How does the Usage of Sustainable Fast-Fashion Create Value for Marketers and Consumers?

A Multiple - Case Study of H&M and Zaras' Value Creation in Fast-Fashion

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Executive Summary

Corporate social responsibility can refer to one of many strategies many companies use to monitor their operations and to have a positive and ethical impact on society and all stakeholders. Companies are adopting CSR practices since it has become an expectation from society but also to satisfy their stakeholders. On the other hand, the apparel industry is also becoming socially responsible since it is an enabler to satisfy established norms by stakeholders. Furthermore, companies also want to give something back to society. Therefore, CSR can be seen as a successful business strategy since it has the ability to function as a tripartite bringing together governments, firms, and workers, etc. On the other hand, CSR also enabled to practice business activities that are deemed ethical 'just' and 'fair'.
From a theoretical standpoint, CSR can be treated through three disciplines that are used in business practices and those are utilitarian, managerial, and relational disciplines. Moreover, the Pyramid of Carroll is a helpful framework that can help organizations in arranging their social responsibilities. And, also assess the expectations consumers have. Which leads to the study of consumer behavior which is the study of all processes involved when individuals or groups choose, purchase, and use product or services. The main goal of consumer behavior is the satisfaction of consumer needs. In the long run, understanding consumer behavior is good for business practices because of the usage and implementations of knowledge regarding a specific consumer segment and target audience. Cause-related marketing, green marketing, problem recognition, and consumer involvement are theories that will be reviewed in this thesis.
The methodology used for this paper will help analyze theories and literature and enable them to correlate between and among theories, concepts, and themes. With the qualitative research method, the literature will be connected and epistemological research philosophy will help interpret the collected data. On the other hand, the process of induction will be used since the first half of the paper is exploring the apparel industry on a wider level. However, some deduction will be necessary since a relationship will be acquired through theory and the overall research. Lastly, the strategy to do research will be based on multiple case studies representing Zara and H&M. Finally, based on the findings, we can conclude that there is value in fast-fashion for all stakeholders, mainly for marketers, consumers, suppliers, and local communities. Consumers consider sustainability as an important factor in their purchasing decision-making. Every company should implement greener practices but be careful savvy when doing so. Lastly, Zara and H&M are leading fast-fashion companies and for years they have been under the public eye, especially, regarding their incorporation of sustainability.

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1. Introduction

The fashion industry has had rapid growth in the last twenty years. Mass production and an increase in consumption have tripled the number of clothes sold. To follow the needs of the market and the demand for new clothes many clothing companies in the apparel industry began to outsource their manufacturing and production processes. This was occurring mainly to less developed countries since labour and production was cheaper. Moreover, this shift in nature also enabled companies to produce more units of apparel but also meet the ever-increasing demand for apparel by consumers. Since the competition is high in this industry, it enabled the companies to gain competitive advantages; to be innovative and to be a market leader. However, the distancing of production processes also meant to give up their ownership since the responsibility of delivery, quality, and design was allocated to the supply chains and manufacturers. This shift occurred in the '80s and onwards and had its peak in the '90s. However, monitoring and control of suppliers and operations were not as intense as it is today. For consumers, this meant plenty of varieties to choose from and more affordable pieces. Later, with the increasing awareness of the back processes in supply chain and production, there has been a noticeable change in consumer mindset regarding fast-fashion. It has been explored that both consumers and society have become more sensitive regarding this topic; they have access to information search and substitute alternatives. With this rapid growth, the fashion industry became second in polluting the planet. This issue attracted has since then attracted numerous attention, especially, in the public eye. To add to this fuel, other conditions such as environmental damage and poor working conditions occurring in the factories have also been discovered. There are aspects, where it is noticeable how fast-fashion is lethal for key stakeholders. One of those cases which have attracted a lot of attention is the case of Rana Plaza which was a tragedy that occurred in 2013. A building in Dhaka Bangladesh collapsed, killing 1129 workers with thousands more being wounded. Prior to the instance, it was discovered that the building was unsafe and many warnings were given, but they were ignored. Since then it has been expressed that, there were many dubious practices connected to this case which resulted in multiple human rights and ethical violations (Jacobs, 2017). Moreover, another case which is Zara, that is a leading fast-fashion brand, were associated with poor working conditions and a slave-like work in Brazil. It has been discovered that this matter goes against Zaras' company codes of conduct and Brazilian labor legislation (Butler, 2015). Finally, another case that was shocking to the public was the case when H&M was discovered burning garment collected through their in-store recycling bins. Initially, the collected garment was supposed to be recycled, reused, repurposed according to their sustainability policies and corresponding marketing campaign.

The story came to light on the Danish TV program thanks to investigative journalism. Ever since H&M has denied those claims and garments are still being collected (Hendriksz, 2017).

Although companies connected to those practices mentioned above some remedy approaches have also been taken into consideration. Such as many multinational apparel brands monitoring their supply chain and manufacturers. As a result, companies have turned to CSR as a strategy to conduct more ethical and sustainable business practices. Since it has become an expectation from the society for businesses to take action. On the other hand, some companies have also turned to sustainability giving value to their products, services, and consumers. For some companies this act might indicate giving something back to the society for others it might be a belief of it being fiduciary. Finally,

this thesis will, therefore, try to explore how consumers see sustainability through their behavior and practices. During the research, a questionnaire survey will be complemented into the research along the way to seek out consumer beliefs and attitudes about CSR and SR. But also explore their purchasing behavioral patterns and decision-making. These attitudes and beliefs will then be incorporated throughout the research. However, the following section will begin by introducing the apparel industry and its evolution. Furthermore, an introduction to literature review within the fields of CSR, Marketing, and Consumer behavior will also be presented. This section will also unfold and explore phenomena related to these fields. Moreover, to apply relevant theories, concepts, and themes, two cases will be represented. These are H&M with their going from Green marketing to Greenwashing, and Zara with their Viscose production. The aim of these cases is to explore how these two companies have embedded CSR and SR to their company operation. And, whether they are standing for what they are claiming. When having explored the cases a discussion will be based using Carroll's Pyramid. This discussion will try to evaluate whether H&M and Zara are withholding their Corporate Social Responsibility. This evaluation will be based on the existing four layers of the Pyramid; Economic, legal, ethical, and philanthropic responsibilities. And lastly, any implications that have been encountered during the research will be explained, while an elaboration of suggestive further research will be accounted for.

2. Research Objectives

To examine the Fast Fashion apparel industry and its relations to ethical issues the research approaches have been designed as followed;

- Organizing relevant literature
- Planning of research
- An extensive introduction to the Apparel industry
- Review of literature in the fields of CSR, Marketing, and Consumer behavior
- Crafting a theoretical framework by introducing core concepts from CSR, Marketing, Consumer Behavior, and unfolding of phenomenon's that will help shape the analysis
- Gathering of relevant secondary data for analysis purposes
- Self-Administered Survey with the role being to get insights into consumer's preferred brand and decision making processes.
- Identification of results from the survey
- Selection of multiple cases
- Apply theories from all fields and concepts
- Identifying how aware consumers are about sustainability
- Identification of consumer participation for issues related to the industry
- Cross-section discussion about the cases
- Evaluation of whether the research question have been explored
- Conclusion representing the whole paper

2. Research Question

By applying relevant theories, concepts, and themes, we aim to examine and answer the following questions

How does the usage of sustainable fast fashion create value for Marketers and Consumers?

Sub-question 1. *How consumers see sustainability*

Sub-question 2. *What sustainability means to companies especially in the dynamic fast fashion industry*

4. Problem statement

The Fashion apparel industry has had significant growth and success over the years and consumer's consumption rate is ever increasing. It has been estimated that about 60 billion new pieces of apparel are now being consumed yearly. Which is four times more than just two decades ago. The production of clothing is represented by cotton which is a fiber used to manufacture to contribute to this ever increasing-consumption (Environmental Impact, 2020). With the expansion, growth, and success the Fashion apparel industry has undergone and received an immense amount of scrutiny, due to the negative impacts it has had; Environmental, Labour practices and working conditions, and being wasteful in terms of garment and pollution. This scrutiny stems not only from activities highlighting issues related to this industry but also the society who have tried to pressure brands into adopting measures to remedy for. On the other hand, many scholars have tried to identify and remedy what the corporate world can take in terms of actions to decrease some of these issues. Thus an extensive literature exists about how businesses can deal with society, provided with theories, tools, and models for the marketers and management to use. Such literature provided to deal with society represents how the Fast Fashion Apparel industry can become more socially responsible. On the other hand, the role the consumers play in this ever-increasing consumption would be of great significance to our research. Which corporate social responsibility theories do not provide. And it has been observed that not many trends are affecting this industry in terms of growth and success, such as the world becoming more and more digitized, disrupted by online platforms such as e-commerce. Therefore, an insight into consumer behavior in regards to their decision-making process in purchasing apparel would be of great interest. This is due to the literature of CSR not providing insights into whether or not consumers are aware of their participation regarding the issues stemming from many of the global brands. The reasoning why this has great relevance is due to observing that consumers have played a great role in pressuring, shaming, and punishing the brands when scandals have erupted. Thereby, leading to questions such as, maybe this issue does stem from both parties being involved; the brand and the consumer. To reverse some of the issues, the brands do need its consumers to establish an alignment to a common endeavor. On the other hand, consumers need the brands because they are key actors to remedy and abolish issues related to their industry due to the global power they are withholding.

5. Delimitations

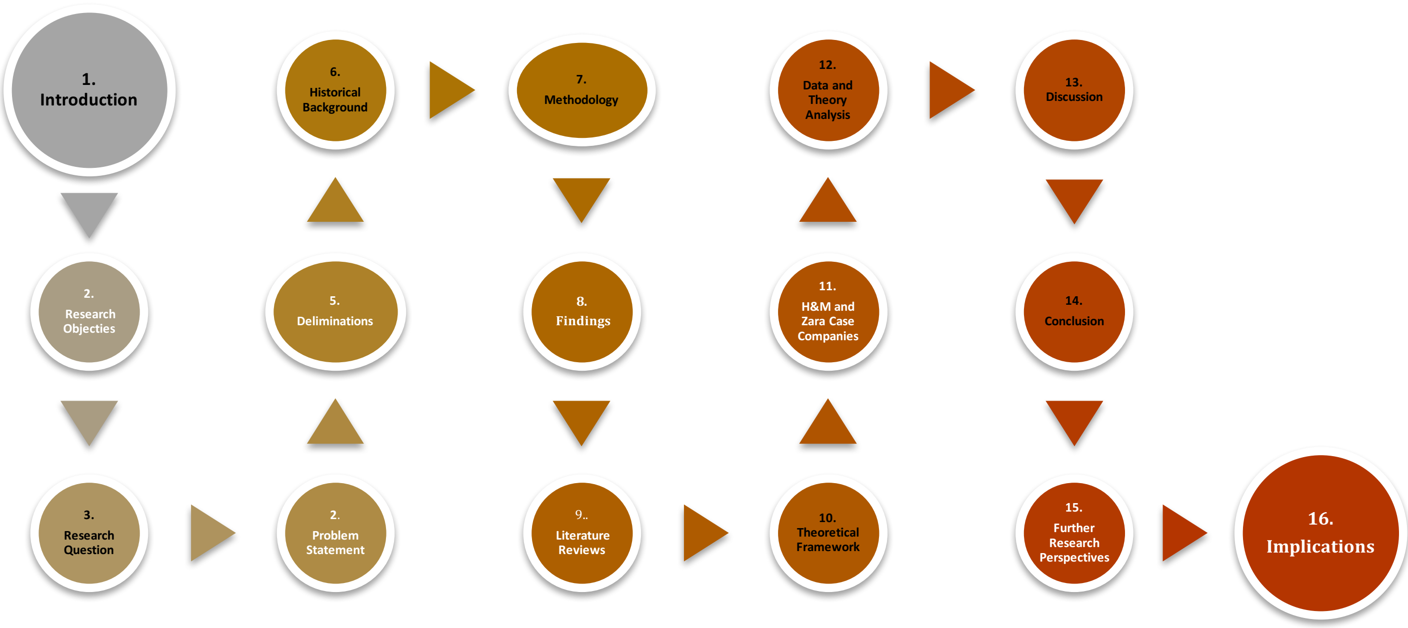
If considering, CSR, Marketing, and Consumer behavior it is a field that is very rich, broad, and holds multiple different points of view and perspectives. Therefore, boundaries will be needed. Some of those theories are concepts within theories such as decision-making in Consumer behavior. Here the research has only regarded the cognitive process of decision-making, but two other concepts are also in existence; 'habitual' and 'affective' decision-making. Since 'habitual' decision-making is based on unconscious processes, this has not been regarded due to uncovering that consumers are becoming conscious about their decision making about sustainability. Moreover, the 'affective' decision-making has also been excluded, since this process deals with those consumers who are attending to their decisions based on emotional responses.

Moreover, the cases are only regarding theories from the relational discipline since believing that these theories can be correlated to the field of marketing and consumer behavior very well. This idea stems from all of these fields initially are dealing with society, stakeholders, and consumers. Where the other disciplines such as the Utilitarian are dealing with the performance aspect of CSR, and managerial discipline, as tools to how a business can manage its stakeholders. Furthermore, another boundary is in the historical background of the apparel industry. Here, a general explanation has been given covering themes such as product life-cycle, speed-to-market, quick response, global outsourcing, physical stores in relation to servicescapes, and co-creation of value in a relation of stemming from the field Co-creation. On the other hand, in this thesis, some fundamental topics from corporate social responsibility and consumer behavior are being studied and observed in a limited amount of time. Notably, our survey demographics and geography belong to the scope of this thesis. The majority of respondents are women from 20 to 30 years old and are mostly from Denmark and Croatia. This means that the survey represents a similar age group with similar characteristics which limits the research of only two groups. In addition to the limited diversity of a sample, the limitation of this thesis is the size of the sample and unpredictable buyer behavior.

Also, consumer behavior phenomena lipstick effect can be seen as a limitation to this study, because, according to the literature, women are purchasing more during a recession and economic crisis. This topic can be seen as limited because of little research conducted, and unexplored connection to fast fashion. Finally, since this research are dealing with two very distinct cases some limitations have also been made. In Zaras' case, this has been limited to only regard the province of Jiangxi while the case of H&M is regarding the global market. This is based on the case description not providing any country-specific indications but also observing that their green practices are directed to the global market.

5.1. Structure of the thesis

The below figure illustrates how the paper is structured and what the upcoming sections will provide.



6. Historical Background

To fully understand the emergence of the fast fashion trend it is important to understand how the shift in operation became apparent. However, it would be highly necessary to briefly state that the beginning of outsourcing the supply chains was realized to be a beneficial way back in the industrial revolution. This realization was based on the assumptions about how the exploitation of foreign markets could help increase both the market size and profits (Mullin, 1996). Although there are many given perspectives and explanations to this time of era, this section will take its stance towards how the globalization or neo-liberalization enabled this to become apparent, as it is today in our modern world. Beginning with globalization which many scholars have argued for, to be the cause, other scholars have argued that global outsourcing was a due cause of neo-liberalization. Neo-liberalization being a dominant policy since 1970, enabled exposure to international trade (LeBaron, 2018). Another scholar who agrees with this perspective is Peck et al. arguing that it being a nudge for companies to go abroad exposing themselves for international trade (Peck and Brenner, 2010). It should be highlighted that neo-liberalization also includes other enabler perspectives, but due to the scope of the paper, only relevant perspectives on the topic will be regarded such as global outsourcing, supply chains, and subthemes. It could be assumed that during this time the demand for apparel by consumers was increasing. As it was observed in the '80s that a sudden increase occurred in importing apparel by extending its offerings from standardized clothing with different other types in terms of design, cited in Bhardwaj et al. 2010 (Bailey and Eicher 1992). For businesses to meet this demand, outsourcing was the answer (Peck and Brenner, 2010). The idea of being able to control production matters from a long distance would impact the value chain positively. By giving up ownership to manufacturers lead to giving up responsibilities such as the production process. This meant that manufacturers were handling all production processes (Gereffi, 2001). This would mean that it is now the producers who would have responsibilities to meet delivery dates, quality standards, design of the products too (Jenkins, 2001). On the other hand, while control of suppliers and manufacturers was lost, it enabled businesses to no longer take responsibilities in regards to labor processes in the production process, as it has been expressed by Atkinson, labour issues would then be "somebody else's problem", cited in Merk 2009 (Atkinson, 1985, p. 601) Rather the aim was to concentrate on labor-intensive production with large scale labor to meet demand (Merk, 2009). This shift in nature was more visible in the apparel industry where core business activities were outsourced to global suppliers making them non-core activities for the brand (Gereffi, 2001; Andersen et al. 2009). The outsourcing mainly occurred to less developed countries where it was realized that there were lower costs restrictions in manufacturing apparel, fewer labour costs, and weaker labour protections (LeBaron et al. 2018). Moreover, the expansion also meant that brands would have greater opportunities to increase profits, and be beneficial in terms of design flexibilities and thus gain competitive advantages in the market by shortening the product life cycle (Andersen et al. 2009). On the other hand, the mass production of apparel would fade, realizing that it wasn't of significance to gain profits in the fashion industry. Before the shift, the fashion apparel industry was favoring low cost but mass production of apparel. It was simply a matter of restrictions in manufacturing processes that did not allow the fashion industry to produce different styles and designs. And, for those reasons, it automatically reduced the demand for other styles and designs to be produced (Bhardwaj and Fairhurst, 2010). Besides, these changes enabled the industry to add more seasons to its fashion calendar, which will be elaborated in later sections. And make retailers favor low cost, quality, but speed to market which would be the key drivers for the competitiveness of the market cited in

Bhardwaj et al. 2010 (Sinha, 2006). By using a strategy of 'sense and respond' to maintain both its position but also meet the increasing apparel demand. For these reasons, the phenomenon of outsourcing manufacturing processes overseas then became a trend due to the low labour costs which would be of great cost advantage (Bhardwaj and Fairhurst, 2010).

6.1 The Structure of the Fashion Apparel Industry

In our dynamic modern world, the fashion industry is a market that is growing rapidly and are highly competitive where multiple styles and designs are frequently introduced to its consumers. For those reasons, will this section therefore explore both the structure of the fashion industry but also how this became inevitable with the updated fashion calendar. To begin with the basic structure of the industry until the end of the 80s the strategy used was based on forecasting the fashion industry. Moreover, observing demand trends in ready-to-wear clothing. These strategies would be used before the actual introduction of the apparel to the consumers to be consumed, cited in Bhardwaj et al. 2010 (Guercini, 2001). However, in today's world, the fashion industry is divided into high and low-quality fashion markets. The high-quality fashion market is an industry that is characterized by the use of contemporary technology. The aim is to craft and produce clothing that is both preference and taste-based targeting the consumer market that does not prefer the value of cost, cited in Nordås 2004 (Navaretti et al. 2001). Its manufacturing houses are usually located in developed countries. The second industry is of the low-quality market with its manufacturing houses predominantly located in the developing countries (Nordås, 2004). In this market, the core aim is to produce clothing in masses (mass production) where the sourced raw material is of lower-quality. In this market, the competition is also very intense and high. Fashion retailers are scanning the whole market aggressively, such as new trends that are emerging from fashion and runway shows. This is due to ensure that trends are introduced with vast speed to the market (Bhardwaj and Fairhurst, 2010). This has also been known to be termed as 'quick fashion', where speed to market has made it inevitable to consume clothing quicker cited in Bhardwaj et al. 2010 (Taplin, 1999).

6.1.1 The Fashion Calendar

Moreover, a few factors on nudging consumers to buy more have also been introduced to the market from the retailers. Such as, introducing smaller collections in-between seasons, which made it possible to alter the fashion calendar and further decrease the product life cycle. By frequently refreshing apparel assortments. The fashion calendar was before the shift functioning on a seasonal basis; Winter, Spring, Summer, and Autumn and was a phenomenon that explained the life-cycle for apparel and fashion. Up until the '80s the life-cycle for fashion apparel consisted of four stages; "introduction and adoption by fashion leaders, growth and increase in public acceptance, mass conformity (maturation), and finally the decline and obsolescence of fashion" (Bhardwaj and Fairhurst. 2010). However, with the expansion happening within between collections being introduced, there is now mid-season apparel added to the calendar. These mid-seasons now account for 3 or more seasons of apparel to be introduced to the consumers. Thereby, with these alternations, the brands can now earn quick profits because the brands are now signaling with these collections as 'Here Today, gone Tomorrow' motto (Bhardwaj and Fairhurst, 2010, p.166).

6.1.2 The Physical layout of stores

These changes have also impacted the layout of the physical store settings, in the name of nudging customers to purchase more. These are known as external influences on consumer behavior like situational effect or social and physical surroundings (Solomon, 2015). Marketers tailor physical situations to increase consumption and to have more ad hoc purchases. As a result, they carefully tailor shop layout, they organize products in a way that consumers spend more money, or so-called; they set the mood. Such as by tailoring the temperature, scent, and visuals that are pleasant to the customer. It has been discovered that those situational effects can trick sensors and persuade to consume. This has been exemplified with Bitner in 1992, where it was explained how physical surroundings and servicescapes contribute to the service design and as well as to buying behavior. Servicescape can be defined as non-human elements of the environment in which service occurs; those are externals and internals of a facility and as well ambient conditions like décor, sounds, smell, and colors (Bitner, 1992). Retailers want to attract consumers and they want them to stay in the store longer and to spend more money. With appropriate room temperature, ventilation and noise level retention can be used as nudges to achieve that. Also, Solomon called this new and innovative shopping space retailing as theater. It is because of all the different shopping experiences and landscape themes consumers are exposed to. Although consumers often visit the same stores, every visit to the store will have a different experience for the consumer. Many effects are therefore incorporated into physical stores which are beneficial for the retailer's profit makings. Therefore, are the environment of stores a very powerful influence on consumers purchasing patterns. (Solomon, 2015). Thus, for the fashion industry to exist, retailers need to keep and nudge their customers to purchase and consume more.

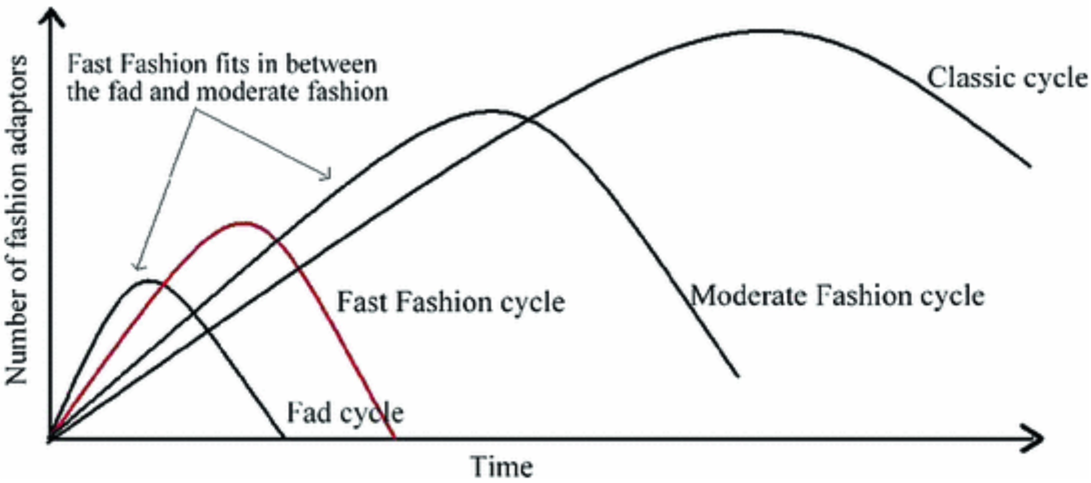
6.1.3. The Phenomenon of the Fast Fashion Machine

In recent years, the cycle of fashion has changed as it has been seen with the fashion calendar undergoing alternations, and manufacturing apparel being offered on a seasonal basis to introduce assortments quicker to the consumer can be connected to the concept of Fast Fashion. With companies nowadays adopting the fast fashion business strategy, which means that the life cycle of fashion is a month or less, with a constant product refreshment as a response to a highly competitive market. Consumers have adapted to this business model, there are many options of styles and designs to choose from. Moreover, being convenient and cheap. Thus Fast Fashion is a growing business strategy among consumers because of trendiness and cheap prices (Joung, 2013). Therefore, are the fashion companies using both agile and supply chain management to prosper and respond quickly to changes in the market (Bruce et al. 2006). This fast pace has also changed in how much garments that are now being produced. Such as 40.000 garments being manufactured in 20 weeks just a few years back to around 30.000 garments in a short amount of time (Siegle, 2011). This is putting the suppliers under an immense amount of pressure to meet the demand coming from the brands, hence why the industry is now concentrating on a large workforce. With that being said, the phenomenon of Fast Fashion did not emerge suddenly but has been integrated gradually with the changes to explain these shifts in the apparel industry, that of, the fashion calendar, larger quantities on apparel orders, etc. Scholars such as Fernie and Sparks 1998, have also tried to characterize the concept in marketing in terms of Fast Fashion being of "low predictability, high impulse purchase, shorter life cycle, and high volatility of market demand" cited in (Bhardwaj and Fairhurst 2010, p. 168). These are also factors that can help explain how the concept in itself emerged since the exploitations of lesser developed countries occurred. However, the prominent factor for the Fast Fashion Machine to exist and which are also a volatile factor is the 'speed for market'. This is what makes this industry unique, by bringing fashion to the consumers rather quickly from the runways to the stores. With the industry moving at this fast pace, trying to keep up with the demand coming from consumers, they are also able to capitalize on the fashion fast (Bhardwaj and Fairhurst, 2010).

6.1.4 The Fashion System from the consumer perspective

For the Fast Fashion business model is convenient for consumers, this section will thus elaborate on how the system is operating from a consumer perspective. Beginning with the term Fashion which refers to 'style' (clothes, accessories, and shoes) that is accepted by a group of consumers at a given period (Joung, 2013). The fashion system has many people and organizations involved, which create and communicate meanings to consumers. Fashion is a process that works on many different levels and thus has behavioral science perspectives. Conformity needs to express personal creativity and style are some psychological models of fashion (Solomon, 2015). Those terms from psychology can explain why some people are more motivated about fashion, style, and trends. Secondly, the economic model of fashion looks at it from the supply and demand side. Normally, items limited in supply have higher value; in our society, those items command prestige and respect. For example, consumer behavior is interesting to observe in times of economic decline or recession. There is easily observed conspicuous consumption as a signaling theory. During the economic decline women increase their investments in clothes and make up, and as well they invest time and will to learn new makeup techniques. This form of conspicuous consumption is known as the lipstick effect; women spend more time and money on beauty and fashion to find a suitable partner in unstable times like economic recession (Hill, 2012). Conspicuous consumption can have downfalls; the prestige-exclusivity effect and snob effect (Solomon, 2015). The prestige-exclusivity effect is common for luxury goods. Luxury goods are characterized by high prices, exclusivity, and supreme quality. Despite high prices, there is still a big demand for those items. On the other hand, the snob effect explains how when there is a decrease in prices there is a decrease in demand. Lower prices are perceived as available to everyone, there is no exclusivity (Solomon, 2015). Thirdly, sociological models of fashion focus on the subculture's interpretation and adoption of fashion. That is because consumers usually identify themselves as a part of a group and they adopt the unwritten rules of their group. Today we have a big variety of options, especially thanks to fast fashion, where new clothes arrive weekly. This state has resulted because of technological advancements in the manufacturing process, and marketing campaigns availability. Moreover, consumers today are more influenced by opinion leaders due to the social media revolution. Those opinion leaders determine fashion trends and promote them on their sites (Solomon, 2015). However, the adoption of Fashion cycles can differ in terms of fashion following cycles, which also reflects the cultural dynamics. Usually, in society fashion starts slowly. It has a moderate cycle, taking a few months through stages of either acceptance or decline. On the other hand, the classic has an extremely long acceptance cycle. It is stable over time and has a low risk of purchasing. Turtleneck is a classical piece. Lastly, a fad is a short-lived fashion, it comes impulsively and diffuses rapidly. Not many people adopt it which results in a short life cycle (Solomon, 2015). In the figure below, you can see the comparison of the acceptance cycles of classics, fashion, and fads.

Figure 1.



Source: Screenshot taken from, Consumer Behavior, 11th edition. p, 350

6.2 The Negative sides of The Fast Fashion Machine

Although brands are able both to satisfy consumers' needs in terms of fast fashion while capitalizing on fashion many negative outcomes have also occurred. Such as damage to the environment and garment waste among other negative impacts. This section will thus, explores the severity of the environmental damages and what remedies the fashion industry has taken towards improving the issues related. And, lastly, discuss whether the issues stem from being co-created from both parties; brands and consumers. Although there are numerous benefits of fast fashion that are beneficial to consumers, the fashion industry has done environmental harm. Consequences are not as obvious as in for example the oil or petrochemical industry, and a lot of consumers don't consciously think about environmental harm and pollution when buying new clothes. Thus, awareness of the environmental impact of fashion is low among consumers. In recent years the demand for fast fashion has increased, which has led to an increase in apparel production. Statistically speaking fashion production makes up 10 percent of humanity's carbon emissions (McFall-Johnse, 2019). Carbon emission is released during phases of production, manufacturing, and transportation of garments. Polyester, nylon, and acrylic are synthetic fibers mostly used in garment production, but they are made from fossil fuel. Also, those are non-biodegradable materials. Moreover, carbon emission can result in environmental damage; water pollution, soil degradation, and rainforest destruction (Jacometti, 2019). Water pollution is a serious issue. Many factories where garments are produced release toxic water directly to rivers. This toxic water contains substances like mercury, arsenic, and lead that are toxic. These substances are dangerous and harmful to people and living in those areas. Toxic water can reach the seas and can easily spread the globe (sustainyourstyle.org, 2020). The fashion industry does not only pollute water but also consumes a lot of it. Water in the fashion industry is used to dye clothes and to grow cotton (the fabric used to make clothes). Around 20.000 liters of water are needed to produce about one kilo of cotton. This big ratio has left consequences on planet Earth. One of the most noticeable differences can be seen in the Aral Sea. The Aral Sea is situated in the middle Asia region and has lost 80 percent of water (by volume) over the last past decades. Desertification happened and chemicals remained in the soil. The Aral Sea used to be the fourth largest Sea on our planet (sustainyourstyle.org, 2020). Furthermore, 85% of all textiles go to waste all year. Some part of this waste ends up in rivers and oceans and pollutes them (McFall-Johnse, 2019). Only 15 percent of clothes get recycled, donated, or sold, while the average garment has a 3-year lifetime duration. The average family in the USA throws an average of 30 kilos of clothes every year (sustainyourstyle.org, 2020). Most of the clothing materials are synthetic fibers and are non-biodegradable. Their decomposition can take 200 years (Jacometti, 2019). Consumer mindset and attitudes towards garment waste need to change and thus consumers need to be more concerned and involved. Consumers are co-creators of value they contribute to every step, and every step pertains to them. However, there is a shift in changing mindset and understanding the importance of sustainability in every step of the way, from manufacturing to disposing of clothes. Together with consumers and brands, they need to think proactive and think of new ideas and solutions and greener practices to diminish environmental damage.

6.2.1 Remedy of societal issues using CSR practices

Although many negative impacts have been the case due to the damages relating to the Fast Fashion industry, brands are also adopting measures to remedy issues. By adopting CSR practices. CSR, as a term, concept, and theory has been discussed by many scholars with different points of view. As it has been observed in the market, many corporations today are yielding towards becoming more socially responsible. However, is this an act of will or is it based on being pressured to adopt CSR measures from society. This section will, therefore, elaborate on what the motivational factors are for businesses to exercise CSR.

Beginning with Garriga and Mele 2004, recognizing that CSR does not have a generic meaning with every individual as expressed, "to some it conveys the idea of legal responsibility or liability; to others, it means socially responsible behavior in the ethical sense;" (Garriga and Mele, 2004, p. 52).

