According to Moisander (1991), Freestone and McGoldrick (2007), the social aspect of ethical consumerism is very dominant as it allows the individual to express its personal identity and values through his/her choices. What it is being called basically lifestyle which includes consumers’ personal way of being and acting as part of society. Lifestyle contains all these materials that form one’s story (Niinimäki, 2010, p. 3). Consumers portray their self-image to others or even to themselves (Escalas, 2004, p.170). Through consumption one has the opportunity to constantly change that story, creating a new self (Todd, 2011, p. 49). As in ethical consumerism, the story that the individual decides to share contains moral values that prove his/her point of view towards a more ideal world. (Giddens, 1991; Spaargaren and van Vliet, 2000; Oksanen, 2002). Moisander and Pesonen (2002) call ethical or green consumerism as the ‘*aesthetic of existence*’, while Todd (2011) argues that consumptions creates and produces a sense of self.

## **2.3 Business Ethics**

While the term of business ethics has been used in many theories and managerial approaches, it has not yet been clearly determined (Robin 2009). Different definitions have been added through the years, without a general accepted definition of what how exactly the status of being ethical is determined in business terms. Because of this wideness regarding the activities that may or may not be included under the umbrella of business ethics, improvisation was accepted and incoherence was often met between companies’ policies.

In order for companies to respond to society’s demand for ethical practices, a reformulation of how they define and present themselves was necessary. In the beginning of this shift, business ethics were used mostly as a responsive mechanism to corporate scandals, embodied with corrupted practices. Following the growth of the ethical consumerism movement companies started realizing that this reflexive approach was not good enough anymore for their image.

The need to frame the vulnerability of business ethics, created a bigger call for all-encompassing ethos (Caza et al. 2004, p. 172). While in the past, ethics were presented a satisfactory amount of

reliability in the business world, with the arising of multiple scandals the last decades, stakeholders demanded more transparency, accountability, and responsibility (Wood, 1991).

Cummings (2003) in his book “Images of Strategy” points out how ethos and ethics even if they derive from the same origin in ancient Greek, they have arrived to have different meaning in today’s vocabulary. Ethics carry a more preventive character towards harmful events that can happen (Robin, 2009, p. 2). On the other hand, ethos adds a great level of virtuousness in business policies (Caza et al, 2004, 173). Ethics are described as something that someone has to do, an obligation, a duty (Rawls, 1971), while ethos is more like an aretaic alternative, something that someone desires to do. Aretaic that derives from the Aristotelian word arete, signifies a moral virtue exercised in its full potential. It is been argued that when people reach their full potential, they start having aspirations about what it is best for them to do and the total of these aspirations is what ethos stands for (Caza, 2004, p.173). From this differentiation one can see the moral ideal behind ethos and the more practical character of ethics. Belle (2017) states that “*Ethos should determine ethics*”, leaving space for criticism regarding business ethics that may not derive from an act of ethos.

The argument presented here has more moral character than a constructive one. Ethos and ethics are intimate if ethics are determined by ethos. What is being discussed is a distinction between ethos-driven companies and companies that implement ethics in their business model. While the former consider themselves as part of society in terms of responsibility and accountability, the latest see a separation between society and business and respond to ethical request only if needed. In the past, it was more common for companies to add ethics as an extra element in their strategy and vision. Ethics that did not limit company’s activities but rather exist as complementary external policies. The shift towards a proactive approach towards society’s ethical requests implemented ethos at the core of corporate identity and authenticity (Belle, 2015, p. 85). Ethos-driven companies present a stronger self-knowledge that acts as a reference for the company itself. (Cummings, 2003, p. 60).

### **2.3.1 Knowledge management**

Knowledge has been shown to be a determinant of perceived control (Armitage and Conner 1999; Azjen and Driver 1991; Wormian 1975). Belle (2015) supports a clear connection between ethos-driven companies and knowledge management. Companies that have clear values registered in their identity, experience the security of comfortable self-knowledge. Information overflow provided by

technology as was mentioned before, introduced knowledge-based economy, that made knowledge accumulation into a competitive advantage for each company (Crossan and Berdrow 2003). What is even more interesting is companies double character that not only use knowledge for economic profit but place new forms of knowledge back to society. Nonaka (1994) points out that in a constantly changing environment business success will depend on the ability of a company not only to understand produced knowledge but to produce knowledge itself. Finally, Belle (2015) presents three characteristics of knowledge management. The first outcome of self-knowledge is authenticity. By being authentic ethos-driven companies are equipped with strong identities that makes them differentiate. Thereby, they can align through transparency with the interests of their stakeholders. A second outcome is authority that marks the legit and responsive mechanism of a company. Finally a third outcome is advocacy as an agent of others' interests and eagerness for change..

### **2.3.2 Dynamic Transparency**

When self-knowledge is achieved, it is usually shared through the concept of transparency. Ethos-driven companies with a concrete identity choose to integrate dynamic transparency in their processes to align their goals with the goals of their stakeholders. Dynamic transparency is an interactive and multi-directional approach of transparency where both companies and stakeholders share useful information about themselves (Madsen, 2009, p. 640). What is being accomplished through this mutual learning is the concept of self-knowledge once again (Madsen, 2009, p.640). Following Belle's (2015) knowledge stewardship definition, as a character-conscious approach, companies show a high interest and consideration to both knowing and acting. By doing so, companies are able to identify their own ethos-driven objectives while adding value to the processes that aim to the accomplishment of these objectives. Finally, successful knowledge management, provides new terminologies for fruitful ethos-driven conversations on ethical actions (Belle, 2015, p. 89).

### **2.3.3 Prudence / Phronesis**

Under this idea of self-knowledge that leads to action is the Aristotelian term of prudence/phronesis. According to Aristotle in the Nicomachean Ethics, phronesis is the representation of practical wisdom (Madsen, 2009, p. 640). "They [prudent men] can see what is good for themselves and what is good for men in general" (Aristotle, 1908, Book VI, part 5). The

use of practical wisdom must be made in terms of self-interest and common good. To put it simply, companies that are ethos-driven are not interested only in their personal profit but they also care to provide to the community in which they belong. The same way ethos-driven consumers are not interested only in themselves but in the society as a whole. Even in a capitalistic society, this coherence in values and goals between the community and the personal interest of each other help for the accomplishment of the self-realization (Madsen, 2009, p. 641). This self-realization promotes healthy relationships between individuals and organisations. Kirkeby (2009) in his article *“Phronesis and the sense of the event”* explains in terms of Aristotelian phronesis that *“We must master knowledge of ourselves and of the other person, the capacity to use the sense of judgment, use ethical imagination, produce overall views, and not at least to have a utopian vision of a just society”*.

#### **2.3.4 Justice**

Justice as a subject carries two main approaches that are related to the concept of Aristotelian phronesis. Rawls (1971) presents the concept that justice carries fairness and equality in the way that goods are distributed in society. Sen (2000) and Nussbaum (2000) see justice as the necessary conditions for individuals and society to blossom. Both these theories highlight a framework through which individuals can arrive at the personal self-realization they are looking for. Madsen (2010) sums up these two theories with the following definition *“one acts justly when one’s actions promote the conditions necessary for people to live a full and dignified life”*. Regarding this fulfillment of life, Voget-Kleschin (2013) adds in the literature for justice, the notion of *“direct claim for justice”* when people behave for the shake of the environment and society in the present moment and the notion of *“indirect claim for justice”* when people are interested in handing over their social and natural habitat in future generations.

#### **2.3.5 Prudence justice & Trust**

Prudence justice is a construct presented by Madsen (2009) as a combination of the ethical concepts of phronesis and justice that deal with self-interest and its practices inside the community. The Aristotelian pursuit of virtue support the notion that this self-interest would be beneficial to the extent that touches the interests of others, that would ultimately connect to the one’s interest as well (Madsen, 2009, p. 643). Analyzed both in terms of individuals and corporations, prudence justice balance benefits towards one’s self and towards the others (Madsen, 2009, p. 643). In personal

level, the interests of each individual should not harm the interests of his fellow citizens. In a corporate level, the interests of each company should align with the interests of its stakeholders. The same concept is being described in transparency-trust argument in Elia's literature. The combination of trust and transparency helps companies achieve growth while it builds up stakeholders' trust towards the company (Elia, 2009, p. 149). In other words, consumers are certain about their purchasing decisions, because of the information regarding the company, they can get through transparency, that can be analyzed through an ethical prism. According to the theory of Adam Smith's talking about an Invisible Hand in capitalist societies, there are ways that market dimension can be regulated in the pursuit of common good and general happiness (Elia, 2009, p. 149). Following this idea, transparency can be seen as a tool to achieve the optimal goal of prudence justice and market regulation. In a nutshell, moral foundations enable right judgment about each company's policies providing stakeholders and companies with a strong and stable grounding to evaluate these policies in terms of achieving the greater good.

## **2.4 Summary**

Starting from the changes brought up from information society that was enabled by the use of Web 2.0, both consumers and companies started redefining themselves in the new environment. In this circumstances what is highly noticeable is a shift towards ethical choices and practices. The movement of ethical consumerism pushes companies for more ethical corporate policies. In the fashion industry, that is characterised of unethical attributes, the movement of sustainable and slow fashion is born. Companies move from just a cosmetic use of ethics towards a direction of ultimately applying ethos in their strategy. In order for this transformation to take place transparency plays a key role in the way companies present themselves and in the way consumers perceive them. Elia's (2009) proposition states that companies who use the tool of technology and information as well as advanced transparency to build trust, while accepting the new power distribution, they have the opportunity to meet both their stakeholders' needs along with sufficing their own. In addition, a model presented by Madsen (2010) based on the Aristotelian virtue of phronesis in the form of prudential justice explains the alignment of interests of both individuals and corporations towards the common good and a greater future for society.

The common element of all these theories is transparency in its dynamic form as interactive and multi-directional that can generate pressure by the public towards the companies for more ethical

approaches (Cummings, 2003, p. 67), and in reverse influence positively consumers through corporate actions (Carter & Rogers, 2008). Following this logic, the next chapter is dedicated to transparency mechanisms that are believed to create novel dynamics of knowledge and power between companies and stakeholders towards more honest and open approaches.

### **3. Literature Review**

#### **3.1 Transparency as an attribute**

In this chapter the focus is on transparency as a bridge between ethical consumerism and ethos-driven business. It is believed that in order for a company to show its ethical dimension, and for consumers to be able to choose according to their ethical beliefs, transparency is the key. Literature suggests that transparency as a movement is highly connected to the ethos of a company through its mechanism of sharing valuable information with its stakeholders. This ethical path towards an open and honest flow of information is considered to create awareness. (Dubbink et al., 2008, p. 394). The same applies for trust, the idea of transparency and trust are analogous (Rawlins, 2008, p.1). Especially regarding, symbolic decisions as ethical consumerism, trust towards the company is required (Elliott & Yannopoulou, 2007). Thus, companies try to be as transparent as possible, sometimes in an exaggerating extent. The truth is that transparency and trust are seen as attributes than as excessive information. Experience shows that consumers build trust not only by transparency per se but more from the willingness and attitude of the company to be open and honest (Hustvedt and Kang, 2013, p.301). After noticing that this trend towards transparency evolves to a movement acquiring the status of an invulnerable good (Birchall, 2011), this chapter translates this notion of being transparent with other business practices.

One can argue there is an overall assumption that transparency is something so vital, almost sacred, that acts in the name of truth and justice, so it always serves beneficially whoever decides to use it. From politicians, to corporate organisations, and from artists to celebrities this wave of openness and honesty does not leave anyone uninfluenced. The interest here is, that various examples show, that there is no cost in effective transparency, contrariwise only gain. At the same time effectiveness in transparency is hard to both be achieved and to be measured meaning that there are a lot of examples that start with aspirations of transparency but only few that actually fulfil this potential at the end.



For Christensen and Cheney (2015), transparency has two interpretations. It can be conceived as something to look into, for example a clear piece of glass or something that allows seeing through without really noticing the object in between, for example a window. It's the double character of the word that can advise us, even warn us for the attributes of transparency as a mechanism that can engender greater or reduced vision. (Christensen & Cheney, 2015, p.77)

For Birchall (2011), the etymology of the word transparency comes from perviousness to light; diaphaneity; pellucidity. This attribute of transparency that allows you to see through or shine through does not carry any positive implications towards the observed item. In this case, transparency is more related to the ability to look through something, to reach its core essence, its deeper meaning. This aspect does not necessarily signify that this closer observation will lead to something favourable and beneficial. It does though relate to the attributes of light that can make visible and available details that without light would be left unapproachable therefore unknown. Tsoukas (1997) mentions that since the Enlightenment, light was used as a metaphor for knowledge. Through the years, from Shakespeare to F. Scott Fitzgerald light in literature conveys something positive and hopeful while darkness symbolizes the unknown most of the times evil element. In other words, one can argue that as humanity has evolved this specification of seeing through something, using light has been coloured with favourable connotations. On the other hand, anything dark, hidden or secret carries negative associations as something illegal or malefic. This metaphor leaves secrecy carrying an a priori reputation of something untrustworthy and corrupted (Birchall, 2011, p. 12).

One can argue there is an overall assumption that transparency is something so vital, almost sacred, that acts in the name of truth and justice, so it always serves beneficially whoever decides to use it. From politicians, to corporate organisations, and from artists to celebrities this wave of openness and honesty does not leave anyone uninfluenced. The interest here is, that various examples show, that there is no cost in effective transparency, contrariwise only gain. At the same time effectiveness in transparency is hard to both be achieved and to be measured meaning that there are a lot of examples that start with aspirations of transparency but only few that actually fulfil this potential at the end.

Henriques (2007) argues that the process of transparency itself, alters the landscape of business, government, and public discourse. In its corporate form, transparency according to the Business Dictionary, is the “minimum degree of disclosure to which agreements, dealings, practices, and transactions are open to all for verification.” Therefore, businesswise, transparency can be analyzed as a tool for communication that makes available particular information to those outside of a company (Francis et al. 2009). Nowadays, this call for transparency requires holistic changes in the way companies do and talk business. In order for brands to embrace and profit from transparency they should embed it in their philosophy and not just apply it as an extra element (Holtz & Havenst, 2008, p. 3). An honest approach, that embellishes understanding is what transparency stands for in the market (Yoo & Jeong, 2014, p.10). Although the term has gained a wider interpretation that even mistakes or wrong judgments are better to be acknowledged by the company than left to be discovered by anyone else. Heise (1985) offers the following definition regarding corporate transparency *“Transparency is the deliberate attempt to make available all legally releasable information—whether positive or negative in nature—in a manner that is accurate, timely, balanced, and unequivocal, for the purpose of enhancing the reasoning ability of publics and holding organizations accountable for their actions, policies and practices”*.

### **3.2 Advantages of Transparency**

If transparency mechanisms are efficient then they also successfully provide certain advantages. Firstly, transparency promotes allocative efficiency when consumers see value with social or ecological impact at the products that they choose to purchase (Dubbink et al., 2008, p.392). Allocative efficiency is a state of the economy in which production is determined by consumers’ preferences. This type of efficiency in economy deals with the optimal distribution of goods and services when consumers are willing to pay an amount equal to the need they will fulfil.

