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CORPORATE SOCIAL RESPONSIBILITY REPORTING IN THE EUROPEAN APPAREL INDUSTRY: THE CHALLENGE OF PURSUING GREATER ACCOUNTABILITY AND TRANSPARENCY

Examiners: Professor Satu Pätäri
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ABSTRACT

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Corporate social responsibility is vital for businesses. As stakeholder pressure on accountability and transparency continues to grow, expressing commitment to sustainable development becomes crucial. Companies must not only act responsibly but also communicate the impact they have on the economy, society, and the environment to their stakeholders in order to maintain their legitimacy and to be able to continue operating.

Researchers have identified various issues concerning poor corporate social responsibility reporting quality. Irrelevant and incomplete corporate social responsibility reports make it difficult for the stakeholders to read and understand companies' contribution to sustainable development. The objective of this study is to identify how companies in the European apparel industry report on corporate social responsibility and identify which superior reporting practices they use that have been determined to contribute to improved reporting quality.

This study applies a content analysis as a research method. The material in this study consists of 17 large and public European apparel companies' corporate social responsibility reporting in 2019. In order to ensure the identification of the most relevant corporate social responsibility reporting practices that contribute to improved reporting quality, in addition to the literature review presented in this study, the coding frame of this study relies on an instrument that was developed by other researchers prior to the conduct of this study.

The results of this study show that the application of corporate social responsibility reporting practices that contribute to improved reporting quality vary among European apparel companies. Nearly all of the companies provided a large amount of information available in official corporate social responsibility reports and in unofficial communication channels. However, the adoption of reporting practices that enhance corporate social responsibility reporting credibility and strategic anchorage was inconsistent. Notably, the companies that adopted integrated reporting applied the highest number of other corporate social responsibility reporting practices as well that contribute to improved reporting quality.

TIIVISTELMÄ

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Vastuullisuus on elintärkeää yrityksille. Sidosryhmäpaine oman vastuun kantamisesta ja toiminnan läpinäkyvyydestä kasvaa jatkuvasti. Näin ollen myös vastuullisuuden osoittaminen ja viestiminen muille on välttämätöntä. Pelkkä vastuullinen toiminta ei ole riittävää, vaan sidosryhmät usein vaativat tietää tarkalleen, minkälainen vaikutus yrityksillä on talouteen, yhteiskuntaan ja ympäristöön. Tämän kommunikoiminen auttaa yrityksiä saavuttamaan yhteiskunnan hyväksynnän eli legitimiteetin.

Aikaisemmat tutkimukset ovat osoittaneet monia ongelmia yritysvastuuraportoinnin heikkoon laatuun liittyen. Yritysvastuuraportit, jotka sisältävät epäoleellista ja epätarkkaa tietoa, vaikeuttavat niiden lukemista ja ymmärtämistä, minkä seurauksena sidosryhmille voi jäädä epäselväksi, miten yritykset edistävät kestävää kehitystä. Tämän tutkimuksen tarkoituksena on selvittää, miten eurooppalaiset vaateteollisuuden yritykset raportoivat yritysvastuusta. Tämän tutkimuksen ydin on tunnistaa, minkälaisia yritysvastuuraportointikäytäntöjä, joiden on todettu vaikuttavan raportoinnin laatuun positiivisella tavalla, nämä yritykset käyttävät.

Tässä tutkimuksessa käytetään sisällönanalyysiä. Sisällönanalyysin avulla tarkastellaan 17 suuren ja julkisen eurooppalaisen vaateteollisuuden yrityksen yritysvastuuraportointia vuonna 2019. Lisäksi tässä tutkimuksessa hyödynnetään jo aikaisemmin luotua tieteellistä viitekehystä, jotta voidaan varmistua siitä, että yritysvastuuraportointikäytännöt, joita tässä tutkimuksessa tunnistetaan ja analysoidaan, ovat oleellisia ja luonteeltaan sellaisia, jotka vaikuttavat yritysvastuuraportoinnin laatuun positiivisella tavalla.

Tutkimuksen tulokset osoittavat, että yritysvastuuraportointikäytäntöjen hyödyntäminen vaihtelee eri vaateteollisuuden yritysten välillä Euroopassa. Melkein kaikki yritykset julkaisivat paljon tietoa yritysvastuusta sekä virallisissa yritysvastuuraporteissa että epävirallisissa kommunikointikanavissa. Niiden käytäntöjen hyödyntäminen, joiden on todettu vaikuttavan tiedon luotettavuuteen ja strategiseen ankkurointiin positiivisella tavalla, kuitenkin vaihteli. Erityisesti ne yritykset, jotka julkaisivat integroituja raportteja, hyödynsivät useita muitakin edistyksellisiä yritysvastuuraportointikäytäntöjä.

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Lethbridge, April 14, 2020

Annariikka Virtanen

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LIST OF ABBREVIATIONS

AFSS	Apparel and Footwear Sector Supplement
CEO	Chief executive officer
CERES	Coalition for Environmentally Responsible Economies
CSP	Corporate social performance
CSR	Corporate social responsibility
EMAS	EU Eco-Management and Audit Scheme
ESG	Environmental, social, and governance
EU	European Union
GRI	Global Reporting Initiative
IAASB	International Auditing and Assurance Standards Board
ILO	International Labour Organization
ISAE	International Standard on Assurance Engagements
IIRC	International Integrated Reporting Committee
ISO	International Organization for Standardization
IR	Integrated reporting
KPI	Key performance indicator
NGO	Non-governmental organization
OECD	Organization for Economic Co-operation and Development
OHSAS	Occupational Health and Safety Assessment Series
PIE	Public interest entity
SA	Social Accountability
SDGs	Sustainable Development Goals
SME	Small to mid-size enterprise
SSCM	Sustainable supply chain management
TBL	Triple bottom line
UN	United Nations
UNEP	United Nations Environment Programme

1 INTRODUCTION

Corporate social responsibility (CSR) has become essential for businesses. Today, an increasing number of companies report on CSR with the aim of measuring the impact of their activities on the economy, society, and the environment and communicating this with their stakeholders. However, relevance and credibility of these disclosures has raised various concerns. This thesis explores CSR reporting in the European apparel industry in 2019 through a content analysis by examining how companies report on CSR and identifying which superior CSR reporting practices they use.

1.1 Research background and motivation

The collapse of Rana Plaza garment factory killed more than 1100 workers in Bangladesh in 2013. The BP Deepwater Horizon spill resulted in 750 million liters of oil being dumped into the Gulf of Mexico in 2010. The financial crisis of 2007 to 2009 threatened to collapse the global financial system, which consequently shook the prevailing ideologies of shareholder value and efficient market. Kinderman (2019) highlights that these types of crises are the result of severe negligence and inadequate corporate accountability. Therefore, stakeholder pressure on responsible corporate governance and transparency of operations has grown substantially, particularly among multinational corporations (Kolk 2008). CSR has become an integral part of business strategy, which has shaped corporate communication practices (Bollas-Araya et al. 2018). Thus, an increasing number of companies prepare CSR reports in an attempt to be accountable to their stakeholders and communicate CSR performance with them (Mori Junior et al. 2014). A survey conducted by KPMG shows that in 2017, 93 % of the world's 250 largest companies reported on CSR.

Unfortunately, recent studies provide evidence of various issues with current CSR reporting practices. According to Patten and Zhao (2014) and Habek and Wolniak (2016), CSR reports are often irrelevant and lack quantitative information that their users look for, which makes it difficult to evaluate and compare companies' CSR performance. Michelon et al. (2015) allege that the use of three CSR reporting practices: stand-alone reporting, assurance, and reporting guidance does not improve CSR reporting quality. Milne and Gray (2013) claim that companies tend to present narrow and incomplete statements of being sustainable

which may or may not be true. Furthermore, both Sweeney and Coughlan (2008) and Gautam and Singh (2010) conclude that companies typically emphasize certain matters while they omit other relevant information, which means that CSR reports may not reflect real actions. As a result, numerous researchers question if CSR reporting is used in impression management and if it is merely symbolic in nature (Michelon et al. 2015; Diouf & Boiral 2017; Sethi et al. 2017), This type of behavior is commonly referred to as greenwashing, which means that trough CSR communication, a company tries to build a more socially responsible image (Jahdi & Acikdilli 2009; Sethi et al. 2017). According to Gray (2010), these types of problems are a barrier to sustainable development, and they do not provide accountability to stakeholders.

Bollas Araya et al. (2018) describe that a credibility gap has arisen between companies and their stakeholders, which emphasizes the need for credible CSR information. Therefore, in an attempt to improve these CSR reporting quality-related issues, non-governmental organizations (NGOs) have established CSR reporting guidelines, such as the Global Reporting Initiative (GRI) Standards and the United Nations (UN) Global Compact Principles (GRI 2019a; UN Global Compact 2020). Furthermore, many auditors and consultants have begun to provide CSR report assurance (Simnet et al. 2009; Sierra et al. 2013). However, due to the many differences in current CSR reporting practices, Bonsón and Bednárová (2015) and Kinderman (2019) both state that there is still a need for an internationally recognized and generally accepted framework in order to harmonize CSR reporting and improve CSR reporting quality. For example, while the GRI Standards are adopted by numerous organizations globally (KPMG 2017), they are criticized for being complicated and expensive, which is also why some companies are reluctant to start applying them (Bonsón & Bednárová 2015). Similarly, the impact as assurance seems to vary significantly, and the improvement of information credibility is strongly associated with the assurance provider (Pflugrath et al. 2011; Zorio et al. 2013).

As governments and stock exchanges hold a vital role in supporting and encouraging companies to report on CSR (Noronha et al. 2012), some countries have issued laws and regulations turning CSR reporting mandatory, such as France, Norway, and the UK (Bonsón & Bednárová 2015). On 22 October 2014, the European Commission introduced the Directive 2014/95/EU obligating the disclosure of non-financial and diversity information

among public-interest entities (PIEs) in the EU area with more than 500 employees (Article 1(1)). The companies in question must disclose information relating to the environment, social and employee matters, human rights, anti-corruption, and bribery starting on 1 January 2017 or during the calendar year 2017 (Article 1(1); Article 4(1)). Despite the fact that the issuance of the directive has been described as *"a historic date in the transition to business sustainability for all"* (Howitt 2014), and it *"may be an important step towards more accountability"* (Bueno 2018, 17), it has raised several concerns among academics. According to Arvidsson (2019), the aim of the directive, which is to increase relevance, consistency, and comparability of reported CSR information, will not be obtained by solely mandating companies to report on certain matters. As the directive does not require reporting guidelines to be adopted, companies still have a freedom to report in a way which they choose, which can result in as many different types of CSR reports as there are reporters (CSR Europe & GRI 2017; Litfin et al. 2017). In addition, as the directive does not require reporting assurance, there is no way to ensure that reported information is accurate and reflects real actions (Voss 2019).

The purpose of this study is to increase the understanding of how companies in the European apparel industry report on CSR and identify which superior CSR reporting practices they use that have been determined to contribute to improved CSR reporting quality. Although numerous researchers already examine CSR report content and CSR reporting practices from various perspectives and through different research methods, studies concerning explicitly the apparel industry seem to be limited (Sherman 2009; Caniato et al. 2012; Fulton & Lee 2013; Mann et al. 2013; Gaskill-Fox et al. 2014; Turker & Altuntas 2014; Kozlowski et al. 2015; Woo & Jin 2015). In the area of CSR reporting, the apparel industry is particularly interesting because it is a fast-growing industry, highly competitive, and its organizational structures and supply chains are extremely complicated (Fletcher 2008; Kozlowski et al. 2017). Furthermore, the industry is currently heavily pressured by negative media coverage, and it is at the center of public discussion regarding its severe impacts on the environment and society at large.

Moreover, this type of research approach is relevant because *"individual industries operate within distinctively different contexts and with dissimilar social and environmental concerns, and patterns of stakeholder involvement and activism"* (Griffin & Mahon 1997,

25). Being one of the most global industries in the world, apparel companies operate in a complex multinational context, which includes different levels of regulations and stakeholder expectations, hence they must take responsibility for a variety of legal and moral standards (Laudal 2010). Recently, the issuance of the Directive 2014/95/EU set several additional requirements for large public companies in the EU area to comply with. Although many researchers assess companies' abilities to adopt the new legislation (Dumitru et al. 2017; Galant & Cerne 2017; Matuszak & Róz˙an´ska 2017; Mijoc et al. 2017; Ogrean 2017; Saenger 2017; Venturelli et al. 2017; Avram et al. 2018; Carini et al. 2018; Manes-Rossi et al. 2018; Szadziewska et al. 2018; Knežević & Pavlović 2019; Venturelli et al. 2019), only a few studies evaluate the implications after the directive entered into force (Sierra-Garcia et al. 2018; Mion & Adaui 2019; Tiron-Tudor et al. 2019; Mion & Adaui 2020).

1.2 Aim of the study, research questions, and delimitations

This thesis examines CSR reporting in the European apparel industry in 2019 in the light of recently identified issues concerning CSR reporting quality and the implementation of the Directive 2014/95/EU. In order to understand the underlaying causes and what actually determines and influences the phenomenon, this study reviews various stakeholder expectations and legal requirements as well as typical CSR report content, CSR reporting practices, and commonly occurring issues related to poor CSR reporting quality. Ultimately, the objective of this study is to identify which superior CSR reporting practices companies use that have been determined to contribute to improved CSR reporting quality. By including altogether 17 companies in the analysis, this study is able to evaluate the differences of different companies' CSR reporting practices in different countries in Europe.

The main research question of this study is:
RQ: In the world of ever-growing expectations and requirements for relevant and credible information disclosure, how do companies use superior CSR reporting practices that have been determined to contribute to improved CSR reporting quality?

The main research question is divided into two sub-questions which are:
SQ1: How do companies report on CSR and what types of reporting practices do they use?
SQ2: How does the usage of CSR reporting practices differ between different companies?

There are certain delimitations that set boundaries for this study. As this study analyzes CSR reporting of companies in the European apparel industry in 2019, companies from other parts of the world, companies from other industries, and CSR reporting in any other year are left out of the analysis. Furthermore, as the recent amendment (Directive 2014/95/EU) only concerns large and public companies, this study excludes small to mid-size enterprises (SMEs) and private companies from the analysis. Since SMEs and private companies are not obligated to report on CSR, including CSR reporting of these companies would not provide enough material for the purpose of this study. Although this study analyzes the use of CSR reporting practices that have been determined to contribute to improved CSR reporting quality, this study does not assess the quality itself. This study rather applies content analysis in order to identify superior CSR reporting approaches and methods that companies typically use as a result of many issues and increasing pressure for relevant and credible CSR reporting.

1.3 Literature review

Researchers show a great interest towards CSR (Lee 2008). Although it is commonly acknowledged that CSR reflects companies' response to the increasing stakeholder pressure to aim further than just maximizing the firm value (Fortanier et al. 2011), many agree that CSR is a blurred multidimensional construct with no explicit definition (Ming-Dong 2008; Masoud 2017). According to Carroll (1979), CSR comprises companies' economic, legal, ethical, and discretionary (philanthropic) responsibilities. Furthermore, the concept also relates closely to the terms sustainability and triple bottom line (TBL) (Carroll 2016). Sustainability concerns companies' abilities to meet the present needs without compromising the future generations' abilities to do the same (Bruntland Commission 1987), and TBL measures and reports companies' economic, social, and environmental performance (Elkington 1997). Indeed, it is evident that CSR strategies and communication practices continue to receive more attention from academics and organizations in the future (McWilliams et al. 2006; Fortanier et al. 2011).

An extensive body of literature examines motivations, determinants, and factors that influence the extent and nature of CSR reporting (Adams 2002; Laan Smith et al. 2005; Matten & Moon 2008; Reverte 2009; Tagesson et al. 2009; Chih et al. 2010; Husillos et al.

2010; Nikolaeva & Bicho 2011; Young & Marais 2012; Fifka 2013; KPMG 2013; Wang et al. 2013; Amran et al. 2014; Thorne et al. 2014; Dobbs & van Staden 2016; Kuo et al. 2016; Bollas-Araya et al. 2018). Characteristically, researchers apply theories in order to explain why companies engage in CSR. However, due to the complexity of the phenomenon and lack of all-inclusive definition, it has become clear that there is no single theory that fits the broad requirements of CSR (Gray et al. 1995a; Cormier et al. 2005). Three frequently used theories for this include legitimacy theory, stakeholder theory, and institutional theory (Fernando and Lawrence 2014) which will be discussed more in detail later on in this study. According to Deegan (2009), these theories provide significant insight on CSR. Furthermore, Fernando and Lawrence (2014) integrate these theories and propose a multi-theoretical framework for CSR practices which also provides a theoretical ground for this study.

Many studies with relation to CSR and CSR reporting have been conducted in an international setting, and they reveal that companies' CSR approaches are strongly influenced by social, economic, cultural, legal, and political contexts (Matten & Moon 2004; Chapple & Moon 2005; Habisch et al. 2005; GjØlberg 2009; Ertuna & Tükel 2010; Jackson & Apostolakou 2010; Ryan et al. 2010; Kuznetsov & Kuznetsova 2010; Habisch et al. 2011). For example, Fortanier et al. (2011) emphasize that country-of-origin has a significant impact on how companies engage in CSR. Freundlieb and Teuteberg (2013) and Miska et al. (2013) both explain this by stating that stakeholders in different countries have different expectations for CSR which results in varying CSR reporting practices. As companies operate within the bounds and norms of the society, they are in a continuous interaction with their institutional environments, and thus they develop and adjust their CSR reporting practices in order to legitimize their organizational behaviour and impact on the society (Brown & Deegan 1998; O'Brien et al. 2011).

Reflecting these findings, a considerable number of researchers investigate CSR report content and CSR reporting practices. Results in this area show a great variety in different countries, cultures, industries, economies, and even within a country. (Gray et al. 1995a; Gray et al. 1995b; Idowu & Towler 2004; Holton 2005; Jones et al. 2006; Vuontisjärvi 2006; Adams & Frost 2007; Nielsen & Thomsen 2007; Silberhorn & Warren 2007; Kolk 2008; KPMG 2008; Kolk 2009; Kotonen 2009; Fortanier et al. 2011; Gray & Herremans 2011;

Habisch et al. 2011; Tewari 2011; Fifka & Drabble 2012; Noronha et al. 2012; Freundlieb & Teuteberg 2013; Mio & Venturelli 2013; Sierra et al. 2013; Bashtovaya 2014; Gatti & Seele 2014; Mori Junior et al. 2014; Bonsón & Bednárová 2015; Lock & Seele 2015; Einwiller et al. 2016; KPMG 2017; Arena et al. 2018) Generally, CSR information is disclosed in an annual report or in a stand-alone CSR report (Idowu & Towler 2004; Adams & Frost 2007). However, recently more and more companies have started to publish integrated reports that combine financial and non-financial reporting (Eccles et al. 2015; Rupley et al. 2017).

While CSR reporting has increased, more problems concerning the relevance and credibility of reported information have occurred. As CSR reports are targeted for a variety of users, including proficient analysts, investors, and regulators that perform profound assessments, the importance of transparent, consistent, and comparable information has become emphasized (Hockerts & Moir 2004; Bollas-Araya 2018). Various researchers analyze CSR reporting quality-related issues and reporting practices that potentially have an impact on CSR reporting quality (Brammer & Pavelin 2008; Sweeney & Coughlan 2008; Manetti & Becatti 2009; Simnett et al. 2009; Dilling 2010; Gautam & Singh 2010; Sherman & DiGuilio 2010; O'Dwyer et al. 2011; Cho et al. 2012a; Cho et al. 2012b; Christofi et al. 2012; Moroney et al. 2012; Comyns et al. 2013; EY 2013; KPMG 2013; Milne & Gray 2013; Zorio et al. 2013; Amran et al. 2014; Patten & Zhao 2014; Chauvey et al. 2015; Michelon et al. 2015; Gao et al. 2016; Haąbek & Wolniak 2016; Lock & Seele 2016; Wolniak & Haąbek 2016; Diouf & Boiral 2017; Sethi et al. 2017; Reimsbach et al. 2018). However, results in this area are sometimes conflicting. For example, while Lock and Seele (2016) discover that the adoption of CSR reporting guidelines and use of assurance potentially improve CSR reporting quality, Michelon et al. (2015) provide evidence of these practices not resulting in this.

Abernathy et al. (2017) identifies four emerging trends that are being pursued in order to improve CSR reporting quality and enhance stakeholder accountability, including CSR regulation, CSR reporting guidance, CSR report assurance, and integrated reporting (IR). CSR reporting guidelines and particularly the GRI Standards have received a strong support from businesses, governments, and investors, hence the framework is adopted by numerous companies worldwide (Perrini 2005; Joseph 2012; Einwiller et al. 2016; Lock & Seele 2016;

KPMG 2017). Matten and Moon (2008) assert that this has created institutional pressure, and many companies feel obligated to report on CSR. Furthermore, while the voluntary nature of CSR reporting is alleged to be one of the root causes for inconsistencies in CSR report content and CSR reporting practices (Lydenberg et al. 2010), regulating CSR reporting may not always lead into increased CSR reporting quality (Bebbington et al. 2012; Lock & Seele 2016; Arena et al. 2018). According to Schaltegger (1997), coercive laws may limit the scope of operation, and instead of developing new innovations and improving existing CSR reporting practices, Adams and Frost (2007) and Thirarungrueang (2013) both raise concerns regarding the possibility of companies just settling on complying with the existing regulations. For these reasons, many researchers have been especially interested in investigating the impacts of the Directive 2014/95/EU (Quinn &Connolly 2017; Litfin et al. 2017; Arvidsson 2019; Voss 2019).