In the research of Porter et al. 2002, the empirical findings figured that a great indication for businesses to be motivated towards CSR had a positive correlation of being due to the financial performance aspect. On the other hand, Porter and Kramer have discovered that financing in philanthropic deeds is beneficial in businesses' competitive advantage (Porter and Kramer. 2002). Other aspects of "why" CSR has been gaining importance in the corporate world have been treated by Davis regarding 'social power'. The 'social power' is to be understood as the influence an individual or organization has towards the society. The more 'social power' one has, the more influence or impact one can make towards society. However, Davis is expressing that this 'social power' has to be managed and used properly, because society may notice when 'social power' is misused, cited in Garriga and Mele 2004 (Davis, 1967). On the contrary, it is also believed that motivational factors are the case for why corporations are yielding towards CSR. A research made by Maignan et al. 2002, have showcased that this stems from the utilitarian discipline where CSR simply helps corporations to gain profits, "return on investment, or sales volume" (Maignan and Ralston, 2002, p. 498). Furthermore, it is also indicated that businesses are adopting CSR simply because they are willing to adopt and exercise being socially responsible in order to satisfy the behavioral norms set by the stakeholders. And lastly, the motivational factor might simply be because of the belief of businesses being motivated to exercise CSR in order to give back to society. However, it should be noted that some businesses are exercising CSR as a means of influencing stakeholders' perception of the corporation, (Ibid.) Such as the use of extrinsic and intrinsic motivations. The findings on extrinsic motivations suggest that the financial aspects of CSR are the culprit. It is believed that CSR, in the long run, is beneficial to the financial performance of the corporation. This backs up the utilitarian views on how corporations are exercising CSR to create capital while contributing to society (Graafland et al. 2012). To further legitimize Maignan and Ralston's 2002 research, the scholars of Graafland et al. journal are also pinpointing that CSR can improve the corporate reputation of firms and help them differentiate or achieve competitive advantage in the consumer market. Thus, CSR is an enabler for its sales and market share (Graafland et al. 2012). Back to the Intrinsic motivations, which depicts the opposite of the extrinsic motives. Namely, contributions made for CSR that are non-financial, which basically means that some businesses might contribute to CSR due to their beliefs and values of doing good (Graafland et al. 2012). Furthermore, it should be highlighted that this belief might have been derived from the ethical principles, where doing good might be of a duty of doing something right, which is a 'just' and not of something that gives you pleasure, cited in Graafland et al. 2012, (Etzione, 1988). This point of view also contributed to what Kotler and Lee are expressing, as to how corporations can exercise CSR by discretional means to improve the community's well-being, (Kotler and Lee, 2005). Such as using Altruism as an intrinsic motivation where you help contribute to the common good of your community for it to improve (Graafland et al. 2012). The last point of view in this section for why businesses contribute to CSR stems from the belief that at the end of the "CSR pays off for the firm as well as for the firm's stakeholders and society in general" (Burke and Logsdon,1996, p. 495).

6.2.2 Zero-waste fashion

Due to the severity of this topic and the immense consequences of environmental damage this industry is encountering, many companies have turned to sustainable fashion. The goal is to reduce environmental footprint and to adopt new sustainable technologies in garment production. Zero-waste fashion is a new and sustainable approach in the fashion industry. Fundamentally, it means that there is little to no waste during the production of clothes. The zero-waste fashion concept can be divided into two phases. The first one is pre-consumer. This phase is during the production and manufacturing of clothes with of course little to no waste. The second phase is the post-consumer phase. This phase is overlooked from a consumer point of view and refers to reducing waste after usage of a product (Rissanen, 2013). Some clothing items are donated to a charity like to Red Cross or Goodwill, some are sold to second-hand shops while some are redesigned and revamped. There are some designers who promote sustainability and zero-waste and recycle fabrics, that have special cutting processes and who reuse garments from factory surplus. Moreover, the waste elimination hierarchy is a framework that promotes sustainable ways of doing business and protects the environment. This framework is known by abbreviation 3R's, which stand for to reduce, reuse, and recycle. This framework can be overlooked from a personal, household, community, and business point of view, but efficient waste management is their common goal. Reduce means to prioritize, either to prevent or to minimize waste. Normally, a solution with less impact is selected. Reuse in this sense means to repair or to conserve. For commodities and clothes means to placing it on the second-hand market. Lastly, if recycling is the only option, then materials need to be separated and later disposed of. This last option is the least desirable (Gartsakis, 2003). This framework can, therefore, help in pollution reduction and greenhouse gases, and contribute to savings of energy, resources, and promoting of research and development of new greener technologies.

6.2.3 UN Sustainable Development Goal 13

Over the past few decades, there have been multiple violations of human rights and environmental rights. Companies were focused on profit and they have neglected the well-being of their main stakeholders; people and planet. Human rights are entitled to everyone by birth, and those are universal moral principles and norms about basic human needs. The origin of human rights dates back to the French Revolution (United Nations, 2020). Human rights and environmental rights are connected, in the sense that, if people are living in an unsafe environment it is a human rights violation. As a result, the United Nations have published guidelines for companies and governments to use, to create a better and sustainable future. Sustainable Development Goals were thus established in 2015 by the United Nations General Assembly which is the main body of the United Nations. Seventeen global goals that are interconnected and should be achieved by 2030. Moreover, these goals concern some of the fundamental topics in today's world like poverty, gender equality, economic growth, peace, and environmental issues (un.org, 2020). Goal 13 of the United Nations Sustainable Development Goals concerns climate action. It states to "Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy" (United Nations, 2020). The essence of this goal is to reduce greenhouse gas emissions and to deal with climate change. Climate change can be seen all around the world, and the main driver of it is greenhouse gasses. Unfortunately, the percentage of greenhouse gasses over the years is increasing; for comparison in 2015 greenhouse gas concentration was 401.1 parts per million, while in 2017 the number has increased to 405.5 parts per million (sustainable development.un.org, 2020). The Textile industry and fast fashion industry are one of the biggest polluters. These industries produce around 1.2 billion tons of carbon dioxide per year during production and manufacturing (The price of fast fashion, 2018). Synthetic fibers and disposition of clothes are some challenges the textile and fast fashion industry are facing. Environmental damage and goal 13 that advocates climate action are not pure sustainability goals. They are a global challenge because sustainability is a relationship with ourselves, our communities, and institutions. It regards every single inhabitant of this planet, organizations, companies, and governments. All together we must act to create a better future; United Nations Sustainable Development Goals are guiding principles in this important task.

6.2.4 Codes of conduct

Although many waves have occurred adopting codes of conduct as corporate responsibility, this section will only regard the second wave which occurred in the '90s. The reasoning is due to the different aspect with the first wave of adopting codes of conduct. In the first wave, the codes of conduct were adopted as regulations were the second wave, the adoption has happened voluntarily with proposed initiatives (Jenkins, 2001). The codes of conduct consist of five different types; *company codes, trade association codes, multi-stakeholder codes, model codes, inter-government code.* Although the codes do not have a generic definition, a proposal has been given stemming from the study of Bondy et al. 2008, which is "commitments voluntarily made by companies, associations or other organizations that put forth standards and principles of business conduct in the marketplace, and are thus market-driven" (Bondy, Matten, Moon. 2008, p. 295). Furthermore, the code can function as an instrument to communicate on the topic of CSR and SR related issues by businesses. As an example, showing compliance with regulations and laws that are concerning CSR issues. Which then can help achieve a better reputation for both the corporate brand, image, and reputation (Bondy et al. 2008).

The adoption of the codes is not limited to specific industries but for some reason, it is mainly adopted by the multinationals that strive for having a positive brand name and corporate image. As has been highlighted, the first brand name company who adopted the codes of conduct was Levi Strauss in 1992. Other examples who adopted the codes during this time were Nike, Gap, and Reebok. On the other hand, by the mid 90's Europe also followed suit covering codes on labour conditions (Jenkins, 2001). These codes of ethics and conduct also enabled global brands to monitor their supplier chains on labour conditions (Merk, 2009). It can be said that the influence of establishing the codes of conduct was heavily due to the consumers and anti-sweatshop activists. With the ever-increasing disagreement with the apparel industry and its labor conditions about how goods were produced under inhumane and poor circumstances that were waddling the apparel industry (Elliott and Freeman, 2003). Some of the reasons for why the codes were adopted specifically during the '90s, was for the concerns of firms believing that the transpired scandals of labour conditions. Initially, would affect consumer's purchasing decisions, which could result in consumer rejections by the uncovered issues of being produced under inhumane labour conditions (Elliott and Freeman 2003). It can be assumed that to save a corporate image, brand, and reputation the codes thus were used to remedy, by integrating the codes to its subcontractors, whereby monitoring could take place to show compliance (Elliott and Freeman, 2003).

6.3. International Labour Organization

Furthermore, in 1998 a declaration was created to protect workers' fundamental principles and Rights at work by ILO. The aim was to provide strategies for businesses to improve not only the well-being but also decrease issues related to inhumane labour practices around the globe (Elliott and Freeman, 2003). The declaration was promoted by businesses as 'decent work' creating various types of programs to assist. ILO has been a tripartite U.N Agency since 1919. The establishment went global in 1946 when the United Nations became involved (ILO, 2019;2020). The reasoning for why the establishment is of a tripartite Union is based on governments, employers, and workers of a total of 187 member states being brought together. These entities work in alignment with one another to establish labour standards, by developing policies and programs that can help aid the promotion of 'decent work' (ILO, 2019). The function of these standards is to guide enterprises, governments, and industries among others to be in compliance promoting "global labor conventions and publicize violations of standards to shame countries into improving matters" (Elliott and Freeman, 2003, p. 96). For the fashion industry, the ILO has a great role in providing technical assistance and training programs to improve matters such as wages and working conditions, specifically, in developing countries and supplier chains. Moreover, it helps to aid this industry to become more sustainable. That being said, ILO is promoting sustainable businesses as part of their holistic approach, by helping on matters such as "informality, safety and health, and child and forced labour" (UNfashionAlliance, 2019). To exemplify this, the "Better work programme" is of significance because it works with 1.700 factories around the globe. And have been beneficial for 2.4 million individuals working as garment labour. The program has helped nine countries out of poverty by enriching the working conditions in the factories too (UNfashionAlliance, 2019).

6.3.1 Reporting Practices Global Reporting Initiative

It has been realized that the industry cannot continue its operations in such styles as mentioned previously. Until just a few years back, the approaches taken towards the issues were more holistic based such as mentioned by following ILO conventions. But to combat and highlight issues sustainability business models and sustainability reporting techniques have been created. Which has become an opportunity for brands to deepen their commitment towards sustainability (Kozlowski et al. 2015). Namely, the Global Reporting Initiative, which is an independent international organization. Specifically aimed for sustainability reporting, which has existed since 1997. A popular trend that is globally recognized. It's been discovered that 93 percent of all organizations are using the guidelines to report on its sustainability performance and achievements (GRI, 2013). Which many Brands have chosen to explicitly share details on issues related by making these reports available for the public to see. The reports are usually available on Brands' official websites, being embedded into its annual reports. Brands are now able to gain more transparency towards its stakeholders, by giving the opportunity to directly communicate on their progress (Kozlowski et al. 2014).

6.4.2 Sustainable Apparel Coalition (SAC)

On the other hand, another initiative that has gained great importance in the apparel industry is SAC, which has been deemed as a wider initiative being adopted by brands. Because it has allowed brands to focus not only on external environmental and social responsibilities. But also in regards to the internal perspectives. Externally attacking all matters stemming from its supplier chains and internally the well-being of the company and its workers (Kozlowski et al. 2014). However, this section will take its stance towards how the SAC focuses on the external environment and improvement of its social sustainability. Beginning with stating that every product that is consumed by stakeholders has some sort of impact on the environment. It is critically claimed, that many consumers nowadays do not know how much they initially are impacting the environment when consuming goods. But are slowly becoming more conscious in terms of preferring eco-friendly merchandise. And this preference is then pressuring manufacturers to live up to this requirement by adapting its technologies in its supply chain cited in, Radhakrishnan 2014 (Challa, 2014). On the other hand, incidents such as the famously known Rana Plaza in Bangladesh factory collapse causing the death of 1.132 workers in 2013 and the emerging crisis in Cambodia lead the clothing industry to align with non-profit organizations to establish the SAC (ILO, 2019; Radhakrishnan, 2014).

For a product to be sustainable one needs to look into the manufacturing process and how the production process has regarded the environment. However, the SAC development allows apparel brands to rate their offerings provided with degrees in terms of sustainability score. This score is providing details to its stakeholders, as to how the manufacturing process has contributed to produce the apparel, which has the least effect on the environment. To assess the previously mentioned aspects, a tool has been created, that of, the Higg Index, that gives insight into the consciousness of manufacturers in terms of the choices made in the processes of sustainability. These consist "of the design, choice of raw materials, manufacturing processes, finishing, packaging, and distribution…" (Radhakrishnan, 2014, p. 29). This separates the SAC from Codes of conduct, ILO, and GRI reporting practice, in that it attacks, the very core of the manufacturing processes and therefore drives to continuously improve upon its sustainability performance and are thus a practice-oriented activity for brands, retailers, companies, and manufacturers to use (Radhakrishnan, 2014).

7. Methodology

Through the previous sections, we have examined the field of CSR, Marketing, and Consumer Behavior by embedding a narrowed view on other areas such as Co-creation and Service Design. Because all of these fields being broad in terms of theories, concepts, and themes, a thorough examination has been conducted through a literature review to set boundaries. These boundaries have been used to analyze and determine whether there are links between the fields. The need for this linkage has been expressed in the problem statement and further discussed in the theoretical framework. The framework has been constructed stemming from scholarly views and contributions to these fields. The main purpose is to apply and study the next upcoming sections; the chosen cases to be examined. However, the following sections will present our methodology of the research paper to give an insight into why such a structure has been chosen and clarify the choices for the buildup.

7.1 Research Philosophy

Beginning with the research philosophy, this part will explain which methodologies will be used to in terms of exploring the research questions. By the definition, a methodology is part of the philosophy of science, and it is a theoretical analysis of methods used to obtain and analyze data applied to a specific field of study (Churchil, 1996). Said in more laic terms, methodology explains how we can collect essential data for the research. When conducting a research paper, researchers need to select corresponding paradigmatic thinking. Moreover, Intellectual paradigms decrypt how scientists think. Usually, paradigms guide to research, assumptions, and findings. The Paradigm researchers mostly use is of epistemology, ontology, and methodology among others. Epistemology deals with the understanding of human actions by using the natural science model. Which positivism and realism are epistemological models. Moreover, ontology explains what we already know. Objectivism is a part of ontology as well as empirical realism and critical realism (Churchil, 1996).
However, to conduct research we aim is to explore whether any gaps are to be encountered in theories. Therefore, it is important to ladder the knowledge to seek an understanding of the research questions. With this, we already know that a qualitative research method connects to the literature. Which then requires a great deal of interpretation to truly understand the existing knowledge about the theories and various phenomena. Thereby, using an epistemological research philosophy, there will be room

to both interpret data but also make assumptions when gaps in theories are to be found. Whereby, and inductive reasoning can be necessary, to seek an understanding of whether any relationships can be created between theories and those phenomena that have been explored.

7.1.1 Research Approach

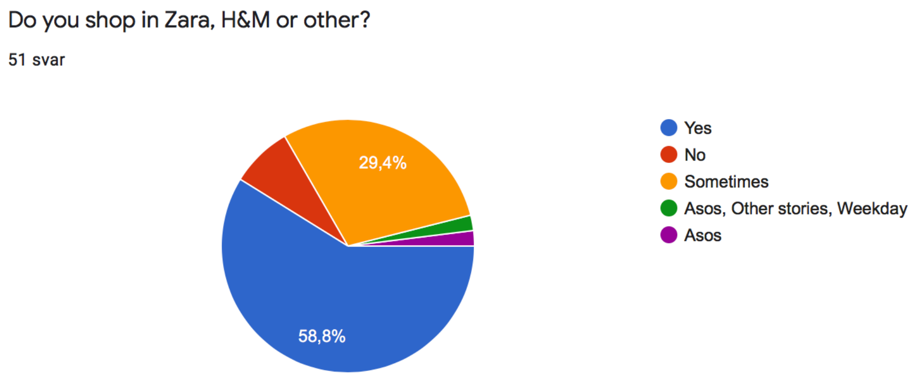
In this section, an elaboration will be presented on which strategies exist in terms of research strategies. Namely, inductive and deductive approaches. These two differ immensely in terms of their reasoning. That being, an inductive approach begins with something specific to reach something general and vice versa for the deductive approach (Bryman, 2008). To best explore our research, question an inductive approach technique will be used and have been preferred over the other. However, some deduction might be needed since it is representing a relationship between theory and research. However, inductive reasoning will be preferred mostly, since it gives the possibility to make assumptions as long as there is a logic to it. This is perfect for the research since many phenomena need to be unfolded linking to other fields such as CSR, marketing, and consumer behavior. The outcome will, thus, be of research through theory, which requires to make a generalized suggestion of what has been observed. Hence, why a certain extent of a deduction is needed.

7.1.2 Research Strategies – Multiple Case-Studies

The research paper will be based on multiple case studies in which the qualitative data have been retrieved from H&M and Zara's reports for the selected companies. Although different types of case studies exist; a case or multiple cases, the research will use multiples of cases, because one case proposes a single unit to be studied, whereas with multiple cases we as researchers are allowed to explore more than one phenomenon (Bryman, 2008) to gain an in-depth understanding of the apparel industry. The phenomenon being Environmental pollution and Labour issues among others. This is an advantage because multiple case-study as a strategy will allow us the opportunity to explore our set research questions on a wider scale. Such as the previously mentioned phenomenon but also as a theoretical development. Moreover, it will enable the paper to observe the differences and similarities between the cases too. Such as analyzing one specific situation but also bound both cases and analyze across situations. Which can contribute to reach a conclusion and discuss whether or not it is of significance to the findings. However, the reasoning for why these two brands have been selected as case studies stems from the data collected through the questionnaire survey. It has been observed that 58,8 % of our respondents are purchasing apparel from H&M and Zara. *See the following diagram 1.*

The blue color indicates the percentage of how many of our respondent's shop in both Zara and H&M. Whereas the red color represents those respondents who do not. Lastly. The orange color represents those respondents who shop sometimes.

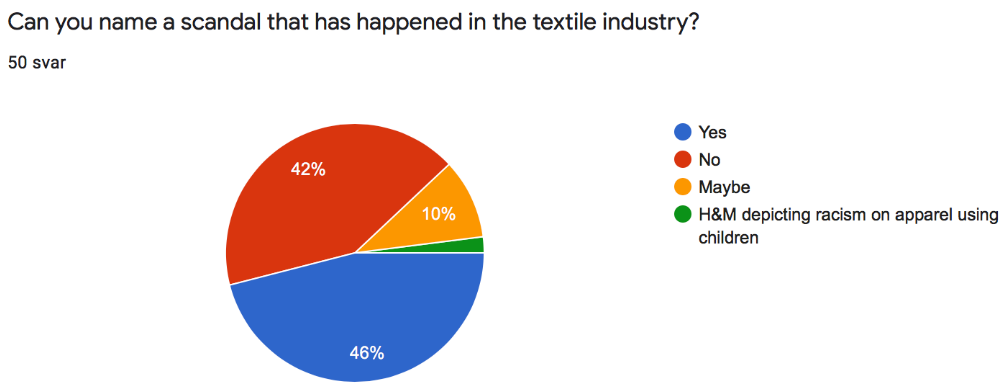
Diagram 1.



Source: Screenshot is taken from, docs.google.com, Consumer Behavior regarding Fast Fashion and Sustainability, 2020.

The above estimates make sense for the fact that it has been observed in Statista that these two companies have been ranked Inditex (Zara) the highest, and H&M the second largest in terms of revenues sales in 2019 on a global scale, *see appendix.* 4. However, using external secondary sources such as news outlet platforms specific cases related to these two companies have also been complementing the questionnaire survey. Here it has been observed that 46 % of the respondents could name a scandal that has occurred in the textile industry. *See the following diagram 2, exemplifying the percentages of how many that can name a scandal.*

Diagram 2.



Source: Screenshot is taken from, docs.google.com, Consumer Behavior regarding Fast Fashion and Sustainability, 2020.

For those who answered yes to naming a scandal, have later in the following questions given examples of which. Here the most prominent variables used were related mostly to labor-related issues and environmental pollution. Which will be illustrated later in the following sections when introducing the selected cases.

7.1.3 Research Choices – Secondary sources

As mentioned earlier the data will be retrieved through a qualitative mean, therefore, to provide a high level of reliability and validity of the secondary sources collected for this research paper, a qualitative research method has been used. A qualitative method which is mostly generated from grounded theory is a method of observation to gather non-numerical data. Participant observation, focus groups, interviews, and market research are ways how scientists can gather data using qualitative research (Bryman, 2008). And it is also a tool for how to collect and analyze he collected data for the case studies. With the collected data it also gives the possibility to use a descriptive exploratory design (Hair et al. 2002). Therefore, will the first half of the paper have its aim on unfolding literature exploring the phenomenon of the emergence of Fast fashion. The literature will be collected through preliminary by desk research with the use of secondary sources. The needed data retrieved will be of external and internal secondary sources. The external secondary sources will mainly uncover scholarly views on sustainability, CSR, and consumer behavior through academic journals, books, and news articles. These pieces of literature have been retrieved through Researchgate, Sciencedirect, Sagehup, Academia, Hbr.org, EBSCO, CBS library, Google Scholar, Jstor, Physical books among others. However, internal secondary sources will be presented when quantified data is needed. Such as the display of charts, figures, and statistics when introducing the Fashion Apparel industry and the questionnaire survey. These data have been retrieved through, Statista, Marketline, and Annual Reports for the case-studies. The role is to unfold both data numerically but also observe the size of both companies and the industry. Lastly, the secondary sources will be triangulated in some areas of the study. Specifically, when uncovering the apparel industry by numbers. Reasoning that it has been observed that there is a lack of specific data available since the sources for the databases differs immensely. This is also applicable since theories may require different point of views on phenomena from scholars. Thereby, using a qualitative method for the paper will give the possibility to investigate the phenomena from a wider perspective but also unfold concepts related to this industry in an in-depth manner. By unfolding these phenomena, it will also allow the paper to explore our research questions, namely, *how does the usage of sustainable* *fast fashion create value for marketers and* consumers? and **Sub question 2** *What does sustainability mean for companies specifically in the dynamic fast fashion industry.*

For the second half of the paper, a literature review will be conducted by qualitative means too, exploring attitudes and beliefs regarding CSR in Marketing and Consumer behavior from a scholarly point of view. **Sub question 2 (***see the previous paragraph*) will also be complemented by getting an insight into why companies are adopting CSR practices through the review of existing theories and points of view from various scholars. This section will support the guideline for the paper to which path it will undergo; selecting theories that best fit our case studies.

However, using a qualitative research approach has its advantages as well as disadvantages. For us as researcher's advantages such as flexibility, being less time consuming, and given the possibility to look into the topic of sustainability, CSR theories, marketing, and consumer behavior and its issues related will give us an in-depth understanding of the fields. However, the disadvantages are also great, such as the determination of a Sample size. Sometimes one small sample cannot represent a population or target group. This then can lead to biases, that can hinder to show a meaningful reflection for the study. And therefore inhabit to generalize the findings when implementing final thoughts on what strategies or remedies could be of solution. Which can also lead to a lack of transparency due to the subjectivity of the research (Bryman, 2008).

7.1.4 Time frame for the research

In the first half of the paper, the data collection has been gathered through pre-existing knowledge through February and March. However, it should be mentioned that this has been executed continuously as the first half of the paper was in development. The second half of the paper which mainly represents the case-studies, the data have been collected by asking the public for information regarding CSR in the questionnaire survey. Although the survey is still presented on our personal private Facebook, it has been observed that we needed to stop collecting the data at the end of April after seeing the activity status ending by 04.28.2020.

7.2 Data Collection – Sampling technique

The main aim of the research is to explore and discover our research questions in a setting by the lenses of the consumers as much as possible. Regarding the sample design and how many samples are in need. We have discovered as previously mentioned that when discovering no activity in terms of respondents answering our questionnaire survey the data collection has ended. This is also known as saturation. The question is then from where this data has been collected. Using a convenience sampling also known as a non-probability sampling, we have been able to use our personal Facebook platform to publish the questionnaire survey to our network. Convenience sampling is a technique "which represents sites or individuals from which the researcher can access and easily collect data" (Creswell, 2007, p. 126). This technique has enabled us to save time and money but gaining quick information from the respondents. Wherein the respondents have not been defined nor known but have been chosen based on easy access. Which leads to inhibiting the determination of the sample size. Therefore, instead, by observing the survey data we can only assume whom our target audience is based on, age, common characteristics, income, and attitudes *See below table 1.* This also means that our sample size are based on observations that are untested, but used for linkage purposes between literature, theory, and analysis.

Table 1.

Target Audience age:		**Shopping encounters**	
16 - 25		Once a week	7
26 – 38		Once a month	21
39 – 52		Once in a few months	23
Geographic location		**Attitudes towards apparel**	
Croatia	43	Quality	32
Denmark	5	Price	8
Gender		Trendiness	6
Female	36	**Follower of fashion trends**	
Male	15	Yes	34
Occupation		No	17
Student with a job	16	**Money spent on clothes monthly**	
Student	15	50 euro	24

Full time employed	18	More than 50 euro	27
Monthly Income		**Conscious buyer**	
500 – 1000 euro	26	Yes	25
1000 – 1500 euro	15	No	25

Source: Retrieved from, docs.google.com, Consumer Behavior regarding Fast Fashion and Sustainability, 2020.

It should be mentioned that the table highlights the majority of where the respondents are from. Which are Croatia and Denmark. Yet, we also have respondents from Tunisia, Chezh, Germany, Bulgaria, Romania, and Sweden that only accounts for one or two respondents. We can now observe that age-wise our respondents differ immensely from the age of 16 until 52. However, when observed on an average standpoint, the respondents are mostly between 20-30 years. Common characteristics are based on the respondent's income, which is 500 – 1500 euro monthly, which makes sense due to the majority of the respondents being students. The table also illustrates the respondent's attitudes in terms of apparel, where we see the quality is the most important factor, and fashion trends. On the contrary, we also have gotten insights into how respondents' spending habits differ, that of, some are spending 50 euros where others spend more every month. Which if thought of, makes logical sense in terms of the income status. It can be assumed that individuals spending 50 euros may stem from their monthly income being between 500 – 1000 euro and vice versa for the individuals spending more than 50 euro monthly.

7.2.1 Design of the Survey

To better understand and investigate a situation or situations, some primary data can be needed, by gathering and questioning large scale respondents. (Hair et al. 2003). This can be conducted by using a questionnaire survey approach. The questionnaire survey design is then created through a medium and placed on a website platform. Hereafter, the role for each respondent is to click on the specific link displayed on our personal Facebook platforms. Thereafter the respondents will be led to the medium docs. google, where the questions will be presented. This method is also called Internet

Surveying. The benefits of internet surveys are difficulty levels being at a minimum because there is no need to acquire any computer skills. And the abrasiveness is much less because the respondents have been given the opportunity to complete the survey whenever they feel fit (Hair et al. 2003). Moreover, we will have the opportunity to acquire large sample sizes in terms of gathering data from respondents. This will make it easier to base an investigation on a general level. Since most of the theories regards consumers and stakeholders by an organization or a group level.

The goal of this questionnaire survey is to observe the patterns in which consumers are aware enough of sustainability. But also seek an understanding of their attitude towards apparel and its variables such as consciousness and awareness. Moreover, behavioral patterns such as how often apparel is purchased, sale purchases, is also of significance to be observed, because this can indicate whether or not consumers are contributing to the fast fashion machine. Moreover, how often apparel is being consumed. That being said, it can be assumed that if the awareness ratio is low, in terms of not knowing the term CSR or behavioral patterns in recycling apparel, maybe one should look into whether or not given brands are taking enough actions towards delivering the message to its consumers. Since practices of CSR and SR have been adopted by apparel brands as corporate strategy, practices, and activities.

Finally, the following section will illustrate how the questions have been set up and designed to the respondents.

The opening questions are based on unstructured open-ended questions, where respondents are allowed to answer the questions in their own words.

Ex. Question 1. ***How old are you?***

Question 2. ***Where are you from?***

Question 19. ***Can you name a Scandal that has happened in the textile industry?***

The opening questions aim are to be able to familiarize ourselves with sample and respondents.

The next set of questions has been designed as structured questions being closed-ended, where respondents are given options to choose from.

Ex. Question 7. ***How often do you shop for clothes? a) Once a week, b) Once a month, c) Once in a few months***

The next following questions aim are to be able to observe and investigate the consumer's buyer behavior. This will also contribute to the sense of whether our proposed target audience is aware of the topic of sustainability. And whether their purchases are conducted upon a sustainability mindset.

And lastly, some of the questions have also been designed to both offer options as in closed-ended questions, but also mixing with an open-ended question *(See App 1. for all the design of questions).*

> **Ex. Question 4.** ***What is your occupation*****? a)** ***Student, b) Student with a job, c) Full time employed, d) Other*****_________ (Open-ended question).**

7.2.2 Reliability and Validity

As previously mentioned we are using a descriptive exploratory research design to unfold the literature on CSR, marketing, consumer behavior, and Phenomenon that are related to the apparel industry. Because of this aspect, the aim of the paper does not aim to generalize situations or settings but instead explore certain potential content, theories, themes, concepts to reach an understanding. Therefore, it is the role for the questionnaire survey to complement this research paper of exploration by adding it as a complementary piece by triangulating it into the multiple-case studies. Subsequently, to measure the reliability and validity of the survey holds its difficulties, in that a survey not being perfect. Meaning that it inhibits control and instead are used to explore. Moreover, it is not perfect because the paper does not aim to only use the survey to define or reach a generalized conclusion instead, it is indicative because it serves as a further exploration to complement the research. But also to perceive the attitudes of respondents towards recycling, CSR, and the apparel industry.

7.2.3. Findings

The external sources gave an insight into how businesses gave up ownership to manufacturers and suppliers, which enabled businesses to achieve cost advantages and fewer labour protections. With the case of Zara, it is seen this has been the case since its codes of conduct have been established to its suppliers. It has also been acquired that for Zara to experience unethical practices in its supply chains has a relation to not establishing direct relationships, which can indicate that sometimes during its partnerships Zara initially lost some control over its suppliers and manufacturers. The external sources also suggested that outsourcing mainly occurred to less developed countries due to weaker labour protection. Through the examination of internal sources, we have acquired the understanding that Zara and H&M, in general, have partnerships with Asian countries. When examined it is seen that those countries have very limited policies especially regarding environmental protections. The ISCT and CC have also added to the fuel, by discovering that initially, Zara does not satisfy its contract protecting its factory workers. While H&M does not live up to its green practices but instead are advocators for sustainability. If considering the lack of information provided by H&M it is initially explaining that H&M does not satisfy their social contracts either.

From the consumer perspective, it is understood that fast fashion has been adopted since it is satisfying consumers' needs of being able to access many apparel alternatives and options. Here the research has discovered that 66,7 % of our respondents are following fashion trends and are deeming apparel to be important in which the attitude is 75 % *(see chart column 1)*. This may indicate that the industry is trying to live up to the standards by executing a quick response and speed to the market since there is high demand. However, it has also been uncovered that some of the negative downfalls for the society stemming from a mutual garment waste, that is leading to both damaging the environment but also putting the health of workers on risk. Stemming from the ever-increasing demand and consumption of apparel. On the contrary, it also is seen that consumers expect and are pressuring apparel brands to be or to become sustainable. If considering the rate of how high the awareness; 46 % *(Ibid),* is of scandals occurring in this industry, it is observed that consumers are becoming conscious, which the literature also proposed that consumers are slowly becoming conscious, not only, in business matters but also in its decision makings. Some of these have been seen in how CSR and SR are used in its evaluation premise when purchasing apparel. This also complements its involvement and engagement to those brands, thinking they are performing a good deed by a donation of the garment. It is seen that 39,1 % of the respondents are donating garments to recycle bins, whereas, 21, 7 % are donating to physical stores *(see column 2)*. For Zara, this means a need has been provided since they are collaborating with Unions to set up recycle bins in the public, whereas, H&M are using this practice as a nudge to attract more consumers to its physical stores, by establishing the bins inside the store, where consumers are forced to donate the garment. From a company standpoint, it is seen that CSR practices are being adopted as a common endeavor to help decrease for some of these issues that have impacted both the society and the environment; Codes of conduct, GRI, ILO, and, Zero-waste fashion, SAC, and SDG goals. When examining the internal sources, this is seen in both cases of Zara and H&M. Zara has implemented ILO conventions to its codes of conduct and is aligning with unions such as the U.N Convention on Biological Diversity among others. While H&M is advocators for SDG goals following OECD guidelines through its Code of Ethics. Moreover, as previously mentioned consumers are becoming more involved and engaged towards brands. The theoretical framework provided that a partnership is needed since these issues are of mutual misconduct; brands harming the society and the environment and consumer's consumption rate are increasing leading to overconsumption, specifically in the women's segment. This women's segment has been deemed to be the biggest segment through the external sources, which correlates with the primary data since the respondent's gender status have been revealed to be 70, 6 % of female *(Ibid)*. However, looking into the questionnaire survey to gain some attitudes it is seen that 62, 7 % of the respondents are declaring that they know the term CSR, while only 35,3 % has a requirement of its apparel to be sustainable, and 58, 8 % are recycling its apparel. Through the extensive consumer behavior literature, the research explored how the price is a key indicator for consumers when purchasing apparel, here it is seen that our respondents prefer quality over price and trendiness. While the quality of clothes has a 62, 7 % ratio, it is seen that the price is of lesser significance being 15, 7 % *(Ibid)*. Lastly, the findings of the case can already determine how both companies are trying to be perceived as sustainable. For Zara, this is a case of adopting a cause-related approach marketing, by advocating how they are helping the society through its various alignments and programs. For H&M, it has been revealed through the internal sources that they are good users and promoters of green marketing, which may indicate that they are slightly greenwashing its consumers into thinking they are sustainable since they don't provide significant information on its SR performances.