Moreover, another advantage that is being enhanced by transparency is dynamic efficiency and innovation that separate the companies who introduce a meaningful CSR program from those that their CSR policies are unsuccessful. (Dubbink et al., 2008, p.392). For this reason, companies are challenged to try harder to establish a concrete CSR presentation that will offer them a competitive advantage towards the rest of the market. This leads companies to take into more consideration why they have CSR policies and how this CSR policies serve the community.

A different type of advantage proposed is one of moral character regarding the freedom of choice consumers gain grace to the information provided by transparency. It is a matter of respect when both the consumer and the producer have essential information to support their purchasing decisions (Dubbink et al., 2008, p.393). This equal allocation of information promotes honesty and truth making it easier for both sides to be accountable for their actions, the company for its policies and the consumer for its shopping preferences. The moral outcome of transparency is that consumers become more familiar with the concept of CSR that when they meet it in a company's core activities they are more eager to purchase its products (Dubbink et al., 2008, p.393). In this way, more meaningful relationships are built between consumers and companies. Their main characteristic is the pursuit of values as truth, justice and honesty that eclipse from today vocabulary. Consumers can trust companies again after a long time and this provide hope for the future of society into the capitalistic system.

### 3.3 Measuring Transparency

#### 3.3.1 Rawlins model / Transparency Factors

Transparency is not a quantitative subject, thus the developed model of measuring transparency is based on qualitative characteristics as trust, accountability and openness.

Rawlins (2008) following the example of Balkin (1999) who presented three different types of transparency that “work together but are analytically distinct”; **informational, participatory, accountability**, introduced a model to test transparency established on these diverse factors while adding as well the factor of **secrecy** as a symbol of lack of transparency. More specifically, Rawlins (2008) explained that firstly the informational quality must carry truth, substance and utility.

Information on its own does not provide transparency as it can be from fruitless to misleading. Secondly, the participatory quality must include the stakeholders as collectors of the type of the information they require. Stakeholders are extremely important in the transparency process and they should be taken into consideration regarding which information a company must share. Thirdly, the accountability quality must accommodate objective and fair reporting of the company's processes and tactics that identify the company as a responsible social actor. Transparency is not merely reporting although the use of structured and repeated reports can strength the accountability of a company towards society. Last but not least, the element of secrecy in transparency efforts as a reverse item factor and reflects the lack of openness (Rawlings, 2008, p. 88).

### **3.3.1.1 Informational Transparency & Corporate Communication**

The element of substantial information as presented in Rawlings (2008) model is associated with the type and the profundity of the information being shared by each company. In order for information to serve the concept of transparency must encounter the definition of substantial completeness by Klaidman and Beauchamp (1987). To achieve substantial completeness, the main necessity to be addressed is the satisfaction of a person's information demand, (Rawlings, 2008, p. 74) in our case the information requirements from stakeholders and more specifically consumers. This endeavour is not completed by the extent of the information provided rather by profound understanding of the type of information that the public is interested in learning more about. Derrida mentions that in general things are unknowable rather than unknown. (Birchall, 2011, p.71). The same applies for the business material that the public is not informed about, they can be understood with the correct enlightening and cognitive mechanisms.

As Tsoukas describes in his article "The tyranny of light", the achievement of the modern dream is reached through the instant and constant access of information (Tsoukas, 1997, p. 828). Today this unlimited flow of information has attained a strong association to the right itself of being informed. The more information citizens can access the more certain they feel about their capability to exercise this privilege. And this flow of information is provided due to technological achievements subserving bulimic tendencies of more and more knowledge. Everyone is able to access huge data bases, there are out there and there are ready to be collected (Tsoukas, 1997, p.830). According to Tsoukas this information society aims to a higher realization; the making of transparent self-regulated society. This tendency is highly related to the model of transparency that companies choose to follow these days. Everything will be manageable via knowledge that will be accessible via transparency that will be whole. Only that, if this assumption was true we wouldn't need mechanisms to measure the effectiveness of transparency when it is operated.

The truthfulness of transparency does not necessarily mean a full announcement of every detail that takes part in the business processes. Rawlins (2008) mentions that "just giving information does not constitute transparency". He also adds that disclosure alone, without any critical consideration, acts against transparency. The result can be confusion instead of enlightenment (Rawlings, 2008, p.74). For this reason, transparency policies should follow a strategy and direct at a specific goal,

otherwise if they are not understandable and if the public is not familiar with the terminology or interested in them, they are overshadowed by their chaotic and diverse spreading. The information society creates the impression that everything will be saved thanks to the certainty all this generalized communication provide and that is not even an illusion, that is actually a deceit (Tsoukas, 1997, p. 829).

Communication needs to be controlled, guided and targeted to a meaning. Christensen 2002 indicates that “Transparency is not a property of the information environment per se”. The case is how to learn to communicate rather than being fully see-through and invisible. Transparency is not about being invisible but rather about being more visible (Rawlings, 2008, p. 73) While the amount of information seems to increase day by day, the level of understanding does not follow the same rhythm. And this is mostly because the gap between information and knowledge requires effective communication and the element of time to be bridged.

What we experience now is a constant desire for transparency who becomes more and more attractive, making every company to implement it in their business model, particularly in their communication processes (Christensen, 2002, p. 163). Companies as fundamental parts of our society are not allowed to have secrets anymore. They must be accountable for every word and action, even for every view they may have for the future. And this is not an easy task to be accomplished with old school tools as a press release or an annual report. New ways of communication have emerged and new priorities about what is important to be addressed. Of course marketing methods are still holding a big percentage of the storytelling, however companies should build their communication choices based to their consumers needs rather than marketing techniques. Otherwise consumers experience “polished transparency” as Fombrun and Rindova (2010) underline, a form of transparency being shaped and prettified by marketing aesthetics. Nancy Turett, in the 2007 Edelman Trust Barometer, explained this leading state of mind of transparency embracement in corporate communication as “openness trumps an image of perfection”. While companies are trying to fulfil this potential of perfection, one can notice an uncertainty around what to communicate and how that most of the companies brand themselves instead of their products or services (Christensen, 2002, p. 163). Products and services are not so unique and different any more but brands can still be by being open and honest. With alternatives approaches and sharing a various amount of information concerning how companies do business,

there is a focus on extroversion. This concept of self-promotion is explicitly associated with the self-transparency model and together they built the new means of corporate communication presenting a quality, avant-garde competitive advantage (Christensen, 2002, p. 164). If Facebook asks its users everyday to elaborate what's on their mind, consumers also ask the same question towards their brands. What the answer can be is not so relevant at the end.

### **3.3.1.2 Participatory Transparency & Co-creation**

The second element of Rawlings (2008) transparency model is the *participation of stakeholders* in order for their requests and needs to be taken into consideration. The status of participation requires involvement that places stakeholders in an active position instead of a passive one. This element follows the notion of substantial information where the interest is focused on the receiver rather than the sender (Rawlings, 2008, p.7). Moreover, active participation assumes noticeable influence coming from the receiver with feedback and reviewing that make stakeholders into co-creators. Cotterell (2000) refers to this as “active participation in acquiring, distributing and creating knowledge” (p. 419). If stakeholders find themselves at ease to reach the information they need, it is very possible that they will give back valuable data useful for evaluation and participate in co-creation. Prahalad and Ramaswamy (2004) synopsize this meaning with the “DART”-formula that enables co-creation: Dialogue, Access, Risk assessment and Transparency. This formula includes both the consumer and the company about what is considered valuable and secures that all parties involved know about each other's perceptions.

Transparency of information needs to be given in order to create trust and facilitate co-creation between the consumer and the firm (Ramaswamy, 2004, pp. 31-32).

Rawlins (2008) mentions that “*the participation dimension included statements about involvement, feedback, detailed information, and the ease in finding the information*”. In order for consumers to be able to acquire the information they are looking for they have to participate in the design process of transparency policies. This automatically creates a dual communication equitation where consumers become senders and brands turn themselves into receivers. It is consumers that show the way in the transparency journey. The question has shifted from “What can we do for you?” to “What can you do with us?” (Wind and Rangaswamy, 2001, p.21).

The most recent managerial approaches see the consumer as a co-creator of value, having to add insights about the products and the company that are extremely beneficial. Co-creation is part of a service dominant logic that is based on a substantial relationship between consumers and companies (Payne et al., 2008. p.83). As Vargo and Lusch (2004) explain, service dominant logic underlines the importance of intangible resources, co-creation of value, and relationships. Companies, who wish to experience that value, they should follow a transparent strategy by including these audiences in their processes from the phase of designing to the state of execution in order for the outcome value to be relevant and consumer oriented. Transparency presents a great medium for co-creation that builds relationships between consumers and companies. What is important to be marked here is that the only way for transparency to meet the needs of the stakeholders is the acquisition of knowledge by the company regarding what stakeholders want and need to know (Rawlings, 2008, p. 75). Thus, by including stakeholders with participation processes companies enhance any type of disclosure to transparency. Through these participation processes embedded in transparency mechanisms, companies can identify more easily the needs and wants of their audience and come back with new offerings (Vargo and Lusch, 2004). Finally, transparency of information facilitates the creation of trust and co-creation between the consumer and the firm (Ramaswamy, 2004, p. 31).

Rawlings model focus on the participatory element to achieve transparency while co-creation is based on transparency in order to be achieved (Hultz and Scultz, 2010, p. 593). From both perspectives, it is true that today there is an important customer value proposition that defines the company's essence (Saarijärvi, 2012, p. 383). Transparency can be seen as the medium to strength the consumer's involvement, allowing him to be from isolated, connected and from unaware, informed (Prahalad and Ramswamy, 2004, p. 4). This level of involvement, that the consumer acquires, provides him with tools and knowledge to indicate how the company should proceed, towards which direction. Of course as mentioned before, the transformation of information into knowledge is a lot more challenging than it seems. Yet, it is more efficient and reciprocating if the consumer takes part in the process from the beginning by putting the foundations of this participatory transparency.

The concept of co-creation has been analyzed thoughtfully by researches but it must be noted that until now extended research has been conducted primarily to consumers from all stakeholders

(Hatch and Scultz, 2010, p. 591). In the future, it is believed that the increasing use of transparency will generate more studies in terms of other types of stakeholders' participation as well. While consumers and companies work collaboratively, at the same time they also compete in the market's experience environment. They co-create value but compete on the extraction of economic value (Ramaswamy, 2004, p. 122). In present times, this standard presents a shifting tendency due to indications introduced by the public as the concept of ethical consumerism. As consumers undertake a more and more active role, by being co-producers of value, companies understand the need to implement CSR policies in their strategies. In this way, an alignment is achieved between corporate values and the notion of ethical consumerism.

### **3.3.1.3 Accountability Transparency & CSR**

The third element of Rawlings (2008) transparency model deals with balanced reporting of a company's processes that holds the company accountable for its actions and practices as they are available for stakeholders to see. These processes are considered in today's business vocabulary as Corporate Social Responsibility. The most simplified definition of CSR is "companies being ethical". Therefore, CSR is expressed by the voluntary act by companies to engage in activities for the greater social benefit. (Henriques, 2007). This willingness in co-operation with responsibility will help companies to share an essential and accountable identity along with practices that they are involved or aware of (Cotterrell, 2000, p. 419).

Dubbink et al. (2008) demonstrate in their paper a strong connection between Corporate Social Responsibility and transparency. They underline explicitly that transparency is a pivotal condition for the execution of CSR policies. Companies implement CSR in their strategies as a sign that proves their concern about the state of this planet as well as their ethos about leaving back a sustainable environment for the next generations. Post et al. (2002) explain how companies have the power to transform this future and why it is for their best interest to not abuse this power. Freeman & Velamuri (2006) argue as well that companies as part of the society themselves they should try to diplomatically manage the different existing issues in view of a direct relation to their own success as brands. CSR policies are not something new but they have been expanded their framework through the years, filling up gaps that usually the state can not deal with. Keane (1998) refers to this issue as the "limits of state action".



The research around CSR has to offer many different approaches about its authenticity and effectiveness. Back in the 1930s, Wendel Wilkie introduced this novel frame of mind as “*a help to educate the businessmen to a new sense of social responsibility*”. By that time, businesses were perceived as something a lot more autonomous from the rest of society than they actually were and with less social character than we impose to them today. While the pressure of current issues is overwhelming for the state and citizens to handle, companies need to get involved in the CSR area. Otherwise, if they are found to be unwilling to get involved, they will have to deal with reputation issues and potential loss of stakeholders. Because behind these issues that CSR policies undertake is the needs of these stakeholders. As Dawkins and Lewis 2003 indicate, the issues linked to CSR are drivers of public opinion. Adrian Henriques (2007) mentions in his book *Corporate Truth* that there are many cases where CSR seems more like a PR strategy than a voluntary action for the broad social benefit. Strähle & Merz (2017) characterise by the same logic Corporate Responsibility as the latest fashion trend, especially in the western culture. This is the point where transparency can resolve that argument by having the companies being reliable and open about their moves. It is not a question of companies being 100% ethical but rather of being ready to confront their weaknesses (Rawlings, 2008, p. 75).

As transparency represents a fundamental base where the CSR policies are built on, researches have tried to answer the question about the level of transparency taken place when companies are being social responsible. The truth is that the findings regarding transparency levels are not encouraging (Dubbink et al., 2008, p.392), mostly because of CSR’s volunteering character. Since companies are not obliged to perform CSR but rather pushed from social norms and pressure groups, transparency’s percentage is a self-regulated, or in this case a company-regulated decision. A very on point question arises from Walden and Schwarz (1997), if companies are ready to sacrifice their future reputation and earnings in the name of transparency.

#### **3.3.1.4 Secrecy and Transparency**

Rawlings (2008) presents a new element in the model of Balkin (1999), the one of secrecy as a reversed item that reflects the lack of transparency. Secrecy carries the notion of separation by establishing a border between known and unknown things (Costas & Grey, 2014, p.1425). This separation can be justified by various reasons from protecting crucial information to hide blaming evidence. Today, the notion of secrecy is associated with corporate unethical behaviour. For most,

secrecy signifies either the distribution of specific information that suit the company either the use of terminology with obscure meaning either the availability of certain information after public request (Rawlings, 2008, p. 88). After experiencing a significant amount of corporate scandals the last decade, consumers are ready to judge any company that is unwilling to share everything with them without a trial. It is true that corporations have a difficult task to accomplish trying to regain their reputation and sustain some levels of private life. The secrecy factor, a remnant of the old times when business kept everything private unless they have to proceed to a disclosure usually for legal issues, needs time to regain its positive connotation. Florini (2000) marks that secrecy is the opposite of transparency regarding to the free will of hiding or revealing one's actions. "Secrecy means deliberately hiding your actions; transparency means deliberately revealing them." (Florini, 2000, p.50).

While the tendency towards transparency is adopted from the majority of the companies, one can name some reasonable arguments that justify why companies do not fully embrace transparency, keeping some of their internal actions secret. It is arguable that a moderation of information being revealed works for the best not only for corporation but for stakeholders as well. First of all, secrecy can function as a protective web for important and vital information for the company's prosperity, or simply as a defense mechanism supporting distinctiveness of company's identity while being in control (Costas & Grey, 2014, p. 1424). Secrecy of intellectual property is when patterns and formulas that are one of a kind can stimulate the profit that will be lost if they become known (Henriques, 2007 p.132).