1.4 Definitions

Corporate social responsibility (CSR) *"encompasses the economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organizations at a given point in time"* (Carroll 1979, 500). *"CSR is the way in which business consistently creates shared value in society through economic development, good governance, stakeholder responsiveness and environmental improvement"* (Visser 2011, 1). *"The responsibility of enterprises for their impacts on society"* (European Commission 2019a).

Sustainability is the process of using scare resources in a balanced way which allows the future generations to do the same (Bateh et al. 2013). *"To meet the needs of the present without compromising the ability of future generations to meet their own needs" (*Bruntland Commission 1987, 41).

CSR reporting refers to *"communicating the social and environmental effects of organizations' economic actions to particular interest groups within society and to society at large"* (Gray et al. 1987, 9). While companies' financial responsibilities include accountability to the shareholders, CSR reporting is an extension to these responsibilities (Gray et al. 1996).

CSR report is a tool that provides information to internal and external stakeholder about the company's CSR performance (Habek & Wolniak 2016). It also reflects the company's contribution to sustainable development (Kleine & von Hauff 2009). CSR reports are released under a variety of names, such as corporate social responsibility report, CSR report, sustainability report, sustainable development report, and corporate citizenship report (Dilling 2010; Gatti & Seele 2014; James 2014).

Integrated reporting (IR) is a *"process founded on integrated thinking that results in a periodic integrated report by an organization about value creation over time and related communications regarding aspects of value creation"* (IIRC 2019). IR has gained significant ground since the formation of the International Integrated Reporting Committee (IIRC) in 2010 (de Villiers et al. 2014).

Integrated report is a *"concise communication about how an organization's strategy, governance, performance, and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term"* (IIRC 2019). Integrated report integrates financial, social, environmental, and governance information (Dey & Burns 2010; Hopwood et al. 2010).

The Global Reporting Initiative (GRI) is an international NGO that has pioneered in CSR reporting since 1997. The GRI provides assistance to companies in order to understand and communicate their impact on the society. The GRI Sustainability Reporting Standards form the world's first global CSR reporting framework as they *"represent global best practice for reporting on economic, environmental, and social issues".* (GRI 2019a)

1.5 Research methodology

As the purpose of this study is to increase the understanding of how companies in the European apparel industry report on CSR and identify which superior CSR reporting practices they use, it is essential to select a research method that is designed for objective and systematical analysis of the meaning of qualitative data. Therefore, this study conducts a qualitative content analysis. Content analysis is a widely applied research method to study communication (Maier 2017a). By reducing and interpreting written or visual data (Hsieh &

Shannon 2018), the aim of a content analysis is to make replicable and valid inferences (Downe-Wambolt 1992; Krippendorff 2010). Content analysis studies manifest and/or latent content of communication (Maier 2017a). Manifest content refers to what the content literally says, and latent content refers to the underlying and sometimes unconscious message (Julien 2008; Maier 2017a). This study mainly focuses on the manifest content.

Scholars have outlined several step-by-step processes for conducting a content analysis. They vary with regard to the number of steps and the terms that are used. (Maier 2017a) This study applies a step-by-step process developed by Schreier (2014) that includes eight steps: 1) deciding a research question, 2) selecting material, 3) building a coding frame, 4) segmentation, 5) trial coding, 6) evaluating and modifying the coding frame, 7) main analysis, and 8) interpreting and presenting the results. As this study examines CSR reporting in the European apparel industry, the material in this study consists of 17 large and public European apparel companies' CSR reporting in 2019. In addition to official CSR reports, this study reviews if and how these companies communicate on CSR through other unofficial channels as well.

As a coding frame, this study applies an instrument, which was developed by Mion and Adaui (2019), that identifies superior CSR reporting practices through three aspects: availability, credibility, and strategic anchorage. These three aspects form three main categories for the content analysis of this study. These main categories include 20 subcategories in total which represent the superior CSR reporting practices that the analysis of this study focuses on. By identifying how many companies applied each of these CSR reporting practices, and how many of these CSR reporting practices each company applied provides the answers to the research questions of this study.

1.6 Structure of the study

This study consists of six chapters. Chapter two reviews the concept of CSR by addressing important academic contributions in the literature. Also, three common theories explaining CSR practices are described which form the theoretical framework of this study. Chapter three details various aspects of CSR reporting. This includes characterizing the motivations, determinants, and influencing factors for the phenomenon, and introducing typical CSR

report content, CSR reporting practices, and CSR reporting quality-related issues. Also, the purpose of the Directive 2014/95/EU, its potential implications, and the role of CSR reporting guidelines, and the meaning external verification are explained. In addition, CSR reporting in the apparel industry is discussed. Theory is an important part of this study as it sheds light on the information that exists in the literature, and it explains how CSR reporting has been analyzed in previous studies. Understanding this is essential when evaluating and interpreting the results of this study.

Chapter four describes the research methodology of this study. This includes introducing content analysis as a research method and further explaining how the data is collected and analyzed, hence this chapter follows the process developed by Schreier (2014) by detailing each step of conducting a content analysis in this study. Also, reliability and validity of this study are discussed. Chapter five introduces the findings of this study. This includes presenting the results of analyzing the content of 17 companies' CSR reporting by illustrating how many companies applied each selected CSR reporting practice represented by the subcategories, and how many CSR reporting practices each company applied in total. Also, concrete examples are described regarding how exactly the companies applied the selected CSR reporting practices. Finally, chapter six concludes the study by answering the research questions and explaining the theoretical contributions and practical implications of this study. In addition, limitations and recommendations for the future research are stated.

2 CORPORATE SOCIAL RESPONSIBILITY

This chapter reviews the concept of CSR by addressing important academic contributions and theories. In order to understand how CSR impacts organizational behaviour, the conceptual evolution of CSR is described in chronological order, which is followed by an introduction of three mainstream theories explaining CSR practices. In addition, the chapter depicts two commonly applied CSR frameworks.

2.1 Conceptual evolution

CSR is one of the most widely adopted concepts among academics and in business communities (Carroll & Shabana 2010). CSR has been prevalent for decades, and thus it has had a vast impact on organizations' behaviour (Lee 2008; Moura-Leite & Padgett 2011). It has transformed from an irrelevant and doubtful idea to an integral component in business values (Hamidu et al. 2015). Several researchers review the development of CSR and provide a bibliography of the main academic literature (Carroll 1999; Carroll 2008; Carroll & Shabana 2010; Moura-Leite & Padgett 2011; Masoud 2017). Lee (2008) elaborates that from practical perspective, CSR research has evolved from discussing the phenomenon's macro-social causations to analyzing its impacts on organizational processes and performance. From theoretical perspective, CSR research has evolved from presenting explicitly normative and ethics-oriented arguments to explaining CSR implicitly through normative and performance-oriented managerial researches (Lee 2008).

According to Moura-Leite and Padgett (2011), the evolution of CSR started in the 1950s. Although earlier references to CSR exist, both Bowen (1953) and Drucker (1954) emphasized for the first time that managers have an ethical obligation to the society. Bowen (1953, 10) defined that since companies are powerful, and they have a vast impact on the society, they have a social responsibility which *"refers to 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".* The following year, Drucker (1954, 388) highlighted managers' responsibilities in conducting business by asserting that *"it has to consider whether the action is likely to promote the public good, to advance the basic beliefs of our society, to contribute to its stability, strength, and harmony".*

In the 1960s, CSR research emerged significantly and focused on defining what the concept actually meant and why it was important for businesses and the society (Carroll 1999; Carroll & Shabana 2010). Frederick (1960, 60) proposed that CSR *"implies a public posture toward society's economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms".* Furthermore, Davis (1960) discovered that some businessmen considered CSR when they made decisions, and McGuire (1963) provided evidence of companies, encouraged by the concept of social responsibility, going beyond their economic and legal obligations. Few years later, Davis (1967) revised his earlier work and argued that since companies do not exist alone, there is a mutual dependence between companies and the society. However, criticism on CSR was also presented during this decade as Friedman (1962) alleged that social issues are not businessmen's concern, and that they should let the market system itself resolve these types of issues.

In the 1970s, Friedman (1970) accepted that companies could respond to certain social demands, however, these actions had to be profitable for the company in the long run. From another point of view, Davis (1973) reinforced his earlier work by emphasizing that companies must use their social power. He stated if companies do not do this, there will be other companies which will take their position in the society. Overall, during this decade, researchers sought to define the content and implementation of CSR in a way which would not conflict with core business objectives (Moura-Leite & Padgett 2011). Importantly, Carroll (1979) introduced his well-known framework and a four-part definition of CSR (section 1.4). He also developed a conceptual model called corporate social performance (CSP) that integrated CSR, corporate social responsiveness, and social issues. CSP received vast acceptance from many researchers as the model conceptualized CSR into a more tangible form with reference to existing research and policy development (Moura-Leite & Padgett 2011).

In the 1980s, companies became more engaged in social interests and their stakeholders (Moura-Leite & Padgett 2011). Researchers developed several new definitions and theories, such as corporate social responsiveness, corporate citizenship, public liability, business ethics, and stakeholder theory (Waddock 2004). Preston and Post (1981) advised that companies should take responsibility of their own actions, target areas of their own interests,

and overall, be involved with the society. Drucker (1984) revised his earlier work and asserted that CSR could bring financial benefits. Furthermore, Freeman (1984, 49) defined that a company's stakeholder is *"any group or individual who can affect or is affected by the achievement of the organization's objectives"*. He pointed out that since obtaining traditional business objectives could require immoral, unethical, or even illegal actions, the importance of ethics had become more important. Therefore, he suggested that stakeholder management should aim at integrating CSR, moral and ethical considerations, and business values. Since then, Freeman's (1984) stakeholder theory has been applied in many studies as a baseline explaining who the company should be responsible to (Moir 2001). Additionally, Wartick and Cochran (1985) revised Carroll's (1979) model of CSP and proposed that its ethical component of CSR should be considered as the principle, social responsiveness should be considered as the process, and social issues management should be considered as the policy. Wartick and Cochran (1985) also stated that CSP can integrate three aspects in the business field and the society: 1) philosophical, 2) institutional, and 3) organizational orientations.

According to Moura-Leite and Padgett (2011), the 1990s was the turning point when all constitutions, including governments, corporations, consumers, and NGOs started to promote CSR. For example, Lee (2008) elaborates that the US magazine *Fortune* reported that almost 90 % of the Fortune500 companies placed CSR as one of their main organizational goals in 1990. The following year, Wood (1991) reviewed Carroll's (1979) and Wartick and Cochran's (1985) work and reformed the model of CSP into a more comprehensive form and linked it to several theories, such as organizational institutionalism and stakeholder theory. Relating to the concept of sustainability, Elkington (1997) proposed the concept and framework of TBL in order to measure and manage the impacts of companies' economic, social, and environmental performance. Simultaneously, the development of information technology and global communication capabilities through the Internet enabled institutions to put greater pressure on companies to engage in CSR (Moura-Leite & Padgett 2011). As half of companies' assets were in intangible form, such as human capital, goodwill, and reputation, the importance of CSR engagement became emphasized (Waddock 2008). At the same time, CSR became apparent in strategy literature, and its financial benefits became widely understood (Orlitzky et al. 2003; Vogel 2005; Porter &

Kramer 2006). The dimensions and trends during each time period in the evolution of CSR are summarized in table 1 (Hamidu et al. 2015).

Table 1. Summary of the dimensions and trends in the evolution of CSR (Hamidu et al. 2015)

Period	Focus area	Summary of dimensions
1950s-1960s	Religious & humane philosophies Community development Unregulated philanthropy Poverty alleviation Obligation to the society	Philanthropy
1970s-1980s	Extension of CSR commitments CSR as symbol of corporate citizenship Stakeholder relationship management Corporate reputation Socio-economic priorities Bridging governance gap Stakeholders rights Legal & ethical responsibilities	Regulated CSR
1990s-21st century	Competitive strategy Environmental protection Sustainability Internationalisation of CSR standards Transparency & accountability	Instrumental/Strategic CSR

Although CSR had long been present in the academic literature, it was not until the early 2000s when companies actually started to perform fundamental changes in their operations. The driver for this might be the shock of business scandals, the financial crisis of 2007-2008, and an increasing awareness of the climate change and environmental degradation. (Silberhorn & Warren 2007) According to Waddock (2008), the above-described various CSR-related initiatives and developments created institutional infrastructure for new norms of corporate behavior.

2.2 Theoretical grounding

Potential theories explaining CSR practices can broadly be divided into economic theories and social and political theories. Economic theories, such as agency theory, positive accounting theory, and decision usefulness theory, focus on the financial outcome of engaging in CSR and companies' financial stakeholders. (Fernando & Lawrence 2014) Social and political theories, such as legitimacy theory, stakeholder theory, and institutional

theory, are able to provide a more comprehensive understanding of CSR practices and CSR reporting (Gray et al. 1995a), and they consider a wider spectrum of stakeholders (Fernando & Lawrence 2014). Furthermore, Deegan (2009) highlights that there is a considerable relationship between legitimacy theory, stakeholder theory, and institutional theory with reference to CSR. Thus, Fernando and Lawrence (2014) combine these theories and propose an integrated theoretical framework (figure 1). In the following, the theories of this framework are explained more in detail.

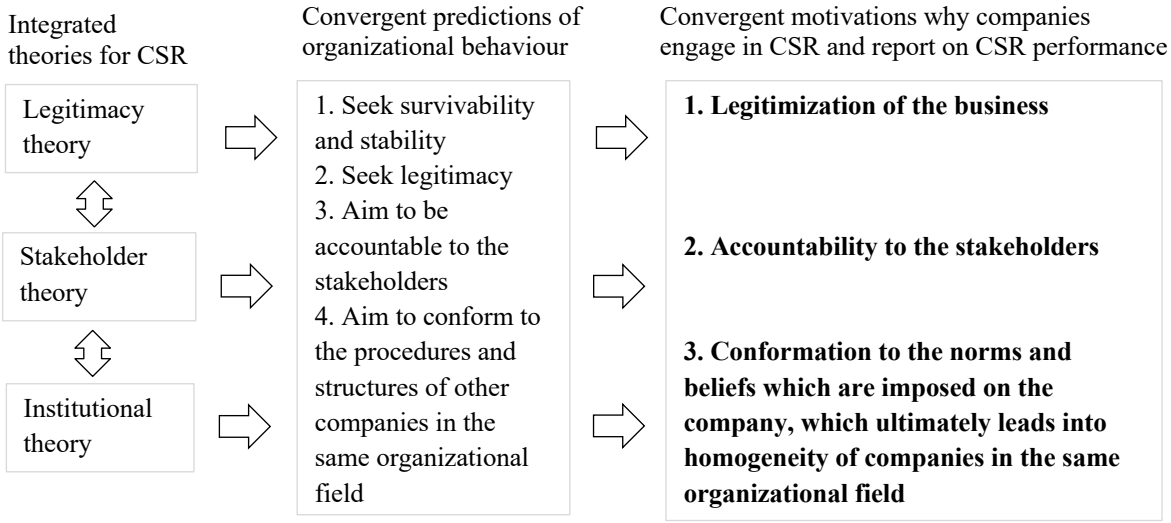

Figure 1. Theoretical framework (Fernando & Lawrence 2014)

2.2.1 Legitimacy theory

Legitimacy theory indicates that companies continuously try to ensure the public that they are operating within the bounds and norms of the society (Deegan 2009). The theory perceives that there is a social contract between an organization and the society that determines whether the company's behavior corresponds to the expectations of the society, such as legal requirements or community norms (Deegan et al. 2000; Deegan 2006; Deegan & Samkin 2009). Once the company proves that these terms are not breached, it can continue its existence (Fernando & Lawrence 2014). The theory also assumes that there is a continuous relationship between an organization and the society at large (Fernando & Lawrence 2014). While companies use resources and materials from the society, they provide products and services for the society (Matthews 1993). Additionally, companies produce waste products which are absorbed by the society, which usually does not cause any costs for the company (Fernando & Lawrence 2014). Inherently, companies have no right

for this kind of benefit, and in order to continue their existence, they must outweigh the cost of their existence (Matthews 1993). Thus, companies can keep operating in the society if their value system is perceived correspondent to the society's value system (Gray et al. 2010).

However, as societal norms and expectations constantly change, a legitimacy gap may arise. Companies may face legitimacy threats if unexpected scandals happen that impact the company's reputation, such as a major accident. (Fernando & Lawrence 2014) Lindblom (1994) proposes four strategies that organizations can use in order to legitimize their operations: 1) communicate to the stakeholders about the company's actual performance, 2) change the stakeholders' perceptions of the company's operations or issues, 3) distract the stakeholders to get their attention away from the operations or issues or redirect their attention to something else, and 4) change the society's expectations of the appropriate performance. According to Fernando and Lawrence (2014), all of these strategies can be used by engaging in CSR.

2.2.2 Stakeholder theory

Stakeholder theory concerns the relationship between an organization and its stakeholders (Fernando & Lawrence 2014). In addition to Freeman's (1984) definition of a stakeholder, there are external and internal stakeholders (Pearce 1982; Carroll 1989), subgroups of stakeholders (e.g. shareholders, employees, and customers) (Preston & Sapienza 1990), strategic and moral stakeholders (Goodpaster 1991), supportive, marginal, nonsupportive, and mixed blessing stakeholders (Savage et al. 1991), voluntary and involuntary stakeholders (Clarkson 1994), primary and secondary stakeholders (Clarkson 1995), single issue and multiple issues stakeholders (Wood 1994), latent, expectant, and definitive stakeholders (Mitchell et al. 1997). These many definitions indicate that companies have various stakeholders which have different expectations (Fernando & Lawrence 2014).

According to the stakeholder theory, companies have to meet their stakeholders' expectations because companies are accountable to them beyond their financial performance (Guthrie et al. 2006). Accountability is carried out by engaging in activities that are important to the stakeholders and by reporting information to them (Fernando & Lawrence

2014). From ethical perspective, all stakeholders should be treated in a fair way (Deegan 2009) because companies owe accountability to them (Gray et al. 2010). From managerial perspective, managers try to meet the stakeholders' expectations because they control the critical resources that the stakeholders need (Fernando & Lawrence 2014). However, the challenge is how to treat all stakeholders in the same way considering their sometimes-conflicting expectations (Fernando & Lawrence 2014). In some cases, companies may focus on solely meeting the economically significant stakeholders' expectations (Belal & Owen 2007). However, in the process of performing accountability, stakeholder theory emphasizes that CSR and CSR reporting play an important role because the society has a right to know about companies' activities (Gray et al. 1991; Fernando & Lawrence 2014).

2.2.3 Institutional theory

Institutional theory examines organizations' characteristics. It explains why companies that operate in the same organizational field have similar characteristics or forms (Fernando & Lawrence 2014). Organizational field is an aggregate that consists of companies that use the same suppliers and resources, share the same consumers, are affected by the same regulations, and produce products and services that are similar (DiMaggio & Powell 1983). Carpenter and Feroz (2001, 565) state that *"institutional theory views organizations as operating within a social framework of norms, values, and taken-for-granted assumptions about what constitutes appropriate or acceptable economic behaviour".* The theory suggests that as a result of institutional pressure, companies conform in these aggregates because it brings them legitimacy, better resources, and ability to continue operating (Scott 1987). Once an aggregate is formed, several forces emerge, and companies adopt similar features (DiMaggio & Powell 1983).

Institutional theory is divided into two dimensions: isomorphism and decoupling. Isomorphism is *"a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions".* (DiMaggio & Powell 1983, 149) Isomorphism can be broken down into competitive isomorphism which represents competitive forces that drive companies to adopt certain features (Moll et al. 2006), and institutional isomorphism which, again, can be divided into coercive, mimetic, and normative isomorphism (DiMaggio & Powell 1983). Coercive isomorphism concerns

external forces (stakeholders) that cause pressure to change organizational practices (Deegan 2009). Mimetic isomorphism relates to companies' attempt to become similar to one other in order to gain competitive advantage in terms of legitimacy (Fernando & Lawrence 2014). Normative isomorphism results from the pressure caused by common values to act in a certain way (DiMaggio & Powell 1983). The other dimension of institutional theory, decoupling, considers the difference between a company's external image and its actual internal structures and practices that may not need to comply with external expectations (Fernando & Lawrence 2014). According to Deegan (2009), institutional theory links CSR as an organizational practice into the values and norms of the society. As CSR becomes part of legitimated structures, through coercion, imitation, and normative pressure, companies adopt this type of behaviour (Dillard et al. 2004).

2.3 Corporate social responsibility pyramid

Carroll's (1991) CSR pyramid (figure 2) is one of the most popular constructs of CSR (Visser 2006). It has been applied by numerous theorists and empirical researchers (Carroll 2016). The article in which the model was first presented is one of the most cited articles in the business field (Lee 2008). According to Aupperle (1984), Pinkston and Carroll (1996), and Edmondson and Carroll (1999), it has a valid content and it is a useful instrument when assessing CSR. The pyramid is founded on the four-part definition that Carroll presented in 1979. This type of combination of responsibilities creates a foundation or infrastructure which assists in understanding what kind of responsibilities companies have (Carroll 2016). In the following, each level of Carroll's (1991) CSR pyramid is described more in detail.