Chart Column 1. Data collected from Respondents through the Questionnaire Survey from Google. Docs.

The following chart that depicts Yes and No answers in terms of percentages.

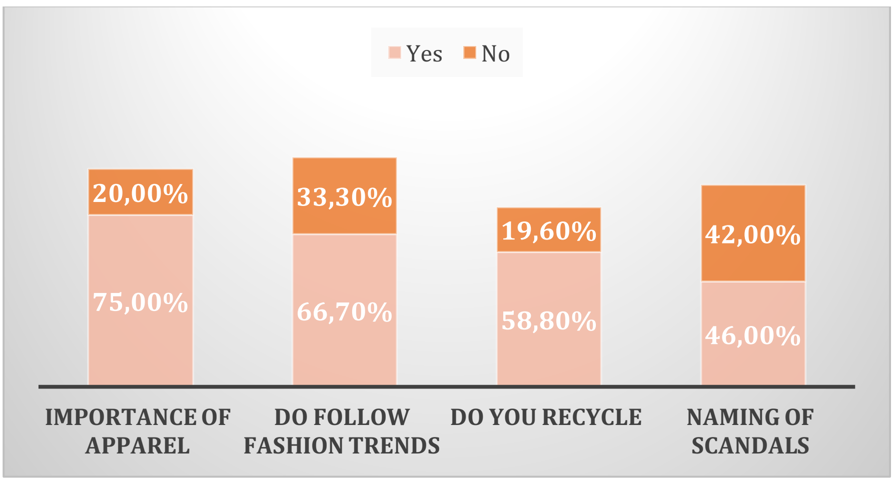
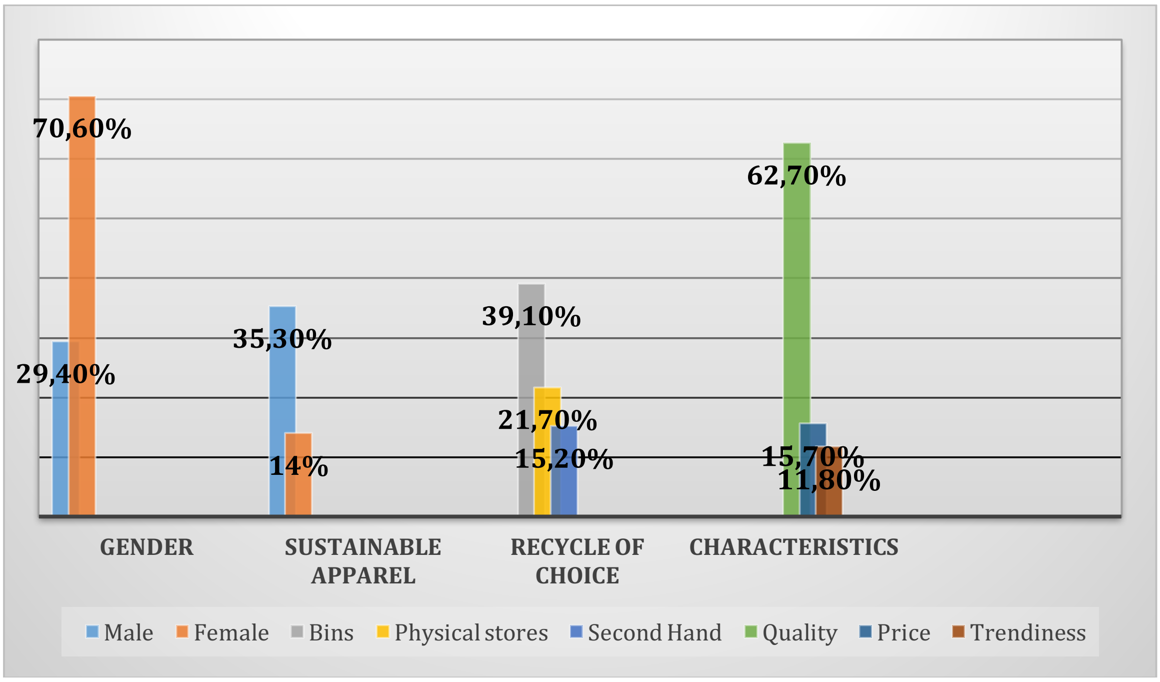


Chart Column 2. Data collected from Respondents through the Questionnaire Survey from Google. Docs.

The following chart depicts those questions that have been structured by a mix of close and open-ended manner.



8. Literature Review On Corporate Social Responsibility theories

The first half of the paper aimed to discover the emergence of the Fast Fashion trend by exploring how neo-liberalization enabled shifts and changes in general in the corporate world, this was to uncover the phenomenon of Fast fashion. Those sections also include an overview of what measures the apparel industry has taken to improve upon ethical issues in its industry. The second half of the paper will then explore and unfold theories which underline Corporate social responsibility and Marketing, and Consumer Behavior. The aim is to review and discover which theories and disciplines could be more relevant to conduct a multiple-case study. Therefore, it is crucial to pick those theories, concepts, themes that are interlinked between CSR, Marketing, and Consumer behavior to minimize complications in terms of exploring the research question.

Since 1970's concepts and theories have been examined in regards to CSR by multiple scholars. Therefore, to make it less complex to understand, this section will aim to break it down in disciplines as provided by Secchi 2007. The journal is proposing a system resembling a classification of CSR theories into disciplines, that being, *Utilitarian, Managerial*, and *Relational* theories (Secchi, 2007). Furthermore, the goal of this literature review will also have a role to initially shape a theoretical framework.

8.1 The Utilitarian Discipline

Beginning with the Utilitarian discipline, the theories underlined consists of theories on Social costs and Functionalism (Secchi, 2007). A corporation according to this set of disciplines is considered to be a part of an economic entity. And have been deemed by Weiss as a results-based approach. Exemplifying that the baseline of the utilitarian concept is "…an action is judged as right or good on the basis of its consequences. "The ends of an action justify the means taken to reach those ends" (Weiss, 2003, p. 58), basically implying that there is always a cause and effect to the decisions or actions that are made. On the other hand, Weiss proposes two types of standards in which it can be applied to utilitarianism; 'rule-based' and 'act-based'. Rule-based decision makings, basically imply those actions taken that are morally correct and how much it aligns with the rule that is to accomplish the greatest good. Whereas, act-based is those actions taken become moral just when the action has achieved its moral correctness to do good for the people. As seen this theory in itself is very abstract in its nature, which makes sense in that utilitarian based theories are derived from moral philosophy. Moreover, utilitarianism is mostly seen in the world of policymakers, economists, and business professionals, who can measure how stakeholders might get affected by decision-making. This measurement can both be measured in terms of benefits gained and costs, or as expresses causes and effects (Weiss, 2003). Theories under this discipline are used when wanting to explore how corporations are maximizing their profits, cited in Secchi 2007 (Velo, 2003). In which Weiss has proposed the Free Market Theory, and is considering that the principal of a business is to make profits (Weiss, 2003).

On the other hand, as mentioned, utilitarianism also exercises the theory of Social Costs. As it is expressed in the journal of Secchi 2007, social costs "is at the focus of non-economic influences to the socio-economic system" (Secchi, 2007, p. 351). and that these influences should be of focal importance when allocating responsibility (Ibid). Thereby, this theory is treating a firm as functioning from the external social-economic factors and all variables that can have a negative outcome to its operations (Secchi, 2007). Furthermore, functionalists see an organization as an alliance of an economic system, in which, their positions are defined by society. Meaning that they need society to create capital (Secchi, 2007). Scholars such as Friedman are considered 'integralist' contributing to the debate of CSR to be an ongoing discussion too, expressing that CSR to be a more philanthropic matter. That is to take care of the less fortunate by donations means (Ibid) or as it has been expressed in the journal "as long as they play the game by its rules" (Secchi, 2007, p.354) charities can be given. Scholars who somewhat believed the view of exercising corporate social responsibility to maximize profits and contributed to how it can be exemplified comes from Kotler and Lee and its Journal describing how corporations can do "good" too. When talking about good, it is indicated that the term has many names that cover themes such as, "corporate social responsibility, corporate citizenship, corporate philanthropy, corporate giving, corporate community involvement, community development, corporate responsibility, global citizenship, and corporate social marketing" (Kotler and Lee, 2005, p. 2). And the scholars are defining corporate social responsibility as "…commitments to improve community well-being through discretional business practices and contributions of corporate resources" (Kotler and Lee, 2005, p.3). Although this definition indicates that businesses should think of its environment, doing so, not by law, but by voluntarily means where corporations have options in regards to what kind of practice to implement. Doing so, the aim is to achieve the fragmented phenomenon of being socially responsible by adopting practices to exercise that are aiming to do good (Ibid.). Thus, Kotler and Lee are proposing six types of corporate social initiatives, where it both includes the well-being of individuals but also the well-being of the environment, and some of these include the following; "Increased giving; such as charities, Increased reporting; sustainable reporting, annual report, etc., Establishment of a corporate social norm to do good; signaling commitments to corporate social responsibility, a shift from obligation to strategy; making long-term commitments to specific social issues and initiatives,…selecting a social issues to support to "doing good to look good",...selecting initiatives that support business goals choosing issues related to core products and core markets (Kotler and Lee, 2005, p. 4-9). To conclude, Kotler and Lee are expressing the urgency for corporations to realize the opportunities CSR has towards businesses bottom-line and if seized for the corporate goodwill, by following the trends of giving as a business strategy and norm (Kotler and Lee, 2005).

8.1.1 The Managerial Discipline

The Second discipline is treating theories whose function is to look inside of a firm, and its management group. Derived from scholars believing that CSR is a matter of corporate management and should be regarded as so, beginning inside of a firm. In this managerial discipline, the theories are divided into three sub-groups, that being *CSP models,* theories on *social accountability, auditing* and *reporting,* and social *issues in international business* (Secchi, 2007, p. 355). These theories are of a firm-centered perspective. Thus the difference between the utilitarian and managerial discipline is clear cut. The managerialists believe, that CSR should be considered from inside of a corporation, leaving out all external aspects, whereas the Utilitarian discipline believes that all external aspects are of significance such as the losses and damages occurring in the production (Ibid.).

Beginning with the theory of CSP (Corporate social performance) the aim is to study social performance from a firm-centric point of view. The idea is to measure social variables that contribute to the economic performance (Secchi, 2007) and is defined as "a business organization's configuration of principles of social responsibility, processes of social responsiveness and observable outcomes as they relate to the firm's societal relationships" cited in Wood, 2014 (Wood, 1991).

Which these next theories can provide a framework as to how social performance can be measured; accountability, auditing, and reporting. Which supports CSP theories whose aim is to measure outcomes through reporting practices. However, it should be noted that accountability and auditing, and reporting are two different approaches. The differing aspect is that reporting is a practice in which corporations publish their reports to the public about how social responsibilities are conducted by the corporation cited in Secchi 2007 (Bauer and Fenn, 1973). To exercise this practice three approaches are existing consisting of sustainable models carried out by the GRI (Global Reporting Initiative) and created by the United Nations. Secondly, safety labor-based, the model of SA8000, which was founded by ILO (International Labor Office Declaration of 2000). And lastly, the soft encouragement which is the European Commission from 2001. The first set of models used as a style of reporting is the means of scholars wanting to suggest and explore the effectiveness of whether the approaches can have an impact to combat CSR issues stemming from the corporate world (Secchi, 2007). The need for treating CSR by a managerial aspect stems from the realization that corporations are becoming bigger not only in size but also in terms of activities exercised in foreign markets. Which are increasing tremendously especially in less developed countries (Ibid.). Therefore, are scholars providing concepts and theories for corporations to be able to be socially responsible despite operating on a global scale. Nevertheless, a downfall is that there are no clear set theories but more concepts as to how corporations can act morally and ethically just when doing business. The scholar Donaldson has provided a lot of insights into this field, such as describing multinationals as 'moral agents' having responsibilities other than maximizing profits (Secchi, 2007). On the other hand, De George 2000, have proposed a guideline for corporations to follow in the name of behaving morally.

When followed corporations are achieving moral 'just', which have been elaborated further as to agreeing upon a moral commitment. How this is exactly performed is not clear whichever, other than adoptions of 'Code of Conducts' where corporations are communicating its commitments through certain specific guidelines they are following (ibid). Therefore, Weiss asks some relevant questions, namely, "To what extent do people actually recognize moral issues" (Weiss, 2003, p. 141-143) among others. Furthermore, recognizing that ethical reasoning is of great importance when treating stakeholders and issues related (Weiss, 2003).

8.1.2 The Relational Discipline

The last set of disciplines is relational theories consisting of *Business* and *Society, Stakeholder Approach, Corporate global citizenship,* and, *Social contract theory.*

Beginning with the *Business and Society,* theories which have been set to become viable through interaction means corporations have with its Business and Society. Davis and Blomstrom 1966 have contributed to how corporations and their environment interact. CSR within this realm has the broadest definition. Such as the term Business being referred to as "…the development and processing of economic values in society" cited in Secchi 2007 (Davis and Blomstrom, 1966, p.4). Thus responsibilities are not limited to corporations only, in which it is implied that relations should also be considered among organizations and their counterparts (Secchi, 2007). Moreover, it is also expressed that social responsibility goes beyond corporations, that is, "a person's obligation to consider the effects of his decisions and actions on the whole social system" cited in Secchi 2007 (Davis and Blomstrom, 1996, p.167). Secondly, the scholar Freeman developed the stakeholder approach to help corporate managers to better understand and manage their corporation's external environment, cited in Freeman 2004 (Freeman, 1984). The approach in itself as expressed by scholars such as Carroll and Buchholtz identifies that it is of a noteworthy concept, that enables the understanding of business and its societal relationships (Carroll and Buchholtz, 2012). The application of this theory can be applied to many perspectives. Although, it has been a theory in which many criticisms have been received. Such as the confusion about whether the theory should be treated as a way to "manage better" or be able to handle stakeholder issues more ethically (Carroll and Buchholtz, 2012 p. 24). Furthermore, it is expressed that using the stakeholder theory as a management approach stems from a response to the rapid growth and its complexities the corporate world has undergone in the global market. A response to better understand, manage, and treat both its stakeholders and stockholders efficiently to improve operations in the market (Weiss, 2003).

However, the idea behind this theory is first to be able to define a stakeholder. And this theory Freeman himself is defining a stakeholder as "any group or individual that can affect or is affected by the achievement of a corporation's purpose" (Freeman, 2004, p.229). Whereas in its review of *evolution of definitional construct*, identify the social responsibilities that a businessman has toward their stakeholders as; "the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society" cited in Carroll 1999 (Bowen, 1953 p. 6). This definition was originally derived from a very important scholar within the realm of corporate social responsibility who is Bowen also sometimes referred to as the Father of CSR (Carroll, 1999). The means were to guide the businesses in the future. Here a framework was developed for stakeholders holding legitimacy to a firm, bringing in four components that aim to constitute a total CSR. These components have been developed with the idea of how a firm can embrace a totality of responsibilities towards its stakeholders (Carroll, 1991). The following components are what the famous Pyramid consists of; 'Economic responsibilities', 'Legal responsibilities', 'Ethical responsibilities', and 'Philanthropic responsibilities' (Carroll, 1991). However, later when Freeman revisits his work of the stakeholder approach in 2004, it is remodified due to the belief that managers should have a clearer point of view to effectively identify, analyze, and negotiate with its stakeholders. Thus, the definition of a stakeholder also inherits "if a group of individual could affect the firm or be affected by it and reciprocate" (Freeman, 2004, p.229). This implies the effects of the corporate actions and decision makings are not limited to a single happening but shall still be treated when it is an ongoing cycle. Due to Carroll believing that firms are struggling to recognize what their responsibilities are towards its society, it can be said that she brings forward an approach specifically aimed to treat stakeholder issues, leaving Freeman's approach on how to manage better behind. It is expressed that firms need to understand and then exercise their responsibilities towards its society, specifically for those who have a stake towards the firm. But on the other hand, still, be able to satisfy its shareholders. What Carroll furthermore brings to the literature of CSR is about the concept of ethics and moral. By isolating the concepts, the idea is to instead see businesses as a 'moral agency'. Here the idea of being a 'moral agency' is to discover whether businesses or management should manage in an 'immoral, amoral, and moral' style (Carroll, 1991, p. 39). The reasoning for the exclusion of the concepts is expressed as believing that the terms and morality are synonymous with one another (Carroll, 1991, p. 44). Weiss is also recognizing breaking down ethics as a term "derived from the meaning of ethos" which means "character" (Weiss, 2003, p. 114) and comes from a philosophy of moral. A philosophy that systematizes "defends and recommends concepts of right and wrong" (Weiss, 2003, p. 114). While ethics comprises the differences amongst right and wrong "thinking and actions" (Weiss, 2003, 114). And everything in between being 'Amoral' that implies to be in the grey zone as Carroll expresses. The difference between Freeman, Carroll, and Weiss in this theory is that Weiss substitutes the concept with managers having an obligation to its stockholders while stakeholders are to be managed fiduciary. And are moreover, treating stakeholders in two groups, that of, primary and secondary stakeholder groups with the definition "… those groups who have a stake in or claim on the firm" (Weiss, 2003, p. 116).

When looking deeper into society and how corporate social responsibility is portrayed the following theory can be taken into perspective; the theory of corporate citizenship. A theory that may be difficult to study, due to the concept in itself requires and should be treated in the realm of a specific community (Secchi, 2007). Which explains why a proper definition of corporate citizenship may differ depending on the chosen point of view from scholars (Ibid.). For instance, Clark who used the nine 'social objectives' for industries to follow. Eight of these are mainly depicting how to behave in accordance to be 'a good citizen', cited in Secchi 2007, (Clark, 1957). On the other hand, Matten et al. 2003 underlie that becoming a corporate citizen, corporations claim its existence by the society from its 'citizens'. Basically, implying that the legitimacy of being perceived as Corporate Citizen is based on a relationship a company establishes with its community. In this relationship the rights and duties will be performed. This can be understood as how both; the company and community may participate to a common endeavor. (Ibid.). Therefore, it may be believed and implied that social responsibility is of both parties to be performed. When CSR is treated this way Matten also further describes three different views in which new sets of perspectives are arising; a limited, the equivalent, and the extended view of CSR cited in Secchi 2007, (Matten et al. 2003). Believing that 'corporate citizens' are more than being in association with the same community with other members, all the while respecting and living up their responsibilities as a business (Matten, Crane, and Chapple, 2003). Therefore, beginning with the limited view of CSR. It is treated as a matter of voluntary actions performed to its community by corporations, such as reviewed before by donations or charitable means. Hence, Carroll's Pyramid and its fourth layer; Philanthropic responsibilities are distinguishing this as a discretionary activity beyond what is expected for firms. From this point of view, corporate citizenship is then becoming a choice, as it is expressed "putting something back to the society" (Matten, Crane, and Chaplle, 2003, p. 113). As an outcome, is regarded as being less important than the three other responsibilities in the Pyramid (Matten et al. 2003).

Secondly, the equivalent view, here it is believed that 'corporate citizenship' has been rebranded or so-called conceptualized by extending the term with "new" sets of issues and aspects. It is therefore believed that 'corporate citizenship' as a term has been innovated from CSR, where it's purpose is for businesses to realize "itself as part of the public culture" (Matten, Crane, and Chapple, 2003, p. 113). However, scholars believe that the term 'citizenship' is lacking a conceptualizing. Through a thorough evaluation of the existing literature expanding from political, historical, among other fields an agreement has been reached as to 'citizenship' or as it is expressed "corporate involvement in citizenship" (Matten, Crane, and Chapple, 2003, p. 113) is a term referred to a change from being voluntarily behavior "to an unavoidable occurrence which ultimately results in a necessary reconceptualization of business-society relations" (Matten, Crane, and Chapple, 2003, p. 115). To further discuss what this means other scholars such as Altman and Vidaver-Cohen 2000 also contribute to CSR aiming for the new millennium, where 'corporate citizenship' is defined as "proactive engagement, partnership society, business opportunity, transformation, stakeholder relationship, and global corporate citizenship" (Altman and Cohen, 2000, p.3).

The last set of the theory under this discipline is of the Social Contract theory, which is regarded as the most crucial in the Western world when it comes to philosophical thinking and has been developed by political philosophers. Weiss expresses this, as a set of rules and assumptions about behavior that are displayed in an eco-system. And are deeming the social contract being formed by the customs of a given community (Weiss, 2003). That being said, the very core of the theory aims to justify moralities when economic activities are to be conducted. Here Scholars, such as Donaldson 1989 and Dunfee 1999, explains the social contract as business ethics, where all parts of a corporations' eco-system; "the society, corporations, and economic organizations" (Secchi, 2007, p. 363) should co-create an informal relationship to define a moral community. This moral community has the room to be expanded further in its eco-system which later has been named as the Integrative Social Contracts Theory (ISCT). The eco-system in this theory can be extended, so it also allows and binds agents, such as "industries, companies, and economic systems" cited in Secchi 2007 (Donaldson and Dunfee, 2000a, p. 436), into this moral community. Furthermore, when this theory is used as an approach, an individual gains an understanding of what is ethical and unethical to perform in that given community, in which you have a bonded relationship or so-called an ISCT with. However, the contract in itself is not generic, thus, it allows changes depending on the dynamic in a given community (Secchi, 2007). Here Donaldson and Dunfee are also expressing that moral norms also amplifies the 'moral free space'. In both of the journals, it is emphasized that depending on which layer the social contract exists, whether it's in the 'micro' or macro' moral boundaries needs to be legitimized through hypernorms. Businesses shall, therefore, commit to these moral obligations that have been confirmed through hypernorms (Donaldson and Dunfee, 2000). However, this is when ISCT comes into display recognizing that morality can be 'situational' or 'conditional' since the view on ethics may differ depending on where in the layer of the economic system you are operating from (Donaldson and Dunfee 2000a). It should be mentioned that there is not a clear definition of what is 'just' and 'fair' (Donaldson and Dunfee, 2000a). Therefore, it is expressed that corporations do not have a generic set of rules to follow when it comes to playing the "ethical game" but only to recognize that they have to be aware of their role and conform to the social contract in a given community they are impacting. Lastly, it is also emphasized that communities are allowed to act in their "moral free space" too, through established norms that are conformed for (Donaldson and Dunfee, 2000b). When communities whether this is the corporation, organization, or others, fails to do so it is recognized as 'moral blindness' (Donaldson et al. 2000a).

8.1.3 When CSR becomes a part of marketing and Consumer Behavior

It is seen that the field of marketing and consumer behavior are adopting CSR matters more and more into its activities. As an example, it is expressed that when condoning effective marketing activities, it should be matched by strong ethics, values, and social responsibilities. The reasoning for why the field of marketing is condoning these stems from, customer expectations, stricter government legislation, pressures, and a high degree of media scrutiny among others. Customer expectations have been realized through acknowledging the importance of sustainability and how it should meet "…human needs without harming the future generations…" (Kotler, Keller, Brady, Goodman, and Hansen, 2012, p. 880) That being said, the field has some concerns and has been brought up by how marketing can be improved. Which have been named the 'three-pronged' attack relying on legal, ethical, and social responsibilities. These grounds are very important to be improved since they can help determine a corporation's decision making in the long-haul and how their actions can have an effect on communities and the environment.

However, the legal aspect, implies that it is the responsibility of an employee to seek out all those relevant laws that its business needs to follow. To exemplify this, the book is stating that the company's statements should match legal grounds when deciding upon making an advert, claiming something. This also complements the ethical terms, that adverts should not depict any false claims or be deceptive. Here it is also advised for companies to adopt codes of ethics, in which the business should be built upon ethical behavior. However, it should be noted that though marketing regards ethical terms, it is not a matter of right or wrong but a matter of morality. Some golden rules provided from marketing are expressing "do unto others as you would be done by" (Kotler, Keller, Brady, Goodman, and Hansen, 2012, p. 880), which implies how a change of mindset in marketing is the case. The field also declares that consumers are a focal part of corporations. Therefore, it is not enough to just be eco-friendlier but also sustainable for the long-term, as it is expected from society. Although SR is regarded as a matter of conscience for stakeholders to want information about how a company is performing its SR, it is also implied that this is important, because it greatly affects stakeholder's decision making evaluation from whom to purchase, invest and work for. Thereby, many activities and strategic models on social responsibility, have been incorporated as it is expressed "by a code of serving people's interest as well as their own" (Kotler, Keller, Brady, Goodman, and Hansen, 2012, p. 882). Some of these are Cause-related, Social, Ethnic, Green marketing, and Relationship activity (Kotler et al. 2012). Several of these will be regarded in the upcoming section.

8.1.4 Cause-Related Marketing

When talking about CSR cause-related marketing can't be forgotten. It is marketing done by a for-profit business to maximize the impact of their marketing strategy and, as well, having a positive involvement in their community (Solomon, 2015). These companies and businesses have a strong commitment to CSR. The core of a business is not only to make profits, but also considering, people and planet; and, as a result, a business should provide value for all stakeholders. From a company's point of view, cause-related marketing has many advantages; it is one of the most effective ways that prove the devotion a company has towards its stakeholders. Good business practices can enhance a company's public image and increase the market value of the company. Public and customer relations can be improved, such as through trust-building. Moreover, it can increase sales and positioning of the firm, creating differentiation. Cause-related marketing can be used as a competitive advantage and as a leading business strategy. Another advantage is that it improves social welfare with money contributions or other services that are beneficial to the general public (Ross, 1992). On the other hand, consumers can develop stronger connections with a company, feelings of trust, liking, and credibility can appear. These evoked brand feelings can create a sense of brand community which can result in involvement and engagement. Cause-related marketing is a practice of mutual benefits or a win-win situation for the company and the community (Ross, 1992). Cause-related marketing allows companies to contribute to the community while at the same time focusing on their business. However, there are some concerns regarding cause-related marketing. One of them is that prosocial work can backfire to some specific target group. This scenario is possible in communities where different cultures can collide. Also, there is a question of what a company's ethical and moral intentions are, such as, is a good deed performed, for self-promotion or as a matter of intrinsic motivation, for gaining profits or purely to help those in need (Solomon, 2015). Nowadays with changing consumer minds and abundance of information, it is seen that consumers are becoming more knowledgeable about business practices, and they have an interest in seeking below the surface. According to a global study, 80 percent, of asked consumers believe that businesses should address and react to societal issues. Similarly, 91 percent, of asked consumers are willing to switch to a different brand that promotes good causes (Smith, 2016).

Consumer related marketing can be a great practice for companies to promote sustainability and doing responsible business. Their public image can be improved, and they can attract more consumers. Positive brand feelings can be evoked especially trust. With that said, companies need to be savvy in deciding how to develop this practice to reduce backfire.

8.2 Green Marketing

Over the last past decade, many companies have accepted concerns about the environment which has resulted in having more environmentally friendly and safe products and services. Awareness of this topic is growing and so are the promotion of those products. As a result, there have been many changes in developing a product, from manufacturing to delivery to be more environmental. All of those processes need to be modified and redesigned to decrease environmental impact and damage. In marketing, this is called green marketing, where opportunities and practices and processes (Solomon, 2015). It is seen that many companies develop sustainable packaging that can be reused and recycled. Moreover, companies are also beginning to prefer reusable materials. However, companies also focus on sustainable advertising with its main focus being the reduction of carbon footprint through a zero-waste policy. Print, as an advertising communication tool, is now replaced with online marketing and influence marketing (Solomon, 2015). Unfortunately, not many companies use green marketing as their strategy. But there is value in it, and more and more consumers acknowledge it. This strategy can be seen as a competitive advantage, a big strength, and an opportunity that withholds many areas for innovation. Because of the increasing number of consumers that are advocates for greener practices, means that marketers need to satisfy this new target group of stakeholders. As a competitive advantage, companies use green marketing to compete in the global market by promoting and gain an environmentally friendly image through its products and services. Environmentally friendly design, healthier benefits, and energy efficiency are some factors that are valuable to consumers. To many consumers, those are crucial factors that help in the cognitive decision-making process. As it has been discovered, consumers like to participate, be involved, and engage with a brand community. However, when faced with a dilemma, especially when buying something new, consumers use heuristics. Those are mental shortcuts that help in the decision-making process. In this context, consumers usually prefer green products, because they associate green products with positive attributes like healthy, organic, and being vegan. This practice has been recognized by many marketers that have used greenwashing techniques as a nudge to increase sales.

Greenwashing is a marketing technique that claims products are eco-friendly, by providing misleading information such as how products have been manufactured (Kenton, 2020). Every country has its governmental regulations and marketing and advertising laws, but there is a lack of regulations when it comes to greenwashing. Hence why some companies are exercising this to nudge consumers. Nonetheless, greenwashing can be divided into two categories; hard and light greenwashing. Hard greenwashing includes communicating environmental stances, without referring to CSR, while light greenwashing is when a company reduces its CSR efforts and focuses more on promoting green claims (Aggarwal, 2014). Consequently, consumers need to be savvier and consider researching more about the origin of the product, because sometimes those heuristics can mislead consumers. Labels on products like natural, green, and organic can be deceptive and misleading. They are advised to look for supporting evidence on green claims and as well of third party certificates to confirm the reliability and authenticity of products. On the other hand, marketers need to run ethical business practices by being more transparent toward their stakeholders, instead of only focusing on profit-making. Finally, it is seen that ethical and successful companies have integrated sustainability in its organizational structure which has enabled building trust among all its stakeholders. (Aggarwal, 2014). Because it is realized that there are consequences in consumers' behavior that can affect business practices, such as resisting to purchase goods from companies they believe is not transparent in providing safe and functional goods (Solomon, 2015).

8.2.1 Consumer Behavior

Since social responsibility affects stakeholder's decision making and its purchase decisions, it would be highly relevant to understand the mindset of consumers and how they make buying decisions. This following section will, therefore, explain some of the main points of consumer behavior terms that are relevant for this research. With general definitions, other points of view will be provided as well as some practical examples in order to understand the topic better. Main points like decision making, involvement, and problem recognition will be explained.

Consumer behavior is the study of the process when individuals or groups select, purchase or use products, services, or experiences. That is a process that marketers need to understand, in order to reach different consumer segments (Solomon, 2015). As a result, consumers have a big impact on marketing strategies that companies develop because in order to have more consumers and purchases, marketing campaigns are tailored in a way to be more appealing. Moreover, Consumer behavior as a field is relatively new, which have originated in the late 1950s. Some theories about buying behavior started to unfold focusing on emerging consumerism and different Consumer behavior patterns. Consumer behavior specifically is a study of culture, social groups, and of consumers as individuals. These segments shape consumers and influence purchase decisions. Firstly, culture is an accumulation of shared meanings, norms, traditions, and rituals, it is society's personality and it shapes our identities as individuals (Solomon, 2015). Marketers need to understand the importance of culture because consumers have deep cultural values that influence the types of products and services they seek or avoid. They also need to consider that in one culture there can be multiple subcultures. Subcultures are more specific; they help shape social identities. Nationalities, racial groups, and religions are examples of subcultures. Members of the same subculture believe in the same set of norms, rules, and behaviors (Solomon, 2015). But, many countries have different cultures, and there are many cultures in one nation. As a result, marketers use multicultural marketing in order to reach and target the desired groups. Here one size does not fit all, campaigns are tailored, different, and adjusted to specific groups. In our modern world, we see many examples of this, such as targeting the consumers that prefer eco-friendly fashion. On the other hand, consumer culture theory is a field that is trying to unravel the complexity of consumer culture. According to this theory, culture is not homogeneous, it is dynamic and consists of multiple economic, social, and symbolic relationships. These relationships shape consumers and they act according to them. Consumer culture is what consumers believe and do, it is personal and individualistic (Arnould, 2005). Consequently, to build upon this theory, consumers are what they consume, and that consumption of products can signal others who they are (Belk, 1988).

In order to truly understand patterns of Consumer behavior, some other disciplines like social psychology, macroeconomics, history, and cultural anthropology have been seen influencing the study of this field (Solomon, 2015). Those disciplines complement consumer behavior because they explain direct and indirect predecessors of some behavior. For example, people buying stashes of food and supplies during economic downfall or during a crisis can be looked through all of those disciplines. Firstly, it brings safety which according to Maslow is a hierarchy of needs. Thereby, physiological needs include (water, food, and shelter) and the need for safety being on the bottom of the pyramid depicting those needs that are common to all people (McLeod, 2007). From a macroeconomic point of view during those periods the demand for products increases while supply is short. We can notice that trend from historical overview during some period of time. Moreover, marketing and consumer behavior are interlinked in aspects such as endeavoring influence on the way consumers behave. Which forms a question; do marketers manipulate consumers?