Furthermore, transparency can be costly for a company, especially for smaller firms. (Dubbink et al., 2008, p.393) They need to find time and resources to update their sharing information and that can possibly cause delay to their development overall. Moreover, as it is mentioned before the unlimited flow of information does not indicate a successful understanding from the receivers. (Dubbink et al., 2008, p.393). Stakeholders need time and cognitive mechanisms to fully embed the information being shared. Extended reports with unknown terminology may end up in not being appreciated.

From a moral point of view, companies should have the necessary freedom to act accordingly (Dubbink et al., 2008, p.393). One case could be that the company wants to keep some information

secret in terms of having a competitive advantage. Secrecy can help companies to protect their strategy and if by being silent they do not cause any harm; they should be able to do so. (Henriques, 2007, p.136). Another case can be that their CSR policies are not so advanced and they feel the pressure of revealing more information than what is possible at a specific time. It should be noted that a persistent pressure of disclosure can lead to the exact opposite effect making companies turn against transparency.

For all these reasons, it is believed that secrecy may instead of only negative connotations, be useful and complementary of a company's transparency path. The question that arises, following this reasoning, is not about the necessity of secrecy as a virtue rather about the latitude given to it. As Birchall (2011) points out "*is there any space left for secrecy*"? Transparency's call has been answered with an extremely great acceptance, while secrecy seems unable to adequately support its existence. With society being busy with all the things that has to publicly deliberate, secrecy seems as trace from another area. However, it is not only privacy that justifies the need for secrecy. Birchall (2011) refers to Derreda who draws attention to a quest for singularity rather than a total similarity (Birchall, 2011, p.12). Derreda uses the term "totalitarianism" as a movement that flattens anything extraordinary and distinctive. If secrecy is diminished, extreme transparency can lead to an extinction of uniqueness. Any corporation who does not desire to participate in this new type of "enlightenment", it faces a high risk to be neglected. In this term, transparency's dynamic to shed more and more light until there is nothing left untouched, it can be rather described as contingent on secrecy than an autonomous deliberating action (Birchall, 2011, p.12).

### **3.4 Transparency Efficiency**

#### **3.4.1 Embedeness of information & Congruence**

"Effective policies did not simply increase information. They increased knowledge that informed choice"

Fung et al. 2007

Two efficiency criteria, , information embedeness and congruence, are fundamental for the development of Fung et al. (2007) framework that deals with the notion of transparency as an

innovative system that should be framed to present beneficial outcome. Based on that, Fung et al. (2007) take one step further and present a model based on which effective transparency is measured in different levels regarding these criteria. In order to classify the appliance of transparency mechanisms they categorize transparency mechanisms as ineffective, moderately effective and highly effective, they explain why embedeness of information and the congruence between discloser and user are determinant factors in this categorization.

Embedeness of information means that the information transforms into knowledge that exerts influence in decision making processes. Consumers or companies exposed to new information must be able to translate it into knowledge related to their cognitive mechanisms without losing too much energy or time (Fung et al, 2007, p.10). Starting from the communication process, transparency coming from the sender through content does not secure the comprehension of the receiver (Christensen & Cheney, 2015, p.82). It is again self-referential processes as Eco (1979) characterizes them that help the alignment of this communication practice. For example, an ethical consumer can understand the meaning behind recycling so for him a product with the label “recyclable” makes sense and responds to his needs. That explains the connection between congruence and knowledge or self-knowledge. For one to be able to achieve a state of agreement in what is shared, she must first of all possesses a very clear understanding concerning her identity and the identification of the distributed message.

A successful shift in the decision making process caused by the information being shared, requires attached value, cognitive compatibility and congruence between the two parts of this communication process. Discloser and user, receiver and sender must see the same value behind the information being share. They also must both be able to comprehend what this information signifies and at the end they must meet somewhere in the middle regarding their needs and aspirations (Fung et al, 2007, p.11-12). Only when these requirements are fulfilled then information transforms into knowledge instead of being sheer data that can not be utilized. It is the combination and the efficacy of these factors that characterise a transparency system ineffective, medium effective or highly effective.

### **3.4.2 Highly effective transparency system**

In order for transparency mechanism to be highly effective an outstanding shift in both the behaviors of discloser and user must be recorded towards the right direction (Fung et al., 2007, p.18). This means that the outcome generates massive changes that last and that they can be recognized as profoundly embedded in the cognitive system of the participants. In the case of corporate transparency, that would signify organisations that respond to consumers needs that they have previously successfully addressed to them. This is a two ways transaction that leaves zero in the quotient. In a highly effective transparency system, transparency serves as a mechanism that affect the decisions made by policy makers. In order to prove that one must be able to identify duration and strength in the shift that policies undertake. It is essential that the decision-making processes are altered and that the goals of both parties are aligned towards a common objective. When transparency works, every branch of any industry, market, society is influenced in a significant degree. (Fung et al., 2007, p.19).

## **4. Methodology**

### **4.1 Research Philosophy**

Rosen 1991 argues that the research philosophy is the way the researcher sees the world thus the way he tries to answer his research question. It has to be noted that at this paper reality is seen as been socially constructed following the term of social constructionism (Rosen, 1991, p.111). Furthermore, what is examined is the relationships created between social actors and how these can provide social change. Regarding the concept of transparency, it is being studied in this paper, in relation to social actors as consumers and companies. The research is translated under the prism of subjectivism as there is a constantly changing environment caused by these social interactions (Rosen, 1991, p.111).

#### **4.1.1 Inspiration/ Phronetic Social Research**

Through an empirical investigation, this paper aims to critically investigate the concept of transparency in relation to ethical consumerism by following a case study of the fashion brand, Everlane. As it was mentioned before inspiration was found in the words of Bent Flyvbjerg where he argues that the real point of any research outcome is “to arrive at social science that effectively deals with deliberation, judgment and praxis rather than being stranded with social science that vainly attempts to emulate the natural sciences.”

Flyvberg in his book *“Making Social Science Matter”* develops the concept of phronetic research as an alternative way to study social sciences on the basis of the Aristotelian perspective of phronesis. Phronesis that has already been studied in the past by philosophers (Hans Georg Gadamer, Hannah Arendt, Alasdair MacIntyre, and Richard J. Bernstein) for its importance, provides a different approach compared to the notions of episteme (epistemological) and techne (technical/technological) (Flyvberg, 2012, p.26). As episteme the Greek philosopher understands “universals, and the production of knowledge that is invariable in time and space and achieved with the aid of analytical rationality” (Flyvbjerg, 2012, p.27). Episteme has a reasonable and well-argued approach that is always relevant independently from factors as context or environment. Techne, on the other hand, is translated in today’s words either as art, a skill or talent that someone has exercised or as craft, something technical. The main difference between those two is that techne is knowledge context related (Flyvbjerg, 2012, p.29). Phronesis or ethics, is mostly translated as practical common sense when it comes to moral choices. (Flyvbjerg, 2012, p.29-30). Phronesis presents on the one hand an intellectual task which on the other hand is associated to praxis (practice) (Flyvbjerg, 2012, p. 30). To put it differently, while episteme deals with intangible meanings and techne carries more of a technical expertise, phronesis tries to give a more harmonious answer, by combining the use of epistemological wisdom and technical skillfulness, whilst applying, in terms of here and now, value to things that matter. In a nutshell, phronesis presents an intellectual virtue that in a way guarantees the ethical appliance of the virtues of episteme and techne (Flyvbjerg, 2012, p. 32).

*“What remains, then, is that it is a true state, reasoned and capable of action with regard to things that are good or bad for man...” (Aristotle, 1976, ss. 1140a24–b12)*

Flyvberg introduces four value-rational questions that were also used here as a point of departure for this study. These questions helped to create a framework of context that the researcher should have in mind while analyzing her data and making conclusions.

*Where are we going; Are we moving towards a fully transparent model of company?*

*Who gains and who loses, and by which mechanisms of power; Who generates more power by being transparent companies, consumers, society?*

*Is this development desirable; Is this transparency model valuable?*

*What if anything what should we do about it; What it can be proposed as further implications?*

One must understand at this point that these questions are not expected to be answered completely (Kuljak, 2014, p.81), not with this limited research and access that this paper presents. Their role though is to rather trigger researchers for further investigation on the social phenomenon of transparency and its connection to corporate ethos, including corporate communication and branding. The value rational questions of “*where are we going?*”; and; “*is it this development desirable?*” places ethical background in terms of research by extracting information through public debate in order to offer practical wisdom regarding current practices (Thomas, 2012, p. 6).

Furthermore, regarding the power related question of “*who gains and who loses, and by which mechanisms of power?*”; Flyvberg (2012) recognizes a connection between values and power. More specifically Flyvberg’s conception of power carries interpretations from Nietzsche, Foucault, Weber and Dahl. Regarding the question how power is exercised, who has it and why, Flyvberg argues that power is ultra-dynamic and it is being exercised in back and forth movement. He also marks that power and knowledge are analytically inseparable from each other as power produces knowledge and knowledge produces power. Finally, how this power is being exercised is more important than only who has it and why (Flyvberg, 2012, p. 38).

Although phronesis occupies itself with the moral part of a context, it concurrently stimulates targeted action to accomplish its goal (Flyvbjerg, 2012, p.30). Starting from the general and philosophical idea, it moves towards a factual and tangible example where it becomes practice/praxis. Phronesis essence is rather critical as it needs both the deep perpetual understanding and the right situational judgment, in a specific context, in a unique case, for its fulfillment.

Shdaimah and Stahl (2006) in their book “*Making Political Science Matter: Debating Knowledge, Research, and Method*” explain this embeddedness in context occurring in phronetic research, by adding that social phenomena are expected to “talk back” in order for social science to make sense (Shdaimah and Stahl, 2006, p. 103). Apart from Flyvbjerg’s questions that were above presented there is one more that Shdaimah and Stahl address:

- *What is the relevant public or forum to which my work matters;* Is this paper present any interest for those dealing with transparency mechanisms, companies, researchers?

The volume of the critical thinking spread in the paper defines how relevant and important the findings will be for other researches or stakeholders (Shdaimah and Stahl, 2006, p. 105). Phronetic research builds up with dialogue whilst considering different perspectives that can be found practical in the studying of the same variable. In contrast with episteme and techne that carry impersonal and technocratic tendencies, phronesis open-mindedness helps social science with its innate quality to discuss and debate rather than to perfect and standardize (Shdaimah and Stahl 2006, Flyvbjerg, Landman, Schram, 2012).

#### **4.1.1.1 Tension points of problematization**

One of the most important focal points in phronetic social science and in social science in general is problematization of “tension points”. Tensions points appear to be required adjustments in policy and practice that researcher discovers and remarks as crucial steps to a better governance and compliance according to society demands. (Flyvberg et al., 2012, p.4) In our case, transparency can be seen as a moderator between companies and stakeholders, between citizens and organisations. As Flyvberg (2014) remarks there is a tension of problematization between what is said and what is done, creating issues of accountability. It is noted that this particular tension is experienced a lot in the field of corporate accountability with the promises of companies regarding social and environmental corporate responsibility and the equivalent policies (Flyvberg et al., 2014, p. 11). What is interested to be questioned in this study is the quality behind any transparency policy and ethos-driven activity in regards to Everlane.

In this research, the method was developed following these steps; Firstly, the tendency towards transparency is identified in society as a way to fix gaps in the existing democratic system. (reference) Transparency is presented here as being a tool for ethos-driven companies that respond to the requests of ethical consumerism. Moreover, in several corporate strategies with the case of Everlane being central as an extreme case, transparency promises a novel way for companies to be part of society while being open and honest about their ethical approaches.(reference) However, a problematization is born regarding transparency as a statement of ethos, in opposition to secrecy as something unethical. At the end, findings regarding the transparency mechanisms of Everlane are



analyzed as an improvised measurement for transparency effectiveness. This critical perspective will finally lead to a proposal of novel and beneficial practices for transparency policies. By following this setup, it has to be mentioned that it was crucial for this research to not be another thesis paper but rather to try to contribute to the field of ethical policies facilitated by transparency in a framework colored by the dimension of phronesis. A clearer understanding of transparency implications regarding power and knowledge in terms of changes in policy makers is also aspired to be achieved by answering the questions of Flyvberg.

## **4.2 Research Methodology**

This paper follows a novel model that emerges from the literature presented. A connection was made between the theory and advantages of transparency to concepts as corporate communication, co-creation and CSR policies. By this attempt a novel model was created suggesting an approach for underdeveloped research areas (Locke and Golden-Biddle, 1997, p.1030). Because of the novelty of corporate transparency in business policies, the existing literature is incomplete in a way that leaves space for future contribution. What is more, by identifying a novel spot in literature, neglect spotting was used in order to frame this new theory that has not been under clear investigation until now. Neglect spotting is defined by the lack of empirical support for a specific field in theory (Alvesson & Sandberg, 2011, p. 30). To change this lack of empirics in transparency literature, in this paper the case of Everlane is analysed following Rawlins (2008) model of information, participatory and accountability transparency.

### **4.2.1 Narration**

Narratory is a story being told focusing on context, history and the art of story-telling. Geertz (1988), van Maanen (1988) and Czarniawska (1998) believe that the practice of narratology is more important than epistemology and ontology (Flyvberg, 2014 p.44). Social phenomena like transparency that is being studied in this paper, can be better understood through narration. Furthermore, the human being is a storytelling animal according to MacIntyre (Flyvberg, 2014, p.44), and by narration it arrives in a better understanding of practices. Narration tells a story and this story does not have to be long to be important, or difficult to comprehend to be meaningful, what is more important is the experience presented by the researcher of the social dynamics taken place in each case (Dyer&Wilkins, 1991, p. 616). It is vital for the narration of each case to be

surrounded with social movements and tendencies that can give an overall idea of the components of society for that time being.

#### **4.2.2 The case of Everlane**

*“Social science may be strengthened by the execution of a greater number of good case studies.”*

*Bent Flyvbjerg*

Good stories emerge from the selection of the right case studies. For this research, the single case of Everlane has been chosen as an example where the contemporary phenomenon of transparency is applied within a real-life context (Yin, 2014, p.2). Flyvberg (2014) underlines the element of practical rationality that can be better understood through the context offered by a specific case study. Everlane represents an extreme case as it offers unusual information regarding a specific topic (Flyvberg, 2006, p. 230) The identity and practices of Everlane are rather innovative, one can also characterise them as unusual compared to other companies. Everlane can be seen as the first company calling itself as radical transparent to such an extent that it can be portrayed as an extreme case in the movement of transparency. Especially when other companies have walked the transparency road before, mostly in the production and supply chain area, but they have not used the term transparent to build and support their image in such a holistic way that includes various corporate activities from communication practices to CSR policies.

Transparency theory is being used in order to interpret the example of Everlane in a way that leaves space for questioning and adjustment. Since Everlane's transparency practices are novel, the existing literature does not solidly decode their essence, it rather offers a base to extend transparency theory. Having as a tutorial the structure regarding the mechanisms of transparency in today's society it is easier to conceive the transparency policies presented by Everlane. Dyer & Wilkins (1991) mention this “aha” experience being expressed by individuals when they fully comprehend dynamics in case studies because they can associate with experiences from daily life. For all these reasons, it is equivalent that case studies not only make social phenomena easier to conceive and interpret, they also help in the development of social science towards the direction of practical wisdom via context-dependent knowledge (Flyvberg, 2006, 2012, 2014).