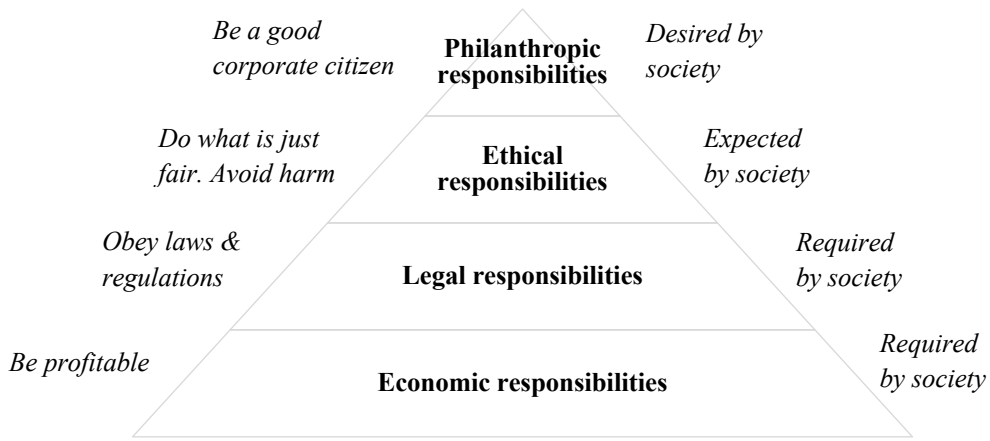

Figure 2. Graphical depiction of Carroll's (1991) CSR pyramid

Economic responsibilities

Organizations have an economic responsibility to the society that enables them to be created and sustained, which indeed is a requirement of their existence. To be able to continue operating, companies must be profitable, attract investors, and obtain resources. (Carroll 2016) Fundamentally, society perceives organizations as institutions that produce and sell products and services that the society needs and desires (Carroll 1991). In return, organizations are allowed to take profits which creates value and also benefits all the stakeholders of the organization (Pinkston & Carroll 1996). Profits are essential because they reward investors and instigate business growth (Carroll 2016). Moreover, in today's hypercompetitive environment, profitability and financial effectivity are crucial and companies that do not make it in the competition will go out of business (Carroll 2016). Therefore, economic responsibility is the baseline for CSR (Carroll 1991).

Legal responsibilities

The society has created ground rules for organizations. Laws and regulations describe how companies are allowed to function. (Pinkston & Carroll 1996) They reflect what is considered as a fair business practice (Carroll 2016). Also, legal responsibilities encompass operating in a consistent way when obeying the laws, following the federal, state and local regulations (Carroll 1991), being a good corporate citizen, completing legal obligations towards the stakeholders, and ensuring that produced products and services meet the legal requirements (Carroll 2016).

Ethical responsibilities

The society expects organizations to operate in an ethical manner (Carroll 2016). In order to fulfil this responsibility, companies must perform activities and follow standards that are expected from them, not just which are required by the law (Carroll 1991). This embraces the spirit of the law (Carroll 2016). Companies are expected to operate in a fair and objective way even in situations when there is no law indicating which action to take (Carroll 1979). By engaging in ethical responsibilities companies become open towards values, norms, and standards that represent and honor the stakeholders' moral rights (Carroll 1991). Ethical responsibilities include operating in a way that corresponds to the society's expectations and ethical norms, identifying changing moral and ethical norms (Carroll 1991), protecting the compliance of ethical norms while achieving business goals, being a good corporate citizen

by complying with moral and ethical norms, and understanding that business integrity is more than just obeying the law (Carroll 2016).

Philanthropic responsibilities

Philanthropy refers to voluntary and discretionary giving (Pinkston & Carroll 1996; Carroll 2016). This type of activity may not be a responsibility in a literal sense, but it is commonly expected from organizations (Carroll 1991). Companies can fulfill philanthropic expectations by taking part in social activities that are voluntary but not considered ethical in nature (Carroll 1991). For example, companies can donate money, products and services, or participate in volunteer work or community development (Carroll 1991). However, some companies also give for ethical reasons because they want to do what they think is right (Carroll 2016). Although there are companies that give for altruistic reasons, some of them give in order to enhance their reputation (Carroll 2016). The main difference between ethical and philanthropic responsibility is that giving is not grounded by ethical considerations (Carroll 2016). Although the society expects companies to give, companies are not unethical if they decide not to give (Carroll 1991). Therefore, philanthropic responsibility refers to good corporate citizenship (Carroll 1991).

2.4 Triple bottom line

TBL (figure 3) was coined by Elkington (1997) in the mid-1990s, and since then, it has gained vast popularity (Svensson et al. 2018). TBL measures the effectivity and efficiency of a company or an investment economically, socially, and environmentally (Goel 2010). It is related to the term sustainable development that proposes that present needs should be met without compromising the ability of future generations doing the same (Bruntland Commission 1987). TBL recognizes that social and environmental aspects have taken place in business, and thus in order to value assets and resource usage, one must look places other than just the firm's financial bottom line (Elkington 1997). TBL emphasizes the importance and equality of all the lines which, when integrated, create a balanced, consistent, and coherent framework (Savitz & Weber 2006). In the following, each aspect of Elkington's (1997) TBL model is described more in detail.

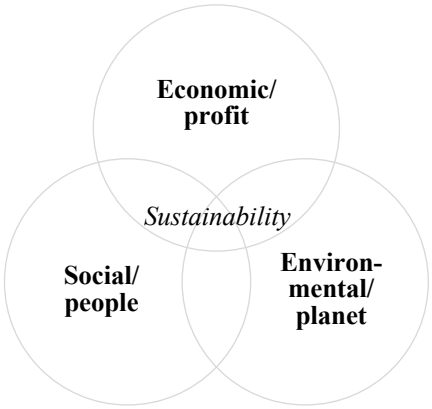

Figure 3. Graphical depiction of Elkington's (1997) TBL model

Economic line

The economic line describes how an organization affects the economic system (Elkington 1997). It measures the economy's capacity to survive and evolve in the future at a minimum as it exists now (Spangenberg 2005) by tying organizational growth with the economic growth and by evaluating how organizational growth supports the economic growth (Alhaddi 2015). Essentially, it focuses on the economic value that a company creates, and how this value contributes to the economy and advances its capacity (Alhaddi 2015).

Social line

The social line measures the practices that are beneficial and fair to the workers, human capital, and the society (Elkington 1997). For example, a company can maintain fair wages and provide health care for workers (Alhaddi 2015). Companies participate in this type of activities in order to create value and give back to the stakeholders (Alhaddi 2015). If a company lacks in social responsibility, it can have a negative impact on its performance and cause financial costs (Alhaddi 2015).

Environmental line

The environmental line measures an organization's efforts to perform activities that do not sacrifice resources from the future generations. This includes, for example, smart energy consumption, decreasing greenhouse gas emissions, and reducing the ecological footprint. (Goel 2010) Environmental responsibility impacts the company's performance, and it can also bring financial benefits (Alhaddi 2015).

3 CORPORATE SOCIAL RESPONSIBILITY REPORTING

This chapter begins by outlining the initiation and development of CSR reporting and characterizing motivations, determinants, and influencing factors for the phenomenon. The chapter introduces typical CSR report content, CSR reporting practices, and CSR reporting quality-related issues. This is followed by explaining the purpose of the Directive 2014/95/EU and its potential implications. The chapter also describes the role of CSR reporting guidelines and the meaning of external verification. Lastly, the chapter discusses CSR reporting in the apparel industry by presenting central studies and results in the area.

3.1 Initiation and development

First non-financial reports were published in Western industrialized countries in the 1970s (Fifka 2013). Although CSR reporting was voluntary, emerging criticism of companies' negative impact on the society and growing governmental regulations caused pressure particularly on multinational corporations due to their power and ability to control resources on a large scale (Abbott & Monsen 1979; Gray et al. 1990). Therefore, companies began to include information, for example, on product quality, equal opportunities, workers' benefits, and community involvement in their annual reports (Fifka 2013). Some companies published stand-alone social reports or social balance sheets particularly in Western Europe (Bebbington et al. 2000; Fifka 2013). In the following decade, social reporting remained at the center of attention (Ullman 1985; Belkaoui & Karpik 1989), yet also environmental reporting stated to slowly increase (Freedman & Jaggi 1988). However, environmental reports mostly aimed at greenwashing the company's reputation through eco-marketing campaigns, which is why they were not useful in decision-making because they were irrelevant and did not consider actual environmental performance (Marlin and Marlin 2003).

At the turn of the 1990s, the focus shifted to environmental reporting because companies realized that launching environmentally friendly products could bring them competitive advantage (Welford 1995; Azzone et al. 1996). Consequently, environmental reporting nearly replaced social reporting among large corporations (Fifka 2013). In this context, some companies, such as the Body Shop, Ben and Jerry's, and Shell Canada acted as trailblazers and began to report more quantifiable and verifiable information for the first time (Marlin &

Marlin 2003). Simultaneously, scholarly attention on CSR reporting increased significantly (Deegan 2002). As a result of collective and multidisciplinary research, several accounting methods were developed that also took into consideration the non-financial aspect of corporate performance, such as the TBL (Christofi et al. 2012).

In the new millennium, social and environmental reporting merged, and companies started to report on economic issues as well as suggested by the TBL. CSR reports became more comprehensive, and they were issued under a variety of names, such as corporate social responsibility report, sustainability report, and corporate citizenship report. (Fifka 2013) Moreover, the geographical scope expanded as companies also in developing countries began to report on CSR (KPMG 2008). With the advent of the Internet, CSR reporting became less costly, and companies were able to disclose information more frequently and reach a wider audience which they were also able to communicate with (Isenmann & Lenz 2001; Isenmann & Lenz 2002; Adams & Frost 2006). Yet, the approach of preparing a CSR report still varied significantly as some companies reported very inclusively and systematically, and others only mentioned CSR briefly (Idowu & Towler 2004; Chapple & Moon 2005). For this reason, many countries, such as France, Norway, and the UK, issued laws and regulations that turned CSR reporting mandatory (Bonsón & Bednárová 2015). Advocates of regulating CSR reporting believe that this is necessary in order to protect citizens and to ensure that necessary information is available (Doane 2002). At the same time, several guidelines were developed in an attempt to improve the quality of CSR reporting, such as the GRI Standards (Marlin & Marlin 2003).

KMPG's survey in 2017 provides evidence of the rapid increase of CSR reporting in the new millennium (figure 4). The N100 represents a worldwide sample of 4900 companies which includes 100 companies from each researched country. The G250 represents the world's 250 largest companies measured by revenue. As large global companies typically pioneer in CSR reporting, their behavior often predicts the trends that are to be adopted by a broader spectrum of companies. For this reason, their reporting rates remain higher than the N100. The figure also shows that the G250 rates have remained in high levels since 2011, and the N100 rates continue to catch them. This indicates that CSR reporting has become a norm. (KPMG 2017) Likewise, Tschopp and Huefner (2015) state that CSR reporting has become mainstream for large international corporations. However, geographically, companies in

Middle East and Africa are still lagging behind compared to the rest of the world (figure 5) (KPMG 2017).

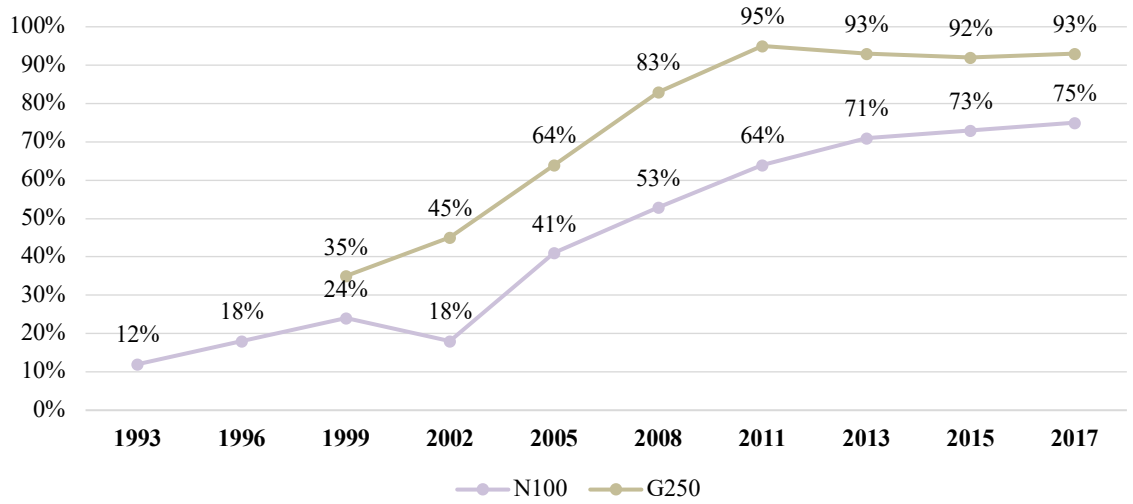

Figure 4. Growth in global CSR reporting rates between 1993 and 2017 (KPMG 2017)

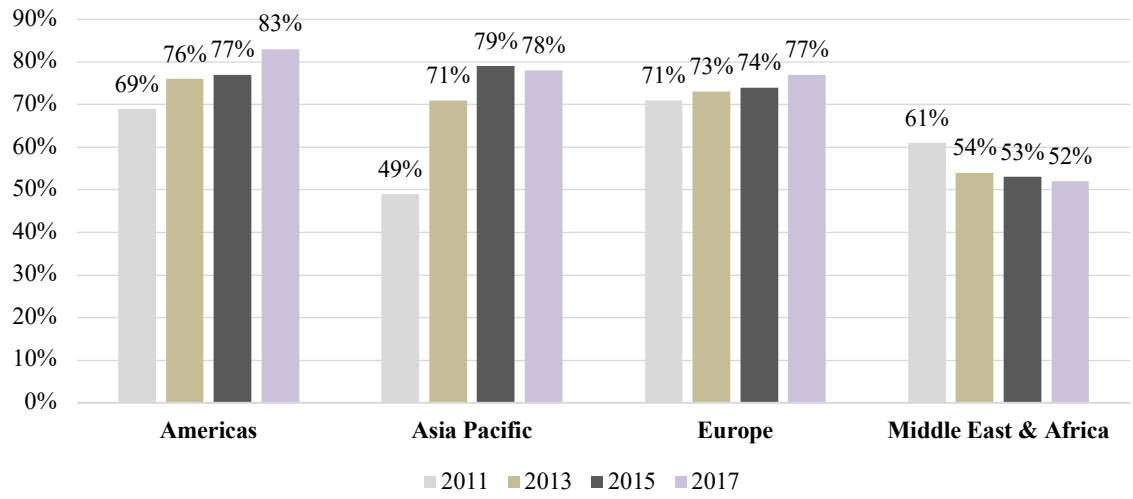

Figure 5. CSR reporting rates by region in 2017 (KPMG 2017)

Numerous factors have contributed in the development of CSR reporting, such as global economic growth, growing awareness of sustainability issues, introduction of new social and environmental laws, and a strong push for social justice and equality (Christofi et al. 2012; Ha ̨bek & Wolniak 2016) Moreover, financial crises and general market instability have led governments to collaborate globally in order to put an end to the age of irresponsibility (Brown 2008). However, Christofi et al. (2012) argue that there is something more

extraordinary. Organizations worldwide have changed their attitudes and accepted the common aspiration for sharing the responsibility to ensure that laws are respected and the environment and the resources it provides are protected (Christofi et al. 2012). Consequently, companies have voluntarily adopted initiatives and expanded the traditional economic business objective to maximize the firm value (Fortanier et al. 2011; Christofi et al. 2012). CSR reporting today aims at decreasing unethical behaviors and catching early signals for intervention (Christofi et al. 2012). However, Holton (2005) and Tschopp and Huefner (2015) both outline that CSR reporting is still in its infancy. Indeed, it requires greater standardization and enforcement by the authorities (Christofi et al. 2012).

3.2 Motivation

Currently, companies are experiencing increasing pressure from their stakeholders regarding accountability and transparency of operations through measuring and disclosing their impacts on the society and the environment (Amran et al. 2014). For most companies, CSR report is a tool that improves stakeholders' understanding and perception of the company (Dando & Swift 2003; Arvidsson 2010; Albu & Wehmeier 2013). Essentially, companies with numerous stakeholders with different economic, social and environmental interests have a significant impact on the success of a company (Buchholz & Rosenthal 2005; Fernando & Lawrence 2014). Thus, CSR reporting is important in order to improve relationships with the stakeholders (Neu et al. 1998). Figure 6 illustrates the variety of stakeholders in CSR reporting according to O'Connor and Spangenberg (2008).

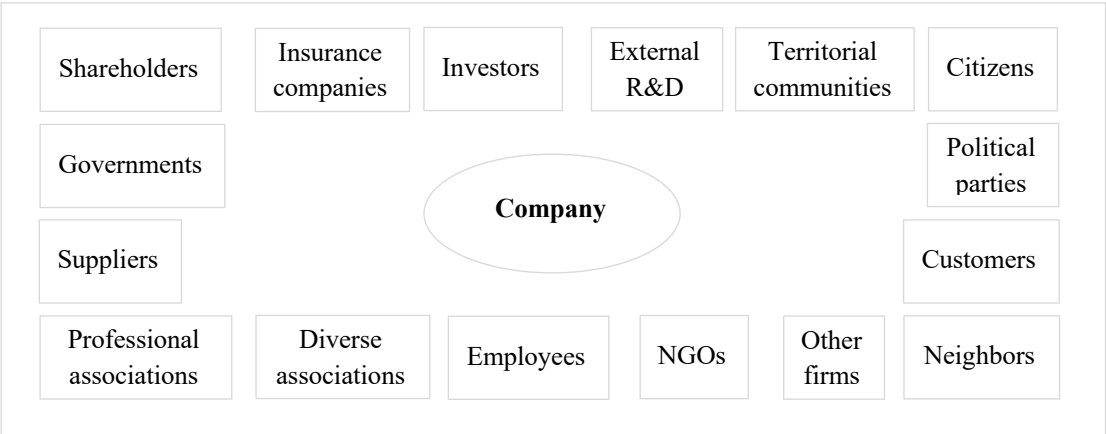

Figure 6. The variety of stakeholders in CSR reporting (O'Connor & Spangenberg 2008)

In addition to stakeholder pressure, there are various other factors that compel companies to start reporting on CSR. These reasons include for example, enhancing reputation and legitimacy, achieving employee and customer trust, building competitiveness, differentiating against competitors, growing market share, lowering the cost of equity, increasing borrowing capacity, and complying with laws and regulations (Carroll & Shabana 2010; Dhaliwal et al. 2014; Bonsón & Bednárová 2015; Dobbs & van Staden 2016; Kuo et al. 2016). KPMG's (2013) survey divides CSR reporting drivers into economic and ethical considerations. Economic drivers include reputation and brand management, capital availability and stakeholder value, risk management, and building government relationships (KPMG 2013). Ethical drivers include transparent communication with the stakeholders (KPMG 2013). According to O'Rourke (2004), the main driver for CSR reporting should be transparent communication with the stakeholders because they have a right-to-know about companies' activities.

3.2.1 Determinants and influencing factors

Adams (2002) divides the determinants and influences on CSR reporting into three groups: corporate characteristics, general contextual factors, and internal contextual factors. He also highlights that there is a two-way influence and an interrelationship between these groups. Figure 7 illustrates these determinants and influences.

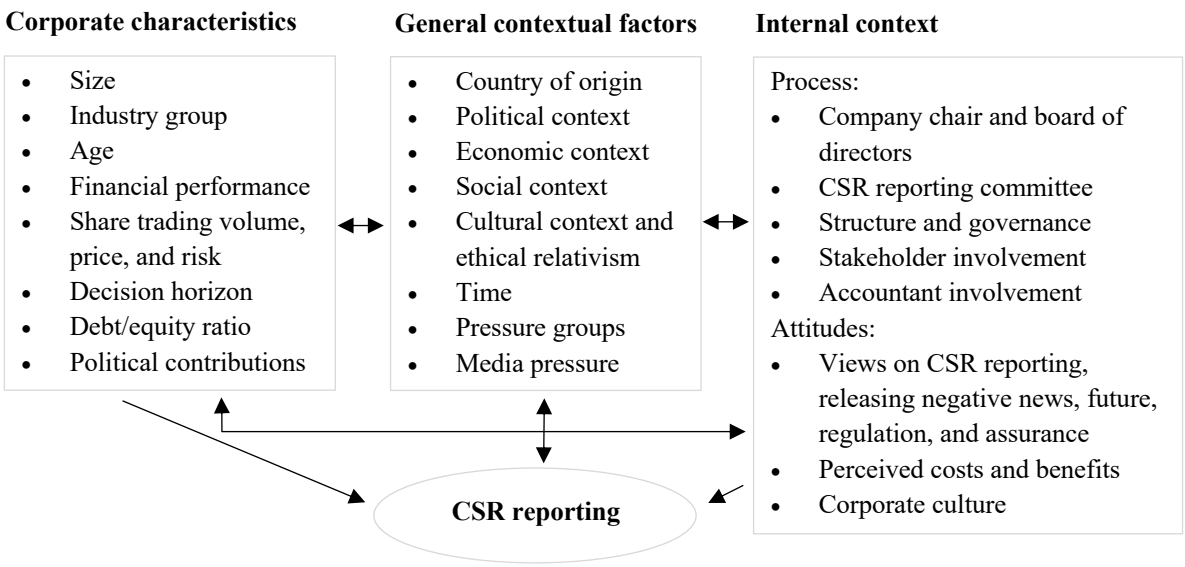

Figure 7. Diagrammatic portrayal of the influences on CSR reporting (Adams 2002)

In the first group, company size has a significant positive relationship with CSR reporting (Chapple & Moon 2005; Brammer & Pavelin 2008; Reverte 2009; Chih et al. 2010; Bouten et al. 2011; Hou & Reber 2011; Thorne et al. 2014; Bollas-Araya et al. 2018). Also, social or environmental risk of the industry (sensitivity) has a strong positive relationship with CSR reporting (Cormier et al. 2005; Brammer & Pavelin 2008; Reverte 2009; Tagesson et al. 2009; Hou & Reber 2011; Bouten et al. 2011; Young & Marais 2012; Wang et al. 2013). While some studies show that corporate financial performance has a significant positive relationship with CSR reporting (Cormier & Magnan 1999; Tagesson et al. 2009), others provide evidence of insignificant relationship (Cormier et al. 2005; Reverte 2009; Chih et al. 2010). Additionally, media visibility (Nikolaeva & Bicho 2011; Wang et al. 2013), social and environmental impact on the society (Dobbs & van Staden 2016), dispersed ownership structure (Li et al. 2013; Wang et al. 2013), dependence of capital markets (Cormier & Magnan 2003), and age of assets (Cormier et al. 2005) seem to have a positive relationship with CSR reporting.