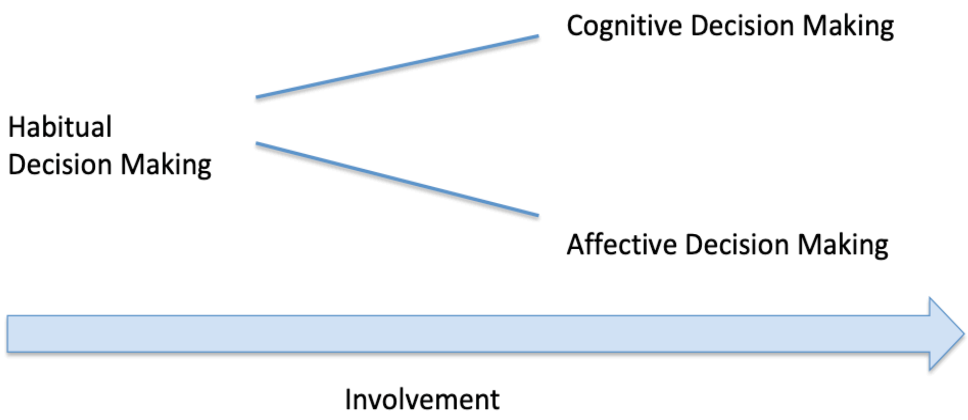
8.2.2 Problem Recognition

If considering that consumer's behavioral purchasing patterns can change, due to recognizing deceptiveness and companies lacking transparency among other parameters, then this could be explained through consumers' perception of problem recognition. Problem recognition is the first phase in the cognitive decision-making process. Consumer notices a problem. But the recognition entails a difference between an individual's 'actual state' (need recognition) and 'ideal state' (opportunity recognition). There is a gulf between those two phases (Solomon, 2015). Whereas, Information search is the second phase of this process. Once a consumer notices that there is a problem, he or she needs to solve it. This is a process because consumers need to gather appropriate data and information from the environment to make a proper decision. (Solomon, 2015). The third step in the cognitive decision-making process is called an evaluation of alternatives. After finding information and data, that data needs to be processed and analyzed. This step is not easy, because the modern consumer world is abounding with choices. Selection can be difficult, sometimes there are plenty of brands and products to choose from that are providing the same purpose. More choice options make consumers indecisive and less satisfied. To explain this, it is expressed that, it is a matter of a paradoxical issue of consumers having too many options on similar products and services. And, the increasing dissatisfaction feeling of regret of not experiencing those other opportunities. This entails that consumers need to face a dilemma that is not preferred, because it is choice-based, like choosing a new shampoo. Therefore, are options leading to lower satisfaction (Schwartz, 2004). When consumers think about alternatives, there are two different sets of types, consisting of, all those alternatives a consumer knows, which is called an evoked set. Secondly, the ones he or she is considering. Those alternatives fall under the category that is called the consideration set, in which, consumers categorize things and products. Those categories help with product comparison and with classification. From this on an evaluation criterion will be partaken helping consumers to narrow their options. Where comparisons are based on similarities and differences of the offerings. Here Determinant attributes are what features we actually use to differentiate among our possibilities (Solomon, 2015). Product choice is the fourth step in the cognitive decision-making process. After assembly of alternatives, consumers need to base their decision on one offering. Decision rules and evaluative criteria can be simple and difficult. It depends on the complexity and importance of the decision. Lastly, post-purchase evaluation closes the loop of a decision making process. It occurs when consumers experience the product or service and evaluate it. Sometimes the product or service meets expectations and sometimes it does not. Dissatisfaction happens when a product does not meet certain expectations and consequentially perceived value will decrease (Solomon, 2015).

8.2.3 Consumer Involvement

Since Problem recognition is a cognitive decision-making that proposes, consumers can base their decisions based on wanting to solve a problem. It is also proposed that some consumers can be very risk-averse, facing the dilemma of whether or not its decisions can have any consequences. Therefore, will this section provide a review of consumer involvement and how this is inevitable.

Involvements are consumer's perceived importance of the object based on their needs, interests, and values. The word object here stands for a product, brand, or a different purchase situation. There are different types of involvement because consumers have different interests. Based on this involvement can be seen from the product, message, and situational side. Consumer's level of interest for a particular product is called product involvement (Solomon, 2015). As an example, consumer involvement will be higher, the closer the bond between a product and a consumer. Similarly, the same thing occurs with the offering price; the higher the price, the higher level of involvement. When high involvement is the case, a high degree of risk will also be the case. Basically meaning that consumers are afraid to make a wrong decision, due to the belief that its decision can have a negative outcome. Therefore, is it seen that consumers are risk-averse. To understand this in an in-depth manner, Solomon 2015 differentiates between five types of risk, and those are a monetary, functional, physical, social, and psychological risk. These risks can be seen from buyers and purchases that are most subject to risk. For example, social risk affects consumer's self-esteem because of personal insecurities, while purchases prone to it are socially visible goods like clothes. On the contrary, high involvement is also positively linked with brand loyalty. This is because making repeat purchases indicates a positive attitude towards a brand, which eventually leads to becoming loyal to a brand. This is seen when some consumers are passionate about their favorite brands (Solomon, 2015). This loyalty-based relationship is the biggest goal for companies. And as a result, many companies invest and develop loyalty business models, where the aim is to establish relationships and bond with consumers to create a feeling of mutual trust. At the core, it is about developing emotional relations between consumers, brand, and the company that eventually can lead to, creating value. Thereby, achieving satisfied consumers that repeat purchases. This is a win-win situation for both parties, in that, consumers and brands can mutually benefit through special treatment, while for companies resulting in more profit-making. Attracting new consumers can be a long and expensive process because companies need to invest in the right marketing campaign. But, even with brand awareness and knowledge purchase and usage of products and services are not guaranteed. Loyal consumers the best brand advocators. These types of consumers are also willing to pay for some specific brand or service even though a similar product or service can be purchased for a smaller amount of money (Nam, 2011). When it comes to fast fashion and brand loyalty, we can notice the link between those two terms; involvement and loyalty. Some of the characteristics of fast fashion are price, trendiness, and quick response to novelty in the fashion industry. For consumers, those are prevailing advantages that normally result in a purchase. Because of these big shifts in trends purchasing increases and eventually results in overconsumption.



Source: Screenshot taken from, Consumer Behavior, 11th edition. p, 62

The figure above explains how the level of involvement grows when dealing with more complex decisions and problems that need a solution. As a result, cognitive decision-making seeks the biggest amount of involvement, because of those steps consumers make before deciding. When faced with those decisions consumers need to think through and think of all of the possible outcomes. All five decision-making steps pay an equal role in finding a satisfying solution. Moreover, when we talk about consumer decision-making, we can differentiate two ways of consumer thinking; fast and slow. Some characteristics of fast thinking are that it is usually occurring unconsciously and automatically. Moreover, it pertains to everyday decisions and it is, therefore, error-prone. Whereas slow thinking is conscious and effortful since it pertains to a complex decision. Therefore, it is more reliable, since it revolves to vary out a thought. Real-life examples of this way of consumer thinking are buying a piece of chewing gum and buying a new car. Simple purchases like chewing gum are perceived as fast decisions while buying something more meaningful like a new car is perceived as slow thinking (Solomon, page 63).

9. Theoretical Framework

As it can be observed in the problem statement and research questions, it is giving clear indications as to key concepts such as; Sustainability, Socially responsible, consumer behavior, and corporate social responsibility. Therefore, in order to gain an understanding of these two disciplines, we would need to rely on existing knowledge, namely, Consumer behavior and Corporate Social Responsibility. Because we believe that CSR can provide the study with the necessary knowledge about sustainability and consumer behavior giving an insight into the world of the consumers and how CSR is portrayed. Hence why these two disciplines will become central to this study. In order to guide this study and seek relevant themes and theories to be applied a limitation is needed. This will also enable us to determine and correlate between the key concepts mentioned above.

Beginning with the literature review on corporate social responsibility we have had the possibility to explore three views on CSR; Utilitarian, Managerial, and Relation perspectives.

Exploring the Utilitarian discipline has clarified that this is a result based-approach, which policymakers, business professionals among others are using when wanting to measure how decision-making is affecting stakeholders (Weiss, 2003). It also withholds how corporations can maximize their profits, in which the social costs have been provided as a tool and theory (Secchi, 2007). Here Responsibility is regarded as philanthropy, that corporations can give back to society by donations means. And thus when CSR is regarded it is giving the opportunities for businesses to do good or try to improve the well-being of the society. Which the field of marketing is regarding as a win-win situation. However, CSR can be somewhat deemed as not being the central area for businesses because of the firms only having its core responsibilities towards its shareholders (*see section,* 8.1). Secondly, the managerial discipline is crafted as a firm-centric perspective, indicating that CSR should begin inside of a firm. Exercised by corporation's management teams. The approaches have been created to seek an understanding of whether these activities can help combat and improve upon CSR related issues. On the contrary, the discipline also proposes that corporations are a moral agent but further developments are missing. Stemming from scholars not being able to provide clear guidelines to how corporations can achieve or perform a moral commitment. Other than communicating how they are socially sustainable through its codes of conduct or codes of ethics (*see section,* 8.1.1). However, because this view is based on how managers can manage better; it's society and stakeholders we find that consumers are being treated as a means to an issue or a moral commitment without withholding juxtaposing. Although the explanation for juxtaposing corporations and stakeholders can be clarified through alternative fields of studies, other means such as consumer behavior would be needed. However, this would not be an alternative before discussing the last discipline, namely, the relational point of view. This view is treating social responsibility as the outcome of the interactions firms have with their society. Whereby, recognizing that responsibilities are not limited to firms only, but also being an individual's obligation. That being said, it also includes how decisions and actions can have an effect on a social system. Therefore, providing approaches and theories that are stakeholder-oriented, aims to understand business and societal relationships. Thereby, this indicated that responsibilities are not only considering shareholders but also stakeholders and their corporate environment *(see section,* 8.1.2*)*. The provision of 'corporate citizenship' in this field might be defined as 'a good citizen' which can help juxtapose stakeholders versus Brands. Due to the aspect that social responsibility should be exercised by both parties. It could be assumed that this view, therefore, allows treating ethical issues to be combatted and remedied for as a common endeavor between firms and stakeholders. This can be seen with the activities companies are developing; cause-related marketing and green marketing, where companies are allowing stakeholders to be involved and engaged.

In order to seek an understanding of how stakeholders can remedy ethical issues within the apparel industry, one needs to understand how stakeholders are contributing to the matter. One way to look at in is the field of Consumer behavior giving insight into consumer's mindset. The reasoning being, that the field of marketing is incorporating various CSR approaches to satisfy and meet the social needs of the stakeholders. This is complemented by using marketing strategies that target and grasp the attention of consumers through cause-related and green marketing. Therefore, as explored in the literature review, a consumer's decision-making can differ throughout a customer's purchase journey. To influence this decision making, organizations may want to try to manipulate the emotional needs of consumers. Such as, using promotional and advertising techniques that can nudge but also create loyalty towards its brand (*see section,* 8+). Here it can be assumed that the need for brands to promote sustainability are heavily relied on meeting the need for consumers wanting the brands to become more sustainable, which would increase brand loyalty. However, this decision making may differ in terms of how involved consumers are, such as need, interest, the situation among other perspectives. Sometimes it might be due to consumers noticing a problem that impales them from wanting to solve it. Combining this with the 'Corporate Citizenship theory' this problem-solving aspect could be investigated further in terms of whether it contributes to being a 'good citizen'. It should be noted that the decision makings are broken down to individual and group level, which can complement the stakeholder approach, in that it allows the theory to examine stakeholders as an individual or groups. The theoretical framework will thus have its stance towards, the Stakeholder approach dealing with the perceived stakes, the Integrative Social Contract theory exemplifying whether corporations are satisfying the normative rules, Corporate citizenship, and, lastly, Carroll's Pyramid to assess consumer's and societies expectations in terms of the apparel brands sustainable responsibilities.

9.1 Sustainability perspective on the Stakeholder Approach

Beginning with the Stakeholder Approach, a concept developed by Freeman that helps corporate management to manage its external environment in a systematic way. A stakeholder is defined as "any group or individual that can affect or is affected by the achievement of a corporation's purpose" (Freeman, 2004, p. 229) alongside shareholders. An alternative to the concept of a stakeholder approach also exists when Freeman revisits the approach with the contributions made from Emshoff. Still determining a stakeholder with the same view but that the purpose of the approach should also inherit the ability to identify, analyze, and negotiate with its stakeholders if the affected individual or group is continuously getting affected by "the achievement of a corporation's purpose" (Freeman, 2004, p. 229). This can be conducted by crafting strategies that can help improve upon situation/s (Carroll and Buchholtz, 2012). With the increasing tension towards a corporation's business practices in the apparel industry, sustainability reveals the attitudes stemming from the consumers. And therefore, making the stakeholder approach consumer-oriented holds that the approach can be treated from a stakeholder point of view, in that consumers also have a stake in various brands.

When using the stakeholder approach on an application level, there are several ways to go about it. However, because the theoretical framework aims to explore Freeman's 2004 definition of a stakeholder, the application of the framework will be regarded through his point of view. The framework is divided into three levels of dimensions; *Rational, Process, and Transactional.* Beginning with the *rational level* stakeholders are examined by asking "who are the stakeholders of the organization" and "what are their perceived stakes" (Elias and Cavana, 2000, p.4). This understanding can be retrieved through a stakeholder map, by mapping out the various stakeholders. For further examinations, a stakeholder chart can be illustrated by depicting particular stakeholders, which complements the stakeholder map, As the last step, a two-dimensional grid is proposed as a tool where stakeholders are categorized in terms of interest, stake, and power. The second level; process gives an understanding and examines whether these identified stakeholders are being managed implicitly or explicitly. Yet again this has to correspond to the stakeholder map provided with the rational level (Elias and Cavana, 2000). At last level; the transactional level and examination of the transactions and bargains between the organizations and the stakeholders may be treated. in order to seek an understanding of whether the measures taken are not only in alignment with the but also the processes (Ibid).

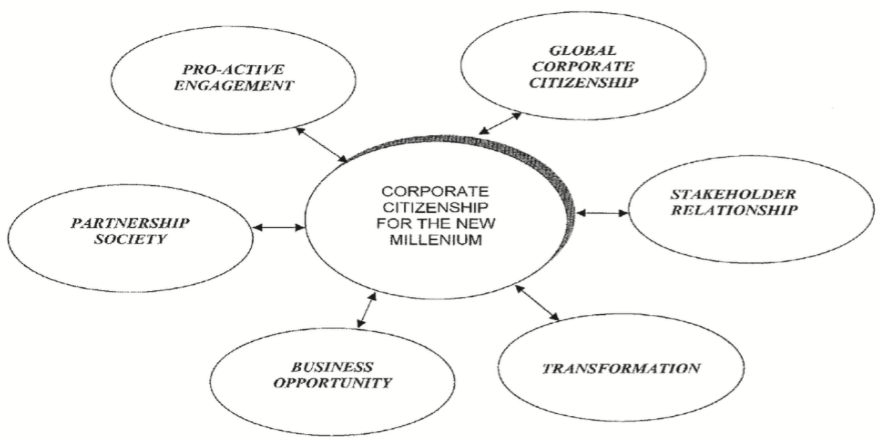
9.1.1 Sustainability and the ISCT

As it has been explored in the historical background of the apparel industry and literature review, sustainability and the adoption of measures have become increasingly important for corporations and brands to adopt. This is interlinked with CSR in the sense that practices and activities are being exercised to improve upon issues related to this industry. Furthermore, they are exercised by the assumption of meeting the standards set by society; corporations to become more sustainable. However, to be sustainable can clarify many things as it has been uncovered through the sustainable apparel coalition. Those clarifications were a set of multiple activities that enabled the binding of sustainability; processes, in general, stemming from the production processes that inhabit to produce apparel without harming the environment caring for the well-being of the workers partaking the manufacturing process. As the theory proposes, CSR should be regarded as a multi-dimensional binding agent in a specific community; "industries, companies, and economic system" (Donaldson and Dunfee, 2000a). Therefore, for sustainability to become a reality and activity for this specific industry, it can be assumed that consumers also need to participate in their purchasing decision, engagement, and involvement. Based on the relational view it is acknowledging that social responsibility goes beyond corporations and that initially, consumers are being a part of the social system where he, she or it can have an effect through its decision and actions.

9.1.2 Sustainability and the Corporate Citizenship Perspective

The term corporate citizenship has been adopted by many companies in the new millennium and has gained its significance in the last decade. With corporations now need to assess their impacts and decisions they can have on the environment and society (Altman and Cohen, 2000). The concept is important and has a significant role because it can provide benefits in many areas, such as waste. It has been observed that such an approach has been adopted in the apparel industry with the Zero-waste fashion, where the aim is to both limit waste in terms of manufacturing processes, but also to decrease waste after the consumption of apparel. It could be said that this concept could be related to the limited view of CSR, as it can be viewed, as a matter of choice to participate in a waste reduction both as a corporation and as an individual. Although there is nothing incorrect with the limited view due to it complementing the fourth layer of Carroll's pyramid of complying with a corporation's philanthropic responsibilities. There is still much significant proof of how damaging apparel waste is towards the society and the well-being of workers in the supplier chains. Therefore, providing the approach to 'partnership society' the term in CC explains how "all sectors of society – corporate, government, and civil" (Altman and Cohen, 2000, p. 5) can work in alignment with one another to improve upon situations. *The figure below showcases all themes in CC.*

FIGURE 1. Corporate Citizenship Themes



Source: Screenshot taken from, Altman and Cohen 2000, A Framework for Understanding Corporate Citizenship

9.1.3 Partnership Society

The partnership term is adopted by corporations as a means to align cross-sectors; the Government, Business, and the Civil sector with the aim being to address social issues. Cross-sector is referred to as how the roles in the society are changing in terms of responsibilities. And are recognized as a significant role that enables the accomplishment of a fair and sustainable society. As a framework partnership-society (cross-sector) is determining that "no one sector can or should dominate public life, and that no one sector has sufficient resources or capabilities to adequately address or resolve common issues" (Googins and Rochlin, 2000, p. 128). This implies that all entities of a social system have a role to improve upon social issues. What makes this theme significant is that it is a tool of change that enables partnering progressions where each sector is interlinked with one another. To exemplify this the journal of Googins and Rochlin 2000 demonstrates this with Welfare-to-Work, School-to-work, etc. We will, therefore, propose that if sustainability is to be combated by a cross-sector partnership then the sectors linked would be of Apparel-to-Consumption. Beginning with the apparel sector as observed are creating and communicating Eco-friendly, Zero-Waste, apparel, and initiatives, where stakeholders are given the opportunity to participate actively. On the other hand, consumption of Fast fashion is slowly becoming a problem recognition which will be elaborated in the following section supplementing with '*Beliefs'* and *'Attitudes'* on consumer behavior.

9.1.4 Beliefs and Attitudes – Problem Recognition

It was discovered in the section of the *negative sides of the fast fashion machine,* that 85 percent of all textiles go to waste every year with 60 billion textiles being consumed yearly. The paper furthermore discovered that consumers are becoming slowly conscious about preferring eco-friendly apparel which has enabled manufacturers to at least try to live up to these new standards. Which can indicate a change in beliefs and attitudes adopting problem recognitions on decision-making processes and behavior.

To investigate 'Beliefs' and 'Attitudes', it can be defined that 'belief' as a concept "is a descriptive thought that a person holds about something" (Kotler, Keller, Brady, Goodman, and Hansen, 2012, p. 273). And 'Attitude' as a concept is defined as "a person's enduring favorable or unfavorable evaluations, emotional feelings and action tendencies towards some object or idea" (Kotler, Keller, Brady, Goodman, and Hansen, 2012, p. 273). These concepts combined are what influences an individual's buying behavior. Because through learning and experience over time enables individuals to create beliefs and attitudes towards everything, such as apparel among other artifacts. It is proposed by the book of Kotler et al. 2012 that due to these two concepts companies are in need to adapt their products so it aligns with consumer's beliefs and attitudes (Kotler et al. 2012). Otherwise, consumers will likely adopt a dislike for the product or brand, which enables a problem recognition to move towards another good or service that can meet their needs. 'Problem recognition' is a buying process, which is the first phase in a cognitive decision-making process. Consumers will notice a problem, However, it should be mentioned that there is a difference between a consumers' 'current state' (need recognition) and 'ideal state' (opportunity recognition). Thereby, 'problem recognition' occurs when a consumer notices a difference between these two states, as it had been expressed in the literature review, (*see section* 8.2.2). If the 'Current state' indicates a reality of something, we then propose that the consumption of fast fashion apparel harms the environment. Furthermore, if the 'Ideal state' indicates that a consumer wants a society in which the apparel is sustainable, then we propose that both the consumption of apparel and the disposal of apparel can help decrease the harm on the environment, in terms of waste and in terms of pressuring manufacturers to meet large quantities of demand.

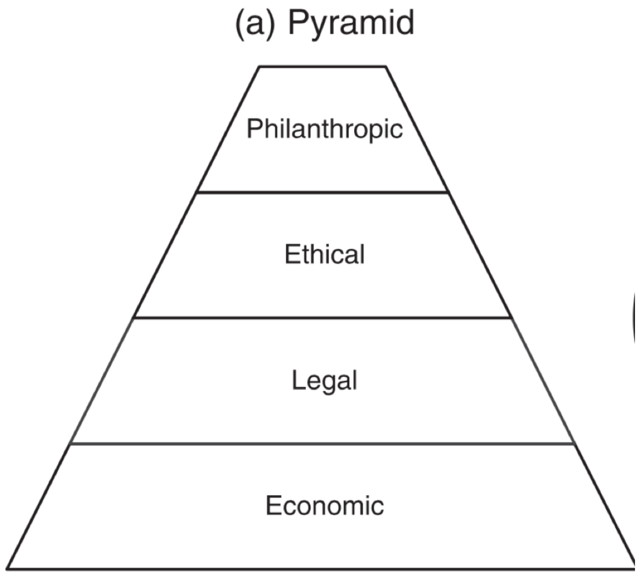
9.2 The Pyramid of Carroll

The Pyramid of Carroll was proposed and designed after finding a gap in Freemans' stakeholder approach in which the pyramid provides clarification on how firms first and foremost can embrace a totality of CSR to its stakeholders. By the belief that firms are struggling to recognize its responsibilities towards its society (Carroll, 1991). The pyramid as a framework is a four-part model, in which the layers have been designed to frame a variety of expectations stemming from society (Geva, 2008). The layers consist of 'Economic', 'Legal', 'Ethical', and 'Philanthropic' responsibilities. According to the author of this framework, each layer ought to be treated before a firm can be considered in compliance with CSR. The buildup of the pyramid represents a bottom-up approach in which before moving on to the other layers the fundamental responsibility of economic shall be condoned, *see figure* 2. Because without economic responsibilities the firm would not be able to function or survive; to satisfy its shareholders to invest in the firm or make a profit to run the business (Geva, 2008).

However, dealing with consumers, it should be noted that consumers mind and abundance of information regarding SR have increased, which make them more knowledgeable regarding what business practices and have the interest to know more. Which has resulted in consumers' willingness to switch for a different brand they believe in promoting a good cause. Moreover, it is seen that consumers are advocates for greener practices and have a high degree of wanting to participate in that community, this is also due to their risk averseness of decision making. The pyramid will then also have to deal with facing that consumers are becoming more conscious about SR, which has been seen as a change in their behavior that reflects their decision makings. These parameters will, therefore, be important to asses, when discussing whether or not a company complies with each level.

Hereby, will this section elaborate on each layer and presume how the pyramid can be complementary to Consumer Behavior with its themes and concepts.

Figure 2. Carroll's Fourth-layer Pyramid.



Source: Screenshot taken from Business and Society Review 113:1 1–41

9.2.1 Economic Responsibilities

Beginning with the first layer, that of, the 'Economic Responsibilities' as expressed previously is fundamental and is the primary incentive for firms. This should be understood as profit-making should be condoned in the premises of goods and services at a reasonable level (Carroll, 1991). But in our modern world profit-making has changed such as maximizing profits. This can be seen in the fast fashion apparel industry, where apparel retailers are trying to gain a quick profit by introducing quick-response, enabling consumers to be nudged towards overconsumption (*see section* 8.2.3). This shift in nature stems from the apparel industry changing its strategies going from a market-driven to a product-driven approach. As mentioned earlier by speeding its manufacturing process to introduce goods to the consumers at a fast pace (*see section* 6.1.3). That being said, a basic understanding of how firms are withholding their economic responsibilities, in general, can be sought by whether the shareholders are satisfied. One way this information can be retrieved is through observing given corporations balance sheets and its dividend. The dividend implies the amount of capital the shareholders are receiving from a company which is derived from the overall profit that a company has made. And, it should be mentioned that this observation may hold difficulties in that shareholders can differ in terms of how much stake they have in a given firm. This basically implies that it can be vague whether or not all shareholders are becoming satisfied. However, this will be taken into consideration and might be discussed upon in the analysis. Although economic responsibilities are determining shareholder satisfaction it is also intended to treat external stakeholder's satisfaction, namely, the consumers in this case. Here we can see that the price of a product or service is one of the important factors that can affect consumer's satisfaction and buying behavior. This was unfolded in consumer involvement, prescribing how consumers may become dissatisfied if a service or product prices are too high. But in turn that consumers are willing to be involved or pay more when they believe it is going to a good cause. Thus price can determine a consumer's attitude and buying behavior toward a corporation.

9.2.2 Legal Responsibilities

The second layer disputes that businesses are expected to operate within the frames of the law and regulations in a given country where operations are undergoing or finding place. This basically means that businesses can pursue profits without violations of federal law, cited in Geva 2008 (Carroll, 1991). This has also been deemed as expectations stemming from the stakeholders and the society for companies. As it has been expressed that employees have the responsibility to seek those laws that apply to the type of activities and operations a corporation is pursuing.

As expressed previously (*see section* 6.2). it has been discovered that the relatively newly emerged fast fashion phenomenon is harming the environment and leading to unethical labour practices among other factors. Therefore, it would be interesting to analyze whether companies are withholding the laws and regulations in those respected countries. Here it should be noted that many corporations nowadays have deliberately chosen less developed countries to exploit not only to get access to a larger workforce but also for the belief that the regulations set for these countries were of lesser consequence, *see section* 1.

9.2.3 Ethical Responsibilities

Followed by ethical responsibilities which also depicts both economic and legal responsibilities (Carroll, 1991). They are also entailing that activities and practices should be condoned on the premises of the societies acceptance. This has been defined as "those activities or practices that are expected or prohibited by society members even though they are not codified into law" cited in Geva 2008 (Carroll, 1991, p. 41). However, ethical responsibilities are separated from the legal responsibilities in the sense that activities and practices are not bound by law but by behavior, standards, norms, and expectations that are derived from the civil society. Moreover, it can be said that the ethical responsibilities are going beyond the law by the belief that businesses should operate its practices and activities under the premise of what is morally 'just' and 'fair' (Carroll and Buchholtz, 2012). It has been observed that some apparel brands are manifesting this approach by adopting Codes of Ethics, Codes of Conduct, and Zero-waste to combat garment issues, and SAC to both improve upon sustainable apparel and environmental issues (*see section* 6+). On the other hand, the fast fashion machine also makes it difficult to act 'fairly' and 'just' for workers in the manufacturing productions since businesses are using an intensive workforce to meet demand at a fast pace, (*see section* 6.1.3. This way of approach is lessening the product life cycle which in turn is providing unethical labour practices and health scarcities in the supply chains. On the contrary, the literature review on, cause-relating and green marketing indicates that consumers are willing to pay more for goods and services they believe are trustworthy and transparent.

9.2.4 Philanthropic Responsibilities

The last layer, that of, philanthropic responsibilities are designated actions that are performed by the expectations of the society. But are not demand-based, like the economic, legal, and ethical responsibilities (Geva, 2008). Indicating that it is a matter of choice to volunteer in activities that support an issue. This can be exemplified by being a 'good corporate citizen' where companies' are involving themselves in acts or programs where human welfare can be improved or promoted upon. Programs on improving welfare, such as financially supporting the society and community by donation means. Although this layer can be seen similar to the ethical responsibilities, it still differs in the sense that philanthropic responsibilities do not deal with 'what is moral or ethical to act' (*see* *section* 6.1.2). Instead are contributing to society by choice but it should be noted that the more 'social power' businesses are gaining the more expectancy from the society will there be for businesses to contribute to the society. As it was put 'putting something back to the society' (*see section* 6.1.2). This can be seen in the apparel industry with the acts they are adopting such as complying with the ILO and its Act on various elements such as, Modern Slavery Act that represents the prevention of forced labour in the supply chains or SAC that represents sustainable apparel production. This layer would be very interesting to investigate further, now that the exploration has already demonstrated revelations. Such as the case with Zara's supplier chains in Brazil working overtime that may indicate being in breach of the ILO act about Modern Slavery (Butler, 2015) *(see section* 1.). It could be said that when philanthropic responsibilities are met, corporations can gain an increase in customer satisfaction. In the sense that it will be a win-win situation, as corporations are both meeting consumer needs on sustainability while improving the society by contributions. Although this framework is leaning more towards the managerial aspects it can still be considered relational in the sense that the layers of the pyramid represent the pressures influenced by society. The buildup is thus based on the importance of the degree such as philanthropic responsibilities being a matter of choice to the next two layers; economic and legal responsibilities being a requirement and lastly ethical responsibilities an expectancy (Geva, 2008). Moreover, the question is then how is this related exactly to the world of consumers. Considering the ethical responsibilities, it can be assumed through the extensive history provided by the apparel industry, Marketing, and Consumer behavior, that consumers purchase decisions may be greatly affected through CSR. Moreover, due to the aspects of consumer's perceiving ethical behavior as crucial, when evaluating its purchasing decisions (*see section,* 6.2.4).

10. The Apparel Industry on a Global Scale

Before introducing the selected case companies this section will provide an overview and explore the Global Fast Fashion apparel industry and its magnitude, in terms of size, value, total sales, and the forecasts for the future. The industry will be explored by, mass and/or fast fashion apparel on a global scale. It should be highlighted that some of the data have been triangulated. Reasoning, that the statistics on the apparel industry may differ depending on the databases, it has been collected from.

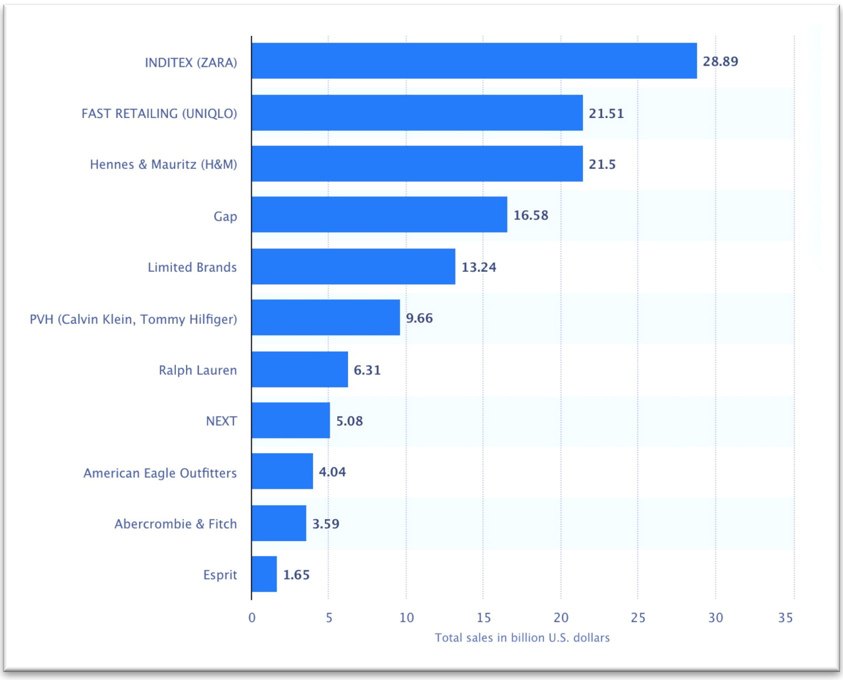
10.1. Low-quality and/or Mass production Apparel

Due to the limited data on fast fashion apparel this section will try to determine its market value and revenue by adding various news outlets to enrich the description of the industry. Beginning with Statista that has forecasted the market value as being 35 billion USD in 2018, *see Appendix*. 4 (Tredup, 2019). As it has been observed through multiple news outlets and data sets, some of the leading players within this sector are Inditex and H&M, amongst others (Hanbury, 2018; Nguyen, 2020; Sabanoglu, 2020). If considering these two leaders. Beginning with Inditex (Zara), the revenues in 2018 amounted to a total of 22 billion in GBP. Which in USD is approximately 25.851,1 billion. On the other hand, H&M being the second leader, the revenue was 22.544 billion GBP in 2018, which amounts for 26.498,217 billion USD, *see Appendix* 5. (Sabanoglu, 2020). Hence it should be noted that the currency exchange has been calculated per the exchange rate was in March 2019. And as expressed previously, there is very limited data on the fast fashion industry on a global scale so the revenues provided have been considered from the European market.