### 4.3 Data collection

#### *Researcher Diary*

DATE	ACTION	RESPONSE	NOTES
<i>September 2017</i>	Start looking into Everlane and its radical transparency mechanisms.		Find a lot of interest in the topic of transparency as a novel movement.
<i>November 2017</i>	Contact Everlane through email to share my interest in writing my thesis about the company.	Customer service replies that they will forward my email to the responsible department.	Wait for 2 weeks No response
<i>November 2017</i>	Send a kind reminder at the same email archive.	Customer service replies that my email has been forwarded to the responsible department.	Wait for a long time. No response. Start questioning their position of being radical transparent.
<i>March 2018</i>	Send a direct message to the CEO of the company through LinkedIn asking again if he would be interested in my thesis.	No response	Decide to continue with all the data I can collect from their online platforms; website, social media.
<i>May 2018</i>	Send a last message to Everlane about my thesis this time through Instagram to check the reflexives of the company in this channel.	No response	Thinking that they probably do not want to share any information. Start collecting data from articles that criticize their transparency model as well.
<i>May 2018</i>	Send a product related message again through Instagram to check if they are going to reply this time.	No response	Question their engagement they have with their customers in general.
<i>June 2018</i>	Make an attempt to use the Transparency Tuesday mechanism on Instagram. Ask a question about the names of some factories that don't exist on their website.	No response	Maintain a critical position regarding their transparency mechanisms for the rest of the research.

#### **4.3.1 Primary data**

When started this paper, the aim of this research was to interview the CEO and/or the employees of Everlane. After many attempts towards this direction, asking for access as a continuing process (Gummesson 2000; Marshall and Rossman 2006; Okumus *et al.* 2007) and only when it became clear that the company was not interested in fulfilling this request, a decision was made to continue with collecting empirical data from other sources. Instead of what Johnson (1975) calls a ‘false start’ following with a feeling of disappointment, this shift this study took was actually intriguing for the objective of this paper. A company that presents itself as radical transparent did not respond positively to this request, actually did not respond at all. This shift in the process of data collection made the author of this paper to question all type of information the company shares with the public in the name of transparency. Regarding the primary collected data, as a result of not able to get in touch with Everlane representatives this paper proceeded instead with all possible data that could be found online published by the company itself. This primary data consisted of content in the company’s website, content in its social media channels, digital campaigns along with interviews of the CEO of the company. After being collected and categorized according to Rawlins transparency categories they were used in order to examine the extent and content of Everlane’s radical transparency.

#### **4.3.2 Secondary data**

Along with the primary data collected from the company’s website and social media channels, a collection of secondary data took place coming mostly from online articles, interviews and critics regarding the Everlane. These secondary data presented additional information not from the company itself this time, but from journalists that analyse the journey of Everlane and its transparency model. In general, secondary data are not considered as efficient as primary data but in this case it is believed that they are suitable to answer our research question to a great extent. Kervin (1999) divides secondary data in two categories, raw data and compiled data. As raw data are considered information that hasn’t been under any kind of process and as compiled data information that may has been formatted into a summary. In this paper, both types of secondary data are being used interviews of Everlane’s CEO, as well as online articles and critiques. The total of the used data is a compilation of documentary data covering written and unwritten material found in both cases online.

#### 4.3.4 Different Sources

Data collection includes information provided by the company on their website and social media accounts along with articles found online regarding the transparency model of Everlane. In order to gain the necessary information, this documentary data collection is based on multiple-source secondary data. Different data sets have been merged in order to create a data set that would fit the research (Saunders et al., 2009. p.262). The way these data were extracted follows the four categories of Rawlings (2008), information, participatory, accountability transparency and the element of secrecy as an anti-category. It is true that this categorisation will be subjective but at the same time the focus will be on the quality of these data reassuring that they conclude real evidence of the transparency mechanisms of the company. Furthermore, attention has been paid to the sources where the data came from. The two main sources are the word of Everlane or digital portals that have proven their authenticity and professionalism.

The data collection of this paper includes different mechanisms used by Everlane that support or undermine the concept of radical transparency that the company introduces. Taking into consideration the three categories that were presented in the literature review under the model of Rawlings (2008), informational, participatory and accountability transparency, this paper tries to investigate how they are fulfilled in the case of Everlane. It is relevant to mention at this point that these mechanisms differ from each other just as the three categories of transparency do. Thus, they can be addressed as separate entities that conditionally can complement each other. Furthermore, extended literature was integrated to the transparency model of Rawlings (2008) connecting the concepts of corporate communication, co-creation and CSR policies with the transparency categories. Finally, social transparency as a novel category was added as it emerged during the research and it was used to describe transparency mechanisms of the company that align with contemporary social movements.

It has to be argued that the elaboration of the collected raw data can be challenging and demanding; certain mechanisms are particularly novel and complex to break down into codes, and some categories may overlap in terms of content. For example, participatory transparency can include elements from informational transparency. And accountability transparency can interfere with the other two categories too, in a way that the company is accountable for the information shared on its website or the content on its social media accounts. Yet, the argument is that transparency itself is

perplexing and should be allegorized as a mosaic; its pieces/pixels are in different shapes and colours, some of them are shinier and some more blar, but ultimately they are all indispensable in order for one to be able to admire the mosaic art. At the end of the data analysis an overall critique would be applied regarding transparency's effectiveness based on the aspects being featured in each category. Is Everlane radical transparent in terms of communication, co-creation, CSR policies?

#### **4.4 Data Analysis**

The data analysis of this research includes different mechanisms used by Everlane that support or undermine the concept of radical transparency that the company introduces. Taking into consideration the three categories that were presented in the literature review under the model of Rawlings (2008), informational, participatory and accountability transparency, this paper tries to investigate how they are fulfilled in the case of Everlane. It is relevant to mention at this point that these mechanisms differ from each other in terms of content just as the three categories of transparency do. Thus, they can be addressed as separate entities that conditionally can complement each other. Furthermore, extended literature was integrated to the transparency model of Rawlings (2008) connecting the concepts of corporate communication, co-creation and CSR policies with the transparency categories. Finally, social transparency as a novel category was added as it emerged during the research and it was used to describe transparency mechanisms of the company that align with contemporary social movements.

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## **4.5 Quality of Research**

A reflection will be made on the quality of this research based on the data collection chosen method. In order to do so, two criteria are introduced to measure the quality of research: validity and reliability. Both of them represent important parameters that question the quality of qualitative research, in terms of objectivity and credibility (Peräkylä, 2004, p. 283). Finally, applying these parameters in this research allowed the discovery of important theoretical weaknesses and opportunities for future research designs.

### **4.5.1 Validity**

Higher levels of validity can be constructed through a clear concept elaboration, for example, by supporting certain research goals with definitions and delimitations. Validity refers also to content validity that is related to the measuring instrument in describing the content which being measured (Hernon & Schwartz, 2009, p.73). In this research, as the concept of transparency is rather novel in the way it is being studied, the most relevant theoretical models were chosen to create a method to measure this concept.

Moreover, in terms of internal validity and the data collection itself, much emphasis was given to the combination of theories and model, while trying to read the data in every possible way. Step by step, thoughts and considerations became more precise in order to capture and categorize relevant data. Such a flexible research approach is very much in alignment with what Eisenhardt (1989) suggests as an overlapping of data collection and analysis in theory-building case research. Furthermore, in terms of external validity, it is believed that the novel framework that was created for this study can be used in other cases as well.

Finally, critics of single case studies usually address the matter of generalizability of one single case. (Flyvbjerg, 2006). However what case studies accomplish compared to surveys is analytical generalization. This signifies that a particular set of results are connected to an extended theory. (Yin, 2014, p.26) Given also the fact that the case of Everlane consists of an extreme case, it is believed to offer rich insights and useful directions for next researchers to happen in the field of corporate transparency. Overall, in the future, when studying transparency mechanisms, a selection based on more tangible criteria is recommendable.

#### **4.5.2 Reliability**

Reliability can be increased through a neat and complete representation of the collected data and other research steps (Yin, 2014). Since the author of this study is the only observer, there may be an observer bias as there exist many different ways to interpret the same data (Saunders et al., 2009, p.157). Given the fact that an interview approach was not manageable at the end, the research was based on distance observation, through information being shared by the company and other sources. To overcome this selection bias factual data from other resources apart from the information shared by the company was utilized to support a more neutral selection. All these data were collected and in a way that it can be repeated in the future in similar researchers regarding transparency mechanisms. Consequently, if the reliability and validity of the data are restricted, so is the extent to which the findings can be generalized, i.e. are externally valid for other cases (Hernon & Schwartz, 2009). A sample of these data can be found in the appendix where print screens and coding trees are presented.

### **5. Findings**

#### **5.1 The story so far**

Everlane first appearance was back in 2011 as a start-up company that was producing and selling online one and only product, basic style cotton made T-shirts. The company started its journey in pursuit of the simplest concept of basic clothing available for everyone. What made Michael Preysman, CEO today of one of the most successful business worldwide, to found Everlane was a gap he detected in the market concerning pricing and most particularly unreasonable high pricing. Brands like Gap or Abercrombie & Fitch had set the market standards quite high, pricing any other T-shirt around 50\$ in order to Everlane's selling point compared to other clothing retailers was a low, well-justified price for the same cotton T-shirt. Instead of charging their T-shirts for 50 dollars as most of the companies, Everlane decided to decrease the price to 15 dollars. But they did not stop there, they also offer an analytical diagram explaining why their price is the right price to have. By giving information related to their processes, Everlane manage to make consumers interested in its product. On top of that it gave them a very good reason to buy it. And then some food for thought for the rest of the fashion industry and its future. Everlane's concept was to reimagine a more affordable fashion brand based on a more ethical society. One can argue that up to a point this goal



has been achieved by the company, but not completely. Nevertheless, Everlane did establish a trend, this one of transparency as the new way of doing business.

*“A big essence of this company is the phrase “always ask why”, we’ve learnt that a basic high end T-shirt that sells traditionally for 50 dollars actually costs 7 dollars and 50 cents to make in the US, but instead of charging 50 dollars for it, we charge 15 dollars for it.” CEO Michael Preysman*

As a startup, Everlane had a narrow focus on simple and basic items that consumers could obtain through their e-shop. The model of the company following the example of Gap or Abercrombie & Fitch, promoted a rather simplistic lifestyle in terms of colours and patterns. Based on tones of white, black and grey Everlane started to implement other products except T-shirts always loyal to its minimalistic design. A full uniform with pants, outerwear, shoes, bags and accessories is now available on Everlane website, always accompanied with the pricing explanation. Following a sustainable plan, the company created step by step a kind of an all time classic collection that could easily be identified as Everlane’s print. They are no fancy or eccentric details and trends that change from one month to the other. There is no fashionista statement or vogue indications, from day one there has always been one ongoing collection of casual, everyday items. The collection is one and stays the same with items that are being added to it. The difference of Everlane and other brands that are representatives of the same casual effortless style is that Everlane for her first 6 years was merely an online business. The company met a huge success without having physical stores and without being interested in acting accordingly to the fashion trends. What the company was keen on was a change towards a more ethical lifestyle.

*"We don't think about Everlane as a fashion company; we think about it as a lifestyle company,"*  
*CEO Michael Preysman*

Everlane’s interest was to introduce novel elements in the fashion industry, elements as radical transparency, ethical factories and slow fashion. Today, Everlane has non questionably succeeded to disturb the fashion market, having the public 100% engaged on their products, presenting an alternative transparent business model that many would covet.

*“In 2013, the emerging fashion brand: Everlane achieved sales of 12 million U.S. dollars, doubling in 2014 and by 2015 this figure has exceeded 50 million U.S. dollars. Everlane was founded in 2011 and valued at more than 250 million U.S. dollars five years later.” The Medium*

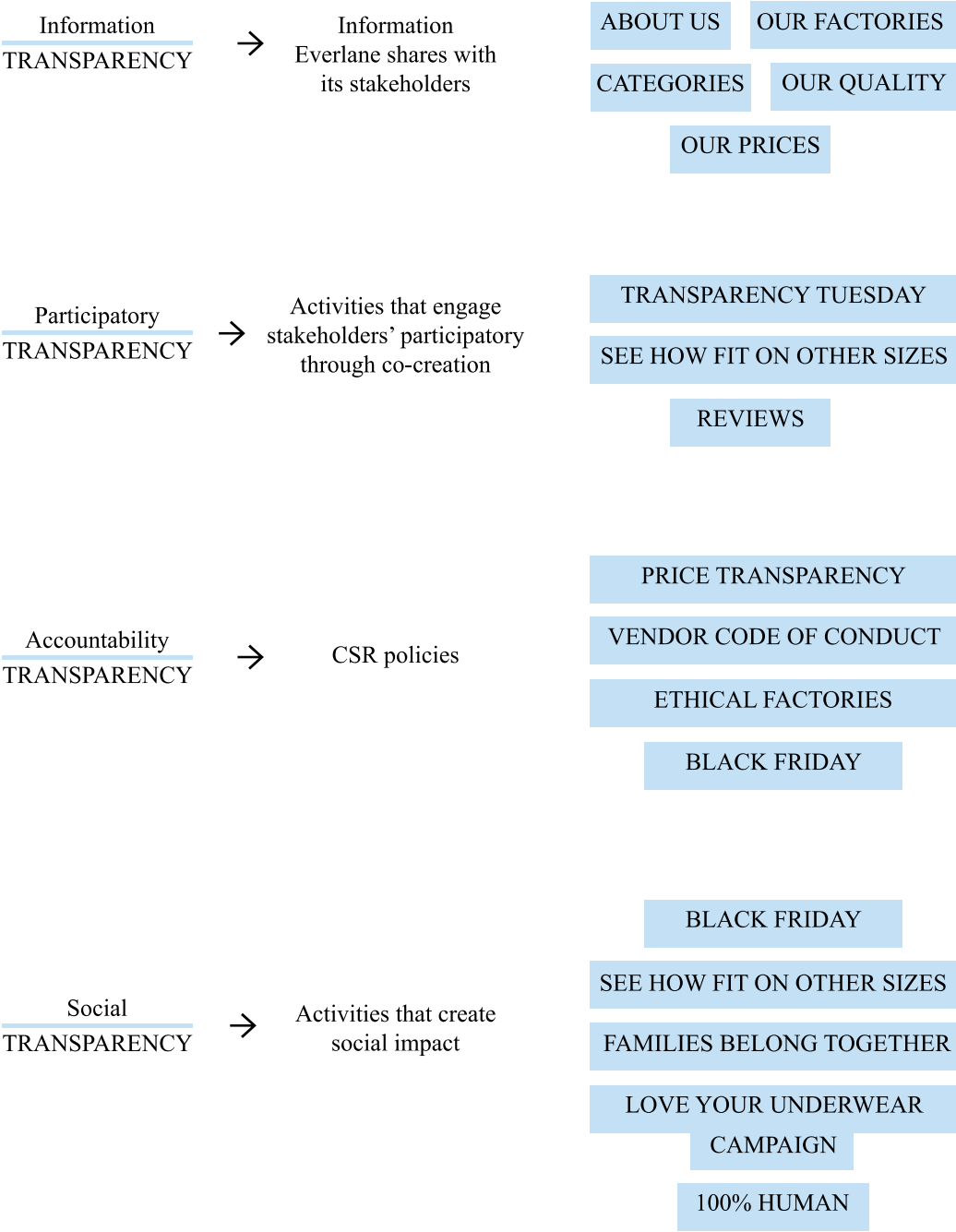
Yet, Everlane was not the first one to present the concept of radical transparency. There were definitely other examples before Everlane that in spite of their transparent models did not receive such an enthusiastic response from the public. The reason behind Everlane success can partly be good timing but not merely. It's easy for anyone to apprehend the amount of effort the company has put into its communicational tools. Especially the way Everlane deals with transparency it is absolutely leading compared to what other companies have accomplished in the past. The company promotes its radical transparency from production to promotion.