In the second group, researchers find that differences in contextual factors result in significant variation in CSR reporting practices (Adams et al. 1998; Laan Smith et al. 2005; Matten & Moon 2008; GjØlberg 2009; Ertuna & Tükel 2010; Habisch et al. 2011). Differences have been identified especially between Europe and the US (Doh & Guay 2006; Matten & Moon 2008; Sison 2009) but also between European countries (Schlierer et al. 2012; Fassin et al. 2015; Knudsen et al. 2015). Laan Smith et al. (2005) state that ownership structures, governance systems, and cultural systems explain these prominent differences. Likewise, Adams et al. (1998) and Fortanier et al. (2011) find that country of origin has an influence on CSR reporting practices. In addition, specific stakeholders, such as regulators (Neu et al. 1998; Cormier & Magnan 1999; Chih et al. 2010), shareholders (Neu et al. 1998; Thorne et al. 2014), creditors (Roberts 1992; Oh et al. 2011), investors (Wilmshurst & Frost 2000), environmentalists (Deegan & Gordon 1996; Neu et al. 1998), experts (Husillos et al. 2010), and the media (Neu et al., 1998; Reverte 2009; Nikolaeva & Bicho 2011) impact CSR reporting. While managers consider their customers', suppliers', and the local community's concerns in their decisions to report on CSR (Wilmshurst & Frost 2000; Dobbs & van Staden 2016), public pressure also pushes companies to report on CSR (Cormier et al. 2005).

In the third group, studies show that managers generally have positive attitudes toward CSR reporting (Adams & Harte 1998; Adams 2002; O'Dwyer 2002). The main motivations to report on CSR include the desire of gaining competitive advantage (Chih et al. 2010; Nikolaeva & Bicho 2011), enhancing the company's reputation (Adams 2002), and building socially responsible image of the company (O'Donovan 2002). Furthermore, according to Jo and Harjoto (2012) and Amran et al. (2014), governance structures typically impact CSR reporting positively.

3.2.2 Barriers

In addition to motivations, researchers identify barriers for CSR reporting. According to O'Rourke (2004), there may be a number of challenges in deciding what type of information to report on, in what form it should be, the extent of its details, for what audience it should be targeted for, and for what type of use the it should be. Kuo et al. (2016) explain that the first problem in the process of CSR reporting is to find and implement an information system that is accessible, accurate, and understandable. Second, it may be difficult for companies to forecast and define how much information is enough for the stakeholders and what type of information is material (Kuo et al. 2016). Kolk (2004) argues that companies may be discouraged to report on CSR if 1) they are not aware of its potential benefits, 2) their competitors do not report on CSR, 3) their customers are not interested in CSR, and such issues do not impact their buying behaviour, 4) they already have a good CSR reputation due to good CSR performance, 5) they have other ways of communicating on CSR, 6) they find CSR reporting expensive, 7) collecting CSR data and determining indicators is difficult, and if 8) CSR reporting could harm the company's reputation or attract attention to issues on the company's performance that could have negative financial or legal consequences. Additionally, Hossain et al. (2010) discover that the absence of regulatory bodies, tendency of not following the law, lack of information regarding the importance of sustainable development, and socioeconomic issues decrease the likelihood of CSR reporting.

3.3 Report content and practices

CSR and sustainable development refer to intangible aspects of operation and long-term prospects, hence CSR reports consist of very different components than traditional financial

reports (Ittner & Larker 1998). Gray et al. (1996) characterize that CSR reports are formal, they are prepared by the reporting organization, they concern issues that may have an impact on consumers, environment, and the society, and they are targeted to the reporting organization's internal and external stakeholders. In essence, Wolniak and Ha ̨bek (2016) define that a CSR report is a communication tool that provides information to the company's stakeholders about its economic, social, and environmental performance during a specific time period. Furthermore, Kleine and von Hauff (2009) also emphasize that CSR reports reflect companies' contribution to sustainable development.

While the number of studies focusing on typical CSR report content and CRS reporting practices is extensive, recent literature in this area is centered upon CSR reporting quality-related issues and practices that potentially have an impact on CSR reporting quality. As researchers address common issues related to poor CSR report quality, they often propose recommendations and guide companies how to report on CSR in order to reduce quality-related issues. For example, in their study assessing CSR reporting quality, Wolniak and Ha ̨bek (2016) delineate that CSR report should reflect the company's strategy and business goals, address problems that are relevant to the company and its stakeholders, describe the company's CSR performance and achievement of CSR-related objectives, and not avoid issues that are uncomfortable to disclose. Likewise, Mio (2010) asserts that CSR reporting should aim at illustrating a distinct picture of the identity of a company by highlighting how it creates value economically, socially, and environmentally.

Altogether, the information that companies typically disclose concerns various aspects of CSR, including the environment, employees, community, customers, corporate governance, business strategies, and new initiatives related to CSR. However, by comparing different companies' CSR report content, many researchers identify that companies tend to report about different topics and themes, and they often use different types of measures and indicators for this. (Gray et al. 1995a; Gray et al. (1995b); Idowu & Towler 2004; Holton 2005; Jones et al. 2006; Vuontisjärvi 2006; Nielsen & Thomsen 2007; Silberhorn & Warren 2007; Kolk 2008; KPMG 2008; Kolk 2009; Kotonen 2009; Habisch et al. 2011; Tewari 2011; Fifka & Drabble 2012; Gatti & Seele 2013; Mio & Venturelli 2013; Bashtovaya 2014; Lock & Seele 2015; Arena et al. 2018) For example, Gray et al. (1995b) discover that CSR reports vary in length, use of numeric and descriptive information, and the disclosure of

positive, neutral, and negative information. Similarly, Idowu and Towler (2004) and Kolk (2009) both find that the level of and commitment to CSR reporting varies from comprehensive reporting to reporting very superficially or not reporting at all. Table 2 summarizes relevant studies in this area.

Table 2. Relevant studies concerning CSR report content

Author(s), year	**Focus of the study**	**Research method, sample**	**Central finding(s)**
Idowu & Towler, 2004	The extent of reported topics and themes in CSR reports	Content analysis, 17 UK companies	The extent of CSR reporting varies from a brief description to a sophisticated and well-established system
Nielsen & Thomsen, 2007	What and how companies report on CSR	Discourse analysis, six Danish companies	CSR reporting varies when it comes to reported topics and how companies address these matters. Differences concern reporting perspective, expressing stakeholder priorities, disclosing contextual information, and reporting on CSR objectives
Silberhorn & Warren, 2007	Companies' definition and rationale of CSR	Content analysis and senior manager interviews, 20 German and 20 UK companies	CSR is often presented as a comprehensive business strategy that is explained by stakeholder pressure and efforts to measure CSR performance. CSR policies vary between industries and countries
Kolk, 2008	Reporting on corporate governance in CSR reports	Content analysis, Fortune Global 250 companies	Corporate governance is a relevant topic that companies often address as a separate matter in their CSR reports. Integrating CSR and corporate governance could offer new opportunities for IR
Kolk, 2009	CSR reporting patterns and approaches	Content analysis, Fortune Global 250 companies	There are five patterns for CSR reporting: consistent reporters, late adopters, laggards, inconsistent reporters, and consistent non-reporters. CSR reporting patterns tend to vary between different industries and countries
Kotonen, 2009	CSR report content and CSR reporting practices	Content analysis, 31 Finnish companies	CSR definition is typically based on the TBL framework but in practice companies tend to emphasize different issues in their CSR reports
Gatti & Seele, 2013	CSR report terminology	Content analysis, 50 European companies	The terms social and environmental were used in the past but nowadays companies use the term sustainability more often
Lock & Seele, 2015	Reporting on social and environmental matters	Content analysis, 10 German and 10 Swiss companies	Companies operating in an environmentally sensitive industry report more on CSR-related risks than other companies. Companies operating in industries that are not sensitive mirror their CSR reporting and select topics that are commonly reported by other companies in the same industry

When it comes to CSR reporting practices, numerous researchers provide evidence of many differences in this area. For example, the use of key performance indicators (KPIs), the adoption of CSR reporting guidelines, CSR report assurance, and stakeholder engagement abilities tend to vary. (Adams & Frost 2007; Fortanier et al. 2011; Noronha et al. 2012; Freundlieb & Teuteberg 2013; Sierra et al. 2013; Mori Junior et al. 2014; Gray & Herremans 2011; Bonsón & Bednárová 2015; Eccles et al. 2015; Einwiller et al. 2016; Rupley et al. 2017) Table 3 summarizes relevant studies in this area.

Table 3. Relevant studies concerning CSR reporting practices

Author(s), year	**Focus of the study**	**Research method, sample**	**Central finding(s)**
Adams & Frost, 2007	Voluntary CSR reporting	Content analysis, 100 Australian companies	Many companies adopt CSR reporting frameworks and guidelines and other recommended practices voluntarily. However, oftentimes, social and environmental performance is still poor
Freundlieb & Teuteberg, 2013	CSR report content and CSR reporting practices	Content analysis, 97 US companies	CSR reporting has become a norm but the use of KPIs and CSR reporting guidelines varies. CSR reports do not provide a suitable platform for stakeholder engagement or feedback
Sierra et al., 2013	CSR reporting and assurance	Content analysis, 210 CSR reports of Spanish companies	Assurance depends on company size, leverage, profitability, and industry. Assurance is typically conducted by the Big-4 companies
Mori Junior et al., 2014	CSR reporting and assurance	Content analysis, Fortune Global 500 companies	The number of companies reporting on CSR increases but the number of companies assuring their CSR reports has stagnated. CSR report assurance is conducted by an auditor or a consultant
Bonsón & Bednárová, 2015	CSR reporting practices	Content analysis, 306 European companies	Companies use environmental KPIs moderately, but the use of social KPIs is low. Industry and profitability impact the extent of CSR reporting
Einwiller et al., 2016	CSR report harmonization	Content analysis, 24 German and 27 US companies	Companies that adopt international frameworks or guidelines for CSR reporting publish more similar CSR reports than other companies. In particular, the adoption of the GRI Standards has impacted CSR report harmonization positively
Rupley et al. 2017	Evolution of CSR reporting	Content analysis, eight US companies	Integrated reports do not consider governance perspective sufficiently, and they do not provide the information to the stakeholders that they desire

Moreover, researchers identify that companies apply many communication channels for CSR reporting. Traditionally, companies report on CSR in their annual reports or in stand-alone CSR reports (Idowu & Towler 2004; Adams & Frost 2007), however, more recently, IR has become more common (Eccles et al. 2015; Rupley et al. 2017). In the following, these communication channels are introduced more in detail.

3.3.1 Official communication channels

Although both annual reports and stand-alone reports are used for CSR reporting, most companies prefer separating CSR information from traditional financial information (KPMG 2008; Eccles & Krzus 2010; Cho et al. 2011). According to Michelon et al. (2015), particularly large corporations publish stand-alone CSR reports over other official communication channels. Gray and Herremans (2011) assert that stand-alone CSR reports are especially useful because they illustrate a clear engagement to social and environmental issues and sustainable development. They provide a compact account of CSR activities which is extremely important for investors in order to enable them to assess companies' CSR performance (Dhaliwal et al. 2014). Moreover, Mahoney et al. (2013) state that the publication of a stand-alone CSR report indicates a strong commitment to CSR.

On the other hand, some companies still prefer reporting on CSR in their annual reports. Line et al. (2002) allege that the reason for this typically is the intention of connecting the company values to financial performance. Yet, more recently, some companies have begun to integrate financial and non-financial aspects of operation as they have started to publish integrated reports (Eccles et al. 2015). Stand-alone CSR reports are facing increasing criticism concerning their inability to meet the growing stakeholder demands for greater accountability (Adams 2004; Milne & Gray 2007; Gray & Herremans 2011). Given that these reports are prepared voluntarily, researchers raise concerns whether they are mainly used for public relations and managing political and media visibility (Unerman et al. 2007; Thorne et al. 2014). Also, Michelon et al. (2015) discover that stand-alone reporting does not lead into improved CSR reporting quality although companies tend to report more extensively on CSR in stand-alone CSR reports than in annual reports. Furthermore, Jensen and Berg (2012) question the idea of separating financial and non-financial information because they both are essential parts of corporate performance, and therefore they do not exist alone.

Integrated reporting (IR) merges financial, economic, governance, and social reporting by focusing on stakeholders and connecting the past to the future. This is particularly useful for the stakeholders because their decisions are impacted by companies' financial and non-financial implications. (Rupley et al. 2017) IR has been strongly pushed by the International

Integrated Reporting Council (IIRC) which is a global coalition of regulators, investors, companies, accountants, academics, and NGOs (de Villiers et al. 2014; IIRC 2019). The IIRC (2019) has established the International IR Framework that aims at enhancing companies' adoption of IR by outlining the guiding principles and content elements that describe the overall content and concepts of an integrated report. According to James (2014), IR requires companies to integrate their values and operations with CSR activities and create information systems that take both of these aspects into consideration. Thus, IR does not only improve the understanding of how companies' financial performance influences their social and physical environments, but it also clarifies their internal processes and functions which in the long run helps in reducing costs, improving efficiency, and achieving organizational goals (James 2014). However, Rupley et al. (2017) find that current integrated reports do not provide sufficient information for investors and other stakeholders.

3.3.2 Unofficial communication channels

In addition to official CSR reporting, companies use various other channels to communicate to their stakeholders about their CSR activities and performance, including the Internet, television, press releases, ad hoc documents, social media, advertising, packaging, and verbal communication (Unerman 1999; Adams 2002). However, Du et al. (2010) highlight that CSR communication is a delicate matter in nature because consumers are typically more conscious about those companies' CSR practices that claim to be responsible and follow sustainable development. While stakeholders require more and more CSR information, they have also become increasingly skeptical about CSR advertising (Du et al. 2010) and companies' true motivations to report on CSR (Gray & Milne 2002; Overland 2007; Reynolds & Yuthas 2007; Hess 2008; Unerman 2008). Hess (2008) finds that as long as CSR reporting is voluntary, companies are likely to emphasize certain aspects of their operation. Also, Owen et al. (2000) state that companies tend to report information that essentially benefits them, which makes them possibly leave out other relevant information, which reduces accountability and transparency of operations. For this reason, it is essential that CSR communication through unofficial communication channels reflects companies' genuine concern over the environment in order to create favorable CSR impressions (Du et al. 2010). If stakeholders become suspicious and perceive that the motivation to report

derives from the company's efforts to increase profits, CSR reporting could cause severe harm to the company's reputation (Du et al. 2010).

3.4 Reporting quality

As said, during the last decade, researchers' focus seems to have shifted from defining analyzing CSR report content and CSR reporting practices in a descriptive manner to assessing CSR reporting quality, quality-related issues, and practices that potentially have an impact on CSR reporting quality. Also, benchmarking CSR reporting practices is a common approach for this. However, quality can be a difficult concept because it is subjective and measuring it includes various levels and dimensions (Zeithaml et al. 1992). In order to analyze CSR reporting quality, researchers often develop specific assessment tools for this. For example, Chauvey et al. (2015) measure CSR reporting quality by evaluating information relevance, comparability, clarity, and verifiability. Habek and Wolniak (2016) define CSR reporting quality as the information relevance and credibility. Furthermore, Michelon et al. (2015) investigate CSR reporting quality by focusing on the information content (what and how much is reported), information type that addresses and discusses CSR issues (how is reported), and the managerial orientation (corporate approach).

From a more theoretical perspective, Comyns et al. (2013) aim to provide further explanation on why CSR reporting quality-related issues occur by extending Akerlof's (1970) market for lemons theory and linking the concepts of legitimacy and accountability into it. According to the theory, buyers buy poor quality products and services because, as a result of information asymmetry, they do not know which products or services are of high or low quality (Akerlof 1970). As sellers aim to maximize profits, they take advantage of this phenomenon, which creates market for poor quality products and services (Akerlof 1970). However, although these characteristics are also apparent in the CSR reporting market, Comyns et al. (2013) propose that due to the nature of CSR information, there are differences that need to be distinguished in order to be able to assess and improve CSR reporting quality.

Comyns et al. (2013) delineate that CSR reports contain three types of information: search, experience, and credence. Search type of information is easily verifiable by the reader, hence quality issues are not anticipated with it. Experience type of information may be of poor

quality in the beginning, but with time, readers learn to identify what information is of high quality, in which case reporting poor quality information would not gain legitimacy anymore, hence companies could not continue reporting such information in the long term. Credence type of information cannot be verified by the reader even in the long term, which increases the possibility of this type of information to be of poor quality because companies have no incentive on improving it. Overall, Comyns et al. (2013) conclude that CSR reporting quality is not uniform, and CSR reports often consist of mixed information, some of it being of high quality and some of it being of poor quality. Furthermore, in order to improve the quality of credence type of information, Comyns et al. (2013) suggest that strict measures should to be taken into consideration, such as assurance or legislation, which would create the incentive to the reporting company to do so. Figure 8 illustrates this model.

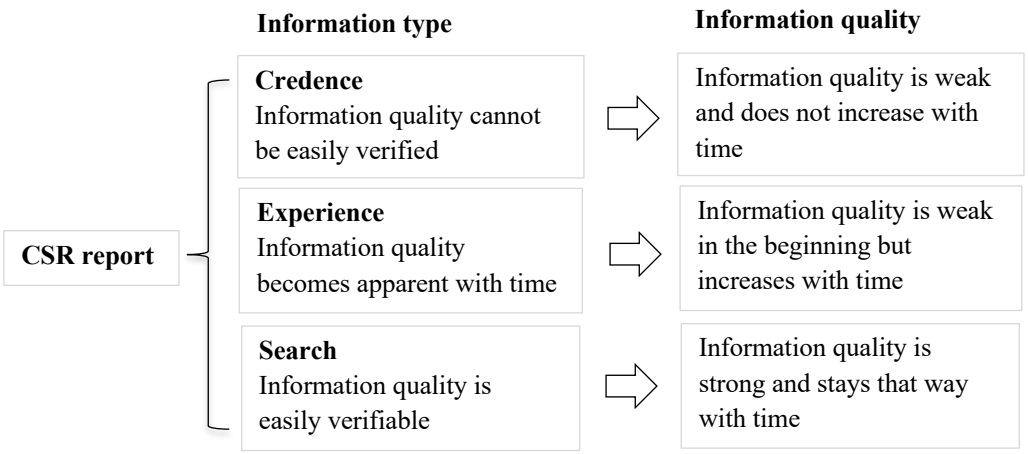

Figure 8. Extended model of Akerlof's (1970) market for lemons theory with reference to of CSR reporting quality (Comyns et al. 2013)

The common consensus in the area of CSR reporting quality is that current CSR reports are of poor quality (Sweeney & Coughlan 2008; Gautam & Singh 2010; Cho et al. 2012a; Cho et al. 2012b; Comyns et al. 2013; Milne & Gray 2013; Patten & Zhao 2014; Chauvey et al. 2015; Hąbek & Wolniak 2016). For example, Chauvey et al. (2015) state that, on average, CSR reporting quality is poor in France where CSR reporting has been mandatory since 2001. In particular, Chauvey et al. (2015) find that companies seem to avoid disclosing negative information in their CSR reports. Similarly, Sweeney and Coughlan (2008) and Gautam and Singh (2010) both suggest that companies typically emphasize certain matters while they omit other relevant information, which means that CSR reports may not reflect real actions. Cho et al. (2012b) provide evidence of selective CSR reporting. Their study

reveals that some companies even extort the graphs in their CSR reports with the aim of creating a more favorable image (Cho et al. 2012b). Patten and Zhao (2014) find that instead of reporting accurate and quantitative information on CSR performance, companies tend to focus on describing their CSR initiatives and programs. Wolniak and Habek (2016) emphasize that lack of accurate data makes it difficult for the stakeholders to evaluate and compare companies' CSR performance.

Moreover, according to Cho et al. (2012a), companies with poor CSR performance that operate in environmentally sensitive industries report more on CSR than other companies. Cho et al. (2012a) also discover that only the presence of a CSR report without particular CSR performance measures or indicators enhances companies' reputation and environmental rankings. O'Dwyer et al. (2011) discover that companies often struggle defining material topics in their CSR reports, and that the identification of such topics and themes seems to be subjective. For these types of reasons, several researchers suggest that companies use CSR reporting in impression management and that it is symbolic in nature (Sweeney & Coughlan 2008; Gautam & Singh 2010; Cho et al. 2012a; Cho et al. 2012b; Patten & Zhao 2014; Michelon et al. 2015; Diouf & Boiral 2017). In essence, highlighting positive matters and omitting negative ones indicates that a company tries to appear socially and environmentally responsible (Sethi et al. 2017).

Additionally, a report conducted by EY in 2013 reveals that CSR reporting is typically the sustainability department's or a different department's responsibility. This means that CSR reporting is yet to be aligned with high-level strategy (EY 2013). Likewise, KPMG's survey finds that in 2013, only 69 % of companies had clearly defined which department was responsible of CSR reporting. Additionally, only 44 % of companies reported board-level CSR (KPMG 2013). Michelon et al. (2015) discover that despite the use of three CSR reporting practices: stand-alone reporting, assurance, and reporting guidance, CSR reporting quality remains poor. Thus, their study suggests that these practices are not associated with higher CSR reporting quality, hence they are symbolic in nature (Michelon et al. 2015). However, alternatively, Lock and Seele (2016) claim that standardization is the most important factor that contributes to CSR reporting quality, such as the adoption of the GRI Standards and CSR report assurance. Table 4 summarizes relevant studies in the area of CSR reporting quality.