10.1.1 Global Apparel Goods

The estimates show that market value in the global retail apparel had significant growth of 4,2 percent in 2018. Which amounted to 1.467,7 billion USD (Marketline, 2020, p.10). With womenswear being the biggest segment amounting for 52.6 % of the total industry value. Followed by the menswear segment which amounts to 31.3 % of a total industry value (Marketline, 2020, p.11). However, the data excludes sports clothing apparel. Furthermore, the industry has been forecasted to have a value of 1.788.2 USD as of 2023. This means that an increase in growth will happen by 4 % yearly which amounts to a total of 21.8 percent since 2018, *see Appendix.* 6 (Marketline, 2020, p.14). The leading brands have been identified to be brands such as Inditex SA, Hennes & Mauritz AB, UNIQLO, and Macy's Inc. (Marketline, 2020, p.26). Moreover, the total sales of apparel have been estimated to be approximately, 1.761,381 million USD in 2018, and. 1.939,448 million USD in 2020. And forecasted to amount approximately 2.209,012 million USD by 2023, with the women apparel segment being the largest, *see appendix.* 7 and 8 (Marketline, 2020; Apparel - Worldwide, 2020). This basically indicates that the demand across the globe on apparel is ever rising. It can be assumed that some of the reasons can be underlined as the phenomenon of online shopping. Although some markets have experienced the closure of physical stores, such as Macy's in the U.S it has not affected the growth of the apparel industry. This might be due to the purchase patterns being changed. Such as consumers shopping more and more online. Here the retail apparel industry has adopted this change fairly quickly by increasing sales of apparel to help drive the sales (Marketline, 2020, p. 8). Thus this has become a key factor to the growth of the apparel industry as it has been observed; 2018 was the year where 57 % on the global scale consumers have purchased fashion-related goods where apparel has scored the highest, *see appendix.* 9 (We are Social, 2018). And this trend will likely increase in the future due to online shopping being convenient and can deliver low prices, a variety of assortments, basically meaning more apparel options, both by the quality and price-wise (Marketline, 2020, p. 9). The below chart illustrates the leading apparel brands and is showcasing that Inditex particularly Zara having been ranked highest in terms of sales on a global scale, followed by UNIQLO and H&M. By triangulating the data with Marketline, Statista (Sabanoglu), BusinessInsider (Hanbury), Vox (Nguyen), we can now validate that these fast fashion brands are the global leaders in terms of sales, revenues, and market size. It should be noted that the total sales indicated in this chart is of 2019 in USD (*see following char* 1) , whereas previously the revenues from 2018 were described.

Chart 1. Leading Apparel Brands by Sale



Source: Screenshot taken from, Statista, Fastretailing, 2019

11. Case 1. Company Introduction H&M

Hennes & Mauritz AB is a Swedish multinational fashion company operating in 74 countries with more than 5.000 stores and 126.000 employees (hmgroup about us, 2020). The company was founded in 1947 by Erling Persson, with its opening of the first store in Västeras, Sweden. In 1964 they opened a store again in Norway and started its expansion throughout Scandinavia. European expansion happened in 1976 when the company opened a store in London while going global began in 2000 when they opened a store in New York (hmgroup about us, 2020). Regarding financial data, market capitalization in 2019 was 21.22 USD billion and the profit margin was 5.78 %. The effectiveness of leadership and management can be seen by the financial ratios of ROA and ROE. In 2019 return on the asset was 9.06 % while return on equity was 23.25 % (Yahoo Finance, 2020). Based on financial data the company is performing relatively stable, the profit margin is positive, which means revenue exceeds costs of production. H&M makes clothes, shoes, and accessories for ladies, men, and kids. They have established H&M Home which sells interior design products and home décor. Other than, physical stores they also opted for online stores (H&M, 2020). Its, headquarters is located in Stockholm, Sweden while its production and manufacturing have been predominantly outsourced to independent suppliers in Asian and European countries (H&M, 2017). Moreover, to reach more consumers, they have multiple sister brands that are intended to diversify consumer groups; COS, Monki, Weekday, Cheap Monday, Arket. For example, COS has more elegant pieces for business people, while Monki has pieces for young adults. The company has a strong presence on social media with active and engaging pages. Over the years they have had numerous collaborations with famous designers and personalities. Some of them are Stella McCartney, Anna Dello Russo, Oliver Rousteing, Moschino, etc. A big focus for the company is sustainability. They are loud promoters of it. Their motto of sustainability strategy is to "lead the change towards circular and renewable fashion while being fair and equal company" (hmgroup.com sustainability, 2020). In the following table key numbers for H&M can be observed as well as environmental, social, and government risk ratings (ESG). Environmental standards show, if a company is socially conscious and how a company performs in regards to nature while social standards show how a company is managing relations with all shareholders (employees, customers, suppliers, etc.). Lastly, governance deals with internal controls, audits, management, and leadership. Investors and foundations usually look up these criteria (Yahoo Finance, 2020).

Table 2. Key Indicator for H&M in 2019 worldwide

Stores	5.000
Markets	74 countries
Employees	126.000
Profit margin	5.78%
Environmental risk score	1.5
Social risk score	9.2
Governance risk score	6.1

11.1 H&M's Greenwashing: Short-Sighted and Unethical

Over the past year's sustainability has been present in the media and business practices as a key segment. Many companies went green and changed their strategy significantly. The fashion industry has the same trend. Sustainable clothing and sustainable materials are in the center of attention. Unethical business practices in supply chain management, production, and operations management came to awareness. Labour issues, pollution, and environmental damage are some of the downfalls of this industry. Many companies decided to change and improve their business practices, while others give their word and but doesn't act accordingly. This can be seen when companies promote green practices in order to be perceived as sustainable, but in reality, does not follow the premises. When this is the case it is called to greenwash. Greenwashing is a term introduced by Jay Wasterveld in 1986 and explains false claims and impressions or providing misleading information about environmentally friendly products. Usually, those claims deceive consumers into believing that a company's products are environmentally friendly. Also, some companies highly publicize and promote their CSR and sustainability programs so they can raise attention and attract more customers (Kenton, 2020). This entails a growing need in the market to be eco-friendly where organic products are made from natural resources being free from chemicals. Companies engage in greenwashing in the promotion and press releases, but in reality, many companies are not committed to green initiatives (Kenton, 2020). Zara Ramaniah emphasizes that over the years greenwashing has evolved, and became a well-established practice, especially in the fast-fashion industry. Although green initiatives have evolved as a practice, the fast fashion misuses this practice for its advantage by greenwashing to gain liability or something.

For many companies' sustainability is seen as a competitive advantage and a big opportunity to become leaders in their industry. Those companies are loud promoters and advocates of change. However, the author states that consumer's sustainability does not pay an important role, especially with fast fashion and seasonable trends. Price is the main factor that consumers consider when shopping for trendy and seasonable clothes (Ramaniah, 2019). In today's world, and especially in the rapidly changing fast fashion industry clear guidelines on ethical issues and professional standards need to be established.

The article continues with the example of H&M and their Conscious Collection. With this collection, the company wants to position its brand as a leader in sustainability. H&M emphasized on environmental care, a conscious collection made of sustainable materials, and with in-store recycling bins. The purpose of in-store recycle bins is for consumers to bring their old clothes to donate for recycling purposes. Consumers who drop and donate clothes are granted a coupon that they can use in H&M. Because of this self-proclaimed policy and successful marketing campaign H&M seems more environmentally friendly than they are. On a global scale, only 25% of clothes that are donated are recycled, for H&M this amounts for only 35% of clothes that are recycled (Ramaniah, 2019). Moreover, the amount of garment in the in-store recycled bins have never been disclosed to the public in terms of how much is used again, which leads consumers to believe all collected garment are repurposed. This also makes consumers believe that its participation in this service is aimed at doing a good deed. But when looked below the service this isn't the case, as it has been discovered that less than half of the collected garments are recycled. However, because there is no regulatory body that cannot control the company's marketing practices they cannot ensure whether this is an ethical business practice (Ramaniah, 2019). Consequently, consumers may feel affected; they believe that they are doing a good deed, a sustainable one, where in reality they are not. Due to being deceived and mislead by companies. With this misleading information, the reputation of the company suffers and consumers are losing trust. This causal link can lead to unwanted publicity and negative word of mouth. Although companies can achieve quick sales and revenues in the short term, it has been expressed that this way of conducting practices will not be beneficial for the long run (Ramaniah, 2019).

12. Case 2. Company Introduction Zara

Zara SA is a Spanish multinational fashion company, part of the Inditex group, the world's biggest fashion retailer. The company was founded by Amancio Ortega and Rosalia Mera in 1975 but is now operated under the ownership of Oscar Perez Marcota since 2011. Zara is the main brand by Inditex and has more than 2.000 stores in 88 countries worldwide. Moreover, has established relations with 6.959 factories around the globe in 53 different countries. (Zara, 2016). Their international expansion began in 1988 to Portugal and in 1989 to the USA, and later to Mexico in 1992 (zara.com 2020). Their financial data shows a market capitalization of 71.60 USD billion and a profit margin of 12.86 %. Return on assets in 2019 was 11.91 % while return on equity was 24.62 % (Yahoo Finance, 2020). Zara has a positive profit margin (double the size) and performs stable. The brand is targeting multiple segments that are divided into; men's, women's, and children's clothes as well as shoes and accessories. There is also a sister brand called Zara Home that sells home décor. With physical stores, Zara also exercises online e-commerce. Its headquarters are located in Arteix, Coruna a province in Spain. Moreover, its main manufacturing facilities are operating from a few countries; Spain, Portugal, Morocco, and Turkey, while the minority is in Asia (zara.com 2020). It has been accounted that the Spanish manufacturers are producing 59 percent of all Zara's goods. (Zara, 2016). Meanwhile, Zara is famous for quick response to new trends on the market, and are known for meeting consumers need in this rapidly changing fashion cycle. As a result, every 2 to 3 weeks they are refreshing its apparel on shelves in its physical stores (Kaufmann, page 102).

Although Zara is the main body brand for Inditex group, it is also known that Inditex has other sister brands such as Massimo Dutti, Oysho, Bershka, Pull and Bear, and MERE are sister brands. All of these brands differentiate, Massimo Dutti is a higher-end brand, with elegant business pieces, while Bershka sells clothes and accessories for young adults. With multiple different brands, the company is trying to reach as many target groups as they can. When it comes to marketing and advertising, it is seen that Zara has zero advertising policy, but instead focuses on store locations (Nazir, 2019). Finally, when it comes to their business model, the company wants to create value through ethical and high-quality products that focus on customers, product, design, and sourcing (Inditex about us, 2020). Regarding commitment to the environment, Zara focuses on water as a crucial resource for the textile industry, biodiversity, climate change, and energy. Hence, their stores are eco-stores because of their achievements in using 20 % less electricity (Inditex eco-stores, 2020).

Table 3. Key indicators for Zara in 2019 Worldwide

Stores	2.000
Markets	88 countries
Employees	171.000
Profit margin	12.86 %
Environmental risk score	0.8
Social risk score	5.3
Governance risk score	5.2

12.1 Zara linked to polluting the environment due to viscose production Asia

The fashion industry is one of the biggest polluters. Evidence of this is seen across the globe and it is not a question on the local level but at a regional and international level. Many companies are outsourcing their manufacturing and production processes in Asia. China, as an emerging market is one of them because of its big capacity and intensive labor force. In 2018 Inditex group had 449 suppliers in China, while the company has a total of 1.866 suppliers and 7,232 factories around the globe. They have around 410.000 employees that work for the company's partner producers (static.inditex.com, 2020). These numbers have exceeded due to the company sourcing its supplier chains to countries that are located nearby; Spain, Turkey, and Morocco (Basu, 2016).

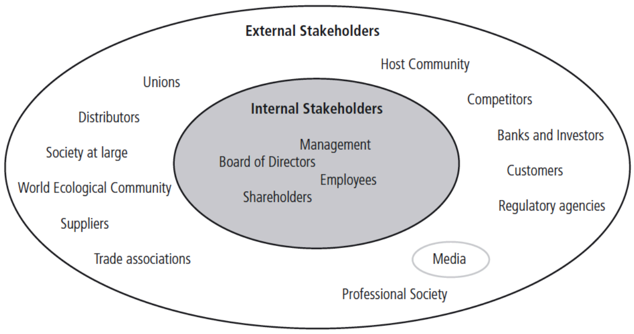
Zara among many other well-known brands has been linked with viscose production and pollution of the environment. Viscose is a light and soft fabric that has been used in the fashion industry from the 19thcentury. It is a low-cost fabric made from biodegradable and renewable plants like cellulose. But to handle the fabric fibers it is undergoing treatment of chemicals. The manufacturing process is called the Lyocell process and the toxin used is called carbon disulfide. This chemical is highly volatile and a flammable liquid and can be dangerous and poisonous. Which can result in environmental damage, deforestation, water waste, and pollution using this manufacturing process. Sodium hydroxide and sulphuric acid are some other toxic chemicals often used in viscose fibers. Furthermore, there is also evidence that carbon disulfide is harmful to factory workers and people living in the surrounding areas and as well as nature. Being Overexposed to carbon disulfide can lead to chronic and acute poisonings. This toxin has been linked with coronary heart diseases, psychosis, skin conditions, birth defects, and even cancer. Also, severe mental health problems were linked to carbon disulfide because it was revealed that many factory workers were exposed to this chemical (Hoskins, 2017).

Evidence of environmental damage, pollution, and health impact on employees and the local community is best seen in the province of Jiangxi. This province is situated in east China and around 45 million people are living there. This province is rich in mineral resources and famous as an economic and technological development zone (Mei, 2016). Viscose production has contributed to the pollution of Lake Poyang. Lake Poyang is the largest freshwater lake in China. The lake has a surface area of 3.210 square kilometers, it is 170 kilometers long and 17 kilometers wide. Primary inflows are five big rivers (Mei, 2016). However, the Lake is shrinking and toxic water hurts and harm the surrounding flora and fauna. Reports executed by investigators for Changing Markets Foundations found that areas near the factory are polluted with carbon disulfide three times higher than the permitted level. As a result, water from Lake Poyang is not drinkable and can be harmful if consumed over a longer period (Hoskins, 2017). Spokespeople from Zara have addressed this matter, stating that the whole industry, in general, is coping with this issue and that they are working on a way to minimize the discharge of hazardous chemicals. By working closely with their suppliers in order to improve their production and supplier chains (Hoskins, 2017).

12.1.1 External Stakeholder Analysis for Zara

As proposed by Freeman a stakeholder is “any group or individual that can affect or is affected by the achievement of a corporation’s purpose” (Freeman, 2004 p.229) which also includes an expansion, namely, 'if a group of individual could affect the firm or be affected by it and reciprocate" (Freeman, 2004 p.229).

This section will thus provide an analysis of the stakeholder approach for the cases of H&M and Zara, by using the proposed framework from Freeman. The approach is only regarding an organization's external environment. It is therefore presumed that a limitation would be in need to identify the organization's stakeholders. However, the section will provide a stakeholder map, chart, and an elaboration of how the organization is treating its relationships among its stakeholders. As seen below the circular figure determines stakeholders as external and internal. Beginning with this figure as inspiration the aim is to explore and identify Zara's external stakeholders using the information retrieved from the case studies, see *section* 11 and 11.1.

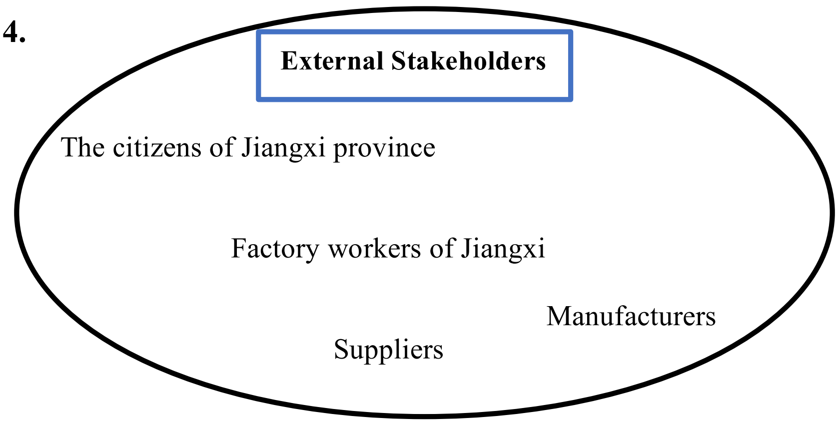


Source: Screenshot taken from, Mark-Herbert 2007, p. 5

12.1.2 External Stakeholders of Zara

The below circular figure depicts the external stakeholders of Zara as identified through the selected case study, namely, the case of viscose production processes.

Figure 4.



12.1.3 Stakeholder mapping

When having explored the external stakeholders of Zara the next step will be to conduct a systematic stakeholder analysis for the company. Examining the case, it is seen that Zara is facing ethical issues in the province of Jiangxi located in China, in terms of pollution, water waste, risking the well-being of factory workers by practicing unethical labour conditions, such as using certain garment and toxins that may lead to severe health issues. Based on these issues, the following section will provide and develop a stakeholder map that represents Zara as an organization looking into their business model as a reference. However, it should be noted that Zara is owned by Inditex and is operating under the same business model, which the stakeholder map will be considering

Figure 5. Stakeholder map.

12.1.4 Stakeholder Chart of Zara

Based on the stakeholder map the aim of the chart is to identify certain stakeholders which will be illustrated in the following chart.

Chart 2.

Owners	Unions	Suppliers	Employees	Government	Community	Customers	Shareholders
• Chairman CEO Founder • Ordinary members Investors and Shareholders	• UNDH OCHR IndustryAll ILO OECD BCI CEO Water Mandate ETI SDG SAC OC FFA	• Distribution centers Direct suppliers External contractors Clusters Sourcing Trade Union	• Staff in stores Product Managers Logiscs staff Trade union Office staff Designers	• Tax legislation/s Local tax authorities Foro de Grandes Empresas	• Government and public administration Group wide Strategy Salta project (Local community) NGO's Civil society Media Environment	• Brick-and-mortar store customers Online store customers (local and wider) Potential customers	• Private investors •Instituitonal Investors

As the stakeholder chart is illustrating, these are some of the key stakeholders of Zara (Inditex) and have been drafted complementing the specific stakeholders of the stakeholder map. For the next step of the analysis, some of these stakeholders will be examined. Some of the selected stakeholder groups have been taken into consideration so it both fits with figures 4 and 5 and will be analyzed by asking the question "what are their perceived stakes" (Elias and Cavana, 2000, p.4).

Key Stakeholders of Zara.

Private investors. Income profit Growth (expansion of Zara)	**Example.** If Zara continuously expands in terms of growth financial aid would be needed from private investors, which in turn investors might require higher dividends	**Clusters (suppliers).** Income Job Security (stability of life)	**Example.** Zara is known for its clusters placed around the world where 96 % of the production is conducted by these suppliers. A risk can endeavor in terms of delate payments to these, therefore, suppliers may want to delay the supply or end the contract. Since these clusters are used as know-how to enhance Zara's operational activities in the global market.

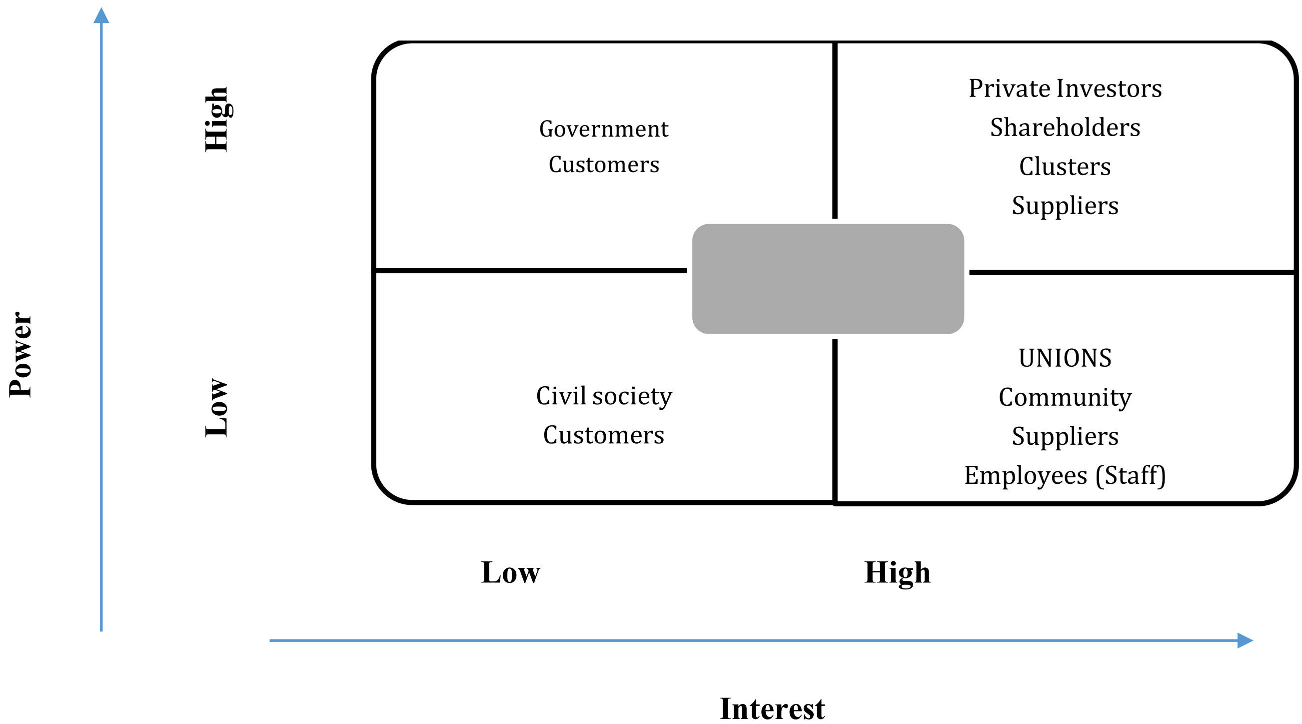
Brick-and-mortar-Customers. Quality Price Rapid response to demand Engagement Eco-friendly	**Example.** If the price does not match the quality of the apparel customer may face dissatisfaction with the brand. Face-to-face engagement can also lead to this through the interaction of staff-and-customer. Customers may also expect Zara to meet demand on trends, due to the chain operating on a fast-fashion business model. Lastly, if those eco-friendly apparel does not live up to the proclaimed standards dissatisfaction will occur.	**Staff in stores.** Benefits Salary Conditions and security	**Example.** If Zara is to grow staff will expect more benefits, moreover. If more responsibilities allocated, it may be expected to receive more in salary.
Civil Society. Sustainability Ethical treatments Environment	**Example.** Due to the stemming demand from the society of requiring sustainable apparel, ethical labour practices, and inhibition of harming the environment can lead to dissatisfaction and punishments for the brand by the society if	**ILO.** Compliance	**Example.** Zara operates under the compliance of ILO standards, and if it turns out them being in breach of those conventions adopted. Then it can lead to complaints and

	Zara does not live up to the proclaimed standards.		initially forcing Zara to comply.

12.2 The Two-dimensional Grid of Zara.

For this step of the analysis, a two-dimensional Grid will be used as a tool, where stakeholders will be categorized in terms of interest, stake, and power. However, the grid will be based on presumptions from the stakeholder chart of what power and interest stakeholders may hold towards Zara. To begin with, it is shown that, *private, suppliers, and institutional investors, and clusters* have a high degree of power and interest, due to their claim in 'stakes' for the firm. Moreover, these key external stakeholders also have a direct impact on operational decision-making, since they are part of the economic business circle of Zara; for example, the flow of the capital if considering the macroeconomic point of view. However, it should be mentioned that clusters in this essence have a high degree of power and interest since they also enable Zara's productivity in their value chain to help compete in the global market. With the Interest-based dimension, it has been considered from the 'need' point of view for the company. Here it is that the reasoning for the high interest is based on the perspective of these stakeholders being a crucial role for Zara to uphold its continuous growth. It should also be mentioned that in this case suppliers may also withhold high power due to their bargaining power and should not be underestimated. On the other hand, for Zara to keep a steady corporate reputation, suppliers need to operate on ethical premises. Therefore, suppliers need to ensure a safe and healthy workplace. The next stakeholder category is the *government* and *customers* having high power but low interest. The government has high stakes since the government is creating tariffs and export quotas. Moreover, it is also the government that issues laws that can have the ability to benefit or harm Zaras' operational strategies. Furthermore, the government receives taxes from companies that bound companies to the government. On the contrary, customers have a high degree of power due to their influential role in the company's reputation, loyalty, credibility, profit, and consumption of their apparel. The next category is the *UNIONS, community, suppliers,* and *employees* having a high interest but low power. This is based on some of these stakeholders not being involved directly in Zaras' fundamental business practices. However, *employees* and *suppliers* still have a significant interest in the company since they are providers of job, security, and a stable income. Furthermore, *Unions* and the *community* have high interests since both groups are involved in improving the well-being of society. However, their power status is low because satisfying these stakeholders are not fiduciary as it is based on voluntary prospects. Lastly, *civil-society* and *customers* have low power and low interest since they are not involved in Zaras' business practices and cannot impact any decision-makings since these are taken from the higher-up owners of the corporation *see following figure 7.*

Figure 7. Grid of Zara



12.2.1 Management of Stakeholders

For this section and elaboration of how Zara is managing its stakeholders will be provided, which have been identified in the GRID. Beginning with the shareholders, who have a high degree of power, it is seen that the shared interests from the stakeholders are managed, in terms of providing annual meetings, where dialogues are carried out consolidating sustainability providing them with indexes, to keep a close relationship (Stakeholder Relations | Inditex, 2020). The supplier clusters are being managed by the Ethics Committee, Commercial, and Sustainability teams using a framework agreement That Zara has adopted through IndustriAll[1]. This is adopted "to reinforce the company's supply chain workers labour rights, with a focus on the freedom of association and the right to collective bargaining" (Stakeholder Relations | Inditex, 2020). Using these approaches, the aim is to manage its suppliers and manufacturers so they comply with the Codes of Conduct on labour and worker rights (Ibid.). The second power dimension indicates the Employees and is managed through the Ethics Committee which has been divided into being commitments that are based on voluntarily and legal means. Through this, Ethics Committee employees are requested to adopt and exercise the code of conduct and responsible practices and continuously strengthen its commitment towards it. To comply with the government/s in every countries regulation, Zara has adopted a tax policy, where responsible tax behaviors are being encouraged through the principles of OECD. Moreover, to have a commitment to tax contribution Zara establishes relationships with local tax authorities in order to avoid any disputes. Thus have adopted the Code of Good tax practices, in which tax reports are published to gain transparency (Our tax contribution, 2020). The next dimension is of interests based, where the civil society has a high stake. Here it should be mentioned that the civil society can be divided into two different groups of stakeholders; the expectations stemming from the society and the second; how those perceived expectations are managed by Zara. It can be presumed that since Zara considers the environment as a crucial factor, this is a factor in which is expected from society. Here it is seen that Zara has various commitments to NGOs such as SAC, SDG, CEO water mandate among others. For managing its environment Zara has adopted the strategic environmental plan and water waste being a focal point for the company. Using a global water management strategy. And these strategies have been ruled out both to its suppliers but also in its offices. Which also supports the consumption of energy using the Global Energy Strategy. Here implementations of low-carbon technologies are evident in the stores, offices, and logistics facilities (Inditex, 2020). Another waste strategy is of 'close the loop' where Zara is investing in developing a life cycle for their apparel to be less wasteful (Closing the loop - inditex.com, 2020). Biodiversity is of significance too, in which Zara acknowledges its responsibility towards the destruction of habitats and the exploitation of resources. Therefore, a Biodiversity Strategy is efficient through the UN convention of Biological strategy to

[1] IndustriAll – Is a Global Union that promote and fosters labour rights in any given industry. In this case the textile and garment industry.

combat this issue by selecting raw materials that are certified as sustainable (Biodiversity – Inditex, 2020).

To meet the requirements and demand from its customers, Zara uses a specialized customer service team, that has been segmented by country. And, has special design teams to fasten the process of responding to the demand of consumers. While also honoring the promised commitments of sustainability. Furthermore, using a feedback principle to analyze and meet customer needs where apparel is refreshed two times a week (Customers - Inditex, 2020). To ease up its customers' shopping journey, investments such as RFID (Radio Frequency Identification) have also been made. This allows staff and customers to find the searched item quicker. Quick response techniques such as, Integrated stock management; which allows shortening delivery times, Same-day delivery as value-added customer service, self-checkout; purchasing of apparel where payments are executed by themselves, automated order delivery points; orders placed online can be collected at the customer's convenience are ways Zara have managed to ease up its customers purchasing experience (Ibid.). Although Unions and Community have been categorized as a low interest for Zara, it is still a crucial factor to be exercised and managed. In that various stakeholders in the surroundings of Zara may be affected by its operations. Beginning with the Community, Zara invests in Social programs voluntarily to give back to its community. Aligning with unions such as United Nations Sustainable Development Goals (SDGs), where five of the goals are supported; decent work and economic growth, reduced inequalities, responsible consumption and production, quality education, and good health and well-being. To evaluate their impacts on the community a measurement is evident where the LBG model is used. This model measures each of the programs they initiate. One of the many projects they are investing in, is the Salta programme, a project that targets vulnerable individuals to receive a position in Inditex (Supporting communities - Inditex, 2020, Salta programme – Inditex, 2020).

12.2.2 Stakeholder Relations

Having examined the ways in which Zara is managing is stakeholders, this section will provide a furtherer exploration of how Zara is carrying out its relation to its stakeholders. Here it should be mentioned that it is difficult to treat this on an individual level because as it is observed, that Zara are mostly treating its stakeholders on a collective or group level, and organizations. Collectively, Zara are maintaining its relationship primarily through a dialogue based approach with its stakeholders. This approach is used as a tool to face its challenges, issues, and opportunities that may stem from its operational activities. It can be presumed that this relation is based on a formal relationship in that specific policies are used to guide their relations to its stakeholders. However, they are also continuously reviewing and identifying its stakeholders, and may become key stakeholders once Zara determines a certain stakeholder to be prioritized. From this on, the stakeholders will undergo an assessment about how severe the issue are. When the severity of the issue has been determined a relation strategy will be developed, using the dialogue technique to assess the challenges and issues at hand. Furthermore, this form of relationship has been expressed as a form of partnership for Zara, which allows them to when, cooperated reach compliance with the SDG's on Goal 17 Partnerships. An external institution is also used which is the Advisory Board's members, that play a key role for Inditex in negotiating with its surrounding communities, and various stakeholder groups (Stakeholder Relations | Inditex, 2020).

13. ISCT – The case of Jiangxi – Viscose production leading to Environmental and societal pollution affecting the factory workers and the local community

13.1 Hypernorms

The framework of ISCT emphasized the importance of hypernorms, that are fundamental for universal human rights, which are also considered fundamental ethical principles for human existence. Thus will this framework be applied and explored to the case of the province Jiangxi. Where hypernorms will be identified in relation to water pollution and its disadvantages; health issues and environmental harm. Hypernorms as expressed by Donaldson and Dunfee 1994, should be understood as the minimum inception of ethical behavior. And these principles are shared norms who are accepted in a given community or within different communities. Doing so the scholars Donaldson and Dunfee 1994 identify universally accepted hypernorms through religions, cultural, political, ideological, and philosophical beliefs on certain shared and fundamental principles, such as core human rights (Donaldson et al. 1994). These hypernorms are established in a local community, and communities accordingly to the authors are "self-defined, self-circumscribed group of people who interact in the context of shared tasks, value or goals and who are capable of establishing norms of ethical behavior for themselves" (Donaldson and Dunfee, 1994, p.8). Identifying hypernorms for the province Jiangxi, this analysis will be partaking an observation to explore whether or not there are universally accepted agreements on water pollution, labor rights, and the well-being of the society. This universally accepted agreement will provide an understanding of the normative rules for the macro-social contract, which have been deemed fundamental rules for the establishment of a micro-social contract. Basically meaning that the macro-social contract determines the behavioral rules for businesses through agreements with unions, which then the micro-social contract embeds and determines as fundamentals rules. When considering hypernorms, Donaldson and Dunfee provides a list of 11 principles when a hypernorm exist, cited in Brenkert 2009 (Donaldson and Dunfee 1999). Some of these are;

1. "Widespread consensus that the principle is universal,
2. Component of well-known global industry standards,
3. Supported by prominent non-governmental organizations such as the International Labour Organization or Transparency International,
4. Supported by regional government organizations such as the European Community, the OECD, of the Organization of American States,
5. Consistently referred to as a global ethical standard by international media, and supported by the laws of many different countries", cited in Brenkert 2009 (Donaldson and Dunfee, 1999, p. 60).