The question here is if Everlane apart from being phenomenally open and direct about its vision and its practices, additionally has to offer a novel model of doing business, where transparency consist the foundation of its brand identity. Does Everlane's ethos outstand other ethical fashion companies or does its reactiveness on how the company does business is just a remarkable camouflage under the umbrella of transparency?

## Everlane's Timeline

- 
- 2010** Michael Preysman, CEO of Everlane, founds the company and raises 1.5 \$ million from investors
  - 2011** Everlane works with only one factory in Los Angeles
  - 2011** Everlane sells online only T-shirts for 15\$.
  - 2012** Everlane has 350.000 members signed up for its upcoming newsletter
  - 2012** Everlane has 12.000 persons waitlist for its pants launching
  - 2013** Everlane's revenue is 36\$ million according to Privco
  - 2014** Everlane sells almost 30.000 pairs of shoes
  - 2014** Everlane's revenue is 12\$ million according to Privco
  - 2015** Everlane works with 14 factories in 5 countries
  - 2016** Everlane hits 100\$ million in revenue according to Privco
  - 2017** Everlane launches the 100% Human Collection
  - 2018** Everlane opens its first physical store in San Francisco
  - 2018** Everlane opens its first physical store in New York
  - 2018** Everlane is number 40 on the 2018 World's Most Innovative Companies list
  - 2018** Everlane sells more than 500 products manufactured by more than 20 factories
  - 2019** Everlane is expected to double its annual sales according to Privco
  - 2019** New stores are expected to come up in locations as Los Angeles, Chicago, Boston, Minneapolis and Washington, D.C.

5.2 Rawlings model / Transparency Categories



As it shows on the above table, the data that have been collected were analysed and categorised based on Rawlings model including informational, participatory, accountability and social transparency. As it was mentioned before these categories may overlap as they are multidimensional and they can meet various interpretations. This is a novel model that tries to design a framework for companies to work with their transparency mechanisms reflecting in the three different categories of Rawlings in combination with the concepts of corporate communication, co-creation and CSR activities. Finally, a peculiar category transparency has been added with the label social transparency. By examining Everlane's transparency mechanisms conclusion was made that social transparency adds value not only to the company itself but to the society as a whole, by creating social impact. This finding acts in accord with the virtue of phronesis that was discussed before.

### **5.2.1 Informational transparency / Everlane's corporate communication**

Starting with the category of informational transparency the focus is mainly on any information provided by Everlane in its website, social media accounts and press publicity. What is worth to be analyzed in this section is the narration used by the company as communication tool as well as evidence of its transparent vision. Storytelling on the Everlane's website, campaigns on the company's social media pages, interviews of the CEO and press releases constitute the data under the umbrella of informational transparency. The communication platform of Everlane is extraordinary rich and constant offering a variety of information and alternative paths for dialogue.

In addition to Everlane's publication, articles are found in the digital space that share the story of Everlane and can be used as a valuable source of data as they communicate in their own way the words of the company.

#### **Everlane's website**

##### ***About section***

Entering the About section to find out more about Everlane, the first words one can read is "*We believe we can all make a difference, our way: exceptional quality, ethical factories, radical transparency*". Everlane has chosen these three elements to characterise their vision and apart from the first one that has an association with the area of fashion, the other two represent rather an ethical and sustainable lifestyle than a fashionable brand. At the same section, the company restates the

radical transparency aspect with an explanation; “It’s a new way of doing things. We call it Radical Transparency”. Until now the reader has been exposed twice to this term that seems to carry the company’s vision. The rest of the page is about analyzing this vision into three subcategories that are the following.

1. Our factories; Our Ethical Approach
2. Our quality; Designed to last
3. Our prices; Radically Transparent

Three out of three subcategories are about ethical and sustainable choices made by the company. Everlane supports the idea of radical transparency by sharing information that are not commonly available for the public. The factories that the company works with and the logic behind its pricing are confidential information that each company keeps secret as it is integrated in the company’s strategy that is as well not shareable. Everlane shows another way of doing things by making its factories and pricing techniques known even if it is not necessary.

### ***Our Factories***

Another quite extraordinary tab for a online e-shop is one under the name *Factories*. This tab directs the public to a page where it can find out the factories the company works with. Everlane’s intention is that consumers get to learn their factories by having a closer look to the conditions under which their products are made. *“Each factory is given a compliance audit to evaluate factors like fair wages, reasonable hours, and environment.”*

#### OUR FACTORIES

## Our ethical approach.

We spend months finding the best factories around the world—the same ones that produce your favorite designer labels. We visit them often and build strong personal relationships with the owners. Each factory is given a compliance audit to evaluate factors like fair wages, reasonable hours, and environment. Our goal? A score of 90 or above for every factory.

### *Our quality*

Everlane promotes long lasting design without ephemeral trends. Following this idea, it does not introduce multiple collections that change every season and every year. Instead the model of distribution it is based on one long collection since the beginning of the company. Items are added every now and then to this permanent collection. Everlane suggests that it promotes a sustainable lifestyle where products are made to last and there is no constant need for new ones. *“We want you to wear our pieces for years, even decades, to come.”*

#### OUR QUALITY

## Designed to last.

At Everlane, we're not big on trends. We want you to wear our pieces for years, even decades, to come. That's why we source the finest materials and factories for our timeless products— like our Grade-A cashmere sweaters, Italian shoes, and Peruvian Pima tees.

### *Our prices*

An explanatory model regarding costing is introduced at the company's about section. There the consumer is able to see the separated costs of each products and evaluate the final price through these. Information is available concerning materials, labor, transport, duties, hardware, without details about what materials are those, or what is under the title duties. Moreover, a comparison is made between the price Everlane offers and the equivalent price of a traditional retailer. A traditional ethical retail? One can question. The company is though radical transparent about the final profit by marking that the price of each product is 2-3 times the cost of it.

#### OUR PRICES

## Radically transparent.

We believe our customers have a right to know how much their clothes cost to make. We reveal the true costs behind all of our products—from materials to labor to transportation—then offer them to you, minus the traditional retail markup.

By gathering data that were found online about Everlane, the analysis of information transparency mostly occurs from data that are shared by the company itself. Sources as its website and social media channels offer almost 90% of the data for this research. That already brings the analysis very close to the identity and the image Everlane shares with its stakeholders. There are as well some interviews and articles in other portals taken into consideration, yet the majority of the information, is allocated in the company's channels. What is being shared there is the story of the company, the values that it has and the characteristics of its products along with their way of being produced. This type of information is of course subject to marketing and branding rules along with narration styles. Trying to see behind of these patterns, what is being met is a great amount of abstractness and vagueness. In Everlane's attempt to be open and transparent, the company touches every subject that consumers may be interested in but in a quite superficial way. Information is missing about the story and the background of the company so far. Concerning the products, there is information missing about the sources of raw materials and the selection process of those. One can find information about the costing under the title Transparent Pricing that is as well not very precise, so at the end there is no clear connection between the price of materials and their quality. Furthermore, there is a section with the factories Everlane chooses to work with, where again detailed information cannot be found. Sometimes it's the name of the factory missing, sometimes the location, all in all, stakeholders are not able to draw a clear image for each factory. The company mentions an auditing system once or maybe more time per year but there is no additional information about the results of these tests or a list of unethical factories.

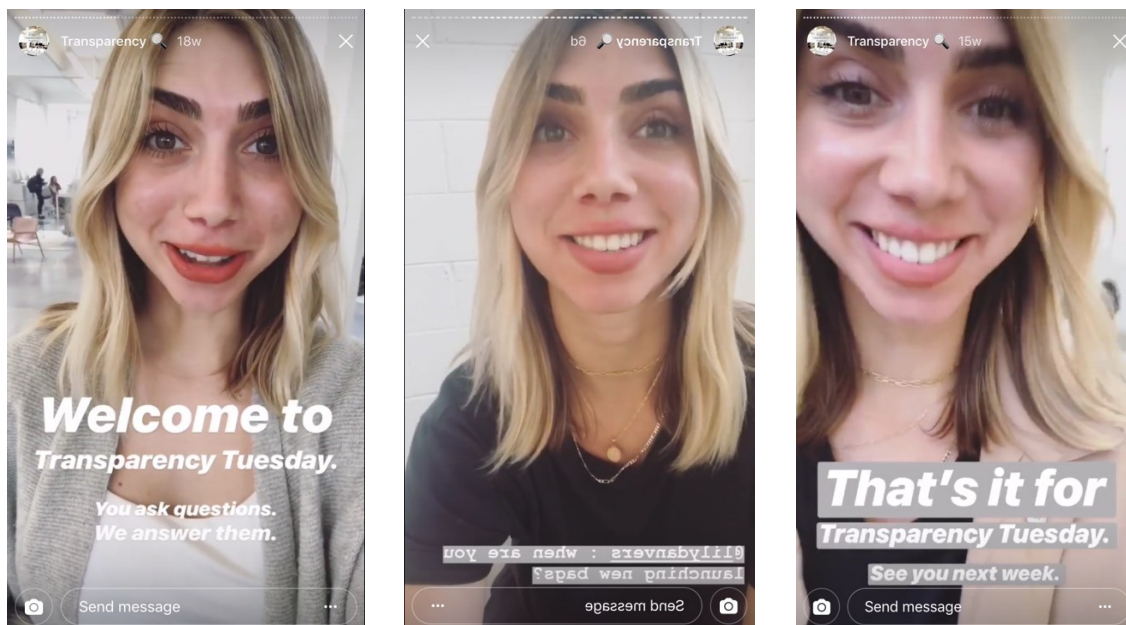
### **5.2.2 Participatory transparency / Everlane's mechanisms for co-creation**

Regarding the category participatory transparency, the mechanisms analyzed are connected to the idea of co-creation. In this section what is being analyzed is how Everlane includes its consumers to its transparency strategy by offering them answers to their requests and engaging them in the product development. The data that have been collected comes from the website and the social media strategy of the company. The two main mechanisms involved in this category are firstly the engagement created on social media accounts as Instagram, where followers present a very high engagement with the company. And secondly the utilisation of feedback the company is collecting from consumers in order to evaluate and ameliorate its products and services.



## Transparency Tuesday

Transparency Tuesday is a weekly rendez-vous, between the followers of Everlane on Instagram and one representative of the brand that collects their questions through the week and then apparently chooses some of them to be answered. In this way, consumers can either get answers to their personal requests or gain knowledge from the answers given to other consumers. These questions vary from product development to ethical issues or job opportunities within the company. Everlane's representative do not reply herself to these requirements, rather she circulates around the company's open space to find each time the person in charge of each of these aspects and let him or her answer the question. The concept becomes more and more popular and other companies follow this example in order to attract consumers and engage with them. In order to fulfil the role of the researcher, some efforts were made to get an answer in three questions but without success. Since there is no knowledge behind the algorithm being used for the collection and selection of the questions no comment can be made here. The result was that the research continued by the questions published from Everlane and the answers given.



By gathering the questions and the answers for a period of 25 weeks, it became evident that consumers' engagement is really high concerning this digital dialogue. The feeling was that they feel free to ask whatever they want and they get to know more facts about the company from their

or other consumers' request. In order to come into a conclusion about the most common questions, three categories were presented. *Products, Ethical Policies, Recruitment.*

*Products* includes everything that has to do with clothing, future collections, international shipping, stock items, product development. *Ethical* includes questions regarding factories' condition, ethical approaches, environmental issues. Finally, *Recruitment* are questions about the hiring process of Everlane and specifications for the candidates.

Some of the questions that consumers have addressed on Instagram and Everlane answered back are the following:

- Do you plan on having faster shipping? (products)
- Can we see some sneak peeks of the clean cotton launching next week? (products)
- When are you launching new bags? (products)
- What's the Everlane hiring process like? (recruitment)
- How are the factory workers treated at the factories we work with? (ethical policies)
- What do you look for in candidates applying to Everlane? (recruitment)
- Does Everlane plan on opening more stores? (products)

In addition to the digital form of Transparency Tuesday, Everlane organised an event as a stimulation of the online concept taking place on the company's Instagram account every Tuesday. That day the experience became even more interactive; Michael Preysman, Everlane's CEO answered some of the consumers questions this time in Everlane's physical store in New York. The event could be attended live or via Instagram. Everlane announced the realisation of this event with a post in its social media accounts encouraging the public to "*Ask us anything. Tomorrow we'll host Transparency Tuesday here with our CEO Michael Preysman. Just write your question below before 4:30pm PST.*" Under this specific post on Facebook they were around 20 questions to be found, 99% of them answered directly by Michael Preysman. Following the event through social media the public had the opportunity *to learn the answers to the following questions:*

- *Didn't you say that we would shut the company down before opening a store? (Products)*
- *How do you communicate ethics to your customers who aren't as concerned with transparency? (Ethical)*

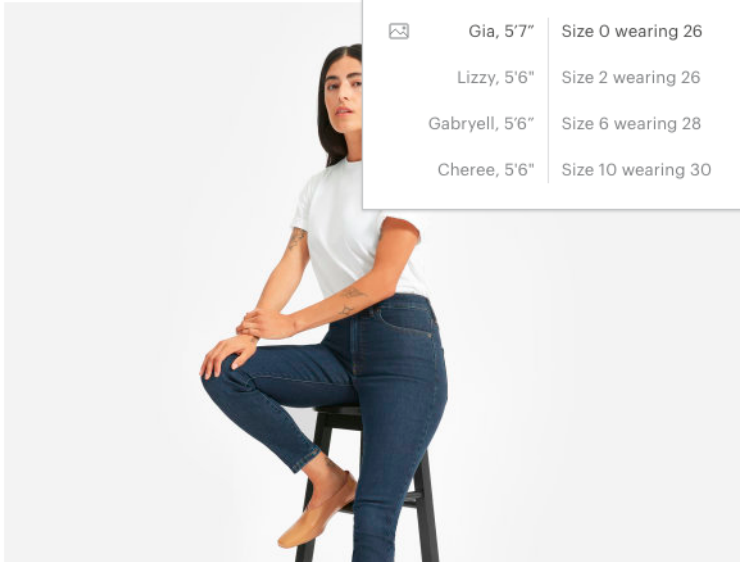
- *Have you thought about making Everlane more inclusive for differently abled individuals? (Ethical)*
- *As you grow, how will you ensure you won't compromise your company's ethos? (Ethical)*
- *When will your next international shipping event be? (Products)*

The Transparency Tuesday concept even though it's highly regulated by the company administrators, choosing which questions to publish therefore which ones to answer, it is believed to promote the category of participatory transparency. Consumers establish through this interactive mechanism, a feeling of involvement. It is no lie to claim that their personal requests are being heard and answered via a direct, innovative and efficient way. Yet, one cannot be sure about the selection of these questions. Of course, since specific questions are being answered it is logical that the company decides to develop those ones that align with its strategy and goals. At the same time, living in a digital area that consumers have amassed great power turning their individuality into collective experiments it is rare for a company to stay indifferent to persistent requests coming from the consumers' community. It is expected that in the future the company will organize more events like this.