Table 4. Relevant studies concerning CSR report quality

Author(s), year	**Focus of the study**	**Research method, sample**	**Central finding(s)**
Brammer & Pavelin, 2008	Factors that influence CSR reporting quality	Content analysis, 450 UK companies	Company size and environmental risk of the industry have a positive relationship with CSR reporting quality. Media exposure does not impact CSR reporting quality
Cho et al., 2012b	Impression management in CSR reporting	Content analysis, 77 U.S. companies	Companies tend to report on CSR in a selective manner, and some companies even distort the graphs in their CSR reports in order create a more favorable image
Patten & Zhao, 2014	Stand-alone CSR reporting	Content analysis, 76 U.S. companies	Companies put emphasis on reporting on CSR initiatives and programs instead of focusing on CSR performance and providing quantitative data, which provides evidence of impression management rather than truly being transparent and accountable to the stakeholders. The use of a stand-alone CSR report seems to enhance the company reputation, which may attract socially responsible investors
Chauvey et al., 2015	Normativity and legitimacy of CSR reporting	Content analysis, 81 French companies during a six-year time period	CSR report quality is generally low. Many companies do not include information in their CSR reports concerning negative CSR performance
Michelon et al., 2015	Use of stand-alone CSR reports, assurance, and guidelines	Content analysis, 112 UK companies during a three-year time period	On average, companies that use these CSR reporting practices do not provide higher-quality CSR reports, which provides evidence of the symbolic use of these practices. However, those companies that report on CSR performance and adopt the GRI Standards for CSR reporting are more likely to provide more balanced, comparable and precise information
Lock & Seele, 2016	CSR reporting credibility	Content analysis, 237 CSR reports of 11 European countries	Standardization and content matter the most when it comes to CSR report credibility. External influences do not play as a prominent role in this. Credibility refers to CSR reports' understandability, truthiness, sincerity, and stakeholder specificity
Ha ̨bek & Wolniak, 2016	Current state of CSR reporting practices and their quality	Content analysis, 507 CSR reports of EU Member States	CSR reporting quality is generally low. Relevance of CSR reports is a bit higher than their credibility. Legal obligation to report on CSR improves CSR reporting quality. In many CSR reports, a top-management statement with reference to CSR is missing, and stakeholder engagement abilities are weak. Many CSR reports are not assured
Diouf & Boiral, 2017	Stakeholder perceptions of CSR reporting quality	Semi-structured interviews, 33 socially responsible investment practitioners	Stakeholders often doubt CSR report quality despite the adoption of the GRI Standards. They also seem to think that companies use CSR reports in impression management by emphasizing certain matters and omitting other relevant information

In their study Abernathy et al. (2017) conduct a literature review on emerging trends in the area of CSR reporting. In particular, they identify that current credibility concerns have pushed four emerging trends that are often associated with greater stakeholder accountability: CSR regulation, CSR reporting guidelines, CSR report assurance, and IR (Abernathy et al. 2017). Furthermore, Abernathy et al. (2017) recognize that since companies use different CSR reporting practices in different ways, companies may not be aware of what actually improves CSR reporting quality. Similarly, since researchers tend to use different assessment tools for measuring CSR reporting quality, such as CSR reporting volume and themes (Chauvey et al. 2015), accounting principles (Chauvey et al. 2015), performance disclosure (Patten & Zhao 2014), and governmental ratings (Gao et al. 2016), further research is needed in this area in order to determine what actually indicates a high-quality CSR report (Abernathy et al. 2017).

3.5 Directive 2014/95/EU

Approved by the European Parliament and the Council of the European Union, the Directive 2014/95/EU entered into force on 6 December 2016 requiring certain companies operating in the EU area to disclose non-financial information in a similar way they are obligated to disclose financial information starting 1 January 2017 or during the calendar year 2017 (Article 1(1); Article 4(1)). Companies that fall under the scope of the legislation are large public-interest entities (PIEs) on the balance sheet date, and on average they have had more than 500 employees during the calendar year (Article 1(1)). In accordance with the Article 1(1), these companies shall disclose a non-financial statement that contains essential information in order to understand how the company has developed and performed, where it positions, and what kind of impacts its activities have, relating to, at minimum, the environment, social and employee matters, human rights, anti-corruption, and bribery. Under the Article 1(1), this shall include a description of: 1) the company's business model, 2) the policies which the company applies relating to the above mentioned matters and implemented due-diligence processes, 3) the result of applying the above mentioned policies, 4) the main risks the company's activities and operation and how the company manages them, and 5) the non-financial KPIs. This information shall be provided within the management report or as a separate report (Article1(1)). If a company does not pursue

policies concerning these matters, it shall provide a clear and reasoned explanation (Article 1(1)).

The rationale for the issuance of the Directive 2014/95/EU is to encourage companies for accountable, transparent, and responsible business behaviour and to manage the change towards sustainable global economy. The European Commission recognizes that reporting information on social and environmental matters helps to measure, monitor, and manage companies' performance and impacts on the society and to identify sustainability risks. The Commission finds that it is important that the legislation is flexible, and that it takes into account the multidimensional construct of CSR and varying CSR policies and practices. On the other hand, the legislation must strive for sufficient comparability of information in order to meet the needs of investors and other stakeholders and to ensure that consumers have an easy access to information about companies' impact on the society. Through establishing a certain minimum legal requirement for non-financial information in management reports, the purpose of the directive is to enhance the consistency and comparability of reported information throughout the EU, which should increase transparency and investor and consumer trust, improve CSR by emphasizing social justice and environmental protection, and foster long-term sustainability and profitability. (European Commission 2014)

Prior to the implementation of the Directive 2014/95/EU there had been a minimal number of legal requirements concerning non-financial reporting at EU level. Thus, Quinn and Connolly (2017) believe that the legislation is likely to increase CSR reporting rates, especially in countries with no previous laws mandating the disclosure. Also, Deegan (2002) and Adams (2004) argue that regulating is essential in order to improve CSR reporting quality. However, Quinn and Connolly (2017), Litfin et al. (2017), and Arvidsson (2019) claim that the objectives of the directive may not be achieved by solely obligating companies to report on CSR. While voluntary CSR reporting gives companies the possibility to choose the time period to report on (regularly versus irregularly), the indicators to use, and the formats and metrics to use (Lydenberg et al. 2010), Schaltegger (1997), Adams and Frost (2007), and Thirarungrueang (2013) explain that mandatory CSR reporting may just lead into a situation where companies attempt to reach the minimum standards of complying with the law rather than truly operating in accordance with CSR and developing new innovations and improving existing CSR reporting practices. In addition, Bebbington et al. (2012), Lock

and Seele (2016), and Arena et al. (2018) all remark that regulation is not always associated with improved CSR reporting quality.

Furthermore, Voss (2019) identifies several weaknesses in the Directive 2014/95/EU. He explains that it has an ex-post focus, limited coverage of companies and subject matters, it does not require auditing, it does not consider IR, and it does not improve harmonization. Ex-post approach means that issues are reported after the event whereas ex-ante approach and action prevent harm (Voss 2019). Since the directive only covers about 6000 companies in Europe although there are about 82 000 multinational corporations in the world (Stubbs & Higgins 2018), and since it does not consider SMEs, Voss (2019) argues that it does not have a significant impact globally. The directive only implements CSR reporting, but it is not very detailed, and it does not go as far as it could regarding the matters that companies are required to disclose (Raigrodski 2016). The directive requires that auditors only verify that companies have included a non-financial statement in the management report, which means that there is no enforcement mechanism ensuring that the content of the statement is accurate and reflects real actions (Buhmann 2018; Stubbs & Higgins 2018; Voss 2019). The directive does not consider IR or regulating IR, although recent studies evidence that IR may lead into improved CSR reporting quality (James 2014; Sierra-Garcia et al. 2018). Due to the prevailing differences in CSR reporting practices and national laws in the EU area, difficulties may occur when implementing the directive (Carini et al. 2018; Voss 2019). In addition, as the directive does not require reporting guidelines to be adopted, companies can continue reporting using various different methods and practices, which does not improve comparability of CSR reports (CSR Europe & GRI 2017; Litfin et al. 2017; Wagner 2017; Voss 2019).

Currently, only a few studies analyze the implications of the Directive 2014/95/EU after its implementation. Sierra-Garcia et al. (2018) find that companies operating in environmentally sensitive industries comply with the new law more thoroughly and report on CSR more extensively than companies in other industries. Also, companies that use stand-alone CSR reports report more on CSR than companies that use other forms of reporting (Sierra-Garcia et al. 2018). Likewise, Tiron-Tudor et al. (2019) discover a slight increase in reporting rates and in the extent of reported matters. In addition, Mion and Adaui (2019) provide evidence of improved CSR reporting quality. They state that an obligation to

report on CSR seems to reduce differences in CSR reports (Mion & Adaui 2019). Further, Mion and Adaui (2020) strengthen their earlier work by concluding that mandatory CSR reporting results in improved CSR reporting quality. As companies are increasingly adopting international CSR reporting guidelines and putting more emphasis on CSR report content and CSR reporting practices by, for example, including a materiality analysis and quantitative measures as part of the CSR report, the differences of different countries' CSR reporting decrease (Mion & Adaui 2020).

3.6 Reporting guidelines

CSR reporting guidelines have gained momentum for various reasons. Typically, companies adopt them in order to improve CSR reporting quality as a response to the increasing critique on the subject. This would also mean that governments would not need to enact stricter laws on non-financial disclosure, which would save companies' time and effort of ensuring compliance with CSR reporting laws and regulations. Also, some companies adopt CSR reporting guidelines because they are seen as a helpful tool to plan and develop CSR strategies and actions. (Fortanier et al. 2011) Furthermore, the adoption of CSR reporting guidelines is one of the current trends that Abernathy et al. (2017) identify among the practices that companies implement in order to improve CSR reporting quality and stakeholder accountability. By following CSR reporting guidelines companies often hope to learn the best practices with regard to CSR reporting and gain credibility (Selsky & Parker 2005). In the following, two CSR reporting guidelines are introduced. As said, the GRI Standards are not only promoted by many researchers but also numerous organizations, governments, and investors worldwide (Perrini 2005; Joseph 2012; Einwiller et al. 2016; Lock & Seele 2016; KPMG 2017). Also, a relatively new guideline developed by the European Commission along with the issuance of the Directive 2014/95/EU is described.

3.6.1 The GRI Standards

The GRI was founded in Boston in 1997 when two high-level executives who worked for the Coalition for Environmentally Responsible Economies (CERES) initiated the development of a framework for environmental reporting together with the Tellus Institute and the United Nations Environment Programme (UNEP) in the early 1990s. Their objective

was to establish an accountability mechanism for investors which would ensure that companies are following environmentally responsible conduct defined by the CERES. In 1998, the GRI established a multi-stakeholder Steering Committee that proposed that in addition to environmental issues, the organization should broaden its scope to concern also social and governance (ESG) issues. As a result, the guidance provided by the organization became called a sustainability reporting framework. (GRI 2019b) KPMG's survey reveals that in 2017, 75 % of world's 250 largest companies (G250), and 63 % of largest 100 companies in 49 countries (N100) adopted the GRI Standards for CSR reporting.

According to the organization, the GRI Standards help companies to increase their transparency and communicate their impacts on the society. *"By better understanding, managing and disclosing their impacts, companies can enhance strategic decision-making, reduce risks, identify business opportunities and strengthen stakeholder relationships".* The GRI Standards are designed to be adopted by any organization, in any industry or location, regardless of the size, ownership structure, or CSR reporting experience. The GRI Standards enable a comparable, consistent, and flexible way of reporting that meets the stakeholder requirements. Companies can adopt the GRI Standards by preparing a complete report (comprehensive option) or by selecting certain individual topics to report on (core option). The GRI Standards cover a wide range of CSR topics which are updated regularly, the framework is free and it can be downloaded from the GRI's website, and the framework is compatible with other CSR reporting guidelines or principles, including the International IR Framework, the UN Global Compact Principles, the International Labour Organization (ILO) Conventions, and the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises. (GRI 2019c)

In order to report on CSR in accordance with the GRI Standards, companies must identify which topics are material. These topics reflect the significant impacts that the company has on the society, hence they are also important for the company's stakeholders. The GRI Standards include universal Standards: GRI 101, GRI 102, and GRI 103 and topic-specific Standards: GRI 200, GRI 300, and GRI 400. (GRI 2019c) The universal Standards lay out the reporting principles that are fundamental in order to establish a high-quality CSR report (GRI 2016). These principles are divided into principles that define the report content which are: stakeholder inclusiveness, sustainability context, materiality, and completeness, and to

principles that define the report quality which are: accuracy, balance, clarity, comparability, reliability, and timeliness (GRI 2016). The universal Standards also guide companies how to prepare a CSR report by defining contextual information to disclose, including the company's size, activities, governance, and stakeholder engagement. In addition, they help to identify material topics (GRI 2019c). The topic-specific Standards guide companies how to report on material topics and how to report on managing these issues (GRI 2019c).

Although many researchers argue that the adoption of the GRI Standards improves CSR reporting quality (Einwiller et al. 2016; Lock & Seele 2016), some researchers identify that companies are not always applying them in a way they are supposed to. For example, Sherman and DiGuilio (2010) find that certain indicators relating to social issues tend to be underreported or not reported an objective and quantifiable manner. Toppinen and Korhonen-Kurki (2009) discover that companies typically describe broad lists and principles without going into details regarding CSR performance and goals. Isaksson and Steimle (2009) conclude that companies are not reporting in a sufficient way by applying the GRI Standards. Moreover, according to Michelon et al. (2015), companies that adopt the GRI Standards do not report higher-quality CSR information than other companies. However, it must be taken into account that since the most recent version of the GRI Standards did not take effect until July 2018, most of the existing studies examine the adoption of the previous versions of the GRI Standards (GRI 2020a).

The GRI reporting principle balance defines that *"the report is expected to avoid selections, omissions, or presentation formats that are reasonably likely to unduly or inappropriately influence a decision or judgment by the report reader. The report is expected to include both favorable and unfavorable results, as well as information that can influence the decisions of stakeholders in proportion to their materiality"* (GRI 2016, 13). However, for example, Boiral (2013) finds that the companies he investigated ignored or did not report accurately on 90 % of the negative issues he classified as significant in his study. Similarly, Hahn and Lulfs (2014) explain that when companies report negative information, they often use legitimization strategies in order to impact readers' perception of the company. The companies they included in their study used marginalization (underrate), abstraction (make it sound like it is an industry problem), rationalization (make it sound like it is forgivable

due to financial- or production-related reasons), authorization (blame regulatory bodies or regulations), and described a corrective action.

3.6.2 EU Guidelines on non-financial reporting

According to the Directive 2014/95/EU, companies concerned by the legislation may choose to use national, Union-based, or international CSR reporting guidelines, such as the GRI Standards. Alternatively, companies may choose to adopt the guidelines prepared by the European Commission that provide instructions on reporting methodology and general and sectoral KPIs. When preparing the guidelines, the Commission undertook extensive public consultation, including expert interviews and stakeholder workshops. The Commission reviewed national and international reporting frameworks as they are leaders and most knowledgeable in CSR reporting. The baseline for the guidelines relies on existing CSR reporting frameworks. For this reason, the Commission states that the guidelines take into account the current best CSR reporting practices, international developments, and the results of related EU level initiatives. (European Commission 2017)

The objective of the guidelines is to *"help companies disclose high quality, relevant, useful, consistent and more comparable non-financial (environmental, social and governance-related) information in a way that fosters resilient and sustainable growth and employment, and provides transparency to stakeholders"* in accordance with the Directive 2014/95/EU. Therefore, the guidelines are established in a way that adopting them does not cause unnecessary administrative burden or stifle innovation. The guidelines recognize the broad diversity of companies and industries throughout the EU, and thus when reporting in accordance with the guidelines, companies may need to reflect this. However, the one-size fits all and overly detailed instructions are avoided. In addition, the guidelines take into account the inter-relations and linkages when reporting of reporting non-financial matters as well as between financial and non-financial reporting. (European Commission 2017)

The guidelines put emphasis on reporting relevant, useful, and comparable non-financial information. By providing balanced and flexible instructions, the guidelines help companies to report material information consistently and coherently. Thus, the key principles of the guidelines are: 1) disclose material information, 2) fair, balanced and understandable, 3)

comprehensive but concise, 4) strategic but forward looking, 5) stakeholder-oriented, and 6) consistent and coherent. Moreover, the guidelines explain the required content of the non-financial statement by referring to the Directive 2014/95/EU. The guidelines describe various examples, KPIs, and definitions, which helps companies to determine what information is material, and how it should be disclosed. (European Commission 2017) However, as there are only a few studies that evaluate CSR reporting after the implementation of the directive, it seems that the adoption of these guidelines is yet to be investigated.

3.7 External verification

Similar to the adoption of CSR reporting guidelines, CSR report assurance is one of the current trends that Abernathy et al. (2017) identify among the practices that companies implement in order to improve CSR reporting quality and stakeholder accountability. According to the GRI reporting principle reliability, *"the reporting organization shall gather, record, compile, analyze, and report information and processes used in the preparation of the report in a way that they can be subject to examination, and that establishes the quality and materiality of the information"* (GRI 2016, 15). However, for most stakeholders, it can be quite difficult to evaluate CSR reporting quality because the reported CSR information typically is complex and diverse (Boiral & Henri 2017). For this reason, CSR report assurance has become increasingly common for companies that try to reduce information asymmetry and to strengthen stakeholder trust (Dando & Swift 2003; Manetti & Becatti 2009; O'Dwyer et al. 2011; Moroney et al. 2012). KPMG's survey reveals that in 2017, 67 % of the CSR reports released by the world's 250 largest companies (G250), and 45 % of the CSR reports released by the largest 100 companies in 49 countries (N100) were verified by an external assurance provider.

The purpose of CSR report assurance is to improve stakeholder accountability and transparency, which refers to organizational responsiveness and companies' responsibility to provide sufficient amount of information about their CSR actions and performance (Dando & Swift 2003; Rasche & Esser 2006; Cooper & Owen 2007). Thus, an assurance statement assures the stakeholders that after an intense process of verification performed by a qualified auditor, the information released is reliable, material, and complete (Gilbert &

Rasche 2008; IAASB 2013; Manetti & Toccafondi 2012). The International Auditing and Assurance Standards Board (IAASB 2013, 7) defines that an assurance engagement is *"an engagement in which a practitioner aims to obtain sufficient appropriate evidence in order to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the subject matter information"*.

Although assurance largely relies on principles and institutional arrangements that are similar to auditing financial reports (Jones & Solomon 2010; Boiral & Gendron 2011; Wong & Millington 2014), there are specific standards and guidance for the performance of assurance engagement, such as AccountAbility's AA1000 series and International Standard on Assurance Engagements (ISAE) 3000 (Adams & Evans 2004; Manetti & Becatti 2009; Fonseca 2010). Founded in 2003, AccountAbility is a non-profit organization that provides both CSR reporting guidance and assurance (AccountAbility 2018a). The objective of the AA1000 Assurance Standard is to provide means how to verify non-financial data, assess how the reporting company manages CSR, and reflect management and CSR performance in an assurance statement (AccountAbility 2018b). The ISAE 3000 was approved by IAASB in 2003, and it provides the basic principles, essential procedures, and guidance for practitioners for the performance of assurance engagement (Smith et al. 2011; ISAAB 2013; Junior et al. 2014). Although these standards have differences, they are complementary, and they both seek to improve credibility, reliability, and expertise of the verification process (Iansen-Rogers & Oelschlaegel 2005; Manetti & Becatti 2009; Junior et al. 2014). Additionally, although there are other standards and guidelines that companies can use, they typically are local or sector-based, and they often rely on principles established by the AccountAbility or ISAE (Boiral & Heras-Saizarbitoria 2019).

Researchers generally agree that assurance contributes to stakeholder accountability because it improves CSR reporting quality (Simnett et al. 2009; Moroney et al. 2012; Lock and Seele 2016; Reimsbach et al. 2018). This fulfills the purpose of assurance that is to increase stakeholder trust through a supposedly independent and impartial evaluation (Adams & Evans 2004; Dando & Swift 2003; O'Dwyer & Owen 2007). Several studies particularly emphasize that assurance results in increased credibility and reliability of CSR reports in the eyes of the stakeholders (Hodge et al. 2009; Simnett al. 2009; Manetti & Toccafondi 2012; Fuhrmann et al. 2017). Furthermore, Hodge et al. (2009), Perego (2009), and Kolk and

Perego (2010) find that assurance, when performed by a recognized accounting firm, increases the credibility of the assurance process. However, there is a limited number of researchers that question stakeholder accountability and improved CSR reporting quality through assurance (O'Dwyer & Owen 2007; Zorio et al. 2013; Michelon et al. 2015; Bepari & Mollik 2016; Gürtürk & Hahn 2016). For example, Zorio et al. (2013) provide evidence of poor-quality assurance statements and varying quality of assurance which is strongly associated with the assurance provider. Also, Zorio et al. (2013) also find that the quality of assurance is higher when assurance is conducted by an auditor instead of a consultant.