Since Zara follows the ILO (see stakeholder chart) as guidelines which are complimenting the principles of 3-4 of Donaldsons and Dunfees' list of rules on hypernorms. The paper will, therefore, unfold this. Furthermore, explore the hypernorms set for the areas of water pollution, labour rights, and the well-being of the society.

13.1.1 International Labour Organization

The ILO is a U.N agency that brings governments, employers, and workers together to establish and develop labour standards, policies, and programs that can be legal instruments, to set agreed principles on labour rights. The standards are considered conventions or protocols that are both binding and non-binding which are universally accepted principles. When a standard is binding, it is considered legal and when it is non-binding the standards are treated as recommendations (ILO, 2019). Identifying the universally accepted principles of basic labour rights may complement the macro-social contract of ISCT. However, the ILO includes 187 member states and is a tripartite that cooperates with governments, businesses, industries, etc. to foster social and economic development Out of 189 conventions there are 8 fundamental principles that every member states should follow despite ratification and these are (ILO, 2019).

1. "The freedom of Association and Protection of the Right to Organize Convention, 1948 (NO.87)
2. The Rights to Organise and Collective Bargaining Convention, 1949 (No. 98)
3. The Forced Labour Convention, 1930 (No.29) and its 2014 Protocol
4. The Abolition of Forced Labour Convention, 1957 (No. 105)
5. The Minimum Age Convention, 1973 (No. 138)
6. The Worst Forms of Child Labour Convention, 1999 (No. 182)
7. The Equal Remuneration Convention, 1951 (No.100)
8. The Discrimination (Employment and Occupation) Convention, 1958 (No. 111)" (ILO, 2019, p.19).

Out of these conventions, there are only two declarations that play a role in promoting CSR and these are, "ILO Declaration of Fundamental Principles and Rights at Work (1998) and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy" (ILO, 2019, p. 27). Which the following sections will try to explore, specifically aiming those conventions in existence that protect factory workers and the environment of province Jiangxi.

13.1.2 Lake Poyang water pollution

In connection with the issue of Jiangxi water pollution the ILO are declaring that;

> "…policies shall be primarily directed at the well-being and development of the population and the promotion of its desire for social progress" (ILO, 2019, p.66).

Furthermore, another convention that is identified, which is one of the fundamental principles of ILO is.

- The Rights to Organise and Collective Bargaining Convention, 1949 (No. 98)

This convention has been established to enable bargaining between employers, organizations, and employees. When combining this convention with the Freedom of Association (1948, No. 87) the bargaining permit to enable better working conditions and increase of social stability.

13.1.3 Jiangxi Factory Workers Health and Safety

The ILO are identifying more than 40 conventions and recommendations on occupational safety and health issues in which 40 also includes codes of practice. Out of those 40 conventions the following conventions have identified as to be relevant for the case of the factory workers in Jiangxi.

- Occupational Safety and Health Convention, 1981 (No.155)

This convention is aimed both for government and enterprises to promote occupational safety and health and improve upon working conditions.

- Occupational Safety and Health (Dock Work) Convention, 1979 (No.152)

This convention "requires ratifying States to take measures with a view to providing and maintaining workplaces, equipment and methods of work that are safe and without risk of injury to health; providing and maintaining safe means of access to any workplace; providing the information, training, and supervision necessary to ensure the protection of workers against risks of accident or injury to health at work; providing workers with personal protective equipment….and developing and establishing proper procedures for any emergency situations that may arise" (ILO, 2019, p. 97, 98)

- Occupational Cancer Convention, 1974 (No.139)

This convention is adopted to prevent the risk of occupational cancer, which may be caused by being exposed for chemicals on a longer period of time.

- Chemicals Convention, 1990 (No.170)

This convention deals with implementing policy and safety for the use of chemicals at work, "which includes the production, handling, storage and transport of chemicals, as well as the disposal and treatment of waste chemicals, the release of chemical resulting from work activities…" (ILO, 2019, p. 76). This convention can also be complementary for the Lake Poyang water pollution in that the chemical of Carbon Disulfide is being disposed into the river.

13.1.4 Jiangxi and deforestation

- *Safety and Health in Agriculture Convention, 2001 (No.184).*

This convention is aimed at preventing accidents and injuries that can impact workers' health, through forestry work.

13.2 The Micro Social Contract of Zara

A micro-social contract enables businesses to establish ethical norms in a local economic community, which is referred to as the 'moral free space', that does not contradict the hypernorms of the macrosocial contract. Furthermore, the contract must be substantiated in that it allows members of the contract to exit or consent, in the sense that the contract will only be binding when the contract is informed. However, this contract can be less universal in that businesses adopt agreements of their own where the normative rules have been derived from the hypernorms (Donaldson et al. 1994). Such examples can be found in Zara with its initiative on Better work, which is an agreement that brings "government, apparel brands and manufacturers, unions, workers" …. (Inditex, 2017) and the ILO itself. The aim is to improve upon labour and working conditions in the industry of garment specifically targeting the factories. Through its engagement with this initiative, Zara has adopted its code of conduct that both align with the ILO conventions but also UNDP (for those related to decent working conditions) on their manufacturers and suppliers (Inditex, 2017). However, the code of conduct in the micro-social contract will be examined that are related to the ILO. Firstly, four general codes of conduct exist which are fundamental for Zara and these are;

- "All Inditex's operations are developed under an ethical and responsible perspective.
- All persons, individuals or entities, who maintain, directly or indirectly, any kind of employment, economic, social and/or industrial relationship with Inditex, are treated fairly and with dignity.
- All Inditex's activities are carried out in a manner that most respects the environment.
- All manufacturers and suppliers (production centres that are not property of Inditex) fully adhere to these commitments and undertake to ensure that the standards which are set forth in the Code are met" (Inditex, 2020, p.3).

Secondly, out of 14 codes, only four codes are relevant for the case of Jiangxi, and these are; Code 4. *Respect for freedom of association and collective bargaining,* Code 6. *Safe and hygienic working conditions,* Code 11. *Health and Safety Products,* Code 12. *Environmental Awareness* (Inditex, 2020, p. 4-6). For a further indication of codes that are following the ILO conventions only two Codes have been identified;

Code 4. Respect for freedom of association and collective bargaining

Code 6. Safe and hygienic working conditions

13.2.1 Code 4. Respect for freedom of association and collective bargaining

Zara provides the *Respect for freedom of association and collective bargaining,* by allowing minimum standards of working conditions; Zara with their **Code 4**. is providing a provision of minimum conditions where suppliers and manufacturers have the responsibility to ensure safety and a healthy working environment. In which only the provision of minimum conditions is substantial; light, ventilation, hygiene, fire prevention, and consuming water. They are furthermore following local laws when negotiating labour rights. These negotiations between unions have proceeded through Inditex's internal mediums. Furthermore, Code 4. Implies, that "manufacturers and suppliers shall ensure their employees…. the right of association, union membership and collective bargaining" (Inditex, 2020, p. 4). However, this code has been created through a collective of conventions which are, 87, 98, 111, and 135 (Inditex, 2020, p. 4). Where convention 135 *Workers' Representatives Convention, 1971 (No. 135)*, enables workers to be protected towards any act such as injustice dismissals. Workers are therefore permitted to be a part of a worker's representation so long as it follows the laws (ILO, 2019, p.34).

13.2.2 Code 6. Safe and hygienic working conditions.

This code aims to provide "…. a safe and healthy workplace…." (Inditex, 2020, p. 4) as a minimum condition where manufacturers are given the responsibility "…to prevent accidents and injuries of their workers…" (Inditex, 2020, p. 4). This code has been adopted through the ILO convention 155. In which Zara is allocating this responsibility to its suppliers and manufacturers to provide a safe and healthy workplace (Inditex, 2020, p. 5).

13.2.3 Convention 155.

The case of Jiangxi unfolded main issues for the factory workers that was stemming from the production processes, that both lead to health issues for the workers but also for the local community, therefore, to seek evidence of norms to satisfy the ISCT, we have now explored relevant codes for the case provided by Inditex. To limit the normative behavioral rule, it was discovered that the universally accepted hypernorm of convention 155, has been adopted by Inditex as their code of conduct. And in order for this convention to become an authentic norm, the micro-social contract cannot contradict the hypernorm. However, the convention has been created to promote occupational safety and health and improve upon working conditions. Specifically targeting the protection of workers' rights, in terms of, sickness, disease, and injuries and have been established accordingly for enterprises to provide a maximum level of safety (ILO, 2019). Through the understanding of Code 4. and Code 6. it has been observed that the responsibility workers' rights have been allocated to their suppliers and manufacturers. Although these codes do not contradict the hypernorm per se, it is seen that Zara has interpreted this Convention, by dividing its responsibility into two perspectives. Those that are linked directly to Zara and those that are bounded by a contract; contractors. However, Inditex is claiming that its code of conduct shall be applied and condoned for, by all possible links to Inditex (Inditex, 2012). Which does not make it eligible to be considered as an authentic or legitimate norm that can be compatible with the hypernorm. In the sense that the convention requires to improve and promote upon working conditions. Here Zara is forwarding this convention to be applied to its suppliers and manufacturers (Inditex, 2020). On the other hand, the micro-social contract shall allow exit or consent but with the case of Jiangxi, this is difficult to measure because the case does not allow any interpretation of whether or not the factory workers have been informed with the codes provided by Inditex. And moreover, whether the factory workers have consented to these codes.

14. Corporate Citizenship External stakeholders involved

As seen in Zara's stakeholder map *(see figure* 5.*)* that has been created regarding the business model of Inditex, their external stakeholders have been categorized into; Customers, Unions/Partnerships, Owners, Community, Employees, Governments, Suppliers, and Shareholders. Furthermore, these groups have been analyzed with respect to their perceived stakes. Some stakeholders, especially, in the stakeholder chart have clear and well-defined objectives in terms of influence, interests, and power for Zara. Such as the Civil-Society and its demand for requiring sustainable apparel and ethical labour practices *(See chart 2.)* and the Union of ILO. However, as it has been perceived through the micro-social contract of Zara, despite integrating ILO into its code of conduct, the convention of 155 is not being satisfied. With much significant proof of how damaging apparel waste and pollution is towards the society and the well-being of workers in the supplier chains. This section will, therefore, provide the approach on 'partnership society', where the term in CC explains how "all sectors of society – corporate, government, and civil" (Altman and Cohen, 2000, p. 5) can work in alignment with one another to improve upon situations. Considering the stakeholder approach on a general level we can assume that, Zara will always prioritize its shareholders due to the aspect that its focal responsibilities are to satisfy this group before satisfying its stakeholders. Furthermore, if the chosen strategy is considered, that is going from a market-driven to a product-driven approach, we also have to face the fact that Zara's main interest is to increase its profits while reducing its cost through favoring and exploiting less developed countries by contracting or moving its supply chains.

Therefore, assessing Zara's CC will first begin by introducing its CC policy and how they are establishing their relationships to its suppliers, workers, and the environment since these are the key stakeholders of the case of Jiangxi. This is to disclose and assess the distinction between how Zara is basing their ethical decision-making and how it aligns with the case of Jiangxi too.

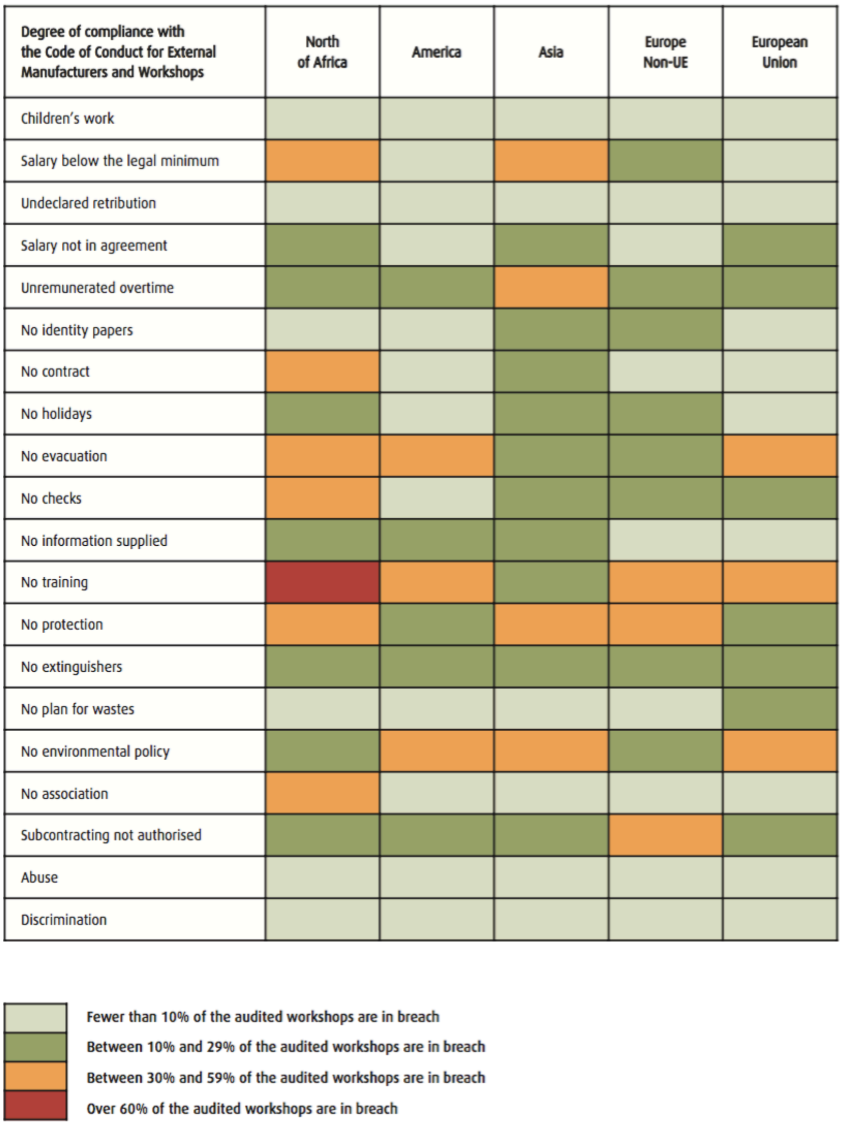
14.1 Suppliers

If considering Zara (Inditex) and its CC policy, one of their goals is to encourage practices (Corporate Citizenship Policy, 2020, p. 4.) By promoting its codes of conduct to its suppliers and manufacturers, and making them show compliance to the UNDP and Human rights (Corporate Social Responsibility Policy, 2015, p.4). However, these improvements are based on an ongoing dialogue. The methodology used to assess whether are not suppliers and manufacturers are following the rules provided by Inditex, is conducted through social audits. These audits are carried out by local specialists that have knowledge in the regulations, employment rules, and conditions (Social and Environmental Performance, 2005) In this respect, this means that the social audit in Jiangxi is executed by local citizens who are specialized in this field. This basically indicates, that Zara does not have a direct relationship with its suppliers and manufacturers, in that, an intermediary is used between both parties. That is a local citizen who carries out the audits to be reported back to BSCI[2], who then has the responsibility to diagnose whether or not suppliers and manufacturers are in compliance with the code of conduct. However, this phase consists of five processes; Raising Awareness among suppliers, self-evaluation, first social audit, plan of corrective action, and second social audit. Though, when the first audit has been conducted, it takes six months before any plans are established for phase 4 (Social and Environmental Performance, 2005, p. 46-47). This basically means that a period of six months is given to the suppliers and manufacturers to correct their behavior before a second audit can be carried out to seek an improvement (Social and Environmental Performance, 2005, p. 49). In the following chart, *see chart 4*, the compliance of the code of conduct provided by Inditex to its manufacturers is illustrated using the social audit which has been broken down to geographical areas. Here it is observed that the factory workers in the Asian geographic area have less than 10 percent rights to association and collective negotiation (Social and Environmental

[2] BSCI – Business Social Compliance Initiative. It is a supporting management system that helps companies to improve social compliance in its factories. And have been established to help aid those countries' where the national legislation is not enough to protect workers.

Performance, 2005, p. 50-51). But it is observed that there is a great percentage of factories that have limited training in terms of health and safety, and access to an association. Despite Zara (Inditex) Human Rights policies declaring that their employees working in a healthy and safe environment. And are advocating for employees' right to be involved with a union that protects its collective freedom of association and bargaining (Policy and Human Rights, 2016, p. 9). This enables the factories to comply with the Codes of Conduct provided by Inditex because through these the ethical and responsible behaviors are respected (Policy and Human Rights, 2016, p. 9).

Chart 4. Social Audit carried out by Inditex



Source: Screenshot taken from, Social and Environmental Performance, 2005, p. 51

14.1.1 Community

This group of stakeholders which is the citizens of Jiangxi province are clearly getting affected by Zara's corporate behavior. Such as, polluting the water of lake Poyang due to the disposal of toxins which have over time made the water not being drinkable for the citizens, which also affects the air. This is a great issue for the citizens because it is impacting the health of the local community. This issue stems from Zara choosing viscose sourcing as an alternative garment choice because it is cheaper. Although the sourcing itself is not toxic, it is the chemicals used in the manufacturing processes that make it toxic. Which in turn when disposed of does not get treated beforehand. In Zara (Inditex) CC policy they are expressing that biodiversity should be encouraged where the preservation of the environment should be controlled so as disposing of potential chemicals shall be minimized (Corporate Social Responsibility Policy, 2015, p. 5). In which an environmental policy has been adopted by the company to manage and encourage awareness of the environment. This policy has also been adopted to satisfy and meet society's demand. However, this policy is limited to only be an encouragement about the environment. It is also expressed that they consider the environment when any planning of activities is planned. However, no strict measures or methodology are to be encountered for how they prevent any environmental related issues that can harm the well-being of the community (Social and Environmental Policy, 2005, p. 66). Despite its policy on Human Rights that are declaring that they take exceptional measures to reduce and prevent any pollution to avoid any harm on the local citizens (Policy on Human Rights, 2016, p. 7). When observing the chart, (*see chart* 4) it is expressed that there is 10 to 29 percent of factory workers who do not receive any training in health and safety, however, this should be investigated furtherer. Namely, whether this may be the source for neglecting the community and its well-being. Ethical terms of the communities can be sought through the social policy conventions of ILO. If considering these, the social policy of ILO declares that it is a universally accepted fundamental human rights need. In which investments for the community well-being can be sought through Social security systems (Rules of the Game, 2019, p. 79). Convention, 1962 (No.117) on social policy declared that all policies being adopted should be aimed to improve the well-being and development of a community (ILO, Rules of the Game, 2019. p. 66). Zara (Inditex) has collaborated with the U.N. Convention on Biological Diversity, in which a biodiversity strategy that has been added to its value chain (Biodiversity Strategy, 2020). The alignment with the U.N. Convention on Biological Diversity is to help Zara (Inditex) to protect, preserve, and develop the well-being of the community by minimizing the exploitation of natural resources. And committing to eliminating those materials that bear a risk of harming the environment, its stakeholders, and the wider community (Biodiversity Strategy, 2020). This is also complimented with the zero-discharge of hazardous chemicals, in which an alignment with the Water Waste Mandate is evident. Cooperating with its suppliers and manufacturers, Zara is trying to improve upon any disposal of chemicals and using chemicals in the process of manufacturing products (Biodiversity, Inditex, 2020). However, these guidelines and principles followed, are executed with the respected legislation on freedom of association in each country (Biodiversity Strategy, 2020). But as observed, there is more than 30 to 59 of percent factories that do not follow any environmental policies or guidelines. This indicates that the factory workers, who do not get any training, in terms of the risks the disposal of chemicals can have towards the local community of Jiangxi, can be due to not following any environmental policies. The rate for which the Asian countries are receiving training for its factory workers in terms of safety and health is estimated to be 10 to 29 percent (Social and Environmental Performance, 2005, p. 51). It should be highlighted, that the companies' points of view on social policies are social investments, that they partake, in a voluntary manner (Policy on Human Rights, 2016, p. 11).

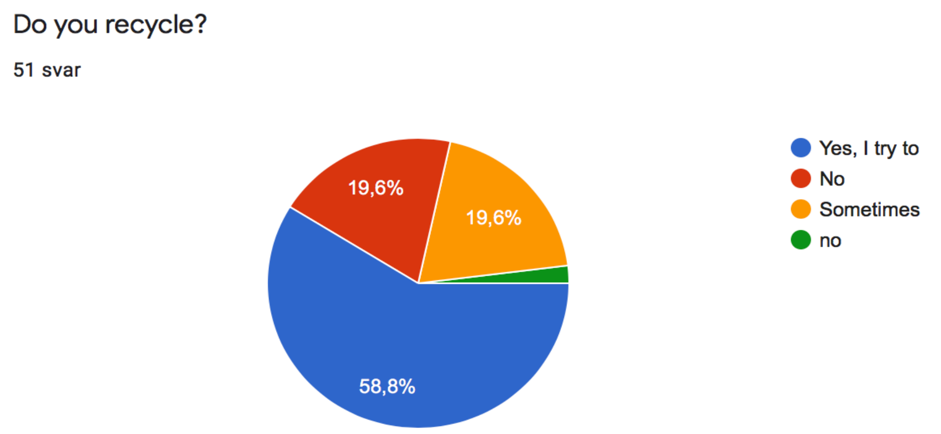
14.1.2 Environment

Having considered the stakeholders of the community, it can be said that it goes hand in hand with the environment. In the sense that when the overall community well-being is satisfied in terms of improvements upon pollution of the water, and the chosen materials that have been accounted for in the manufacturing process. These will contribute to the overall health of all citizens and workers in Jiangxi. It also means that the ethical issues stemming from the environment are accounted for, by Zara (Inditex). Namely, that the company is acknowledging the importance of natural resources to be preserved, so the world does not run out of it. And protecting the world's citizen's survival in terms of safety, security, and health. However, Zara is already working to protect these matters through its biodiversity strategy and is promoting sustainable use of resources. But one aspect that has not been covered is the issue of deforestation. An ethical issue, that stems from the sourcing of Viscose. As proposed, between 30 to 59 percent of factories does not have any environmental policies in Asia. But considering Zara and its Human Rights policies, that have been incorporated into its environmental variables. It is expressed that they take measures in reducing their use of natural resources and are contributing to preserving the environment by limiting its consumption (Policy on Human Rights, 2016, p. 7). By adopting a Forest Product Policy, which is aimed globally to all its entities that are linked to the group of Inditex. The forest policy provides, that, they make sure their viscose does not contain fibers that have been dissolved with pulp (Forest Product Policy, 2020). Moreover, committing to those sourced wood pulp, that is sustainable for the production of viscose. This commitment is ensured through its membership of CanopyStyle, which is tracking its sustainable viscose sourcing through Rain Forest Alliance audits (Our Commitment to Sustainability, 2019). Furthermore, to ensure the sustainability of its raw materials, they are working in alignment with, Better Cotton Initiative, Organic Cotton Accelerator, Sustainable Apparel Coalition, and Textile Exchange, among others. Where they have opted to use TencelTM Lyocell that is believed to be more sustainable. Moreover, they have a list of which chemicals are safe to use for its manufacturers during the production process, but the list has not been disclosed in its reports (Sustainable materials 2020, Inditex, 2019). Initially, any information about the use of Carbon Disulfide is not yet evident in their reports. Lastly, they are believing that its viscose production altogether by 2023 will be a 100 percent sustainable (Sustainable materials - inditex.com, 2020).

14.1.3 Consumers

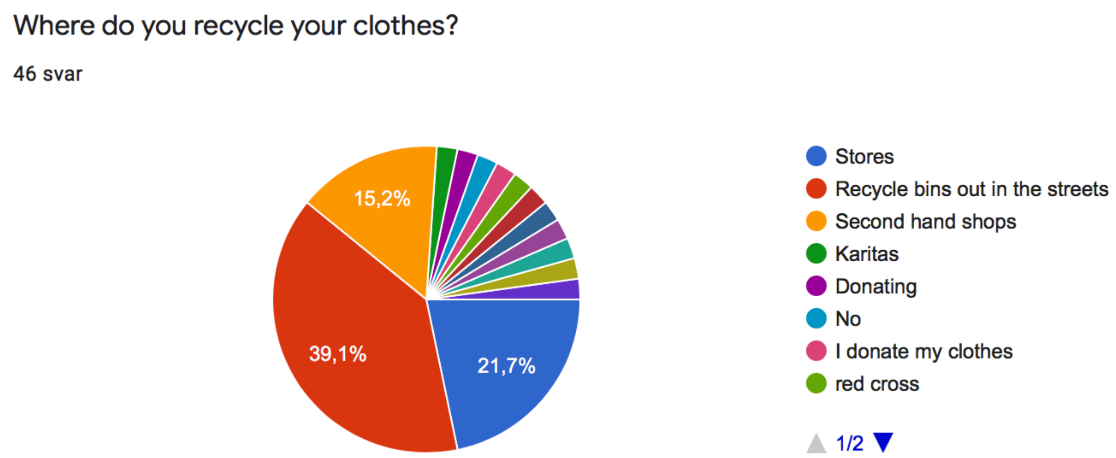
As the paper has explored corporations are inviting the civil-society more and more to the game of ethics by allocating the responsibilities. Examples were given by establishing cross-sector partnerships such as Welfare-to-Work, *see section* 9.1.3. In our regard, we proposed that if ethical issues are to be improved in the apparel industry, then the apparel industry may align with the consumers to cooperate and address these interlinked issues. In this case, it is observed that Zara is inviting its consumers more and more into its eco-friendly zone, all the while satisfying their demand for fast-fashion. By a consumer-to-brand approach relationship, using a close-the-loop strategy under its Join Life Concept. Such as recycling of used garments is established in a few stores around the globe. Although these recycled garments are resold through NGO's such as the red cross, Zara is providing containers in stores, where customers are given the opportunity to donate used garments. However, these measures are work in progress, since it has not gone global to all its physical stores yet. Its idea is to provide a circular economy where the life cycle of its products can be extended, reused, and nothing is wasted, beginning from its design processes of the garment. Acknowledging that waste is a human problem, they are declaring that they want to give their apparel a second chance to prolong its life cycle. It's been estimated by Zara that 14.824 tons of garments and shoes have been collected internally by 2018 for recycling purposes (Inditex, 2020). However, further estimates are not traceable due to the activity of garment collecting being a new phenomenon for Zara and its Annual report is only running until 2019. It can be assumed that they have chosen to incorporate this strategy to its business model, through demand from its customers since 3.5 billion dollars have been invested in recycling textile technology (Our Commitment to Sustainability, 2019). A majority of our respondents through the Survey who recycles clothes have been estimates to be 58.8 percent, whereas those individuals who are recycling are doing so predominantly, through physical stores and the use of recycling bins in the public. It can be said that customers and consumers are coming to terms with how consumption waste is providing harm to the environment, since recycling is becoming a trend, *see the following diagram* 3 and 4.

Diagram 3.



Source: Screenshot taken from, docs.google.com, Consumer Behavior regarding Fast Fashion and Sustainability, 2020.

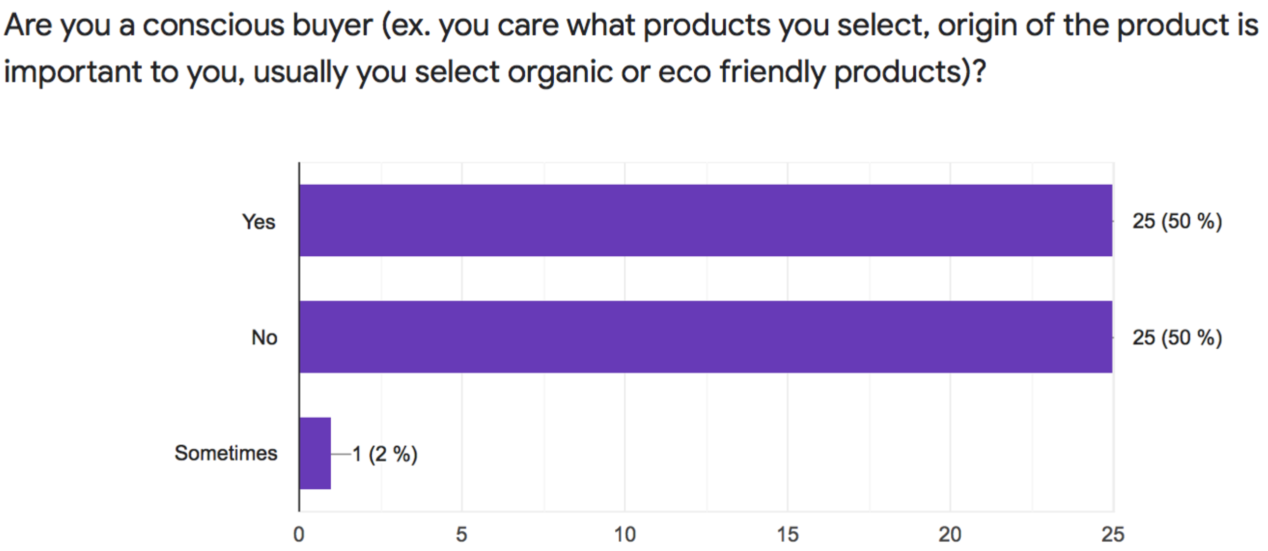
Diagram 4.



Source: Screenshot taken from, docs.google.com, Consumer Behavior regarding Fast Fashion and Sustainability, 2020.

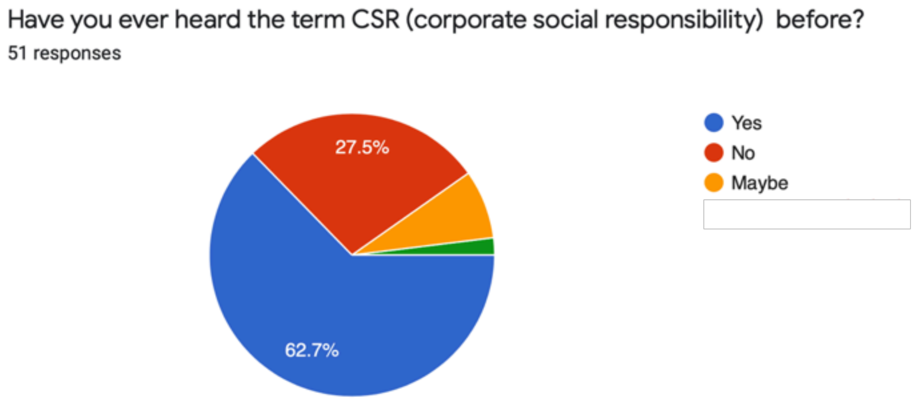
This change of behavior in Consumers may be due to a change of their consciousness towards waste. In which they are cooperating with Apparel brands to decrease and a larger preference towards sustainable apparel is apparent. This can also be sensed through their mindset of whether or not they think about how apparel is produced. This category of customers is divided equally, where 50 % of the respondents are putting thought into it while others don't, *see the following chart.*

Chart 5.



Source: Screenshot taken from, docs.google.com, Consumer Behavior regarding Fast Fashion and Sustainability, 2020.

For this group of stakeholders; potential customers and consumers, Zara have opted to create a Joint Life Concept Label program, where selected garments are produced with the utmost sustainable raw materials. During the production phase of apparel with this label, two standards have been implemented; 'Clear to wear and Safe to Wear' for its customers, to ensure that this is of sustainable creation. The majority of suppliers used for this project accounts for two thirds, which implies that the last third of suppliers may or may not produce apparel under the same conditions (Our Commitment to Sustainability, 2019). Zara (Inditex) has already indicated its success in estimating that app. 136 million items have been sold in the first half of 2019 (Inditex, 2019). It can be said that due to this change in consumer purchasing and decision-making behavior, CSR is becoming more and more recognized for both parties. Companies are realizing the importance of living up to the demands of consumers since consumers are beginning to realize the ethical matters in the apparel industry. The below diagram showcases the respondent's awareness of the term CSR, which has been accounted to be 62.7 percent. Initially, it can be said that CSR may have an effect on consumer's purchasing and decision patterns, as it has been discovered that consumers, through Zara have a large demand for sustainable apparel.

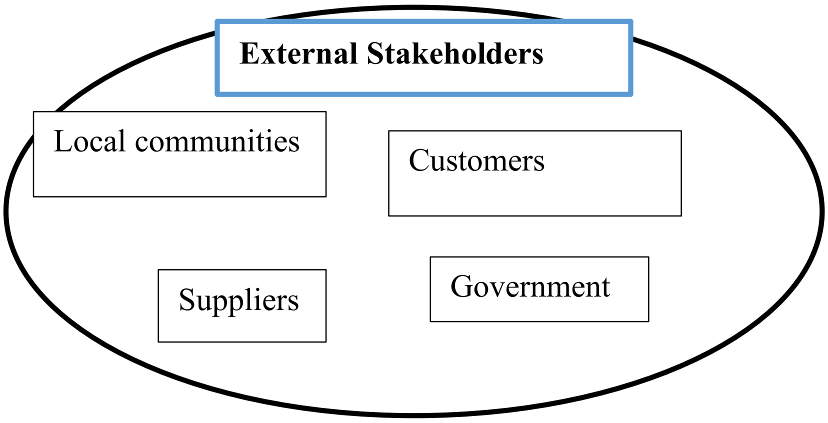


Source: Screenshot taken from, docs.google.com, Consumer Behavior regarding Fast Fashion and Sustainability, 2020.