### **See how these fit on other sizes**

Furthermore, another feature that can be found under this category of participatory transparency is the multidimensional character of Everlane's way to present its products online. The company has adopted a rather transparent model to demonstrate its collections by giving the option to its website's visitors to select a body type, most similar to theirs, so they can have a virtual representation of how the outfit will actually look on them. This innovative idea by Everlane disturbs the traditional digital campaigns of fashion companies having skinny models, most of the times even photoshopped to be even skinnier and flawless. Under this feature, consumers by choosing their personal size have the opportunity to get a clearer idea of how a pair of jeans will look on them. This transparent mechanism creates a feeling of security and acceptance making the consumer feel relevant without being confused or fooled. The concept of having representative models of different sizes can be associated with the public demand of a less adjusted reality presented in the digital world. Everlane shows directly with choices like this that as a company, it has invested time and resources on listening carefully society's demands. This proves a high engagement in co-creation by placing the consumer in the center of its strategy.

Gia is 5'7", size 0, wearing a 26



## Authentic Stretch High-Rise Skinny Ankle Jean – \$68

Traditional Retail: \$170

Also available in [Regular](#).

★★★★★ 4.67 | [See 6 reviews](#)

Dark Blue Wash



Select a size

23	24	25	26	27	28
29	30	31	32	33	

Size Guide

ADD TO BAG

## Reviews

In addition to these techniques, another element that strengthens the notion of participatory transparency is the format of the customers' reviews in Everlane's website. The way reviews are structured allows the visitor to feel more secure of his purchase because he has the possibility to collect valuable information from other consumers. More specifically consumers can include to their review the size they usually wear and the size they purchased an Everlane's product, comparing these two. Following the example of the model, height and weight is also indicated in the customers' reviews, along with the usual size the customer chooses and the purchased size this time. Next to this information there is also space for a more analytical description that could possibly help the visitor to identify himself in the eyes of another customer with matching numbers and preferences.

★★★★★

### The perfect pair of jeans

I'm writing this review as I sit in my living room wearing the most comfortable pair of jeans ever!!! My friends thought I was crazy for buying jeans online but they fit so true to size, it was no problem at all. They hug in all the right places and the colours are so practical. 100% recommend!!!

Ashleyanne13, June 11, 2018

Usual Size: 25  
Size Purchased: 25  
Height: 5' 5"  
Weight: 117

### **5.2.3 Accountability transparency / Everlane's CSR policies**

The third category under the name accountability transparency applies firstly to the CSR activities of the company and secondly on the way that these activities are being reported. In order to examine the amount of accountability transparency of Everlane we have to look through their online reporting mechanisms. After having analyzed the information shared by the company and discussed its mechanisms of participatory transparency, it is time to investigate how transparent and accountable is Everlane for its ethical policies.

#### **Price transparency**

By breaking down its costs Everlane proposes a completely novel model in cost transparency where the consumer is able to find out the reasoning behind each product's price. Starting from the material and the hardware, adding up expenses for labor and duties, ending with the transportation charges, the company is able to present a true cost to the consumers. This true cost is rather smaller than the one traditional retailers have proposed for years. Everlane does not work with middle men as it sells its products through its own channels. This movement of cost transparency disturbs the economy of fashion by sharing knowledge on how things have been priced and why. While the consumer becomes more and more aware about the real price of materials' production, workers' salaries, delivery charges from one part of the world to another he gains a better understanding for global economy not only products. This disclosure that breakdowns line by line the costs of production generates knowledge that can lead to wiser purchasing decisions. Furthermore, other companies in the fashion industry lose their benefit of overcharging since pricing becomes common knowledge. In a nutshell, cost transparency represents one of the most important accountability transparency mechanisms used by Everlane as it produces knowledge, makes the company accountable for its costs and gives power to the consumer who can decide if the price of the product is well justified or not. Through the years this transparent policy has always been available for the public for older or newer products.

#### **Vendor Code of Conduct**

At the beginning of this research, it was quite noticeable that Everlane had not uploaded anywhere its code of conduct. In a request to find it more about it, a correspondence with a journalist from Project Just, an online portal, provide for this paper the Vendor Code of Conduct that Everlane had

sent to specifically to Project Just and consumers were not able to find anywhere online. For a company that established the notion of radical transparency it was quite bizarre to hide a statement that summarizes all its ethical points. Fear of criticism, omission, another reason, who knows? The truth is that the experts made some critical point that were not on favor of the company. Goodonyou.eco on an article questioning *“How ethical is Everlane?”* mentions *“And finally, though Everlane states it has a ‘Vendor Code of Conduct’, unusually it does not disclose what it says — even many fast fashion brands manage to do that!”* The article continues by explaining that without a Vendor Code of Conduct, Everlane cannot be trustworthy about decent wages, safe workplace, or other empowerment initiatives. Another review published in “The Fashion Law” states the exact same problem of a missing Code of Conduct. More precisely the journalist, a fashion lawyer, states that *“In fact, a bit of research reveals that Everlane does not actually publicize any detailed information about its ‘vetting process,’ ‘Vendor Code of Conduct,’ auditing system or the results of such audits at all.”* It is true that a company that started back in 2011 has plenty of time to compose and publish its Vendor Code of Conduct. The good news is that Everlane since this summer has uploaded its own Vendor Code of Conduct where the company explicitly presents working standards and ethical dimensions under which her products are made. One must argue that this happened rather late and as part of the transparency movement a justification of this delay would be more than useful for the reputation of the company.

Furthermore, regarding auditing, Everlane has mentioned multiple times that the company pay visits at the factories with whom it collaborates. One can find this information at the company’s website under the tab CA SB657: Supply Chain Transparency Act, which stands for California Supply Chain Transparency, the exact words when it comes to auditing *“Full audits occur annually and is semi-announced (the factory is given a 10-day window where the audit could occur), conducted by an accredited third-party auditing firm.”* At the same time, Everlane does not disclose the third-party auditing firm or any results of previous auditings. This makes it difficult for consumers to see the results of these auditings or to have an overall idea about the working conditions in these factories. Again in the same article in “The Fashion Law” it is underlined that the company does not give enough explanations about how it conducts these auditings. *“An Everlane spokesman did, however, tell Project Just that the company maintains a ‘Vendor Code of Conduct’ and that ‘each factory is subject to a yearly semi-announced audit by a third-party company, with this visit*

*focusing in on our 13 compliancy standards.” Everlane failed to provide any specific information on its “13 compliancy standards” and its auditing system.”*

### **Ethical Factories**

Several criticism has been made concerning Everlane’s ethical factories. While by visiting its website one has the opportunity to navigate through a map of the different factories all around the world that Everlane’s products are made, there is a concern that crucial information is missing. Everlane encourages its consumers to know its factories, the question is to what extent and under which filters? The information consumers can gather through the website page is concrete but also limited. Not all of the factories are listed with their names, for example instead of the real name the company gives a descriptive one *“The Leather Accessories Factory”* or *“The Shoe Factory”*. The company shares information about the location and the number of employees working there along with how Everlane found it. Several images are shared as well so one can have a more vivid representation of how working there looks like. One of the problems as mentioned on Goodonyou.eco is that *“Everlane doesn’t state whether this is a complete list of suppliers. The list does not include any suppliers at the raw material stage.”* Fashion Law adds up to this specific point by mentioning that other brands that do not claim radical transparency are in a position to disclosure its factories patterns. *“In this way, H&M is more transparent than Everlane. As you may know, the Swedish fast fashion giant identifies 98.5% of its first tier factories/suppliers by name and address, and even lists some of these factories’ suppliers.”* This fact leads to the conclusion that not all of Everlane’s factories are as ethical as the company wishes them to be. On the other hand, the company claims that it does a very hard work to find these factories and they pass from auditings to make sure their working conditions align with the company’s values. *“After a rigorous vetting process to find the best tailored shirting vendor [...] We assess every potential factory through a stringent ‘compliance audit’ —which helps us evaluate the work environment.”* It is true that with a closer look there is no further information about the vetting process or the compliance audit, leaving a gap between words and actions.

### **Black Friday**

While most fashion brands use Black Friday as a way to obtain more profit through exceptional sales just for that specific day, Everlane changes the rules of this concept by donating its sales for good purposes.

In 2012 and 2013, Everlane shut down its site completely to make a statement against this sales mechanism.

*“Black Friday is not transparent...It’s retailers playing games with each other.”* Michael Preysman

But in 2014 a new idea occurred with Everlane raising money to benefit their factories.

“So instead of running sales, what we do now is donate our profits” Michael Preysman

This year that this alternative was born money was raised for its Silk Factory in Hangzhou, China. The collected amount was used to buy solar panels for the workers’ on-campus apartments. In 2015, \$110,650 were used Friday to create a wellness program for their L.A. factory workers, offering on-site healthcare, free groceries and English classes.

*“This is an opportunity to help people on Black Friday. The other piece of it is just to reflect on what it means to be consuming and buying gifts for people when there are others in the world that can benefit from our help. This is our way of finding balance in those two things.”* Michael Preysman

In 2016 the company used the Black Friday fund of \$117,780 to donate 8,000 helmets for workers at its Nobland factory in Ho Chi Minh City, after finding out that only 20% of citizens wear helmets when driving.

This year Everlane gave the opportunity for 4,000 workers at Saitex, their LEED-certified denim factory in Ho Chi Minh City, Vietnam to get two healthy meals per day with \$150,000 being raised by consumers. This amount was even doubled thanks to Saitex that decided to match every dollar of the fund making a total of \$300,000 that were used to build a local Freight farm where food can grow safe being 100% pesticide free. That’s a great success for a country where most of its food is not tested when it comes to chemicals. What’s even more interesting is that the farm is wasting 80% less water by having it recycled.



The Black Friday Fund apart for being a CSR concept, requires the active participation of the consumers, making them co-creators this time not for another product of the company but for a donation towards people that they are in need. In both cases, transparency helps the public to see that by changing the way one sees a concept even in the fashion framework a lot can be accomplished. By using a day like Black Friday Everlane makes the public question the tactics of other companies. Of course once again, the company itself benefits from the awareness and it is difficult to separate the promotional aspect of an energy like this.

#### **5.2.4 Social transparency / Everlane's social impact**

As a result of these representative and transparent models, one can identify an additional emerging type of transparency. Apart from the three transparency categories of Rawlings this paper would like to introduce a fourth emerging category, the one of social transparency. Through this analysis it became apparent that transparency except for the information being shared through Everlane's mechanisms can also be identified from the demands mechanisms of the public. As society evolves, consumers are equipped with means and tools to express their needs and demands in a direct and open form. It is because of this straightforward approach that companies can not pretend anymore to not see these signals. One example of the social transparency category is the shift towards a more honest and equal society regarding looks and social constructed beauty standards. Even if Everlane's decision has to do with firstly with its own profit, this inclusion of different body types and natural looks carries a notion of a society that does not hide its authenticity by covering up social groups that do not fit into the fashion's accepted prestige system. This social transparency is involved in demonstrating the real face of society as imperfect and diverse.

It becomes clear that social transparency exposes oppressed public opinions by using the voice of corporations. Consumers ask for social adjustments that for years did not leave space for differentiation and diversity. This wave of transparency being implemented into companies' strategies, as in the case of Everlane, can shed light on contemporary subjects that have stayed in the dark. Subjects as equality, feminism, genders, sexuality, beauty standards that have started to rise again, as social criticism made room for doubt and questioning. Companies that want to participate in this dialogue by offering a revitalizing image will necessarily have to embrace consumers requests in the discussion towards new practices of acceptance in a society that primarily builds bountiful frameworks but does not light enough fireworks.

## **Examples of social transparency**

### **See how these fit on other sizes**

This feature of participatory transparency that responds to consumers request of variety in presented sizes and body types can be analyzed as a response to a socially demand of diversity. While consumers are tired of standardized and unrealistic role models, companies as Everlane respond to this occasion by broaden their standards and include all human beings without regards to their weight, height, skin colour, marks and flaws. One can even talk about a critical dedication on monitoring and serving carefully future generation's aspirations regarding body type perceptions; what is normal and what is artificially constructed.

### **Love your underwear campaign**

The same mechanism works for Everlane's underwear campaign where the company has chosen to use different body type models including also women that can be characterised as "chunky" within the confines of the fashion industry. The decision of showing the heavy-set, flawless side can always be for marketing purposes that will generate the biggest profit for Everlane. Even in this case though, the value of having a big and successful company disturbing the beauty standards in fashion is irreplaceable. This choice of presenting the lingerie collection is based on inclusivity and one feeling comfortable in his own skin. Both these aspects take into consideration the needs of the consumers by embracing the individuality of every woman who wants to feel unique and confident. To use the words of the company itself "Underwear should be made for you. But for decades, it's been designed with someone else in mind,". Undeniably this way of designing and promoting clothing collections is centered on the consumer who participates actively in order for the company to follow the right direction towards the fulfillment of the society's interest.

As a result of these representative and transparent models, one can identify an additional emerging type of transparency, one that is involved of demonstrating the real face of society as imperfect and diverse. At the same time this transparency exposes oppressed opinions and behaviors into social standards that do not leave space for differentiation and interpretation. This wave of transparency being implemented into companies' strategies as in the case of Everlane can shed light on contemporary subjects that have stayed in the dark. Subjects as equality, feminism, genders, sexuality, beauty standards that have started to rise again, making room for doubt and questioning. Companies that want to participate in this dialogue by offering a refreshing image will have

necessarily have to embrace consumers side in this discussion towards new practices of acceptance in a society that primarily builds bountiful frameworks and does not light enough fireworks.

### **100% Human**

Everlane created a collection designed to promote the message of equality among people. By asking the question *"How did you stand up? Speak out? Support one another?"* The 100% Human Collection is meant to encourage people to be closer to each other, to support each other and to celebrate being more human together.

*"It's true: We don't always agree. Different politics. Different priorities. But it doesn't mean we have to be divided. This year, let's celebrate being 100% human," reads the collection's mission statement. "We think two things matter most now-protecting those rights and remembering that we are more the same than we are different."* Everlane

Consumers have the opportunity to support the American Civil Liberties Union, an organisation that defends the civil rights provided in the Constitution of the United States for the last 100 year, by purchasing the products of 100% Human Collection. Everlane donates \$5 for every product sold and has already raised almost a quarter million dollars since January 2017.

This campaign has been used to support women printed a t-shirt saying WOMAN HUMAN and later LGBT community with a rainbow HUMAN t-shirt. These collections have been embraced by the public by being sold out twice, giving useful insight about what consumers are looking for from brand today. Instead of only being ethical or sustainable it is maybe high time for brands to be political, in a sense that they should stand up showing their support for causes they believe in.

### **Black Friday**

Black Friday initiative can as well be interpreted under the umbrella of social transparency making the public aware about issues that can be more important than the sales systems. Collecting money through these mechanisms for good purposes exposes the public to a different mentality regarding fashion and consumerism. It is a social approach which presents an alternative to massive consumerism during this retail holiday. Instead of huge lines outside shopping malls, the company

denies the idea of huge sales having only profit in mind and promotes the idea of using this money to support causes that matter.

### **Families belong together**

After 100% Human campaign Everlane became even more political when the circumstances arised. After Trump's decision to separate children from their families at the borders Everlane sent an email to its consumers asking from them to actively join the company to the march against Trump's decision.