3.8 Apparel industry

Over the last two decades, the apparel industry has undergone a significant growth and success, which has resulted in an intense scrutiny over its impacts on the society and the environment (Kozlowski et al. 2015). Therefore, numerous CSR-related concerns have been raised concerning inhuman working conditions, illegal low pay, child labor, high waste volume, resource over usage, and pollution (Allwood et al. 2006; Fletcher 2008; Kozlowski et al. 2015). Kozlowski et al. (2015) highlight that particularly unethical labor practices in companies' supply chains are criticized. As many apparel companies have moved their supply chains to offshore contract suppliers due to their ability to produce garments at ridiculously low cost, the industry has grown to a trillion-dollar business (Abernathy et al. 1999; Allwood et al. 2006; Statista 2019a). However, the industry has become trapped in its own success because companies seem to be unable to make changes in these inflexible and unmonitored supply chains (Kozlowski et al. 2015).

Due to the above-mentioned issues, CSR is turning into a necessity as it is obvious that this type operation cannot continue. Thus, companies have become more aware of the ethical issues related to cheap production. (Aspers & Skov 2006; Kozlowski et al. 2015) Apparel companies have started various CSR initiatives, such as holding committees and drafting policies (Kozlowski et al. 2015). Furthermore, companies have initiated programs that aim to, for example, increase the use of sustainably produced cotton, ensure living wages for workers, reduce energy consumption, encourage sustainable product design, and enable product take back, reuse, and remanufacturing (O'Rourke 2014). Additionally, larger international collaborations have been established, such as the Sustainable Apparel

Coalition, Clean Clothes Campaign, and the Worldwide Responsible Accredited Production (Gaskill-Fox et al. 2014; Kozlowski et al. 2015).

As a result, companies have become increasingly committed to CSR, and they have started to focus on CSR issues inside their organizations and throughout their supply chains (Caniato et al. 2012; Kozlowski et al. 2015). From the supply chain perspective, researchers typically recommend that CSR should be better integrated in the value chains throughout the industry (Dickson et al. 2009), sustainable supply chain management (SSCM) practices should be improved (Fletcher 2008), CSR should be taken into consideration already when starting to design a product (Armstrong & LeHew 2011; Fletcher & Grose 2012), and consumer engagement should become more meaningful (Sheth et al. 2011). Overall, a change in business practices, organizational structures, and innovation are greatly needed in the apparel industry (Kemp 2008; Fletcher & Grose 2012, Gobble 2012).

However, companies are still fairly uncertain how exactly they should implement and develop their CSR activities. The difficulty of engaging in CSR in the apparel industry derives from various reasons. First, as the industry has been divided into many market segments, such as high fashion, mass market, footwear, sportswear and textiles, CSR has no explicit definition that applies to all of these sectors because sustainable development in each of them may differ (Kozlowski et al. 2015). Second, as the industry's supply chains and logistics processes are very complicated (Fletcher 2008), a large number of suppliers, distributors, and retailers creates challenges in overseeing and improving CSR and CSR reporting within the organization and throughout the supply chains (Kozlowski et al 2015).

Third, and also a core issue in the industry, is the culture of consumption (Allwood et al. 2006, Farrer & Fraser 2009; Fletcher & Grose 2012). The fast fashion business model that is extremely widespread emphasizes the buying of cheap clothing which is meant to be disposed after a short period of time (Fulton & Lee 2010; Kozlowski et al. 2015). This has resulted in short production and distribution lead times and increased product availability (Cachon & Swinney 2011), which encourages companies to use low quality material and manufacturing (Gwilt & Rissanen 2011), which, again, accelerates unsustainable consumption behaviour (Allwood et al. 2006; Fletcher 2012). Furthermore, while all this has been extremely profitable for apparel companies (Hayes & Jones 2006), it has had severe

negative impacts on the environment (Allwood et al. 2006; Kozlowski et al. 2012). Currently, the apparel industry is one of the most polluting industries in the world (Shen et al. 2017).

Although numerous researchers examine CSR report content and CSR reporting practices from various perspectives and through different research methods, studies concerning explicitly the apparel industry seem to be limited (Sherman 2009; Caniato et al. 2012; Fulton & Lee 2013; Mann et al. 2013; Gaskill-Fox et al. 2014; Turker & Altuntas 2014; Kozlowski et al. 2015; Woo & Jin 2015). Table 5 summarizes relevant studies in this area. Unfortunately, it seems that no studies have been conducted after the implementation of the Directive 2014/95/EU that are particularly centered upon CSR reporting in this industry.

Table 5. Relevant studies concerning CSR reporting in the apparel industry

Author(s), year	**Focus of the study**	**Research method, sample**	**Central finding(s)**
Sherman, 2009	Added value of the GRI Standards	Content analysis, one US and one European company	Adoption of the GRI Standards does not result in similar or comparable CSR reports
Fulton & Lee, 2013	CSR initiatives	Content analysis, 156 online retailers mostly from the US	The GRI framework is a useful tool in order to analyze CSR. Most companies address social and environmental aspects of CSR. However, the economic aspect of CSR is often ignored
Mann et al., 2013	CSR reporting and practices on websites	Content analysis, 17 US companies	CSR reporting increased between 2011 and 2012. In 2011, only 9 companies addressed CSR, but in 201, all of the companies addressed social issues
Gaskill-Fox et al., 2014	CSR reporting on websites	Content analysis, three US companies	Companies report on CSR on their websites in order construct certain impressions and communicate their responsible business approach to their stakeholders
Turker & Altuntas, 2014	Sustainable supply chain management in CSR reporting	Content analysis, nine European companies	Companies put emphasis on supplier compliance through codes of conducts, monitoring and auditing suppliers, developing supply chain performance, and defining supplier criteria
Kozlowski et al. 2015	CSR reporting and used indicators	Content analysis, 14 Sustainable Apparel Coalition companies	Companies use various different indicators inconsistently. Most of the indicators concern supply chain performance, and the least often reported indicators concern business innovation and consumer engagement
Woo & Jin, 2015	CSR communication	Content analysis, two Asian, two European, and two US companies	In their CSR communications, Asian companies focus on social issues, European companies focus on environmental issues, and US companies focus on labor issues

According to Kozlowski et al. (2015), an increasing number of apparel companies are reporting about their CSR activities and performance to their stakeholders. However, studies show that CSR report content and CSR reporting practices in this industry vary in a similar way than described in the previous sections of this study. For example, Woo and Jin (2015) find that Asian companies focus on reporting about social issues, European companies focus on reporting on environmental issues, and US companies focus on reporting on labor issues. Woo and Jin (2015) believe that the European focus stems from the fact that environmental laws are stricter in Europe than in other parts of the world. Furthermore, Woo and Jin (2015) discover that the European companies they studied, H&M and Benetton, report different amounts of CSR information. The finding that H&M reported significantly more information than Benetton (Woo & Jin 2015) is supported by a study conducted by Welford (2005) which shows that particularly Nordic companies report more on CSR than companies in other parts of Europe.

Kozlowski et al. (2015) identify CSR reporting indicators and discover that the most frequently used indicators concern supply chain performance, and the least often used indicators concern business innovation and the consumer engagement. Due to the notable issues in supply chains, Kozlowski et al. (2015) conclude that these findings are not surprising. Similarly, Turker and Altuntas (2014) find that companies often measure energy and water consumption and waste reduction activities. Moreover, in their study analyzing two large US companies and three smaller Italian companies, Caniato et al. (2012) discover that the US companies typically report on the use of recycled and organic materials, reduction of product waste, chemical substances, and water and energy consumption, and the decrease of carbon dioxide emissions and water pollution. However, Caniato at el. (2012) find that the Italian companies did not report on CSR systematically due to financial reasons.

According to Gaskill-Fox et al. (2014), companies' motivation to report on CSR is to construct certain impressions and communicate their responsible business approach to their stakeholders. They discover that the companies they investigated aimed to gain legitimacy through CSR reporting by emphasizing their business practices' responsible aspects or by clarifying or justifying the actions that may have seemed irresponsible (Gaskill-Fox et al. 2014). These findings are consistent with a study conducted by Islam and Deegan (2010) which shows that companies tend to report on CSR in a more positive manner in situations

when they are exposed to negative media attention. Furthermore, Gaskill-Fox et al. (2014) also discover a change in reported topics. In 2001, companies focused more on ethical issues and labor policies, and in 2009, the focus had shifted to reporting on environmental protection (Gaskill-Fox et al. 2014).

In their study investigating CSR reporting in 2011 and in 2012, Mann et al. (2013) also notice a change in reported topics. In 2011, only 9 out of 17 companies addressed social issues on their websites but in 2012, all of the 17 companies addressed social issues on their websites. However, in 2011, five companies addressed environmental issues on their websites, and in 2012, six companies addressed environmental issues on their websites. Mann et al. (2013) suggest that the change in social reporting is likely a result of a new law that went into effect in the US which is where most of the companies they investigated located. However, Shaw et al. (2006) and Laudal (2010) both point out that this type of differences can also stem from visible labor rights violations and consumer criticism. For example, Jones et al. (2012) find that companies' primary CSR concern is the practices in their supply chains.

Finally, while analyzing companies' CSR initiatives, Fulton and Lee (2013) identify that social and environmental aspects of CSR performance, such as information concerning the use of organic materials and improving working conditions, are often well represented on companies' websites. However, the economic aspect of CSR tends to be ignored (Fulton & Lee 2013). Also, Fulton and Lee (2013) conclude that the GRI framework is a useful tool in order to analyze CSR. On the other hand, when conducting a study concerning the use of the GRI Standards, Sherman (2009) discovers that companies that adopt the guideline do not report similar or comparable CSR reports. He states that the content and style of the two CSR reports he investigated varied drastically, and he was not able to determine which company performed better in CSR (Sherman 2009).

4 RESEARCH METHODOLOGY

This chapter describes the research methodology of this study. The chapter introduces content analysis as a research method and rationalizes why it is chosen for this study. This is followed by explaining how the data is collected and analyzed. In addition, the chapter discusses the reliability and validity of this study.

4.1 Research method

Content analysis is a commonly applied research method to study communication (Maier 2017a). It can be used for both quantitative and qualitative analysis (Hsieh & Shannon 2018). Content analysis demonstrates objectively and systematically the meaning of qualitative data (Mayring 2000; Schreier 2014; Maier 2017a) which can be generated from a variety of sources, including interviews, survey responses, text from social media, articles, newspapers, books, videos, and conversations (Hsieh & Shannon 2018). In essence, content analysis seeks to make replicable and valid inferences (Downe-Wambolt 1992; Krippendorff 2010) by reducing and interpreting written or visual data (Hsieh & Shannon 2018). Hsieh and Shannon (2018, 2) define that *"the aim of content analysis is to describe data as an abstract interpretation"*. Furthermore, content analysis can provide new type of understanding of a certain phenomenon or action (Krippendorf 2010).

Maier (2017a) elaborates that content analysis studies the manifest and/or latent content of communication. Manifest content refers to the message itself and what the content literally says, and latent content refers to the underlying message and interpretation of the content (Maier 2017a). Particularly, when studying written word, content analysis may identify both conscious and unconscious communication that refer to what the text literally says and what the text implies through manners and word order (Julien 2008). Typically, quantitative content analysis is applied to study the manifest meaning, and qualitative content analysis is applied to study the latent and more context-dependent meaning (Julien 2008; Schreier 2014). Julien (2008) states that quantitative content analysis helps in answering *"what"* type of research questions, and qualitative content analysis helps in answering *"why"* type of research questions that require further interpretation and analysis.

Content analysis is an intellectual process that allocates the content into pre-determined detailed groups of similar entities (Payne & Payne 2004; Julien 2008). These conceptual categories are used in order to find consistent patterns and relationships between variables and themes (Julien 2008). Content analysis requires the researcher to objectively examine every single part of the content that could be relevant considering the research question in order to avoid pre-existing assumptions and expectations to influence the formation of the categories and the results of the study (Schreier 2014; Maier 2017a). For this reason, it is also critical that the researcher adopts a systematic approach because a content analysis includes various steps which may need to be adjusted and repeated multiple times during the research process (Schreier 2014; Maier 2017a). Moreover, the results of a content analysis should be relevant theoretically, which means that they should be able to answer the research questions and have a greater purpose than just describing the content (Maier 2017a).

As this study analyzes the content of CSR reporting in the European apparel industry with the objective of identifying which superior CSR reporting practices companies use that that have been determined to contribute to improved CSR reporting quality, a qualitative content analysis has been selected as the research method for this study. Both Julien (2008) and Maier (2017a) emphasize the benefits of a content analysis in studies that examine, for example, the use of terms, concepts, ideas, and communication characteristics. Since this type of approach provides the means to describe and explain communicative messages and behavior, many other studies examining CSR reporting apply content analysis (Julien 2008; Maier 2017a). For example, Sherman (2009), Fulton and Lee (2013), Gaskill-Fox et al. (2014), Turker and Altuntas (2014), Kozlowski et al. (2015), and Woo and Jin (2015) apply content analysis successfully when studying CSR reporting in the apparel industry. Therefore, content analysis inevitably serves the purpose of this study.

4.2 Data collection and analysis methods

Schreier (2014) divides the process of conducting a qualitative content analysis into eight steps (figure 9) which are described in the following. This study mainly follows Schreier's (2014) guidelines for conducting a content analysis. However, recommendations of other researchers are considered as well, including Rustemeyer (1992), Miles and Huberman

(1994), Gibbs (2007), Krippendorf (2010), Schreier (2012), Maier (2017a), and Maier (2017b).

1. Deciding a research question	5. Trial coding
2. Selecting material	6. Evaluating and modifying the coding frame
3. Building a coding frame	7. Main analysis
4. Segmentation	8. Presenting and interpreting the results

Figure 9. Process of conducting a qualitative content analysis (Schreier 2014)

1. Decide a research question

Research questions in a content analysis should go outside of the physicality of the material as this type of research method aims to provide answers to questions that cannot be solved through direct observation (Krippendorf 2010). The main research question and two sub-questions of this study were presented in section 1.2. In summary, by identifying CSR reporting practices (SQ1) and evaluating the differences between different companies (SQ2), this study examines how companies use CSR reporting practices that have been determined to contribute to improved CSR reporting quality (RQ).

2. Select material

Material in a content analysis should be consistent with the research questions and small enough to be manageable (Maier 2017a). When selecting companies for this study, three factors are seen important in order to create a general understanding of the current state in the apparel industry. First, the selected companies should be large and well-known and altogether have a significant market share in the industry. Second, as the apparel industry is divided into various subsectors, such as high fashion, mass market, and sportswear, the analysis should include companies from all of these subsectors. Third, as this study evaluates how CSR reporting differs between different companies, a sufficient number of companies should be represented in the analysis.

Therefore, the material in this study consists of 17 large and public European apparel companies' CSR reporting in 2019 (table 6). This includes these companies' annual reports, stand-alone CSR reports, integrated reports, additional documents about CSR, websites, and social media content (appendix 1). These specific companies were selected for this study by hand with the help of Statista data platform's apparel industry focused lists on companies'

revenues and values. Also, Forbes' (2020) list of largest public companies in the world in 2019 was reviewed during the selection. In addition, each company's financial figures and subsectors were confirmed from their most recent financial statements and annual reports. The final selections were made by identifying companies that operate in different subsectors and that are from different countries, but which have significant market shares in their countries and altogether in the European market. In particular, companies that are known to be each other's notable competitors in the European market, such as H&M versus Inditex, Adidas versus Puma, Asos versus Zalando, and Kering versus LVMH, were targeted in the selection.

Table 6. Material of the study

Company	Revenue (billion €)*	Subsector	Country of origin
Adidas	21,9	Sportswear	Germany
Asos	3,0	Online retail	UK
Associated British Foods (Primark)	17,8	Mass market	UK
Burberry	3,2	High fashion	UK
H&M	20,4	Mass market	Sweden
Inditex	26,1	Mass market	Spain
JD Sports	5,4	Sportswear	UK
Kering	13,7	High fashion	France
LVMH	46,8	High fashion	France
Marks and Spencer	12,1	Mass market	UK
Moncler	1,4	High fashion	Italy
Next	4,8	Mass market	UK
Prada	3,1	High fashion	Italy
Puma	4,6	Sportswear	Germany
Richemont (Net-A-Porter)	14,0	High fashion	Switzerland
Salvatore Ferragamo	1,3	High fashion	Italy
Zalando	5,4	Online retail	Germany

* GBP and SEK have been converted to EUR by using the exchange rate on the balance sheet date

3. Building a coding frame

Building a coding frame includes selecting material, structuring, generating, and defining categories. At minimum, coding frame should have one main category and two subcategories. Main categories represent the aspects of the material that the researcher is the most interested in, and subcategories delineate what the material says about the main categories. At most, more than three levels of categories may be difficult to control. There are three general requirements for building a coding frame. First, each main category should

only cover one aspect of the material (requirement of unidimensionality). Second, subcategories of a specific main category should be mutually exclusive (requirement of mutual exclusiveness) since *"any unit can be coded only once under one main category"* (Schreier 2014, 8). Third, all aspects that are relevant should be categorized (requirement of exhaustiveness) in order to ensure that the material is well represented. (Schreier 2014)

Structuring (formation of the main categories) and generating (formation of the subcategories) can be done in a concept-driven or in a data-driven way (Schreier 2014). Concept-driven way means that the categories are structured and generated by using knowledge, including theory, prior research, common sense, and logic (Schreier 2012). Data-driven way means that the researcher carefully reads the material through and identifies potential main and subcategories (Schreier 2014). As a coding frame, this study applies an instrument, developed by Mion and Adaui (2019), that identifies superior CSR reporting practices through three aspects: availability, credibility, and strategic anchorage. As shown in table 3, the instrument and its categories mostly rely on recent CSR reporting-related literature. Each listed reference indicates that the reporting practice in question contributes to improved CSR reporting quality. Therefore, the instrument indeed identifies the CSR reporting practices that are essential in order to answer the research questions of this study.

Table 7. Coding frame (Mion & Adaui 2019)

Main category	**Subcategory**
Availability (Mion & Adaui 2019)	1. Availability of a stand-alone CSR report or an integrated report (Thorne et al. 2014)
	2. Availability of brochures or other autonomous documents about CSR (Seele & Lock 2015)
	3. Availability of a webpage addressing CSR issues (Chapple & Moon 2005; Kühn et al. 2018)
	4. Availability of CSR information via social media (Manetti & Bellucci 2016)
Credibility (Mion & Adaui 2019)	1. Explicit adoption of CSR reporting guidelines (Clarkson et al. 2008; Sutantoputra 2009; Nikolaeva & Bicho 2011; Amran et al. 2014)
	2. Independent verification or assurance of a CSR report (Dando & Swift 2003; Clarkson et al. 2008; Simnett et al. 2009; Sutantoputra 2009; Kolk & Perego 2010; Amran et al. 2014)
	3. Evidence of stakeholder engagement in CSR reporting process (Perrini 2006; Clarkson et al. 2008; Sutantoputra 2009; Amran et al. 2014)
	4. Description of instruments used for stakeholder engagement in CSR reporting process (Habisch et al. 2011; Manetti 2011)
	5. Availability of quantitative data about CSR-related expenditure (Patten 2002; Da Silva Monteiro & Aibar-Guzmán 2009; Bachoo et al. 2014)
	6. Availability of quantitative data about CSR performance (Da Silva Monteiro & Aibar-Guzmán 2009; Bachoo et al. 2014; La Torre et al. 2018)
	7. Inclusion of a materiality analysis as part of the CSR report (Bellantuono et al. 2016; Font et al. 2016; Khan et al. 2016)
Strategic anchorage (Mion & Adaui 2019)	1. Top-management statement about CSR or reference to CSR in top-management statement of integrated report (Barkemeyer et al. 2014)
	2. Description of a CSR policy/strategy (Da Silva Monteiro & Aibar-Guzmán 2009)
	3. Reference to the United Nations Sustainable Development Goals (SDGs) (Adams 2017; Busco et al. 2018)
	4. Reference to the United Nations Global Compact (Orzes et al. 2018)
	5. Integrated reporting (Stubbs & Higgins 2018)
	6. Existence of a CSR governance entity in the organizational structure (Peters & Romi 2015; Al-Shaer & Zaman 2017)
	7. Possession of a certification by independent agencies for environmental issues (Clarkson et al. 2008; Amran et al. 2014)
	8. Possession of a certification by independent agencies for social issues (Sutantoputra 2009)
	9. Possession of an ethical code or deontological code of behavior (Painter-Morland 2006; Erwin 2011)

After the coding frame is established, the categories are defined, which includes confirming their names, determining their meaning, providing examples, and setting rules for coding. The researcher may need to revise and expand the frame in case any category is found to be too similar to one another or too broad or comprehensive. (Schreier 2014) In the following, the final categories are defined and also additional references to the literature reviewed in this study are provided in order to further justify the selection of the categories.

Availability main category concerns available CSR information. Since companies are experiencing increasing pressures from their stakeholders regarding accountability and transparency, the importance of measuring and disclosing information about their impacts on the society and the environment becomes emphasized (Guthrie et al. 2006; Amran et al. 2014; Fernando & Lawrence 2014). In addition to meeting the various stakeholder expectations and legal requirements through stand-alone CSR reports or integrated reports (Gray & Herremans 2011; Mahoney et al. 2013; Dhaliwal et al. 2014; James 2014; Eccles et al. 2015), Du et al. (2010) also recommend using other communication channels effectively. This category identifies which communication channels the companies used in CSR reporting in 2019. Therefore, the subcategories are:

1. **Availability of a stand-alone CSR report or an integrated report** (Thorne et al. 2014). This subcategory applies if a company published a stand-alone CSR report or an integrated report. If a company disclosed non-financial information solely in its annual report without the report being presented in the form of an integrated report, this category does not apply.
2. **Availability of brochures or other autonomous documents about CSR** (Seele & Lock 2015). This subcategory applies if a company published any type of brochures or other autonomous documents about CSR, such as letters or press releases.
3. **Availability of a webpage addressing CSR issues** (Chapple & Moon 2005; Kühn et al. 2018). This subcategory applies if a company addressed any type of CSR issues on their official website.
4. **Availability of CSR information via social media** (Manetti & Bellucci 2016). This subcategory applies if a company shared any type of CSR information via their social media accounts, such as Facebook, Instagram, Twitter, or LinkedIn.