15. External Stakeholder Analysis of H&M

In the figure below all key external stakeholders of H&M are identified. They all have some connection with the case study and the topic of this thesis. External stakeholders are in some way influenced by actions and decisions of the company. In the case of H&M external stakeholders are; customers, suppliers, local communities and governments. Customers are main stakeholders, value in business is created for them. They support the company and brand. They purchase goods and services and create bonds with brands. Suppliers provide resources to operations a company has. They are crucial for production. Production and suppliers have impact on local communities. They bring workplaces and income to families living in the near area. Governments are closely linked with businesses and economy. Taxes and funding are things both parties have in common and society as well. As a result, governments support companies and production in certain areas because it drives economy and has circular cash flow.

Figure 8.



15.1 Stakeholder mapping

Chart above is visual representation of main stakeholders of H&M. Those are parties with most interest for the core business. H&M is linked to greenwashing practices. With greenwashing consumers as main stakeholders are affected the most, because false claims and deception decreases brand trust and loyalty. Greenwashing may be used as a nudge to increase sales and create brand awareness, but it can backfire, especially in todays globalized world. In the following chart stakeholder map is illustrated based on shareholder map.

Figure 9. Stakeholder map.

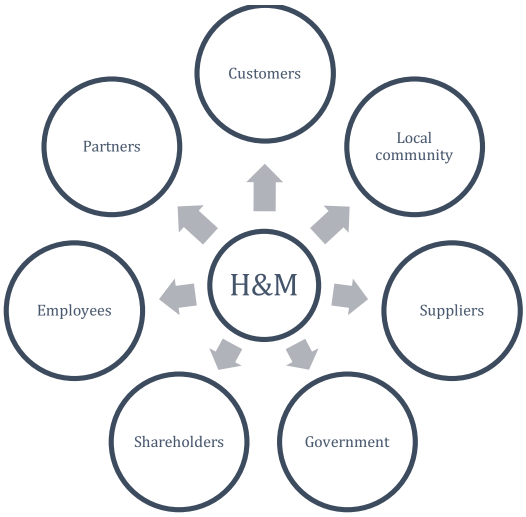


Chart 3. Stakeholder Chart of H&M

Customers	Local Comunity	Suppliers	Government	Shareholders	Employees	Partners
• physical store customers • online store customers • potential customers	• government and public administartion • NGO's • media	• logistic and distribution centres • direct suppliers • external contractors	• taxation • local tax authorities • Skatteverket	• private investors • institutions	• managers • sales people (instore) • logistic staff • consultants	• financial advisers • accountants

The Stakeholder chart illustrates key stakeholders of H&M, those who are the most implied with the business. Moreover, in the following table, some specific stakeholders will be examined with corresponding examples. Selected stakeholders are in the in the center of core business and affeced the most with changes in business practices. However, consumers are, affected the most with the findings of the case, practices of greenwashing.

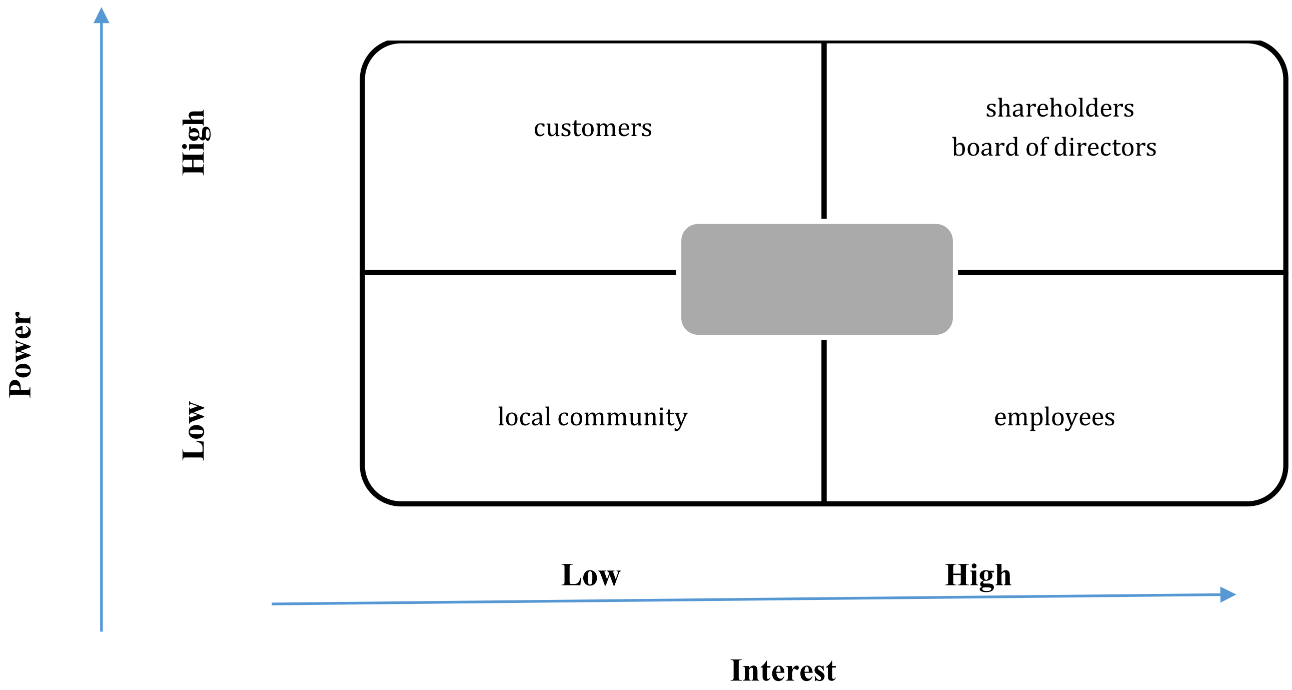
Local community. • work opportunities • investments • increase in productivity • investment in relaestate • local production • competition	**Example.** Companies provide longlasting work opportunites to members of comunities with added job benefits such as healthcare, dentalcare and learn modern experiences and technologies; which improves lifestyle of community and investment in real-estate.
Employees. • monetary security • added benefits • healthcare • education	**Example.** Employees have steady jobs, secure salaries with medical coverage, opportunity to learn and grow, possible career advancements and working for a global company.

Customers. • better prices • more options • fast delivery • trends	**Example**. Customers have fast access to good quality/price for variety of trendy items. H&M has Conscious Collections that are organic and recycable, that makes them a leader in sustainable fashion.

15.1.1 The Two-dimensional Grid of H&M

Two dimensional grid is used to illustrate which stakeholder has priority. Stakeholders are compared based on power and interest. Those with high power and high interest are involved the most with business practices. Local community, employees, customers and other shareholders are key factors in business activities of H&M.

Figure 10. Grid of H&M



Based on the grid above, local community has low interest and low power when it comes to business decision makings on activities. They are external stakeholders in that they can either gain or lose interest. Also, they are not directly involved with core business operations. Customers however have low interest and high power. That means as an example; if they decide to boycott a brand, can lead to the company and brand loss of credibility and revenue. They are the reason company is producing and creating value for. This scenario is possible in highly competitive industries where consumers can choose from variety of different options. In order to prevent backfire and negative publicity, H&M needs to listen and take care of their customers. They need to nourish consumer brand relationships and invest in creating loyal customers. Moreover, shareholders, board of directors and top management have the highest interest and highest power. They are in charge of making all important decisions regarding business practices. They also have the highest interest because their decisions immediately impact the business, in terms of profit and expenses as well as their yearly financial interest in the company. Employees have high interest and low power, their interest in the company is doing well for job security and stable salary, while their power is often minimized, and they have no direct influence or power in making business decisions as those rest in the hands of major shareholders.

15.1.2 Management of Stakeholders

H&M closely manages its suppliers and focuses on creating and improving relations with them. These relations are successful and are based on transparency and communication. Consumers are the most valuable stakeholders, and the company is treating them carefully. All projects and campaigns are tailored in a way that they send a certain message. Conscious collection is a perfect example how awareness for sustainability is created and also knowledge for this issue. Slowly, consumers can associate H&M with green practices and environmental caring. Managers tailor advertising and promotion use social media and influence marketing in order to reach as many customers as they can. Web shop and social media sites are easy to navigate and are providing quick deliveries with proper return policies. The company invests a lot of resources into this process and as well in customer relationship management. With these using advertising tools and marketing techniques they want to make product and brand placement; and get consumers more involved and engaged. After all value is created for consumers. Consumers can browse the official H&M website and its social media site and find their annual reports in which all milestones are described and explained. The same thing goes for suppliers. On its official websites the latest news, trends and company standpoint regarding sustainability and transparency can be seen. Additionally, the company is ranked as number one in the Fashion Transparency Index 2020 (hmgroup.com, 2020). This is a big recognition for the company and for the consumers. Consumers can have accessible and transparent information

regarding where and how products are made. H&M is also having additional information about products, like production country, supplier and factory names (hmgroup.com, 2020).
Managers and employees are led by important internal documents like Code of Ethics and organizational culture, often referred to as 'the spirit of H&M'. Those are basic values and company standards. Moreover, they are also promoting the Swedish Code of Corporate Governance which is a way of leading based on the principles of either complying or explaining. The code is also included in the annual report of corporate governance (hmgroup.com, 2020). When it comes to cross cultural management, local laws and standards are adopted to business practices as well as local taxation systems. H&M applies cautious and conservative taxation policy which aligns with Transfer Pricing guidelines. Briefly, this means that profits are allocated and taxed where value is made. Transfer Pricing guidelines are created and implemented by Organization for Economic Co-operation and Development (OECD). OECD is an international organization for improving economic growth of all country members and contribute to the overall development of international economy. OECD works with companies and governments and analysis changes on the markets and economies. Where H&; is also looking into social, economic, and environmental changes. Thereby, H&M contributes to local economies by creating jobs as well as paying taxes (direct and indirect) in production countries. However, H&M does not own production factories, instead are supplied with goods from suppliers from European and Asian countries (hmgroup.com, 2020).

15.1.3 Stakeholder Relations

From H&M's company website and its investor relations, it is seen that there are annual general meetings aimed to create the annual reports. Here investors are given the opportunity to discuss business decisions and as well situations impacting current business practices. For example, this year's main topic for H&M investors was COVID-19, and its influence on the fashion industry, production, and operations. Moreover, H&M is building and maintaining relations with its investors and suppliers. They keep good relations to improve and build upon a successful business model. They keep everything in line in order to achieve a successful model of fast-fashion. This strategy can be seen as a prosperous competitive advantage and makes H&M a market leader in this industry. H&M promptly publishes their work with communities and non-profit organizations on their official website and social websites. They are also known to work with high profile celebrities to give consciousness about various causes to show support. For example, H&M has a partnership with UNICEF in regard to supply chain and work ethics. This is a long tradition of sustainable engagement of doing right and operating as an ethical business while staying profitable. This has been integrated into the company culture its Codes of Conduct (sgdfund.org, 2020).

16. Integrative Social Contract Theory (ISCT)- The Case of H&M and Their Greenwashing Practices

Over the last past years, many companies have accepted the practice of a sustainable way of doing business and green marketing as an advertising tool to differentiate on the market. Some companies exploit this using the practice as deceptiveness to trick consumers. As a result, greenwashing behavior has emerged seen as an unethical way of doing business that goes against the normative rules of ISCT. These normative rules as expressed, have been explained through hypernorms provided by Donaldson and Dunfee, which have been deemed the foundations of human rights. For a hypernorm to exist, the scholars have also provided a list of 11 guiding principles (*see section,* 13.1).

However, regarding the topic of greenwashing, it is seen that there are missing legal restrictions and laws that sanction producers and protect the rights of consumers. This means that companies can legally avoid sanctions when misrepresenting their products and services. On the other hand, there are some guidelines on how to approach this issue. These guidelines are seen on a micro level, such as country-specific level. But it should be mentioned that there is no universal law nor norms that deal with this topic. To exemplify this, organization for Economic Co-operation and Development (OECD) has published a policy that tackles environmental labeling and information schemes. Focus is on the right communication between marketers and consumers. This policy relies upon and puts emphasis on the seals and certifications of the products. Also, environmental audit, due diligence, and complex reporting methods are recommended to all marketers. Key activities in this process are standards development, promoting those standards externally, and verifying implementation or overseeing certification.

Sustainability Performance Report 2019

H&M (Hennes & Mauritz)

Large, Retailers

Publication year: 2020	SDGs: ✔
Report type: GRI - Standards	CDP: ✔
Adherence Level: In accordance - Core	IFC: ✖
Report details verified and submitted to GRI: ✔	OECD Guidelines: ✔
Sector supplement: Not Applicable	UNGC: ✔
Integrated: ✖	ISO 26000: ✖
GRI Service:	AA1000: ✖
Reporting period: 12/2018 - 11/2019	Stakeholder Panel/Expert Opinion: ✖
Reporting cycle: ?	External assurance: ✔
Language: ?	Type of Assurance Provider: Accountant
Number of pages: ?	Assurance Provider: Ernst & Young
	Assurance Scope: Specified section(s)

Source: Screenshot taken from globalreporting.org

However, to determine hypernorms, the GRI database can be considered where it has been observed that H&M is following OECD guidelines, presumably as hypernorms. To investigate this further, it is seen that OECD has published the Environmental Claims and Consumer Policy report. Unfortunately, H&M currently does not follow ISO 14000 environmental standards but is following other standards by OECD like environmental labeling and information schemes. Through this standard, H&M is claiming to ensure the best policies for environmental claims. Areas included in environmental claims are definitions, labeling requirements, business green guides, standards, and enforcements (oecd.org, 2020). This has been observed through H&M's global annual sustainability report and from the company's Code of Ethics. With these characteristics, it is leading to sustainable and ethical business and practices like greenwashing are avoided. OECD has the power to raise awareness about this issue and has created practices many companies and governments should adopt and implement in the long run to gain benefits and prosperity.

16.1 The Micro Social Contract of H&M

To determine the Micro social contract of H&M, it is seen that they have adopted SDG Goals as a guiding principle towards an ethical and sustainable way of doing business. SDG withholds 17 pillars, that are based on a global level and have been set up to meet each pillar by 2030. Some of those goals are starting points of H&M groups' circular sustainable business strategy. One of the biggest goals that the company has set to achieve by 2030 is to be 100% sustainable in its materials. H&M is a market leader in sustainable fast-fashion because they already use 35% of recycled materials in their business production. Some of those materials are organic cotton and recycled polyester. Also, another goal of the H&M group is to use water and chemicals in its production processes in a more responsible way. They also want to remove all hazardous chemicals from their production processes because of the negative impact it has on the environment (about.hm.com, 2020). The following list showcases some of the SDG Goals H&M supports in their business practice;

Pillar 3." Good health and well-being
Pillar 6. Clear water and sanitation
Pillar 8. Decent work and economic growth
Pillar 10. Reduced inequalities
Pillar 12. Responsible consumption and production
Pillar 13. Climate action" (sustainabledevelopment.un.org, 2020).

These goals can be investigated and analyzed from the micro-social perspective because H&M is a global company operating at multiple markets around the globe. Consequentially, the company with its presence can establish norms in local communities. Also, they can contribute to the local communities with their impact, it should be mentioned that some level of adaptation is necessary because of cross-cultural differences. Furthermore, these pillars adopted through SDG goals, have been integrated into H&M activities. One of them is connected to pillar 6, 12, and 13th goals mentioned above. And can be seen how the company is promoting cleaner production in the Buyuk Menderes basin in Turkey. Where the focus is on cleaner production and water stewardship. Here it is also seen that they have improved its supply chains by helping the local community with training programs, studies, and financial programs. In its sustainability report, they are declaring the importance of how restoring and protecting rivers and water ecosystems is for the greater benefit of the planet, people, and profit (HM Sustainability Report, 2018). Moreover, some of the proactive actions taken by H&M are the usage of renewable energy and materials, new and innovative ways of reusing and recycling materials, expanding the life of a garment, and reshaping their production in a more sustainable manner. Previously mentioned the goals, in theory, express a caring and devotion to all stakeholders; people and the planet, while profit is not the main reason to do business. Benefits for employees, steady workplace, and salary in normal working conditions influence on good health and well-being. Goal 10 is regarding inequalities; H&M is leading in this field. Management is diversified, many women are on top management positions; there are diversity and inclusion in every aspect of the company structure. In 2018 there were 72% of female employees in management positions (HM Sustainability Report, 2018). There are numerous opportunities for employees to train and develop their core competences and to proactively contribute to society. With their Conscious Collection climate action and responsible consumption and production being brought to the next level. Furthermore, in the annual sustainability report by the H&M group, all guidelines and achievements that the company has made in the past year have been stated. Relations with suppliers and partners are mentioned as well. This contract can be used as a micro-social contract for local communities to establish ethical norms. From the latest sustainability report a company has issued essential points for sustainability and ethical business;

- Leading the change

"We are using our influence to support positive transformation in the fashion industry-driving innovation, collaborating with others, pushing for greater transparency and rewarding sustainable actions" (hmgroup.com, 2020).

- Circular and climate positive

"We are changing the way we do business to become climate-positive and fully circular: making the most of all resources, cutting carbon emissions and turning waste into new resources" (hmgroup.com, 2020).

- Fair and equal

"We want to be part of a fashion industry that provides fair jobs and equal treatment for everyone. We respect human rights, promote inclusion and champion diversity through our supply chain-and call on others to do the same" (hmgroup.com, 2020).

From H&M's essential points for sustainability and ethical way of doing business, it can be easily observed how environmentally aware the company is and how they have a caring relationship with their employees and suppliers. In the report, human rights, fair wages, working conditions, diversity, and inclusion are explained and as well described with real examples.

H&M highlights the importance of having fair jobs and fair living wages. They also promote and encourage local governments to set fair and decent living wages for workers in factories (industry-based wages), which can be seen in the following statements provided by H&M.

> "Providing a solid foundation of fair and attractive working conditions. These include fair labour standards, high health and safety standards, fair and competitive compensation, a comprehensive grievance procedure and a cooperative workplace dialogue" (HM Sustainability Report, page 64, 2018).

Here it is seen that there is an emphasis on communication with stakeholders and creating relationships with them, which have been deemed to be important since they can achieve new innovative ideas through inputs for sustainable work. As a result, the company works together with other fashion brands, trade unions, and global organizations like ILO, Sida, WWF, Solidaridad, and many others (hmgroup.com, 2020). On the other hand, H&M has proudly announced, that 100 % of its suppliers have signed their Code of Ethics as one of their most important documents and guideline for a sustainable way of doing business. Suppliers need to follow these Code of Ethics, child labor policy, home working policy, and sustainability commitment agreements. With that being said, the company has passed a safety and security audit in 9.715 stores with a worldwide compliance level of 85 %. They set a good example for the rest of the industry to follow. Also, in order to save energy, they have switched to LED lights in their stores (HM Sustainability Report, 2018).

However, when it comes to engagement with its customers, the needs and demand for them is the primeval focus of the company. Customer brand relations are crucial, and the company invests a lot of resources to keep it at the maximum level. The company wants to create a trust that can enable loyalty towards its brand. Therefore, have H&M invested in customer services at various levels, on social media, through market research, marketing, and public relations.

If considering the micro-social contract of H&M, it can be understood with the help of United Nation SDG, since the company applies the goals into their business practices. Although SDG goals are globally known and applicable to almost every industry, H&M as a global company operates in many different countries and adapts to local jurisdiction. With the guidance of SDG company can make a difference and improve some aspects of areas closely related to the core business operations. Company's Code of Ethics as Code of Conduct is an important document that has been signed by all suppliers and puts emphasis on fairness, equality, respect of human rights, no corruption nor bribery.

17. Corporate Citizenship

Corporate citizenship is becoming a popular concept used by corporations and global institutions, advocating for a more inclusive role of businesses in society. As observed in the stakeholder's map above, external stakeholders for H&M Group are categorized as follows; customers, local communities, suppliers, and governments. As a large multinational company, it is very difficult to assess H&M's role in society due to the complex structure of suppliers, obeying laws in operating countries, and international treaties. However, in the concept of citizenship, it is expected of H&M to follow different government laws, handling supply chain, and quality control while still contributing to local communities and bringing satisfaction to consumers. H&M and its internal stakeholders are responsible for these four external stakeholders, which, as mentioned, makes H&M's role in society a very complex one. It can, therefore, be argued that H&M's influence on the society is limited, as the company represents a large number of stakeholders and is situated between the national governments and its suppliers while still maintaining responsibility towards the customers. This puts H&M in a delicate position in which it must control the quality and standards of all its suppliers while complying with all the national laws. Metaphorically speaking, we can, therefore, place H&M Group in the role of a citizen, albeit partially. However, in practice, the size of the company is simply too large to effectively be placed into the theory of Corporate Citizenship. This is due to the large number of stakeholders involved. But we can still observe H&M in the role of Corporate Citizenship on a micro-scale. The following sections will thus examine H&M's external stakeholders through corporate citizenship theory and make an elaboration based on Codes of Conduct and the survey created for this thesis.

17.1 Suppliers

H&M is a Swedish company and has different cultural standpoints from other competing firms. CSR and social issues are never neglected; in fact, they are prioritized. Despite having many suppliers in multiple countries around the world, the company does not own any factories. All suppliers have to sign and agree upon the Code of Ethics, one of the most important business documents H&M has. In the annual sustainability report, they proudly mention that 100 % of their suppliers have signed the contract. But signing is one thing and complying with terms and conditions is another. To avoid bad practices and violations of the Code of Ethics, H&M has a team of 30 inspectors and 110 quality controllers that inspect and investigate all abnormalities in the supply chain. According to the Code of Ethics, suppliers must obey the laws of the country, abstain from child labor, have normal and safe working conditions, etc. The company cares for environmental impact as well. In which assigned environmental representatives have been established to all the countries they are operating in to avoid any violations. These environmental representatives are experts and knowledgeable and knows how to deal with abnormalities in supplier chains. With regular inspection regarding the business practice and operation, there are also unexpected inspections that check all requirements from the Code of Ethics. Annually, there are around 2.000 inspections and reports are carried out checking all activities in the supplier chains (Haberberg, 2008). Moreover, H&M collaborates with 1.300 suppliers with around 1.6 million textile workers being employed by suppliers. As a result, they have a responsibility to treat those employees with dignity in safe and healthy working conditions (hmgroup.com, 2020). Sustainability Commitment is part of H&M's Code of Conduct and those two documents complement each other. Sustainability Commitment emphasizes on animal welfare, healthy workplace, and ecosystems. Before working with business partners/suppliers, H&M executes research, and assessment of a specific partner before establishing a relationship. It is expected that every business partner needs to have the same vision for sustainability (hmgroup.com, 2020). Good communication, trust, and transparency are fundamental values of having good relations with suppliers and partners. In order to have safe and healthy working conditions for all factory workers H&M Group has also mandatory requirements;

- "Two emergency exits on each floor.
- Fire alarm installed on a separate power line, connected to its own generator.
- Emergency light connected to a battery in case of power failure.
- Fire extinguishers clearly marked and tested.
- Easy to understand evacuation plans posted on the walls.
- Regular fire evacuation drills for all employees and shifts, with minutes documented for each drill." (hmgroup.com, 2020).

These mandatory requirements are obligatory norms and standards that all suppliers need to follow and respect. Among other things, inspectors check them to follow the company's Code of Conduct and Sustainability Commitment.

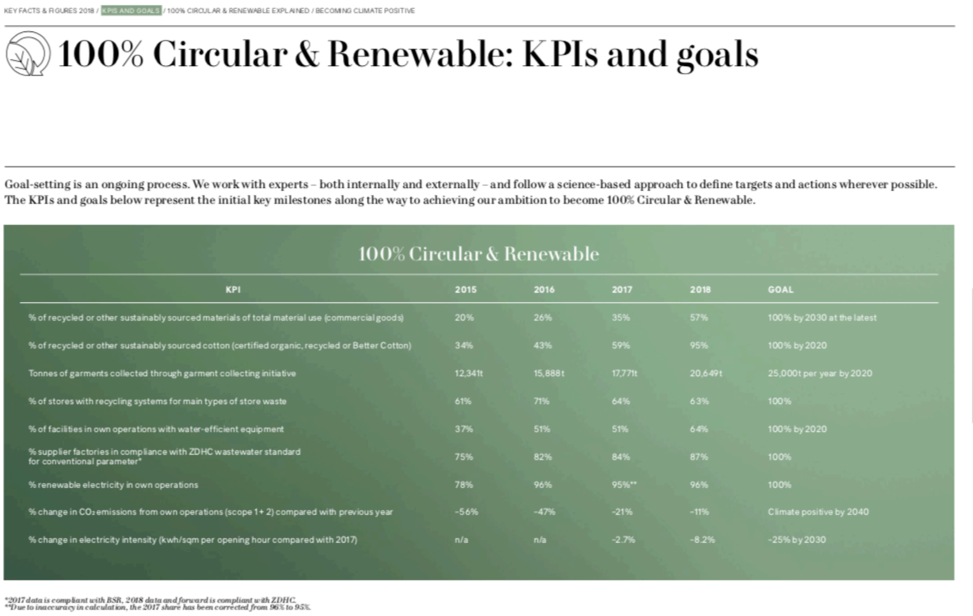
17.1.1 Governments and Local Communities

Because H&M is a big multinational company operating in many different countries with different cultures, standards, and laws, it is hard to measure and analyze all impact roles in society that they have. Local communities are especially affected by business practices and operations. That can be seen from the previously mentioned case in the Büyük Menderes basin in Turkey where H&M invested in cleaner production and innovation of the supply chain. The company has financed this project, and made a research and invested in learning and development. Water stewardship, river protection, and water ecosystems benefits to the area and business operations. As a result, H&M

follows and applies SDG's in their business activities as well as Environmental Claims and Customer Policy standards by OECD. These globally acknowledged principles and standards are recognizable and can be used as a benchmark. Also, business production brings the development of the area; new housing is being built, real estate, job opportunities, etc. Companies invest in human capital which can be seen as their main strength and opportunity. Employees and local communities add value to the overall picture and are interdependent. According to the UN principle "Protect, Respect, and Remedy" developed by John Ruggie, states that governments have a responsibility to protect all citizens and workers against human rights violations and abuses from third parties, businesses included. Also, corporations have a responsibility to respect all human rights, while access to remedy needs to be available to victims (UN Global Compact, 2020). These guidelines apply to all countries and business enterprises around the world. Governmental role can't be neglected, governments sign treaties, principles, and conventions, they are lawmakers. In international trade and economic cooperation, they are a key player because they set the grounding rules. Governments give subsidies to businesses and other financial aids for some projects and operations. Companies, on the other hand, pay taxes to the governments; there are circular flow and codependence between these two parties. From the H&M case, the company wants to influence local governments as the main policymakers of new policies regarding the sustainable way of managing water basins. With awareness for this topic, impact and knowledge joint forces with governments can change the whole water management system (HM Sustainability Report, 2018).

17.1.2 Consumers

Value in business is created for consumers and as a result, they are one of the most important stakeholders. Over the past decades', consumer behavior and consumer preferences have changed. Many consumers feel a commitment to social issues such as the environment and are indeed conscious buyers. Consumers are very well informed; they have access to information, and they are sensitive to bad business practices. Companies need to understand that and to be savvy. As a result, H&M is a leader in innovation and sustainability in the textile industry. They were the first ones on the market to include collecting garments to be recycling in in-store bins. As a nudge and incentive, conscious consumers would receive a gift voucher. Consumers were nudged to do a good deed and to recycle, but also to co-create. This process helps in building and strengthening consumer-brand relationships. With this recycling policy, H&M is raising awareness and knowledge for waste in the fashion industry and nudging consumers into proactive doing and that may eventually lead to a changing mindset. According to the annual sustainability report, 20.649 of clothes have been collected in store (HM Sustainability Report, 2018). In the photo below key performance indicators for becoming circular and renewable are noted.



KEY FACTS & FIGURES 2018 / KPIS AND GOALS / 100% CIRCULAR & RENEWABLE EXPLAINED / BECOMING CLIMATE POSITIVE

100% Circular & Renewable: KPIs and goals

Goal-setting is an ongoing process. We work with experts – both internally and externally – and follow a science-based approach to define targets and actions wherever possible. The KPIs and goals below represent the initial key milestones along the way to achieving our ambition to become 100% Circular & Renewable.

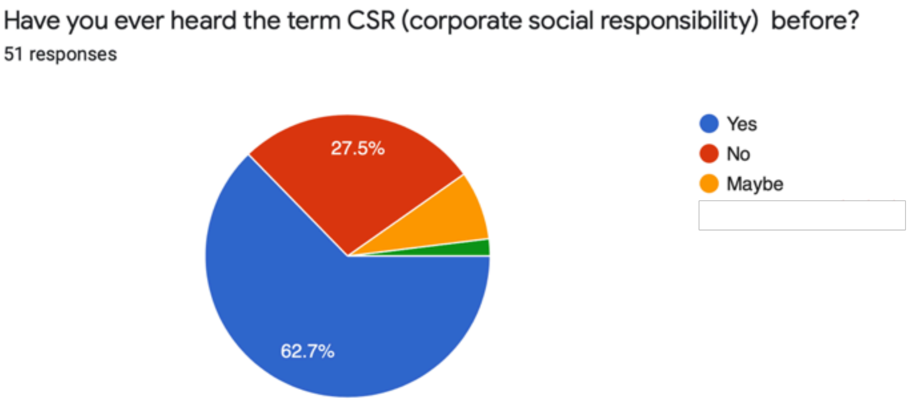
100% Circular & Renewable

KPI	2015	2016	2017	2018	GOAL
% of recycled or other sustainably sourced materials of total material use (commercial goods)	20%	26%	35%	57%	100% by 2030 at the latest
% of recycled or other sustainably sourced cotton (certified organic, recycled or Better Cotton)	34%	43%	59%	95%	100% by 2020
Tonnes of garments collected through garment collecting initiative	12,341t	15,888t	17,771t	20,649t	25,000t per year by 2020
% of stores with recycling systems for main types of store waste	61%	71%	64%	63%	100%
% of facilities in own operations with water-efficient equipment	37%	51%	51%	64%	100% by 2020
% supplier factories in compliance with ZDHC wastewater standard for conventional parameter*	75%	82%	84%	87%	100%
% renewable electricity in own operations	78%	96%	95%**	96%	100%
% change in CO_2 emissions from own operations (scope 1+ 2) compared with previous year	-56%	-47%	-21%	-11%	Climate positive by 2040
% change in electricity intensity (kwh/sqm per opening hour compared with 2017)	n/a	n/a	-2.7%	-8.2%	-25% by 2030

*2017 data is compliant with BSR, 2018 data and forward is compliant with ZDHC.
**Due to inaccuracy in calculation, the 2017 share has been corrected from 96% to 95%.

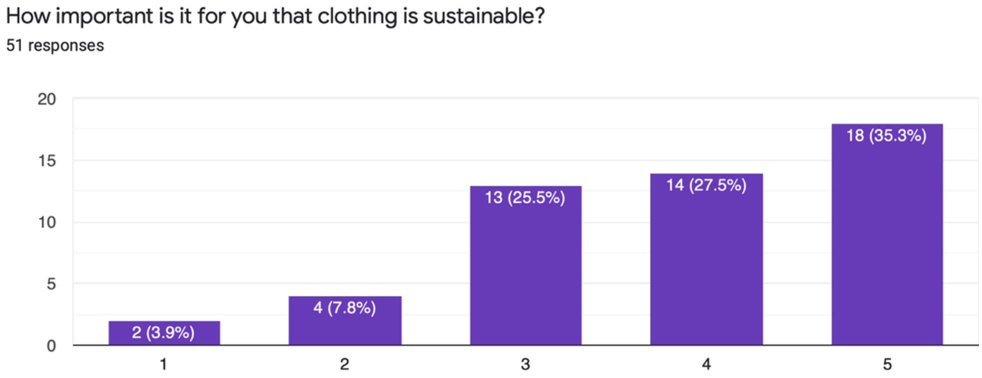
Source: Screenshot taken from the HM Sustainability Report, 2018 page 31

However, there are some raising issues that consumers have, especially regarding sustainability, and those are product design, chemicals used during production processes, green transport, and waste management (hmgroup.com, 2020). H&M understands these issues, and, in their practice, they want to become 100% circular and renewable (see picture above).