*“Human rights are at the core of our mission—and we’re in a humanitarian crisis.*

*[June 26] was a big day, to say the least. The Supreme Court upheld a ban preventing travelers from five Muslim-majority countries to enter the United States. A few hours later, a San Diego federal judge ruled that separated children be reunited with families within 30 days.*

*2,000 children still remain separated from their parents. And the travel has left the country, and the world, in shock.*

*Throughout all of the chaos, the ACLU has fought tirelessly to protect our basic human rights. They’ve been a longtime partner of ours through our 100% human initiative, but today, we’re donating an additional \$25,000 towards their continued efforts.*

*And this Saturday—we march. Meet us at our stores in SF and NYC before the Families Belong Together march to energize pre-rally, or find your nearest march at [MoveOn.org](https://moveon.org).”*

With this statement Everlane becomes fully open about their political views regarding Trump's administration by expressing anger towards the government policies. The statement was shared on the company's social media accounts together with a post that very specifically indicated “head to the march for a healthy dose of hell-raising”. At this point, one can argue that this is an easy path taking into consideration the number of people who opposed to this action. The point though is that Everlane did not have to make any statement. A lot of companies did not participate in this debate. What Everlane chose to do can of course be seen under the element of branding, every action a company decides to accomplish can be read under the branding umbrella. In general, companies do not get political because again they risk some percentage of their customers. In most cases, companies remain silent unless someone asks for their opinion or the public pushes for a testimony. By being transparent about its political agenda Everlane becomes at the same time more powerful

and more vulnerable towards its consumers. Many of them were disappointed with this action, leaving comments that they will never purchase anything from Everlane because of its choice to be political. A big majority though embrace the company for taking a stand. This action may have been 100% precalculated in order for the company to make sure that the final outcome would be profitable. Still a declaration like this one against the government of one's country, makes companies that stay silent have an unease feeling. Realizing how big impact a company can have towards society it becomes necessary to choose a side in social and political matters than just being sustainable and environmentally friendly. What emerges from this type of transparency is social impact that may mobilize more companies to take action by using their platforms for a cause.

## **6. Discussion**

The conceptual framework of this study created a connection between the model of Rawlings (2008) that address transparency as information, participation and accountability and the concepts of corporate communication, co-creation and CSR policies. By using this novel framework, the transparent mechanisms of the company Everlane were analysed and categorized as information transparency, participation transparency and accountability transparency. Based on the finding of this paper, a discussion will take place to further these categories with the expansion of social transparency.

Finally, an answer to the four value-rational questions of Flyvberg (2001) in terms of phronesis, will be given in this chapter, illustrating the contribution of this paper by giving recommendations for both corporate managers and science researchers in the field of transparency in relation to power and knowledge. Taking into account that transparency is a relatively novel subject, this paper can be used as a starting point for inspiration regarding further research in the field of transparency.

### **6.1 Information transparency of Everlane**

From the findings regarding information transparency of Everlane one can come into the conclusion that the company lacks the substantial completeness mentioned by Kladman and Beauchamp (1987). In the way Everlane shares information, one can discover gaps in coherence and regularity. Rawlins (2008) clears that the act of "just giving information does not constitute

transparency”. The problem Everlane faces in this category of transparency is that it focuses more on the communication part of the information transparency mechanism by declaring how transparent the company is, rather than the actual content. From a company that characterizes itself as radical transparent, it is expected that information should be constantly renewed and critical instead of embracing the concept that “openness trumps an image of perfection” (Nancy Turret, 2007).

Furthermore, Fung et al., (2007) states that the information shared through transparency should transform into knowledge, that’s why they state that one of the ways to measure transparency is through embedeness of information. In the case of Everlane’s transparency mechanisms, the company must know which information it should communicate with the public along with the way to do so in order for this information to transform into comprehensive material (Rawlins, 2008, p. 74). Having this argument in mind, it becomes clear that information needs a reason to allocate effective transparency mechanisms (Rawlings, 2009, Fung et al., 2007, Wall, 1996).

## **6.2 Participatory transparency of Everlane**

With a first look, Everlane seems to create a meaningful dialogue with its customers and listen carefully to their requests. Following the notion of transparency of being open Everlane creates strong relations with its stakeholders. With a second look though, it becomes more obvious that the company uses the participation element mostly as a trick to create awareness regarding its line of products. When Prahalad and Ramswamy (2004) refer to transparency as a medium to create awareness, they do not refer to commercial or promotional awareness. Another element missing from the interaction taking place between the consumers and the company is the creation of knowledge as Cotterell (2000) suggests. Almost every activity of Everlane that includes stakeholders in a direct way, carries the notion of promotional material without engaging on co-creation of knowledge. The best example is Transparency Tuesday that instead of promoting the dialogue for ethical subjects, the content being shared can be described as a form of grey advertisement well hidden under a title that sounds ethical and engaging. Most of the questions being answered are about the launch of a new product, or the colours of the upcoming collection, or a sneak peak of a campaign. And this is just fine as a self-promotional material but it is not transparency in the sense of Rawlings (2008).

However, according to Vargo and Lusch (2004) co-creation model, Everlane generates a rather important amount of value regarding its product development which helps the company to return with an improved product. One must admit here that the company builds engagement with its stakeholders through participation. Vargo and Lusch (2004) explain this notion of transparency and co-creation that help companies build relationships with their stakeholders.

Still using the term radical transparent to present product development and clothing collections ends up to be quite misleading. The company decides to give a definition to transparency by choosing a specific type of dialogue to take place. Although, since this research does not have access to the total of the questions stakeholders address to the company, it cannot prove with what criteria the selection of these questions occurs.

To sum up, while Everlane builds up participation processes that according to Rawlins (2008) enhance transparency mechanisms, it lacks the understanding of what consumers really need and want to know. Following Vargo and Lusch (2004) service dominant logic, the company achieves a closer relationship with its stakeholders, by asking them to share their thoughts and then use them to offer novel value propositions concerning its products. What is left to evaluate if this way of including stakeholders, offer useful insights about the true needs of the consumers. According to Fung et al. (2007), a congruence between the values of the company and the ones of stakeholders is needed for a highly effective transparency mechanism.

In the future it would be wiser though to separate this activity to a different Q&A and keep the concept of transparency with more ethical connotations. It would fit better if the word transparency connects with subjects as the conditions under which the products are made, the materials being used, the working environment, and information about how stakeholders can consume more reasonable without harming the environment. If this kind of Q&A would make Everlane uncomfortable then the company should reconsider the title of being radical transparent that it carries. To put it differently, the company has to create space for feedback about the importance of its disclosures policies that could lead to criticism and future adaptations regarding the quality and the value of the content being shared.

### **6.3 Accountability transparency of Everlane**

In regards of accountability, Heise (1985) mentions the word balanced when he refers to the transparency mechanism of a company. Here Everlane faces some issues with regularity. While the company has some good ways to show its accountability, it does not represent a constant commitment towards responsible practices. For example, mechanisms as Ethical Factories or Black Friday are a good to start, because they represent practices of Everlane. Cotterell (2010) states that through accountability transparency companies should make known practices that are involved or aware of. Still in order not to seem like any other campaign, from any other company these practices need to be embedded deeply to the identity of the company. Adrian Henriques (2007) mentions that CSR activities should not feel like a PR strategy. They should carry the notion of a voluntary action for the broad social benefit. This is not an easy distinction to be achieved. It should be kept in mind though that companies should be willing to risk their image (Rawlings, 2008). A good example of this risk is the march against Trump policy that Everlane promoted even if it did not have to make any political statement.

Futhermore, Everlane makes a significant effort to share valuable information regarding the production of its clothes. As it was mentioned, one can find a list of factories around the world with a small description about their location and the working conditions that take place there. The criticism again here, is that some names are missing along with some more distinctive characteristics that would make these factories recognizable. Everlane again should try and address its weaknesses. Rawlings (2008) states that accountability transparency is not a question of companies being 100% ethical but rather of being ready to confront their weak spots. For example, the company can argue in its defense that it needs to protect its competitive advantage, by keeping some information secret. What is more important here is for the company to arrive to these kind of statements so that they can be perceptible from the public without carrying unethical implications as secrets.

To conclude, Everlane's accountability transparency needs more serious and balanced auditing. The company refers to auditing policies but does not share them with the public. Instead of only trying to measure the existing conditions at the factories, Everlane should run audits in its internal processes as well. As Dublinck (2008) explains most of these policies are self-regulated which



indicates that strong discipline is much needed to arise from the identity of the company to be engaged with them.

#### **6.4 Social Transparency of Everlane**

Through the analysis of the collected information, this study identified an additional concept to Rawlings (2008) model, which has been labeled as social transparency. A definition for this new category can include corporate transparency mechanisms that have as a goal to talk about society's tendencies while creating a social impact. This kind of practices address social subjects that need to be discussed regarding human rights, sexism, gender equality, environmental issues and politics.

In this paper, practices of Everlane that were characterized as social transparency are basically mechanisms that take one step further of the usual position a brand has by disturbing the fashion industry. For example, "*see how this fit in other sizes*" are the fitting videos where the consumers could see different body types wearing the clothes, *Everlane's underwear campaign* that does not support the stereotypical idea of how a human body should be, the *100% Human* collections that supports causes as civil rights to LGTB community, the *Black Friday* campaign that collects money to ameliorate the working conditions in Everlane's factories and the *Families Belong Together* action that made a political statement against Trump's government policies. What is the common element in all these practices is the social impact that characterizes them. This transparency category represents a balance between the social and the corporate side of a company, in a way that facilitates society. By using the power and impact companies have they can address social matters and change established perceptions with novel ones.

At this point it should be discussed that this interpretation of this practices is completely subjective. One can argue that these mechanisms are part of PR and marketing strategies, still that does not signify that they are not impactful. Especially in an industry as the one of fashion that has been colored by sweatshops and impulsive consumption, mechanisms like these show the right direction towards ethical practices. It is true that maybe Everlane does not have such a clear orientation towards ethos through these mechanisms and that they can also be seen as trends that attract awareness.

## 6.4 Phronetic Social Research

As a closing act of this paper, an attempt will be made to answer the four value questions of Flyvberg that were used as inspiration for the framework of this research. Flyvberg (2013) explains that no one has the wisdom or the experience to be able to give a specific answer to them, what is more important is the problematic behind this attempt of answering.

***Where are we going?*** Are we moving towards a fully transparent model of companies?

This question was used to frame the discussion regarding the notion of transparency in today's business world. Rawlings (2008) model was used to categorise the transparency dimensions, in terms of information, participation and accountability. Through this paper, it became apparent that transparency mechanisms are implemented in business strategies as a way for companies to prove their ethos. Furthermore, ethical consumerism has emerged as an alternative way of consumption that activates consumers who make their vote through their purchasing choices (Youde, 2009).

Judging from the example of Everlane, one can answer with certainty that we are moving towards a fully transparent model of companies, but without the right values and frameworks to support it and make it accountable. What is being obvious from the story of Everlane, is that the company started with the notion of transparency very early, without having first built its identity and probably using transparency as an awareness mechanism for itself. By making the statement of being "radical transparent" very early in its journey the company had to keep going with this as it grew bigger. It is proved that it was impossible to stay true to this original promise. Mirah Sifry's quote "Welcome to the uncomfortable Age of Transparency" is relevant for the case of Everlane. Since the company is not ready to ruin its perfect image as Walden and Schwarz (1997) suggest in regards to honesty and transparency. Everlane's growth and thus practices have outgrown its original transparency model. By stating that they are transparent the company does not actually prove its transparency. At the beginning of this paper when it was attempted to start a discussion with Everlane, the company was not open at all.

***Who gains and who loses, and by which mechanisms of power;*** Who generates more power by transparency, companies, stakeholders or both?

At the beginning of this paper it was stated that “knowledge is power” in the sense that “enlightenment is power” (Flyvberg, 2012). Madsen (2009) suggest that dynamic transparency is used as an approach where both companies and stakeholders share useful information about themselves. This interaction creates more knowledge that generates more power. By explaining the relation of dynamic transparency and knowledge, one must be able to see now the connection between transparency, power and knowledge. While consumers and companies collect more information about each other, new dynamics of power are created that must be further studied.

Furthermore, Flyvberg (2013) examines the convention of power and knowledge the other way around as well, by stating that power is knowledge. Flyvberg (2013) introduces the idea that whoever has the power get to decide as well what counts as knowledge. What is more, taking into consideration that there is not only one individual, organization, group that has the power, there are also more than one conceptions of reality based on the different sources of knowledge. As Flyvberg (2013) deconstructs the mechanism of power he underlines its physical, economic, social and environmental reality it presents.

In the case of transparency, the question of who gains and who loses can be answered by identifying how this power that emerges from knowledge is being exercised. Companies were used to be in a position of ascendancy by sharing only what they felt it was good for their image with their stakeholders. Nowadays stakeholders have become more aware and informed regarding how companies operate, in a sense that they have gained valuable knowledge in relation to companies’ practices. It is apparent that transparency mechanisms create new dynamics of knowledge that are followed with new dynamics of power and the other way around. What is important to consider here is how to allocate this generated power and knowledge.

***Is this development desirable;*** Is the transparency model of Everlane valuable?

Transparency seems to gain popular ground and there is much discussion opening up, which unfortunately does not necessarily lead to specific actions. It seems like there is a lot of change, but in reality the only change to be spotted is in the use of language. Transparency should not loose its meaning as an attribute. This value that it carries as Rawlings (2008) describes it, should be

secured. Transparency risks to lose its meaning, such as a lot of other words have lost their meaning in the past from wrong usage and it is difficult to refill them with essence.

Furthermore, the element of congruence is an alignment between the sender and the receiver (Fung et al., 2007). The act of communication itself does not secure this alignment. What is considered crucial according to Echo (1979) is a self-referential ability. In the case of Everlane, it seems that the company lacks this clear self-knowledge because while it presents itself as radical transparent it does not communicate clearly what is the objective of that. Companies that have clear values registered in their identity, experience according to Belle (2015) the security of self-knowledge. If Everlane had a more apparent value approach through self-knowledge then it would carry as well authenticity, authority and advocacy (Belle, 2015). These value elements would facilitate the connection with consumers carrying the same values. Without that value congruence transparency mechanisms cannot reach effectiveness (Fung et al., 2007).

What is noticeable here is that the case of Everlane presents an extreme case as being one of the first companies to claim radical transparency. That makes the company a trend-setter or in other words a first mover in defining corporate transparency. Everlane should be in a position to show the way for other companies to follow. When transparency is being used in an abstract and broad manner without concrete self-knowledge there is much space left to be filled up with practices that they do not carry authenticity, authority and advocacy. These practices cannot support a dialogue concerning the responsibility both stakeholders and companies have towards the society and the environment.

What is desirable is that the generated knowledge and power of transparency mechanisms to contribute towards social change. For this to be achieved, a shift is needed to the traditional relationship between companies and stakeholders. Instead of those two groups acting as opposites they should meet their dynamics towards policy makers, requesting change based on practical wisdom. As Fung et al. (2007) declare when transparency works, every branch of any industry, market, society is influenced in a significant degree. Until then, it is all just words.

***What if anything should we do about it;*** What it can be proposed as a further implication?

This paper concludes with suggestions about what actions should be taken towards a more impactful movement of transparency. Two ways are proposed below for a wiser appliance of transparency mechanisms.