Credibility main category is fundamental when evaluating CSR reporting quality (Nielsen & Thomsen 2007; Haąbek & Wolniak 2016; Bollas Araya et al. 2018). Various researchers have raised concerns regarding the lack of credibility of reported information, particularly in recent years (Gray 2010; Milne & Gray 2013; Patten & Zhao 2014; Chauvey et al. 2015; Michelon et al. 2015; Haąbek & Wolniak 2016). Furthermore, CSR reports vary significantly regarding their length, approach, scope, and depth (KPMG 2008; Kolk 2009), while companies publish mixed information, using a variety of methods and a range of vague

definitions and unformed indicators (Fortanier et al. 2011). Some studies even evidence irrelevant and incomplete statements in CSR reports which may or may not be true (Cho et al. 2012b; Milne & Gray 2013; Chauvey et al. 2015; Hąbek & Wolniak 2016). This category identifies which superior practices the companies used in order to improve the credibility of CSR reporting in 2019. Therefore, the subcategories are:

1. **Explicit adoption of CSR reporting guidelines** (Clarkson et al. 2008; Sutantoputra 2009; Nikolaeva & Bicho 2011; Amran et al. 2014). This subcategory applies if a company adopted CSR reporting guidelines established by an external organization, such as the GRI guidelines (core or comprehensive option) or the EU guidelines on non-financial reporting.
2. **Independent verification or assurance of a CSR report** (Dando & Swift 2003; Clarkson et al. 2008; Simnett et al. 2009; Sutantoputra 2009; Kolk & Perego 2010; Amran et al. 2014). This subcategory applies if a company's CSR report was verified by an external assurance provider, such as a recognized accounting firm which provided an assurance statement.
3. **Evidence of stakeholder engagement in CSR reporting process** (Perrini 2006; Clarkson et al. 2008; Sutantoputra 2009; Amran et al. 2014). This subcategory applies if there is evidence showing that stakeholders were engaged in the company's CSR reporting process, for example through surveys, questionnaires, interviews, panels, or workshops.
4. **Description of instruments used for stakeholder engagement in CSR reporting process** (Habisch et al. 2011; Manetti 2011). This subcategory applies if there is evidence showing that stakeholders were engaged in the company's CSR reporting process, for example through surveys, questionnaires, interviews, panels, or workshops, and the company indicates which of these engagement instruments it used.
5. **Availability of quantitative data about CSR-related expenditure** (Patten 2002; Da Silva Monteiro & Aibar-Guzmán 2009; Bachoo et al. 2014). This subcategory applies if a company provided information about its CSR-related expenditure. Essentially, this concerns monetary information regarding CSR-related functions or practices, such as investment on employee training or contribution to job creation.

6. **Availability of quantitative data about CSR performance** (Da Silva Monteiro & Aibar-Guzmán 2009; Bachoo et al. 2014; La Torre et al. 2018). This subcategory applies if a company provided quantitative data about its CSR performance. Quantitative data refers to numeric information about performance, such as the reduction of carbon dioxide emissions or the use of recycled material.
7. **Inclusion of a materiality analysis as part of the CSR report** (Bellantuono et al. 2016; Font et al. 2016; Khan et al. 2016). This subcategory applies if a company provided a materiality analysis as part of its CSR reporting. Materiality analysis is a way for the company to identify which economic, social, and environmental issues are the most important and have the most significant impact on its business, stakeholders, and the society at large.

Strategic anchorage main category indicates if CSR reporting has a strategic meaning. For a long time, CSR reporting was merely symbolic, and companies often engaged in CSR in order to enhance their reputation (Moura-Leite & Padgett 2011; Hamidu et al. 2015). Today, CSR is an integral component of business values and companies' strategic objectives (Lee 2008; Hamidu et al. 2015), which impacts their communication practices (Bollas-Araya et al. 2018). However, occurring CSR-related problems evidence that much remains to be done, and CSR reporting still requires further aligning with high-level strategy (EY 2013; KPMG 2013; Michelon et al. 2015; Diouf & Boiral 2017). This main category identifies if the companies included strategic considerations in their CSR reporting in 2019. Therefore, the subcategories are:

1. **Top-management statement about CSR or reference to CSR in top-management statement of integrated report** (Barkemeyer et al. 2014). This subcategory applies if a member of a company's top management, such as the chief executive officer (CEO), presented a statement about CSR.
2. **Description of a CSR policy/strategy** (Da Silva Monteiro & Aibar-Guzmán 2009). This subcategory applies if a company described its CSR policy or strategy which refers to the principal actions which the company adopts in order to engage in CSR.
3. **Reference to the United Nations Sustainable Development Goals (SDGs)** (Adams 2017; Busco et al. 2018). This subcategory applies if a company referred to the UN SDGs by explaining how its strategy aligns with them.

4. **Reference to the United Nations Global Compact** (Orzes et al. 2018). This subcategory applies if a company referred to the UN Global Compact and is at least its signatory member.
5. **Integrated reporting** (Stubbs & Higgins 2018). This subcategory applies if a company presented its annual report in the form of an integrated report by following the criteria prescribed by the IIRC.
6. **Existence of a CSR governance entity in the organizational structure** (Peters & Romi 2015; Al-Shaer & Zaman 2017). This subcategory applies if a company has a CSR governance entity in its organization. This refers to a unit in the organizational structure that is particularly responsible for any CSR-related activities.
7. **Possession of a certification by independent agencies for environmental issues** (Clarkson et al. 2008; Amran et al. 2014). This subcategory applies if a company has a certification granted by an independent agency concerning the management of environmental issues, such as the International Organization for Standardization (ISO) 14000 series or the EU Eco-Management and Audit Scheme (EMAS).
8. **Possession of a certification by independent agencies for social issues** (Sutantoputra 2009). This subcategory applies if a company has a certification granted by an independent agency concerning the management of social issues, such as Occupational Health and Safety Assessment Series (OHSAS) 18001 or Social Accountability (SA) 8000 certification.
9. **Possession of an ethical code or deontological code of behavior** (Painter-Morland 2006; Erwin 2011). This subcategory applies if a company has a code of ethics which is a description of acceptable and desirable behavior and decisions. In comparison to code of conduct, code of ethics is broader and does not provide detailed course of action in specific situations. Thus, this category does not apply if a company solely provided a code of conduct without referencing to code of ethics.

4. Segmentation

Segmentation means that the material is divided into units. Each unit must fit exactly one (sub)category. As these units are the parts of the material that are coded and interpreted, they need to be observable and measurable. This also allows them to be categorized in a consistent way. (Schreier 2014; Maier 2017a) There are two types of criteria that can be applied for segmentation: formal and thematic (Rustemeyer 1992). Formal segmentation is based on the

material's structure, and it focuses on words, sentences, and paragraphs (Schreier 2014). If the categories do not match with the structure, Schreier (2014) recommends applying thematic criteria which is based on topic changes in the material. Ultimately, one unit should match to a theme (Schreier 2014). This study applies both of these criteria for segmentation as some of the subcategories representing CSR reporting practices are typically consistent and match with typical CSR reporting structure, but some of them can vary significantly (Nielsen & Thomsen 2007; KPMG 2008; Kolk 2009; Kotonen 2009).

5. Trial coding

In the pilot phase, part of the material is coded twice. This is crucial for the identification of errors in the coding frame that need to be modified. (Schreier 2014) This study uses CSR reporting published by Inditex and LVMH. As Inditex published an integrated report, and LVMH published a separate stand-alone CSR report, the coding frame is tried out on two different types of CSR reports.

6. Evaluating and modifying the coding frame

The results of trial coding are examined by focusing on coding consistency and validity. *"If the definitions of subcategories are clear and straightforward and if the subcategories are mutually exclusive, units of coding will usually be assigned to the same subcategories during both rounds of coding"* (Schreier 2014, 13). If the categories are inconsistent and overlap with each other, their definitions may need to be revised. With regards to validity, the categories must adequately describe the material, which enables the researcher to provide answers to the research questions. (Schreier 2014) The trial coding of this study shows that selected categories are clear and straightforward, and thus modifications are not needed.

7. The main analysis phase

In the main analysis phase, the entire material is coded. At this point, the coding frame cannot be modified anymore, hence the researcher must ensure that it is reliable and valid before entering the main analysis phase. First, the rest of the material is segmented. Second, the material is coded by assigning the units to the categories. This time there is no need to code the whole material twice because the frame has already been evaluated in the pilot phase. (Schreier 2014) Thus, only four more companies', including Adidas, Asos, Associated British Foods, and Burberry, CSR reporting is coded twice. If no is inconsistencies arise, the

researcher can move on (Schreier 2014). The main analysis phase of this study still shows that the selected categories are still clear and straightforward, which corresponds to the results of the pilot phase.

8. Presenting the findings

In a qualitative content analysis, the coding frame itself can be the main result of the study. Presenting the findings can be done by illustrating the frame and the quotes in it through sole text or through text matrices. (Schreier 2014) Text matrices are *"tables that contain text instead of or in addition to numbers"* (Schreier 2014, 14-15), which is a particularly useful and flexible way to present results that address several different sources and cases (Miles & Huberman 1994). Moreover, the results of a qualitative content analysis can provide a baseline for further data analysis that examines patterns and cooccurrences of certain categories (Miles & Huberman 1994; Gibbs 2007). Alternatively, the researcher can present the findings in a quantitative manner that includes reporting coding frequencies, percentages, and inferential statistics, such as chi-square analysis (Schreier 2014). The findings of this study are presented in the next chapter. Although this study is qualitative in nature, also quantitative results are presented in the form of reporting coding frequencies and percentages.

4.3 Reliability and validity

Reliability in a content analysis refers to the ability to replicate the research process elsewhere. Reliability assures the researcher that the used data has shared ground, and other researchers are able to understand the findings of the study and add their own data to it. Traditionally, the most critical and unreliable part of a content analysis is the categorization and coding because they are done by a human coder or coders. (Krippendorf 2010) In order to fortify the reliability of this study, the research process is conducted as systematically and carefully as possible. Each company's CSR reporting is viewed separately, and parts of the material are coded twice. Schreier (2014) emphasizes that double-coding tests the quality of categories. If both coding times provide similar results, the researcher can be fairly sure that the categories are clear and unambiguous (Schreier 2014). In addition, the research process of this study is described in a detailed manner, which facilitates the understanding of the reader of the study and the decisions made in it.

Validity of a content analysis can be demonstrated in various ways. Most importantly, predictive validity refers to the extent the analysis is able to respond to the research questions through obtained facts. Moreover, correlative validity refers to how the results correlate with other variables, structural validity refers to how well the established coding frame models the phenomenon and its underlaying relations, functional validity refers to how the coding frame has succeeded in the past if applied, semantic validity refers to whether the description of the findings are suitable considering the group of readers, and sampling validity refers to the representativeness of the material. (Krippendorf 2010) In order to fortify the validity of this study, it applied a coding frame developed by Mion and Adaui (2019). This means that the frame has already been tested and found to be a successful instrument when assessing CSR reporting quality, which supports structural and functional validity of this study. In addition, the material in this study consists of 17 large apparel companies from different countries in Europe, which also supports sampling validity of this study.

5 FINDINGS

This chapter introduces the findings of this study. The results of coding each main category, including availability, credibility, and strategic anchorage, are presented separately. The chapter illustrates how many companies applied CSR reporting practices in each subcategory by providing quantitative data on coding frequencies and percentages. In addition, qualitative data is provided through sole text, quotes, and text matrices which provide examples and describe how the companies applied to these subcategories. Then, the coding frames of each main category are presented. These tables (10, 15, 18) show exactly which and how many CSR reporting practices each company applied, and how many companies applied each CSR reporting practice, which assists in identifying and analyzing differences between the companies in this study.

5.1 Availability

The availability main category concerns available CSR information. The four subcategories represent different communication channels for CSR reporting that contribute to improved CSR reporting quality (Chapple & Moon 2005; Thorne et al. 2014; Seele & Lock 2015; Manetti & Bellucci 2016; Kühn et al. 2018). In summary, 14 companies (83 %) published stand-alone CSR reports or integrated reports, all of the 17 companies (100 %) published brochures or other autonomous documents about CSR, all of the 17 companies (100 %) addressed CSR issues on their websites, and all of the 17 companies (100 %) shared CSR information via social media. Table 8 summarizes these frequencies and percentages.

Table 8. Frequencies and percentages of coding the availability main category

Subcategory	Number of companies	Percentage of companies
1. Availability of a stand-alone CSR report or an integrated report	14/17	83 %
2. Availability of brochures or other autonomous documents about CSR	17/17	100 %
3. Availability of a webpage addressing CSR issues	17/17	100 %
4. Availability of CSR information via social media	17/17	100 %

1. Availability of a stand-alone CSR report or an integrated report

The results of coding this subcategory reveal that some of the companies reported on CSR in both their management reports and separate reports simultaneously. In addition, some of the companies published additional documents that were intended to complement CSR information disclosed in the official reports. Table 9 details which official communication channels and additional documents the companies in this study used for CSR reporting.

Table 9. Official communication channels and additional documents used for CSR reporting

Company	Annual report	Stand-alone CSR report	Integrated report	CSR performance update	Appendix/ reference document	Reporting methodology document
Adidas	✓			✓		
Asos	✓	✓				
Associated British Foods	✓	✓			✓	
Burberry	✓					✓
H&M	✓	✓				✓
Inditex			✓			
JD Sports	✓			✓		
Kering			✓		✓	✓
LVMH	✓	✓			✓	
Marks and Spencer	✓	✓				✓
Moncler	✓	✓				
Next	✓	✓				✓
Prada		✓				
Puma	✓	✓				
Richemont	✓	✓				
Salvatore Ferragamo		✓				
Zalando	✓	✓				
Total	**13**	**12**	**2**	**2**	**3**	**5**

In total, 13 companies addressed CSR in their annual reports. However, only three companies, including Adidas, Burberry, and JD Sports, solely used their annual reports for CSR reporting. Therefore, 10 of these companies also published stand-alone CSR reports. Seven of these companies, including Associated British Foods, H&M, LVMH, Marks and Spencer, Moncler, Next, and Richemont, prepared separate stand-alone CSR reports while they only shortly addressed CSR in their annual reports. The remaining three companies,

including Asos, Puma, and Zalando, separated the CSR sections of their annual reports and presented them as separate stand-alone CSR reports. Additionally, two companies, including Prada and Salvatore Ferragamo, only published stand-alone CSR reports without addressing CSR in their annual reports. Furthermore, two companies, including Inditex and Kering, published integrated reports.

In addition, nine companies published additional documents with the aim of supporting CSR reporting in their official reports. Adidas published a *"Green Company Performance Analysis"* that described the company's on-site environmental management. JD Sports published a *"Social Impact Report"* that described how the company supports communities and the society. Associated British Foods published an *"ESG Appendix"* which supplemented the company's stand-alone CSR report by describing key performance metrics and governance arrangements. Kering and LVMH both published *"Reference documents"* that provided complementary information to their CSR reports. H&M, Kering, Burberry, Marks and Spencer, and Next published documents that explained the reporting methodology they had chosen. However, H&M's reporting methodology document was a direct extract from the company's stand-alone CSR report.

All of the seven companies that addressed CSR in their annual reports and also published stand-alone CSR reports indicated that the stand-alone CSR report is their primary communication channel for CSR reporting. For example, Moncler stated in its annual report (page 40) that *"The 2018 Consolidated Non-Financial Statement describes the year's main environmental, social and business initiatives and also publishes the results achieved in relation to Sustainability Plan objectives. This annual plan is prepared by Moncler as part of our commitment to continuous improvement and sets out our future goals. It reflects Moncler's desire to grow and develop while also taking into account the interests of all our various stakeholders."* Then, on its website under *"Documents"* Moncler provided a list of CSR reports from each year which the reader could download in a PDF format.

Furthermore, all of the three companies that separated the CSR sections from their annual reports and presented them as separate documents referred to this on their websites. For example, Puma stated on its website under *"Sustainability reports"* that *"Since our sustainability report "Perspective" in 2003, PUMA has reported about its sustainability*

program according to the guidance of the Global Reporting Initiative (GRI), which set the pace for detailed and widely recognized guidelines on sustainability reporting. Each annual report brings us one step closer to becoming the Fastest Sports Brand in the World. Since 2010, we have combined our financial and sustainability reports into one document." This was followed by a list of CSR reports from each year which the reader could download in a PDF format.

In total, three companies (18 %), including Adidas, Burberry, and JD Sports, reported on CSR in their annual reports. 12 companies (71 %), including Asos, Associated British Foods, H&M, LVMH, Marks and Spencer, Moncler, Next, Prada, Puma, Richemont, Salvatore Ferragamo, and Zalando, published stand-alone CSR reports. Two companies (12 %), including Inditex and Kering, published integrated reports. Figure 10 illustrates this distribution.

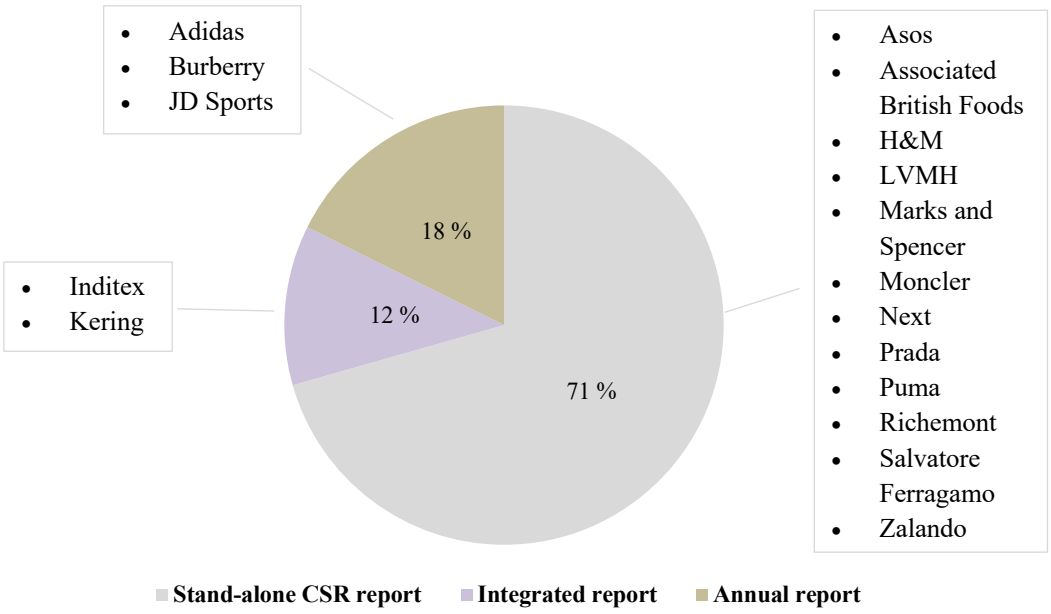

Figure 10. % of companies that used annual reports, stand-alone CSR reports, or integrated reports

2. *Availability of brochures or other autonomous documents about CSR*

All of the 17 companies published many brochures or other autonomous documents about CSR. In general, codes of conducts, CSR policies, chemical restrictions lists, factory lists, gender pay gap reports, modern slavery statements, and different types of progress reports were commonly published documents. For example, Next published *"Our Approach to*

Corporate Responsibility", "Gender Pay Report 2018", "Modern Slavery Transparency Statement", and *"Reporting Principles, Criteria, and Methodologies" and* Prada published "*Prada Group Sustainability Policy",* and *"The Prada Group Announces Fur-free Policy and Joins the International Fur- free Retailer Program"* documents about CSR. However, the location of these documents tended to vary. Some of the companies listed most of their downloadable publications in one place, while others placed them under those sections on their websites that addressed the topic itself. In addition to these documents, all of the 17 companies had several other documents available that were published before 2019 or that did not indicate which year they were published or last updated.

3. Availability of a webpage addressing CSR issues

All of the 17 companies addressed various different CSR issues on their websites. For example, Adidas reported how the company manages sustainability by outlining its general approach to sustainability, explaining how it ensures that its strategy addresses the most material topics, describing its approach to engage with stakeholders and establish partnerships, listing the awards and recognition it has received, and by construing its sustainability history. Furthermore, Associated British Foods reported its approach to sustainability by describing the company's purpose, emphasizing its commitment to CSR, listing the its values, and by illustrating its responsibility governance structure. However, all of the companies' approaches to addressing CSR on their websites varied. Some companies addressed CSR more in-depth and some just superficially.

4. Availability of CSR information via social media

All of the 17 companies shared CSR information via their social media accounts. In general, the companies' CSR actions, such as launching a new sustainable product or collection, changing their operations to a more sustainable direction, taking part in CSR initiatives or programs, and showing support to different causes were commonly shared information. For example, Asos posted on LinkedIn that "*On Monday we became a signatory of the of the Ellen MacArthur Foundation's New Plastics Economy Global Commitment, a global initiative rallying more than 400 businesses and governments behind a positive vision of a circular economy for plastics, in which it never becomes waste or pollution #InsideASOS #Sustainability"* and LVMH posted on Facebook that *"Guerlain, which has been actively involved in initiatives to protect biodiversity for more than 12 years, is expanding its*

commitments by teaming with UNESCO's Man and Biosphere intergovernmental scientific program, of which LVMH has been a partner since May 2019. #LVMH #UNESCO #Guerlain" However, in most cases, LinkedIn was the primary social media channel that the companies used for social media communication. Other channels, including Facebook, Instagram, and Twitter were mostly used for marketing and product advertising.