Source: Screenshot taken from, docs.google.com, Consumer Behavior regarding Fast Fashion and Sustainability, 2020.

Moreover, the sustainability of fashion items is quite important. The majority of the respondents have rated sustainability with the highest given marks.



Source: Screenshot taken from, docs.google.com, Consumer Behavior regarding Fast Fashion and Sustainability, 2020.

Based on the answers collected from the respondents, sustainability matters to consumers, and this may be linked to why many companies focus on it and promote greener practices. This is also why good marketing campaigns and public relations can influence on promotion and purchase. In order to be effective and successful marketing campaigns need to communicate brand values in the right way, targeting the right audience. With global companies, it can be difficult because of multiple different markets with different consumer preferences. Companies need to inspire consumers, offer something new and innovative to strengthen relations. But, to avoid greenwashing, companies need to be transparent and truthful when declaring something about products and services in order to gain trust and loyalty. From those foundations, business strategies can be developed further and other strategies like marketing and PR.

18. Discussion: Carroll's Pyramid of CSR

The first half of the research, have clarified how the fast fashion machine emerged through the global outsourcing of the apparel industry to get access to a larger workforce, but also to save costs. Such as production and labour costs. Getting access to cheaper garments have also had significance in this case. Through time, specifically in the '90s many global brands began to receive criticism and underwent a period of scandals in the media. The issue highlighted, was of the unethical business practices that were uncovered, which couldn't be swept under a rock anymore. To remedy and meet society's need for reassurance, global brands began adopting CSR approaches, such as Codes of conduct, Codes of ethics, and guiding principles. Though the fast fashion machine was not as visible, it has been explored that the characteristics were there; speed, quick response, shorter product life cycle, and the fashion calendar. These characteristics have been observed to be a cause of putting supplier chains into an immense amount of pressure, which eventually has led to unethical ways of exercising practices. These have been exemplified with the selected cases, such as pollution of the environment and the local community through viscose production processes. On the other hand, H&M choosing to greenwash its consumers, by making them think that they are of a sustainable brand. That being said, the last step for this research is to assess and discuss how much H&M and Zara are withholding their responsibilities through the pyramid of Carroll.

18.1 Economic responsibilities

Beginning with the economic responsibilities, which is the base for the pyramid because to succeed on the market every business needs to be profitable now and in the future. It was proposed to seek an understanding of whether a firm is upholding its economic responsibilities could be sought through whether or not shareholders are being satisfied. This information can be found through profit sales but also by observing the dividends. Seen in both Zara and H&M's financial reports, it is observed that the profit margin of Zara in 2019 was 12.86 % and H&M was 5.78 %. Both companies have steady dividends when compared to previous years. This means that both companies are satisfying their shareholders. Zara has dividends of 0.82 while the dividend has a yield of 2.71 %. Whereas, the dividend of H&M is 9.68 with a dividend yield of 7.61 %. Price to earnings ratio for Zara is 25.66 and for H&M it is 14.99, which indicates that Zara has a low-risk score, while H&M has a medium risk-score (YahooFinance, 2020). From the company's point of view, the increase in sales and satisfaction of shareholders with profit is core economic responsibility.

If considering the standpoint of stakeholders, the literature review has provided that the price for a product or service is a key indicator to satisfy consumers. However, our findings have suggested that it is indeed the quality that is more important over price. This may indicate that consumers do not think about the price set for a product or service for this research.

18.1.1 Legal responsibilities

The next layer of the pyramid is legal responsibilities; businesses should not only use profits as an incentive but are also expected to follow and obey those laws and regulations where they operate. Here our external sources have provided an insight into businesses deliberately choosing less developed countries to exploit, due to weaker labour protections among other factors. For Zara to choose Jiangxi, this has been inevitable, since it has been observed through its social audits that the Asian countries have no environmental policies. Which means fewer restrictions and regulations on how they are impacting the environment negatively. If considering the ILO Conventions, which certain of them can be regarded as laws since they are binding. The research has also discovered that Zara does not oblige to its normative rules of convention 155. This has been investigated in the application of ISCT, where it has been presumed that two concepts are being contradicted by Zara, in the macro-social contract; 'consensus' and 'exit'. This has to do due, with the universally accepted convention on freedom and bargaining that allows factory workers to negotiate its working conditions. The contradiction is in display in the sense that, the theory in itself declares that if any of the codes of conduct have been informed then the contract is binding. This means that the factory workers of Jiangxi have to oblige to the codes, with no further ratification, and leave out the opportunity to bargain for its conditions; worker's health, safety, and the right to raise its voice. However, Zara does not provide any information about whether or not its factory workers have accepted its code of conduct. On the other hand, with the case of H&M, it was a matter of adopting green marketing practices to become sustainable. No legal responsibilities can be determined, since no universally accepted principles, policies, or conventions are to be found that H&M have adopted to its green practices other than the promotion of SDG goals.

18.1.2 Ethical responsibilities

Since ethical responsibilities also entail activities and practices executed on the premises of the society's acceptance. The legal responsibilities can be used to assess whether it is of justice and fairness. Because activities and practices being bound by behavior, standards, and norms set by the civil society. It has been discovered that those standards, behaviors, and norms do not hold a legal stance, which entails that Zara per se is not living up to its ethical responsibilities to the province of Jiangxi. Here ethics are also a matter of treatment to its employees and suppliers. Because both companies have suppliers across the globe, they have their own codes of conduct and codes of ethics that suppliers need to follow and apply in business practice. Both companies have mandatory rules derived from universally accepted hypernorms, and to follow those rules H&M has numerous inspection while Zara carries out social audits to monitor and control its supplier chains. It can be said that Zara is in the grey zone of being ethical towards its suppliers and manufacturers. Through the external sources, it has been uncovered, that outsourcing also meant losing control in activities in supplier chains, and as it has been explored, Zara does not establish direct relationships with its suppliers, manufacturers, and contractors. This indicates that ethical responsibilities have been solely allocated to them. Which then are contradicting the core values of Inditex Codes of conduct, since it is a requirement to comply with all entities linked to the corporation. Although actions are carried to detect breaches on the codes, the time duration of any damage control to remodify is long. The case has provided such breach, that of the viscose production. It has been discovered that Viscose production as an alternative is sustainable, but the practice of it has become unethical since the sourcing of it includes the use of carbon disulfide. Which is a chemical that harms both the factory workers and the local community. Therefore, it can be said that Zara is trying to do good while risking the health of its workers and harming the environment. Here it should also be mentioned that both cases are of two distinct sustainable matters, where Zara is trying to be a corporate citizen through its cause-related marketing, which is aimed to help improve the well-being of the society. And, H&M with its adoption of green marketing to become more sustainable. The case here is providing that H&M is conducting greenwashing than doing green marketing. Through the external sources of the literature of green marketing, greenwashing has been condoned as an unethical business practice, and through the case study, it has been discovered that fewer garments are being recycled than repurposed by H&M.

18.1.3 Philanthropic responsibilities

The last layer of the pyramid is the philanthropic responsibilities, which represents to give back to society and improve upon areas that need development. And all in all, be a good corporate citizen. Here it has been uncovered that Zara is trying to become a good corporate citizen by establishing various programs, aimed at helping communities and societies. Such an example is the Salta programme, where they employ and give opportunities to people with disabilities. On the other hand, H&M is investing in the development of the Büyük Menderes basin in Turkey and water management. Both companies with different approaches are giving something valuable to their stakeholders. Such as adopting guiding principles on SDG goals and the ILO to promote both human and societal welfare. Here it has also been uncovered that Zara is adopting a less energy use both in its supply chains and its physical stores to help decrease the release of gas emissions.

19. Conclusion

Though Zara and H&M are both leading fast fashion brands, there are some differences between these brands and their business practices. Primarily differences are regarding different approaches to sustainability. Based on thorough analysis Zara has a strategy which is focused more on corporate citizenship, whereas H&M focuses on becoming sustainable in their operations. Zara's business strategy and approach to CSR align well with the concept of cause-related marketing since they are adopting causes that can help yield its corporate image and reputation. This benefits Zara in that they can create profits but also have a positive involvement in the community. However, since our research questions had the aim to explore the *How does the usage of sustainable fast fashion creates value for marketers and* consumers? Complementing with two sets of sub-question, namely, *what sustainability means to companies especially in the dynamic fast fashion industry?* and *How consumers see sustainability?* We have gotten the understanding that value exists for all stakeholders. For marketers, the benefit of establishing loyal consumers through the use of cause-related and green marketing practices. To exemplify this, through a cause-related marketing perspective it's been discovered that it enhances a company's public image. Through the external sources, it has also been discovered that consumers want to be involved and engages in some of these practices. Such as the collection of garments. This proposes that consumers are also benefitting from this since they are helping society by performing a good deed. On the other hand, H&M using green marketing as a promotional tool leads to bringing awareness and to encourage greener practices. Since it has been discovered that there is an increased number of consumers that advocates for greener practices, it can be assumed that H&M have recognized this by meeting consumer need on consciously produced apparel. Which are of eco-friendly materials that do not harm the environment in the same magnitude as other collections. On the other hand, recycle bins have been established where consumers are given the possibility to engage. This is a positive nudge H&M does that changes mindsets and perception of consumers in terms of sustainability. Awareness for sustainability exists, however marketers need to be savvy when using green marketing in order to avoid backfire. Nowadays consumers have easy access to information since they can research about a product and its origin. Many consumers consider sustainability and greener practices as a key factor when evaluating purchase alternatives. Because of high involvement and cognitive decision-making consumers are becoming more risk-averse when deciding. Therefore, is there also a risk of practicing green marketing since it can backfire the industry and be perceived as greenwashing. As uncovered with the case of H&M, it can be said that they use a light version of greenwashing in their marketing strategy due to its lack of information on the practices of sustainability. To exemplify this, it has been explored that yes the recycle bins are a great way of engaging consumers to recycle. However, there are some issues with the numbers of how much clothes that have been repurposed and reused according to the case analyzed for this thesis. Unfortunately, this information cannot be tracked since it is not evident in the annual reports of H&M. Which are crucial go get access to statistical numbers and claims, because it can uncover whether or not they are sustainable as a matter of sincerity or a cover-up to its image. However, with this self-proclaimed policy to consumers, H&M seems to be more environmentally friendly than they actually are. H&M does a great job of being promoters and advocates of sustainability, but whether practices, in reality, are embedded in their internal operating activities is the question. It has also been discovered that there is a lack of information on whether or not H&M following other standards and conventions except for SDG goals. However, for company's sustainability means giving back something to the society and caring for their stakeholders. There is value in sustainability because from a company's perspective it links profit, planet, and people, three segments that are codependent. On the contrary, H&M and Zara are the biggest fast-fashion producers in the world, producing and selling hundreds of thousands of pieces of clothing a month. Naturally, such production capacities often come under the magnifier when it comes to environmental impacts, and these two leaders are no exception. Even though the companies are direct competitors of each other's, both have managed to share the market, especially in Europe. However, when it comes to sustainability, companies have different perspectives.

With the rise in consumers' consciousness on environmental impacts, it is seen that H&M and Zara have been starting to implement changes in their business practices for a couple of years now. Though all industries have undergone scrutiny and been impacted by the public eye, none as publicly and as widespread as the apparel industry has been under scrutiny for ecologically unfriendly business practices, especially H&M and Zara. We can observe that both companies started to implement a greener philosophy, long before consumer consciousness rose to this current level, with changes in labor, production, recycling, and turning to eco-friendlier supplies. However, every company should be sustainable and ecologically friendly. These business practices not only show the responsibility the company has to its consumers and community, but it also adds value to products and services. More and more companies are shifting to greener businesses, but huge global companies will struggle with the implementation of such practices because of their sheer size of operation which must encompass suppliers and various regulatory bodies, but also bring the same or greater level of satisfaction to consumers while retaining or increasing its profits. Therefore, it can be concluded that giving back to society, is to give back to oneself, and this is true for companies as well, because they need to protect their consumers and but also our planet.

20. Suggestions for Further Research

If considering that H&M and Zara have outsourced its supply chains to less developed countries on purpose, it would be highly relevant to investigate what other CSR matters they are breaching. Moreover, having discovered through chart 4 on Zara's social audit, it is seen that Asian countries do not have environmental policies, which verifies the review of how businesses decide to outsource to less-developed countries since fewer restrictions are the case. Here it would be highly relevant to investigate China's legislation on labour rights and pollution, since knowing that their air pollution rate is significantly high. This could be of a complementary piece for the cases to assess whether both companies are also breaching national law. However, this thesis connects CSR and consumer behavior. Both of these fields are very broad, and multiple new combinations can be looked at. For researchers, it is always interesting to study why and how consumers shop. Many theories were developed regarding decision-making, involvement, and purchase intentions. Decision-making steps, starting from problem recognition differ from consumer to consumer, because of different needs, wants, and stimuli during the purchase momentum. But, decision making is not always cognitive, it can be 'habitual' and 'affective' as well. Due to purchase momentum, Servicescapes, and different stimuli marketers use to nudge consumers to ad hoc purchase it is difficult to comprehend an 'affective' decision making process, but it could be an interesting point of view to explore further. This topic can be linked to sustainability as well, in a way of how to make it more effective but still be eco-friendlier. The Utilitarian discipline of CSR can be studied as well, more specifically how corporations are a part of an economic entity and how based on actions they take or do not take are seen by the public. This theory might explain why some companies outsourced and why they have chosen certain strategies to implement. In this theory policymakers, legislation, and economist have a leading role, and it could be interesting to research how those entities impact all stakeholders.

Also, the company cases could have been analyzed with some other hypernorms like UN guiding principles or some other social contracts.

In the theoretical part, the lipstick effect was explained, the tendency of women to shop more, and to shop luxurious items during economic downfall, recession, or crisis that can be used for further research. Currently, the whole world is suffering from the COVID-19 virus, and this situation has affected consumers, marketers, and suppliers. In some countries economic production has stopped, shops are closed, and the distribution of goods is stagnating. Some online shops are delivering items to consumer's home addresses; they have adapted to the situation and adopted a new strategy. For future work it would be interesting to research how this world crisis has affected consumers and marketers concerning consumption and sales; is the lipstick effect applicable to this situation. Sales on online shops and engagement on social media and webshop can determine how the shopping patterns evolved during this period.

21. Implications

If considering, the theory of ISCT is very abstract in its nature, thereby, minimizing an approachable use as an analysis. There is some concept in the theory that can be very complex to assess, that is, '*consensus', and 'exit'*. These concepts require a measurement approach whether or not members of the social-contracts have a consensus, basically, in our case meaning, whether the factory workers are consenting to the code of conduct established by Zara. Furthermore, whether they are given a choice of exiting the contract. The exiting process is not binding so long as the contract (code of conduct) has not been informed to the suppliers and manufacturers in the province of Jiangxi. We believe that these two concepts may contradict with the macro-social contract. Namely, that the universally accepted convention on freedom and bargaining allows factory workers to negotiate its working conditions. The contradiction is in display in the sense that, the theory in itself declares that if any of these codes of conduct have been informed then the contract is binding. This means that the factory workers of Jiangxi have to oblige to the codes, with no further ratification, and leave out the opportunity to bargain for its conditions; worker's health, safety, and the right to raise its voice. This point of view holds its difficulty since various conventions of ILO and codes of Zara are declaring the rights to Bargaining and Freedom of Association as a workers' right. Therefore, it can be said that there are some gaps between theoretical knowledge and actual business practices. Since Zara does not provide country-level information, in this case, Jiangxi (China), the proposed ISCT analysis had to consider some perspectives from a larger geographical placement. This was challenging since the case was dealing with the province Jiangxi and therefore could inhibit accuracy. Another implication that has been endeavored throughout the research is of discovering H&M and Zara not owning any production factories, therefore, to assess where in the picture ethics should be placed had its challenges. Since this means that they are not having a direct relationship with its supply chains. Moreover, a lack of proper information regarding its business practices and, in general, statistics of this industry did also hold its challenges since those were needed when assessing the magnitude of this industry, but also other aspects, such as the amount of reused garments, etc. Moreover, due to this lack of information, we could not discover properly whether or not H&M is satisfying its normative rules in its micro-social contract. Moreover, regarding our questionnaire survey, if considering that our sampling method is of non-probability, it should be mentioned that our questionnaire survey is not perfect since reliability and validity cannot be measured. This has been challenging since the literature is indicating that some important factors for consumers regarding apparel are 'price'. Where the respondents of the questionnaire survey are showcasing a different result; quality. Initially, this suggests that a different method of sampling could be used enabling to work with a target audience. However, this requires to target a specific audience in a given market since cultural aspects may differ between countries. Reasoning that different cultural values may have an impact on decision-making processes, which can have an impact on results. From a managerial standpoint, some implications can be taken out of this research and those are how to tailor physical stores to increase consumption, how to create stronger relations with consumers and suppliers, how to be proactive, and focus on continuous improvement and value creation for the business and all stakeholders.

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Appendix 1. Design of questions

4.5.2020 Consumer Behaviour Regarding Fast Fashion and Sustainability

Consumer Behaviour Regarding Fast Fashion and Sustainability

The Goal for this questionnaire survey is to observe the patterns in which consumers are aware enough of sustainability in fast fashion.

How old are you?

Where are you from?

What is your gender?

- Female
- Male
- Prefer not to say
- Andet: ____

4.5.2020 Consumer Behaviour Regarding Fast Fashion and Sustainability

What is your occupation?

- Student
- Student with a job
- Full time employed
- Andet: ____

What is your monthly income?

- From 500 euro to 1000 euro
- From 1000 euro to 1500 euro
- From 1500 euro to 2000 euro
- Andet: ____

Do you follow fashion trends?

- Yes
- No

How often do you shop for clothes?

- Once a week
- Once a month
- Once in a few months

https://docs.google.com/forms/d/1qgei0XW0IF1N7Ih9ersu6wd0Tap3iljgyPqxqVLe6R4/edit#response=ACYDBNgjQ4aroQ5V10qX5t0zklSkFtSktSBB-1q4bT... 2/12

4.5.2020 Consumer Behaviour Regarding Fast Fashion and Sustainability

Do you have a preferred brand?

- Yes, I am mostly loyal to the same brand
- Yes, but I don't necessarily shop the same brand
- No, I buy random brands
- Andet: ____

Do you shop online or in a physical store?

- I shop mostly online
- I shop sometimes online
- I only shop online
- I shop both online and in physical stores
- I only shop in physical stores
- Andet: ____

What characteristics is most important for you when you shop?

- Price
- Quality of clothes
- Trendiness
- Andet: ____

https://docs.google.com/forms/d/1qgei0XW0IF1N7Ih9ersu6wd0Tap3iljgyPqxqVLe6R4/edit#response=ACYDBNgjQ4aroQ5V10qX5t0zklSkFtSktSBB-1q4bT... 3/12

4.5.2020 Consumer Behaviour Regarding Fast Fashion and Sustainability

Do you shop in Zara, H&M or other?

- Yes
- No
- Sometimes
- Andet: ____

Is clothes important to you?

- Yes
- No
- Andet: ____

Do you purchase clothes on sale?

- Yes
- No
- Sometimes
- Andet: ____

https://docs.google.com/forms/d/1qgei0XW0IF1N7Ih9ersu6wd0Tap3iljgyPqxqVLe6R4/edit#response=ACYDBNgjQ4aroQ5V10qX5t0zklSkFtSktSBB-1q4bT... 4/12

How much money a month do you spend on clothes or accessories on average?

- Less than 50 Euro
- More than 50 Euro
- Andet: ______

Are you a conscious buyer (ex. you care what products you select, origin of the product is important to you, usually you select organic or eco friendly products)?

- Yes
- No
- Andet: ______

Do you recycle?

- Yes, I try to
- No
- Sometimes
- Andet: ______

Where do you recycle your clothes?

- Stores
- Recycle bins out in the streets
- Second hand shops
- Andet: ______

Can you name a scandal that has happened in the textile industry?

- Yes
- No
- Andet: ______

If you said yes in the previous question can you name a scandal?

______

Have you ever heard the term CSR (corporate social responsibility) before?

- Yes
- No
- Maybe
- Andet: ______

How important is it for you that clothing is sustainable?

	1	2	3	4	5	
Not important	○	○	○	○	○	Very important

How old are you?

______

Where are you from?

______

What is your gender?

- Female
- Male
- Prefer not to say
- Andet: ______

What is your occupation?

- Student
- Student with a job
- Full time employed
- Andet: ______

What is your monthly income?

- From 500 euro to 1000 euro
- From 1000 euro to 1500 euro
- From 1500 euro to 2000 euro
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Do you follow fashion trends?

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- Once a month
- Once in a few months

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- Price
- Quality of clothes
- Trendiness
- Andet: ______

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- No
- Sometimes
- Andet: ______

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- No
- Andet: ______

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- Less than 50 Euro
- More than 50 Euro
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- Yes
- No
- Andet: ______

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______

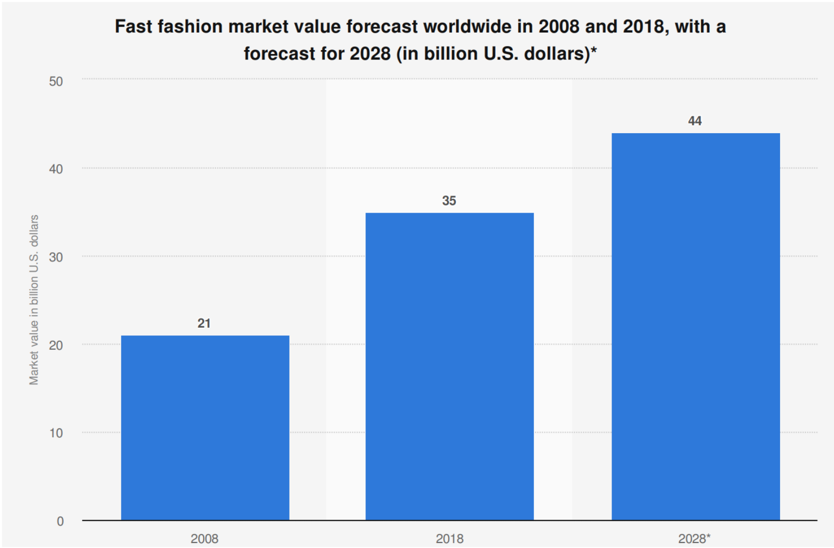
Have you ever heard the term CSR (corporate social responsibility) before?

- Yes
- No
- Maybe
- Andet: ______

How important is it for you that clothing is sustainable?

	1	2	3	4	5	
Not important	○	○	○	○	○	Very important

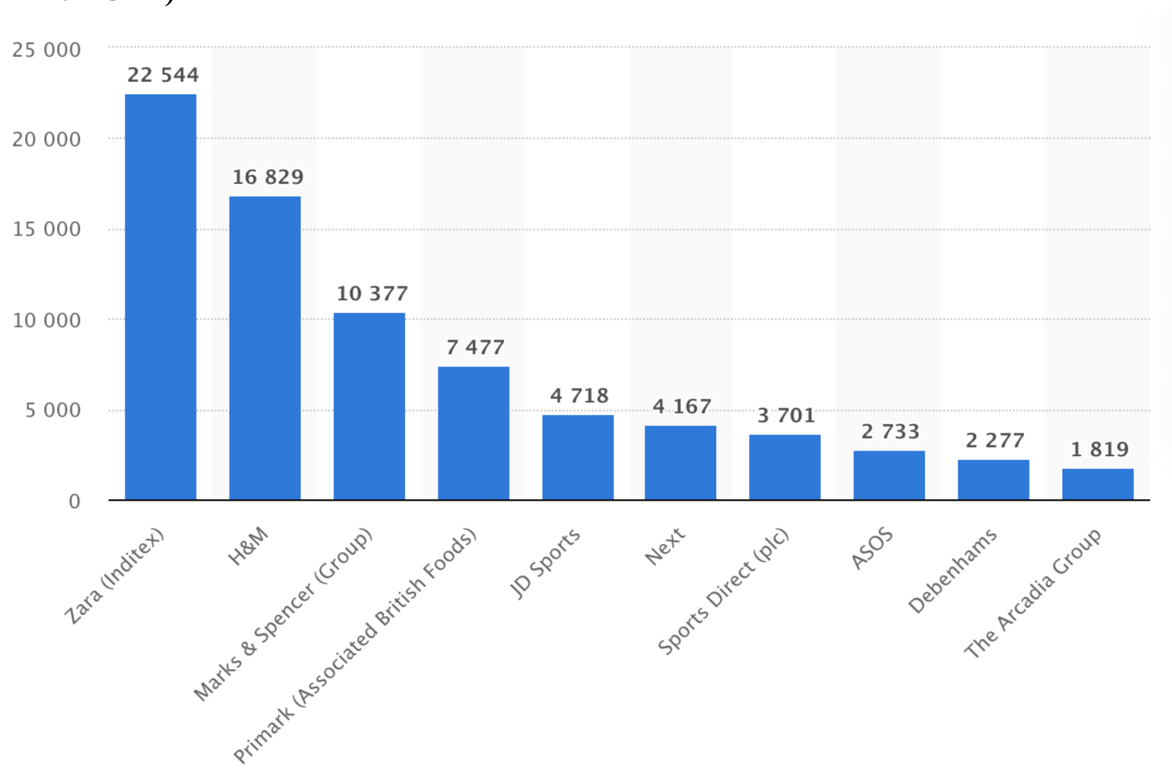
Appendix 2.



Source: Screenshot taken from, Statista. Tredup 2019

Appendix 3.

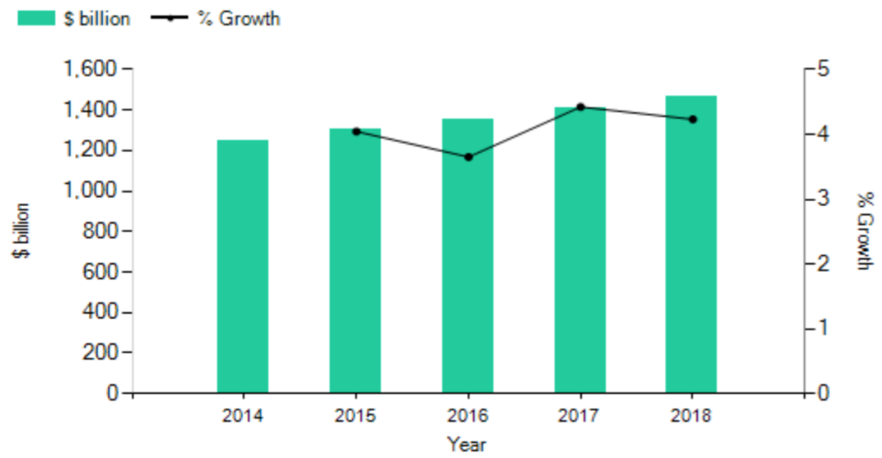
Leading 10 European fast fashion brands based on total revenues worldwide in 2019 (in million GBP)



Source: Screenshot taken from, Statista. Asktraders, 2020

Appendix 4.

Figure 1: Global apparel retail industry value: $ billion, 2014–18



Source: Screenshot taken from, Marketline industry profile, Global Apparel Retail February 2020, p. 10

Appendix 5.

Table 2: Global apparel retail industry category segmentation: $ billion, 2018

Category	2018	%
womenswear	771.5	52.6%
menswear	458.8	31.3%
childrenswear	237.4	16.2%
Total	1,467.7	100.1%

SOURCE: MARKETLINE

MARKETLINE

Source: Screenshot taken from, Marketline industry profile, Global Apparel Retail February 2020, p. 11

Table 5: Global apparel retail industry value forecast: $ billion, 2018–23

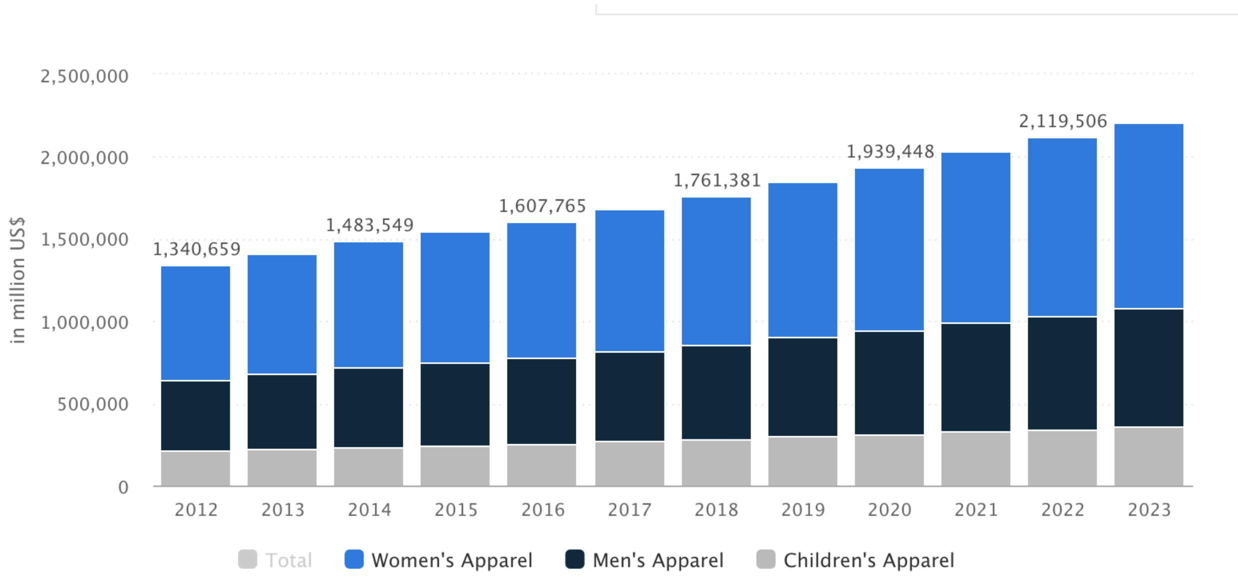
Year	$ billion	€ billion	% Growth
2018	1,467.7	1,242.8	4.2%
2019	1,523.5	1,290.0	3.8%
2020	1,583.6	1,340.9	3.9%
2021	1,647.9	1,395.4	4.1%
2022	1,715.9	1,452.9	4.1%
2023	1,788.2	1,514.1	4.2%
CAGR: 2018–23			4.0%

SOURCE: MARKETLINE

MARKETLINE

Source: Screenshot taken from, Marketline industry profile, Global Apparel Retail February 2020, p. 14

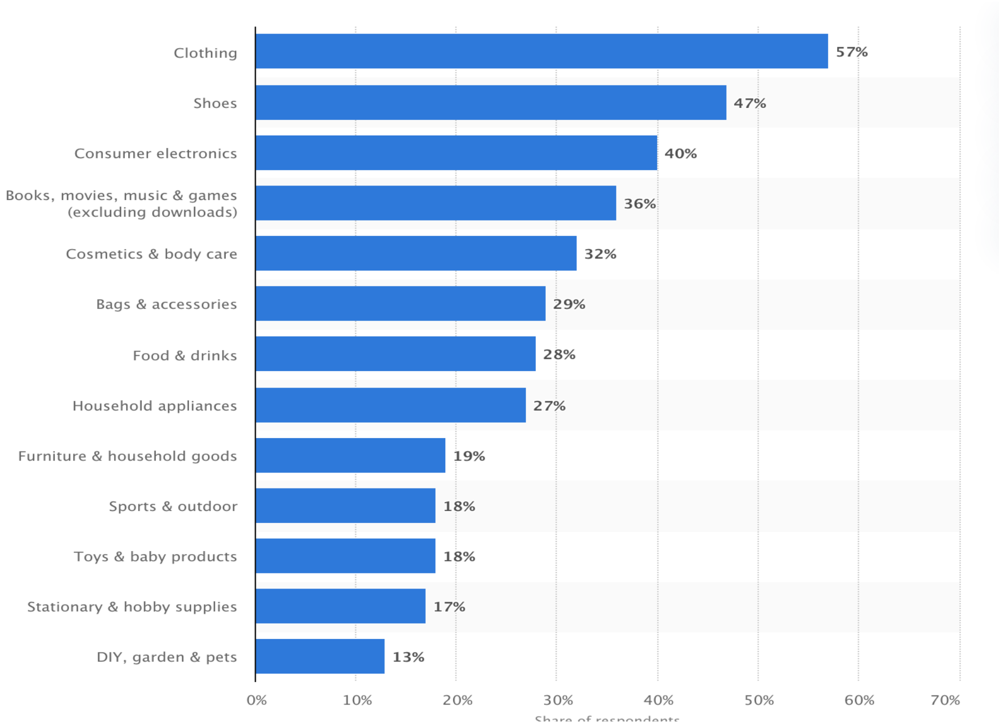
Appendix 6.



Source: Screenshot taken from, 2020, Statista Apparel – Worldwide

Appendix 7.

Share of Internet users who have purchased selected products online….



Source: Screenshot taken from, Statista. We Are Social, 2018