*1. Create models to measure transparency based on phronesis / Accordance between transparency and phronesis.*

It has been argued that transparency has a close association to ethics (Rawlings, 2008). As it was described in the literature session, a company that has clear ethics can build a strong identity based on knowledge management (Belle, 2015). Self-knowledge leads to phronesis and phronetic justice (Madsen, 2009; Belle, 2015). Ethos-driven companies with clear self-knowledge are not only interest for their own benefit but act also for the common good. As Flyvbjerg (2012) argues phronesis is practical common sense that deals with moral choices, emerging from knowledge.

Companies as Everlane should be in a position to create this type of knowledge and connect through congruence with stakeholders that share the same moral implications. In this way, transparency obtains a very clear goal that connects ethos-driven companies with the movement of ethical consumerism. Ethical consumers use the market as a place to declare their political beliefs (Stolle, Hooghe and Micheletti 2005), looking for companies to be open about them so they can make the right purchasing decisions. Youde (2009) underlines this *social movement activity* in the base of ethical consumerism. Companies can follow this need for consuming transformation that exists by applying transparency-trust argument (Elia, 2009). In other words, the combination of trust and transparency helps companies achieve growth while it builds up stakeholders' trust towards the company.

The finding of social transparency that was analysed before consists of a transparency mechanism that allocates phronetic values. This kind of activities help the establishment of the value congruence between stakeholders and companies (Fung et al., 2007). What is proposed in this paper is that transparency mechanisms built in accordance with these ethical characteristics can push for social change coming from policy makers. That change will create a society in the pursuit of common good as viewed in phronetic approach.

## 2. *Balancing transparency and secrecy*

Finally, the case of Everlane, and how transparency is being used in an ineffective way, ends up raising questions about the movement of transparency in general. How far it can go and if companies are ready to embrace it in its transformative essence. What it is proposed is to take some steps back and reintroduce the element of secrecy.

The last couple of years, transparency has been the path followed by more and more companies, showing their ethical concerns by being open towards the public, eliminating closed-door processes. The problem with this vast and fast transparency appliance is that secrecy and privacy are considered as a priori evils. It's the current circumstances of soteriological optimism (Tsoukas, 1997) that pushes for transparency as a solution to everything leaving no space for private mechanisms to exist. Following Birchall (2011) disagreement in this totalitarianism "*Transparency is a means to an end..not an end in itself.*" it is being argued here that transparency and secrecy are not two opposite forces but rather complementary.

What is more, transparency should serve as a tool to make comprehensive the benefits of secrecy as well, outshine the concept of secrecy by securing its context. In democratic societies, one can name many reasons why secrecy is needed (Birchall, 2011, p. 63). Secrecy defines a separation along with a development, without secrecy everything is very much the same. In a competitive market, companies can have more reasons to have secrets in terms of uniqueness of ideas, in terms of competitive advantages and in terms of innovation and copyrights. Roberts (2009) explains that the possibility of transparency, and indeed of a complete transparency, is an alluring intention that can also turn into a terrifying idea. What is believed to be crucial for the implementation of transparency and secrecy is how they are approached, instead of opposite dynamics, ying- yang variables.

One last question is to be discussed in this section concerning the relevance of this study; *Who could actually benefit from it and how?* Shdaimah and Stahl (2006) address this question in order to point out the critical thinking needed for this study to be useful to researchers and stakeholders.

- *What is the relevant public or forum to which my work matters; Is this paper present any interest for those dealing with transparency mechanisms?*

Following Campbell (1986, 128-29), Lindblom (1990), Lindblom and Cohen (1979, 84) question regarding social research *“If you are wrong about this, who will notice?”* the answer here cannot be *“Nobody.”* This applies to both this research and the movement of transparency. If this research is irrelevant to managers or researchers, then it is just a waste of time. If transparency must be something apart from the state of being open, that is the state of being open to adaptations and transformations. If companies’ transparency is irrelevant to their stakeholders, then they are not transparent. Transparency must be seen, if no one actually sees it, no one really thinks that he can see through then transparency is like a very clean window, yet placed to face a wall. If transparency must be something apart from the state of being open, that is the state of being open to change. Going back to the purpose of this study, what Bailey (1992) calls the “‘so what’ results” is what this research tries to avoid. A phronetic framework was chosen so that this paper operates as part of phronesis and the point that is tried to be made is that the same should apply to transparency mechanisms. What transparency should be able to overpass and arrive to an outcome is the transparent effect itself, where being transparent does actually mean something more than just seeing through.

## 7. Conclusion

This study investigated transparency as a multifaceted concept. Drawbacks of adopting a perspective that reduces transparency to a simple disclosure aspect have been identified and discussed. The research also unmask the resulting social risks, of misusing transparency as a pure PR, promotional or marketing approach. Based on the case of Everlane, this study investigated how the company operationalizes its publicly advocated transparency model. Different transparency mechanisms were identified and classified.

First, this paper created a background where the notions of ethical consumerism and business ethics were examined. Then it proceeded with the literature review where the movement of transparency was presented with three dimensions, information, participatory and accountability. These categories of transparency were related to the literature of corporate communication, co-creation

and CSR policies. In the methodology part, inspiration was found in phronetic social research and the four value questions of Flyvberg (2013). In particular, by examining the case of Everlane and translating their business model into transparency mechanisms, this paper made an empirical contribution in the field of transparency and its effectiveness. A novel contribution of this study to the literature of transparency is the conceptualization and elaboration of power and knowledge emerging from phronesis and prudence justice. Finally, secrecy is proposed as a fundamental factor to be taken into consideration for future research. The implications presented in relation to phronesis and secrecy have the potential to fuel new discussions regarding the future of transparency in both academic and corporate level.

Finally, this study will reach its purpose after being send to Everlane as a suggestion for future planning for their transparent mechanisms. In addition, this paper will be send to Bent Flyvberg to ask for feedback in how to apply phronetic science in other fields apart from policy planning. Since transparency affects different areas of contemporary society a transparency measurement framework has been suggested that will include both the mechanisms of phronesis and transparency.



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## 9. Appendix

### Everlane's Website

At Everlane, we want the right choice to be as easy as putting on a great T-shirt. That's why we partner with the best, ethical factories around the world. Source only the finest materials. And share those stories with you—down to the true cost of every product we make. It's a new way of doing things. We call it Radical Transparency.

### Quality

#### OUR QUALITY

## Designed to last.

At Everlane, we're not big on trends. We want you to wear our pieces for years, even decades, to come. That's why we source the finest materials and factories for our timeless products— like our Grade-A cashmere sweaters, Italian shoes, and Peruvian Pima tees.

Ethical Factories

OUR FACTORIES

# Our ethical approach.

We spend months finding the best factories around the world—the same ones that produce your favorite designer labels. We visit them often and build strong personal relationships with the owners. Each factory is given a compliance audit to evaluate factors like fair wages, reasonable hours, and environment. Our goal? A score of 90 or above for every factory.

## Our Factories

Every factory has a story. We seek the best from around the world to make our products. #KnowYourFactories

 Choose a location on the map

LOS ANGELES, US



*Mola Inc.*

[Learn More >](#)

[See all Factories](#)



[SEE ALL FACTORIES](#)

SPAIN

Ubrique

SUNDAY

3:16 PM

EMPLOYEES

20

ESTABLISHED

1960

## The Leather Accessories Factory

*Traveling to this factory is both beautiful and treacherous. There are no direct trains or flights; instead, we rented a car and took a three-hour car ride through the hills of Spain.*

This factory has more than 50 years of experience producing leather goods and has worked with both international luxury brands and smaller independent designers.

### How We Found It

To find the best factory to produce our wallets, we started by asking a question: “What luxury brand currently has a great wallet that we love?” There was one brand that resonated internally for their quality of leather and craft. So we started our hunt to find the factory that produced them.

We Googled. We called friends. We poured through databases. Nobody spoke. After two months, we got a lead. A friend knew a patternmaker in a small town in Spain that created leather patterns for many of the top brands. So, we gave him a call. It turns out that this particular town is known for its beautiful leather goods, and a local named Pepe had been producing wallets for luxury brands for nearly a decade. After making the connection, we traveled to Ubrique and began the process of developing our wallets at one of the best leather factories in the world.

### The Material

The craftsmen at our factory are experts in their field, so we turned to them to source the best Italian leather. For our wallet collection, we use both full-grain and smooth finishes.

### About the Owner

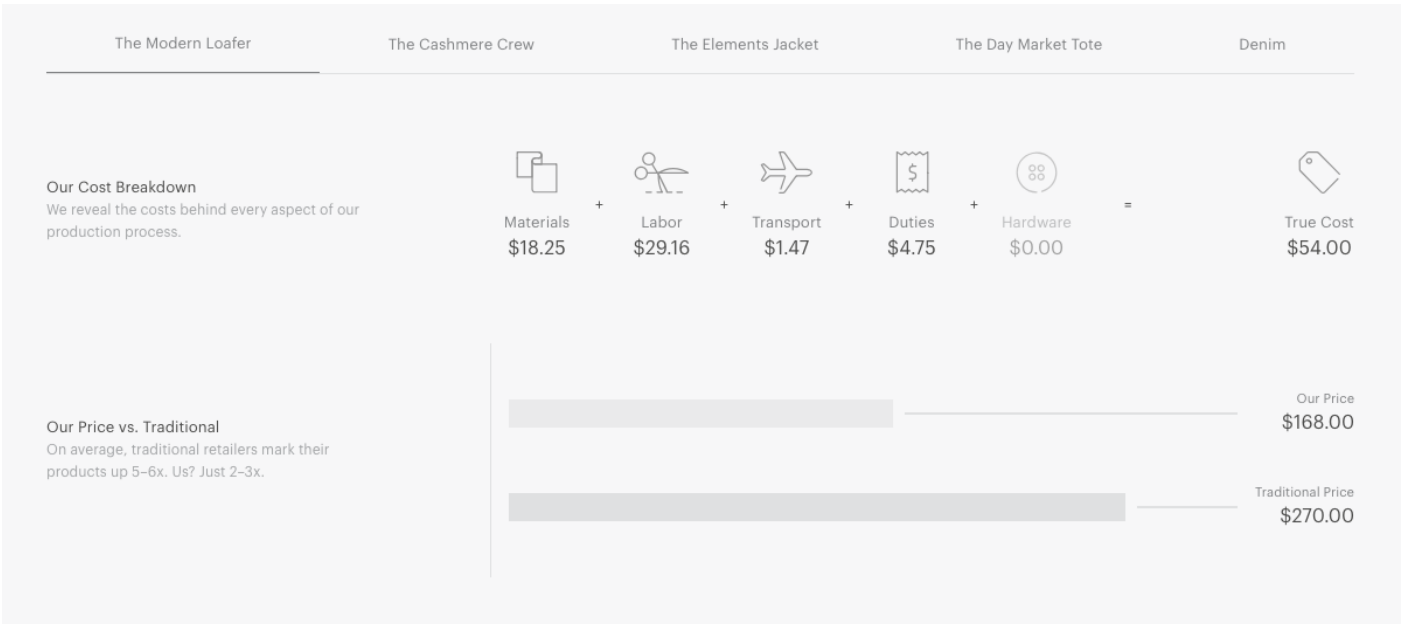
The owner likes to stress the important role trust plays in the relationships between his factory and his clients. In his own words, the top priorities in his business relationships are “transparency and honesty.” Sounds like someone we

Price Transparency

OUR PRICES

Radically transparent.

We believe our customers have a right to know how much their clothes cost to make. We reveal the true costs behind all of our products—from materials to labor to transportation—then offer them to you, minus the traditional retail markup.





OCTOBER 3, 2016

Today we're pushing forward a new level of transparency.

We all know that cashmere is expensive. It's one of the most premium fibers on the market. But here's a secret: The cost of raw cashmere fluctuates wildly.

Sometimes it goes up. And when it does, retailers raise their prices. Sometimes it goes down. But when that happens, retailers almost never lower their prices. They just keep the extra profit. That's not honest.

We're doing something different. Due to a slowdown in the luxury market, the cost of cashmere has dropped 16 percent. So we've lowered our prices to pass those savings on to you.

Last year our cashmere crew sold for \$125. Today it's \$100.

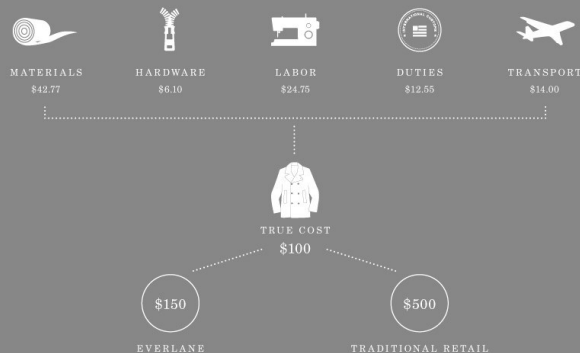
That's our commitment. That's what we mean by Radical Transparency.



Michael Preysman  
Founder & CEO

## Transparent Pricing

We believe customers have the right to know what their products cost to make.



## Campaigns

### Love your underwear





100%Human





## Black Friday

EVERLANE

### Skip Black Friday With Us

We started Everlane to offer lasting products with lower markups. Most brands keep prices artificially high, then use sales to create a false sense of value. Because we want to encourage thoughtful consumption, we took today off.

Are you with us? Take the pledge.

Visit [everlane.com](https://www.everlane.com) to take the pledge.

We're excited to introduce the Black Friday Fund.

All profits from your purchase will go toward a new outdoor recreation area for the workers at our silk factory in Hangzhou.

Thanks for being a part of this new tradition.

MICHAEL PREYSMAN  
CEO of Everlane



## Criticism

# THE FASHION LAW

## Everlane

### Everlane Expands to Outerwear, Spurs Waiting List

...person waiting list. And as of last month, *Everlane* revealed that it has sold almost 30,000 pairs of ...*Everlane* Expands to Outerwear, Spurs Waiting List ...with these fabrics and sold them for over \$2,000." *Everlane* is offering the overcoat for \$295 and the trench coat version for \$250. ...image: *Everlane* *Everlane* has launched its first coat collection, and there is already a waiting ...have made coats with these fabrics and sold them for over \$2,000." *Everlane* is offering the ...overcoat for \$295 and the trench coat version for \$250. In case you're not familiar with *Everlane*, the San ...*Everlane* has launched its first coat collection, and there is already a waiting list of nearly ...right now. As Racked noted earlier this year, *Everlane* "has found its niche producing simple basics ...

### Radical Transparency? H&M and Zara Are Actually More Transparent Than *Everlane*

...for more ethically sound garments, *Everlane* founder and CEO, Michael Preysman, a former Investment ...Radical Transparency? H&M and Zara Are Actually More Transparent Than *Everlane* ...Most Innovative Companies" list. It also earned *Everlane* " \$12 million in revenue in 2013, and double ... Co.'s 20146 " 50 Most Innovative Companies" list. It also earned *Everlane* " \$12 million

[http://www.thefashionlaw.com/search?q=Everlane&f\\_collectionId=555c33ede46038a7a3f871b](http://www.thefashionlaw.com/search?q=Everlane&f_collectionId=555c33ede46038a7a3f871b)

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GOOD ON YOU

APP

THE GOOD EDIT

ABOUT

OUR RATINGS

## How Ethical is Everlane?

By Lara Robertson | February 19, 2018 | Big Brands, Fashion, Featured





Transparency Tuesday Question Samples