Summary

Table 10 presents coding frame of the availability main category. The frame shows which and how many CSR reporting practices each company applied. Furthermore, the frame shows how many companies applied each CSR reporting practice in the availability main category. This illustration assists in identifying and analyzing differences between the companies' CSR reporting practices.

Table 10. Coding frame of the availability main category

Company	**Availability of a stand-alone CSR report or an integrated report**	**Availability of brochures or other autonomous documents about CSR**	**Availability of a webpage addressing CSR issues**	**Availability of CSR information via social media**	**Total**
Adidas		✓	✓	✓	**3/4**
Asos	✓	✓	✓	✓	**4/4**
Associated British Foods	✓	✓	✓	✓	**4/4**
Burberry		✓	✓	✓	**3/4**
H&M	✓	✓	✓	✓	**4/4**
Inditex	✓	✓	✓	✓	**4/4**
JD Sports		✓	✓	✓	**3/4**
Kering	✓	✓	✓	✓	**4/4**
LVMH	✓	✓	✓	✓	**4/4**
Marks and Spencer	✓	✓	✓	✓	**4/4**
Moncler	✓	✓	✓	✓	**4/4**
Next	✓	✓	✓	✓	**4/4**
Prada	✓	✓	✓	✓	**4/4**
Puma	✓	✓	✓	✓	**4/4**
Richemont	✓	✓	✓	✓	**4/4**
Salvatore Ferragamo	✓	✓	✓	✓	**4/4**
Zalando	✓	✓	✓	✓	**4/4**
Total	**14/17**	**17/17**	**17/17**	**17/17**	

As said, almost all of the companies reported CSR information through all of the communication channels represented by the subcategories. Only three companies, including Adidas, Burberry, and JD Sports, did not publish stand-alone CSR reports or integrated reports as they only addressed CSR in their annual reports. Therefore, there are not many differences regarding the availability of CSR information among the companies in this study.

Although these results are fairly straightforward, a deeper examination of the availability of CSR information reveals that the content and topics that the reported information concerned varied. In other words, the exact communication channel for certain CSR information was not always the same for all of the 17 companies. For example, while H&M published a separate document of its factories, Inditex did not publish such a document. While Moncler described its responsible sourcing strategy on its website, JD Sports did not address this topic on its website. However, Inditex included its supplier list on its website, and JD Sports described its responsible sourcing strategy in its annual report.

Furthermore, while Next addressed CSR on its website, the company also published various brochures and other autonomous documents about CSR. However, the information in these publications was exactly the same as on the company's website because the publications were direct extracts from the company's website. They were just listed on the company's website in PDF form. Although LVMH did not publish many brochures or other autonomous documents about CSR and the company's website addressed CSR superficially, LVMH's stand-alone CSR report was long and it addressed CSR profoundly. In fact, LVMH's stand-alone CSR report was a combination of three separate documents, including a *"social responsibility report",* an *"environmental report"*, and a *"reference document".*

5.2 Credibility

The credibility main category concerns the credibility of CSR reporting. The seven subcategories represent different CSR reporting practices that contribute to improved CSR reporting quality (Patten 2002; Dando & Swift 2003; Perrini 2006; Clarkson et al. 2008; Da Silva Monteiro & Aibar-Guzmán 2009; Simnett et al. 2009; Sutantoputra 2009; Kolk & Perego 2010; Habisch et al. 2011; Manetti 2011; Nikolaeva & Bicho 2011; Amran et al. 2014; Bachoo et al. 2014; Bellantuono et al. 2016; Font et al. 2016; Khan et al. 2016; La

Torre et al. 2018). In summary, 10 companies (59 %) adopted CSR reporting guidelines explicitly, 13 companies (76 %) had their CSR reports verified by an external assurance provider, 13 companies (76 %) provided evidence of stakeholder engagement in CSR reporting process, 12 companies (71 %) described the instruments they used for stakeholder engagement in CSR reporting process, seven companies (41 %) reported quantitative data about CSR-related expenditure, all of the 17 companies (100 %) reported quantitative data about CSR performance, and eight companies (47 %) included a materiality analysis as part of their CSR reports. Table 11 summarizes these frequencies and percentages.

Table 11. Frequencies and percentages of coding the credibility main category

Subcategory	Number of companies	Percentage of companies
1. Explicit adoption of CSR reporting guidelines	10/17	59 %
2. Independent verification or assurance of a CSR report	13/17	76 %
3. Evidence of stakeholder engagement in CSR reporting process	13/17	76 %
4. Description of instruments used for stakeholder engagement in CSR reporting process	12/17	71 %
5. Availability of quantitative data about CSR-related expenditure	7/17	41 %
6. Availability of quantitative data about CSR performance	17/17	100 %
7. Inclusion of a materiality analysis as part of the CSR report	8/17	47 %

1. Explicit adoption of CSR reporting guidelines

The results of coding this subcategory reveal that some of the companies applied multiple CSR reporting guidelines simultaneously. However, the level of adoption tended to vary. Also, some of the companies adopted CSR reporting guidelines explicitly and some inexplicitly. Table 12 details which guidelines the companies in this study applied for CSR reporting.

Table 12. Adopted CSR reporting guidelines

Company	GRI Core	GRI Comprehensive	International IR Framework	AA1000 AccountAbility Principles (2008)	GRI AFSS	GRI-referenced	EU Commission's Guidelines on non-financial reporting
Adidas	✓						
Asos							
Associated British Foods							
Burberry							
H&M	✓				✓		
Inditex		✓	✓	✓			
JD Sports							
Kering			✓			✓	
LVMH						✓	
Marks and Spencer						✓	
Moncler	✓						
Next							
Prada	✓						
Puma	✓						
Richemont	✓						
Salvatore Ferragamo	✓						✓
Zalando	✓						
Total	**8**	**1**	**2**	**1**	**1**	**3**	**1**

In total, 10 companies (59 %) adopted CSR reporting guidelines explicitly. Seven companies (41 %) did not do this. Figure 11 illustrates this distribution. Nine of these companies applied the GRI Standards. Eight companies, including Adidas, H&M, Moncler, Prada, Puma, Richemont, Salvatore Ferragamo and Zalando, adopted the GRI Standards Core option. Inditex adopted the GRI Standards Comprehensive option. Two companies, including Inditex and Kering, adopted the International IR Framework. Inditex also adopted the AA1000 Accountability Principles (2008). Inditex was the only company that adopted multiple guidelines explicitly at the same time.

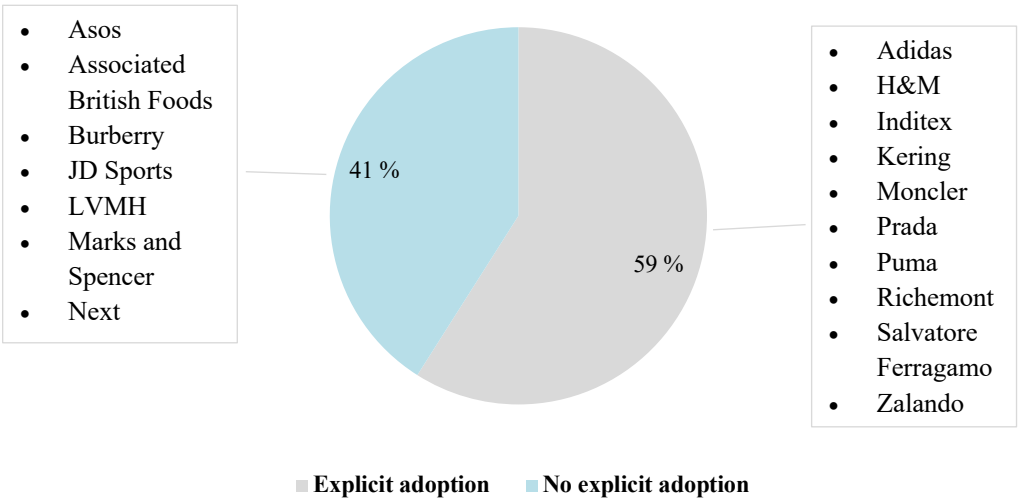

Figure 11. % of companies that adopted CSR reporting guidelines explicitly

Furthermore, five companies (29 %) applied CSR reporting guidelines inexplicitly. H&M included material indicators from the GRI's Apparel and Footwear Sector Supplement (AFSS) in its stand-alone CSR report. Three companies, including Kering, LVMH, and Marks and Spencer, provided cross-reference tables that pointed out on which page certain GRI indicators were reported in their integrated reports or stand-alone CSR reports. Salvatore Ferragamo made references to the European Commission's Guidelines on non-financial reporting it its stand-alone CSR report. Figure 12 illustrates the distribution of adoption of different CSR reporting guidelines. Evidently, the most commonly applied framework was the GRI Standards that was applied by 12 companies (71 %) in total, including explicit and inexplicit adoption.

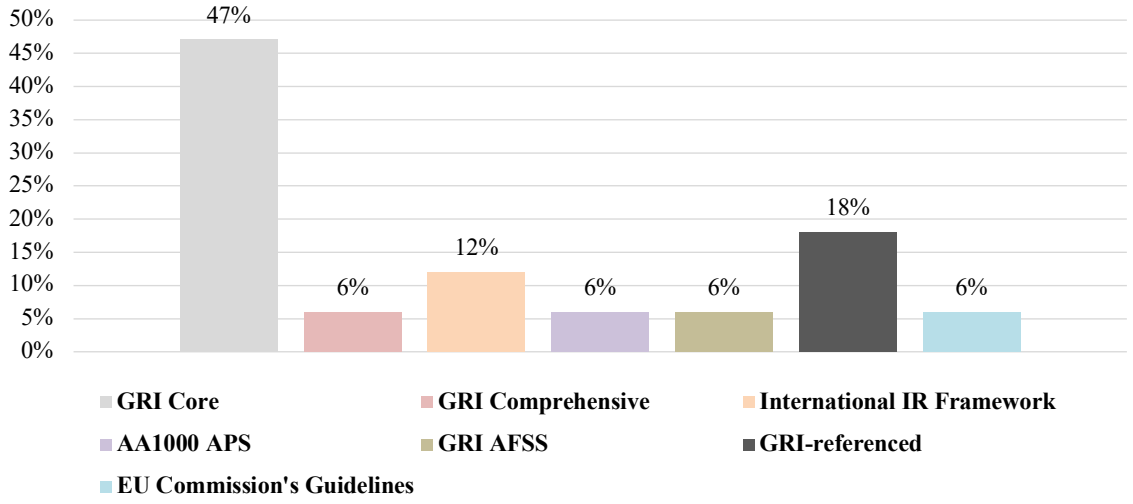

Figure 12. % of companies that applied CSR reporting guidelines

2. Independent verification or assurance of a CSR report

In total, 13 companies (76 %), including Adidas, Associated British Foods, Burberry, H&M, Inditex, Kering, LVMH, Marks and Spencer, Moncler, Next, Puma, Salvatore Ferragamo, and Zalando, had their CSR reports verified by an external assurance provider. Four companies (24 %), including Asos, JD Sports, Prada, and Richemont, did not do this. Figure 13 illustrates this distribution.

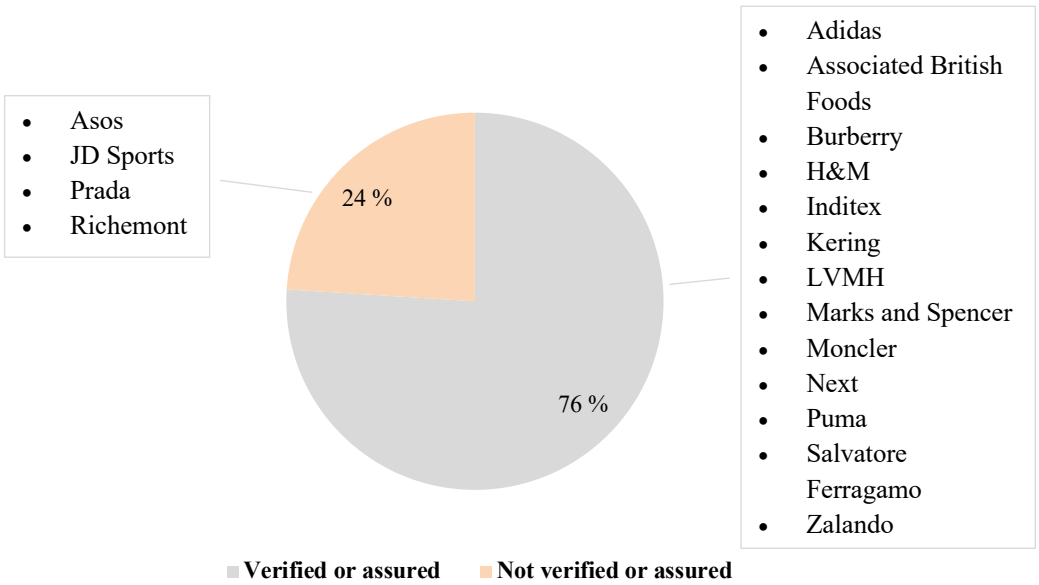

Figure 13. % of companies that had their CSR reports verified by an external assurance provider

The 13 companies that had their CSR reports verified by an external assurance provider often informed the reader about this by referring to it under those sections that explained their

CSR reporting methodology. Also, the companies typically defined what part of the non-financial information was assured. For example, Moncler stated in its stand-alone CSR report (page 180) that *"Independent auditor KPMG S.p.A. carried out a limited assurance engagement on Moncler's Consolidated Non-Financial Statement 2018, providing its overall conclusions thereafter. As regards the scope of activities, please refer to the Statement on the Consolidated Non-Financial Statement released by the independent auditors, on pages 176-179."* In addition, the companies referred to the assurance standard which the assurance provider used while the assurance engagement was conducted. For example, Adidas described in its annual report (page 5) that *"The content of the non-financial statement is covered by a separate limited assurance engagement of KPMG AG Wirtschaftsprüfungs- gesellschaft. - - The assurance was conducted using the International Standard on Assurance Engagements ISAE 3000 (Revised)."*

3. Evidence of stakeholder engagement in CSR reporting process

In total, 13 companies (76 %), including Adidas, Burberry, H&M, Inditex, Kering, LVMH, Marks and Spencer, Moncler, Prada, Puma, Richemont, Salvatore Ferragamo, and Zalando, provided evidence of stakeholder engagement in CSR reporting process. Four companies (24 %), including Asos, Associated British Foods, JD Sports, and Next, did not provide evidence of this. Figure 14 illustrates this distribution.

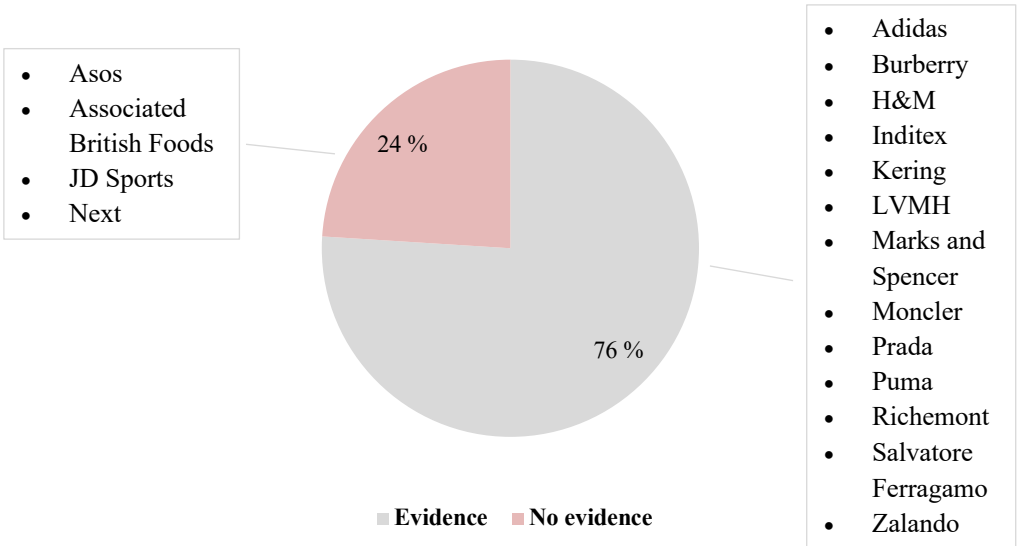

Figure 14. % of companies that provided evidence of stakeholder engagement in CSR reporting process

Only three companies, including H&M, Inditex, and Salvatore Ferragamo, clearly expressed under those sections that explained their CSR reporting methodology that their stakeholders were engaged in the CSR reporting process. For example, H&M described in its stand-alone CSR report (page 100) that *"We have included stakeholder comments and interviews throughout this report."* Also, Salvatore Ferragamo stated in its stand-alone CSR report (page 92) that *"The contents have been selected based on a structured analysis of materiality, which was updated in 2018 and made it possible to identify the most important sustainability issues for the Group and its stakeholders, as detailed in the section "Stakeholders and materiality"."*

The remaining 10 companies did not clearly express that their stakeholders were engaged in the CSR reporting process, however, they provided evidence that their stakeholders were engaged in defining material topics, which formed the basis for CSR reporting, hence they had an impact on the topics that were reported. For example, in its annual report, under *"Material topics"* (page 88), Adidas stated that *"We seek to ensure that we address the topics that are most salient to our business, our stakeholders as well as the challenges ahead. To identify these topics, we openly engage with our stakeholders and involve their views and opinions in decisions that shape our day-to-day-operations."* Later on, under *"Stakeholder dialogue and transparency"* (page 88), the company defined that *"The adidas 'Stakeholder Relations Guideline' specifies key principles for the development of stakeholder relations and details the different forms of stakeholder engagement."* Then, under *"Our progress"* (page 89), Adidas further detailed that *"The following presents the list of material topics within our programs and details the progress made and challenges faced in 2018."* The four companies that did not provide evidence of stakeholder engagement in the CSR reporting process indicated that their stakeholders were engaged in defining material topics or actions, but they did not provide any evidence that the stakeholders had any impact on the content or the structure of the CSR report.

4. Description of instruments used in CSR reporting process

In total, 12 companies (71 %) described the instruments that they used in stakeholder engagement in the CSR reporting process. Five companies (29 %), including Asos, Associated British Foods, JD Sports, Next, and Prada, did not describe the instruments they used for this. Figure 15 illustrates this distribution. Prada was the only company that did not

do this although the company provided evidence of stakeholder engagement in the CSR reporting process.

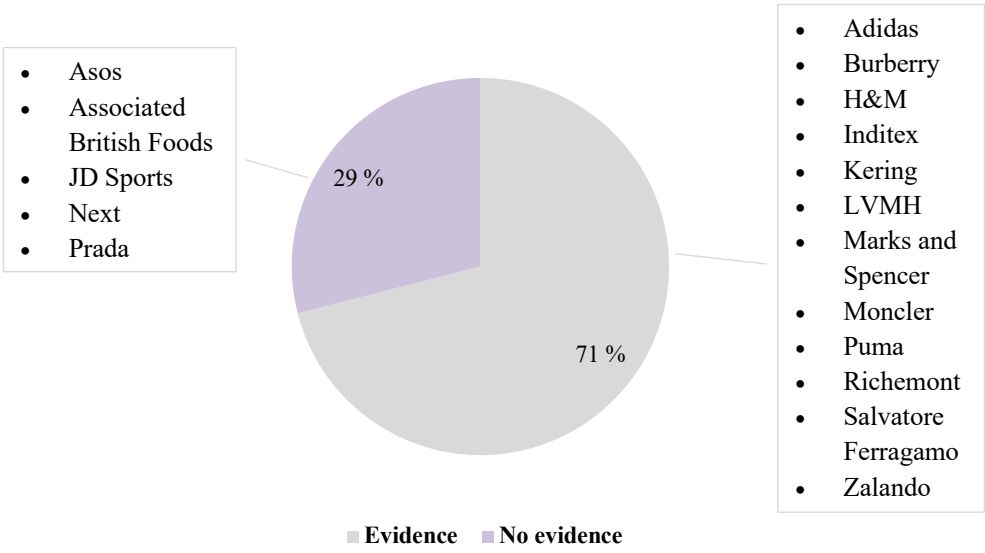

Figure 15.% of companies that described the instruments they used in stakeholder engagement in CSR reporting process

The 12 companies that described the instruments they used in stakeholder engagement in CSR reporting process typically reported this information when they described their reporting methodology or when they reported information regarding the selection of material topics. For example, Puma described in its stand-alone CSR report (page 23) that *"PUMA engages in substantive dialogues with its internal and external stakeholders and integrates their feedback in the decision-making process. Regional teams identify, map and prioritize their stakeholders. The consolidated information shows the engagement priority for each stakeholder. During the year 2018, we did not conduct a global stakeholder dialogue meeting, but instead focused on our annual supplier round-table meetings in all major sourcing regions as well as interviews and a stakeholder survey as part of our updated materiality analysis."* Furthermore, Zalando defined in its stand-alone CSR report (page 13) that *"The content of our report is based on our latest materiality analysis that we finalized in 2015. In order to identify the most material topics for Zalando, we conducted a media analysis, surveys among 5,000 customers and 1,200 employees and further internal workshops. The analysis resulted in 16 material topics."*

5. Availability of quantitative data about CSR-related expenditure

In total, seven companies (41 %), including Associated British Foods, Inditex, Kering, LVMH, Moncler, Prada, and Richemont, reported quantitative data about CSR-related expenditure. 10 companies (59 %), including Adidas, Asos, Burberry, H&M, JD Sports, Marks and Spencer, Next, Puma, Salvatore Ferragamo, and Zalando, did not report about this. Figure 16 illustrates this distribution.

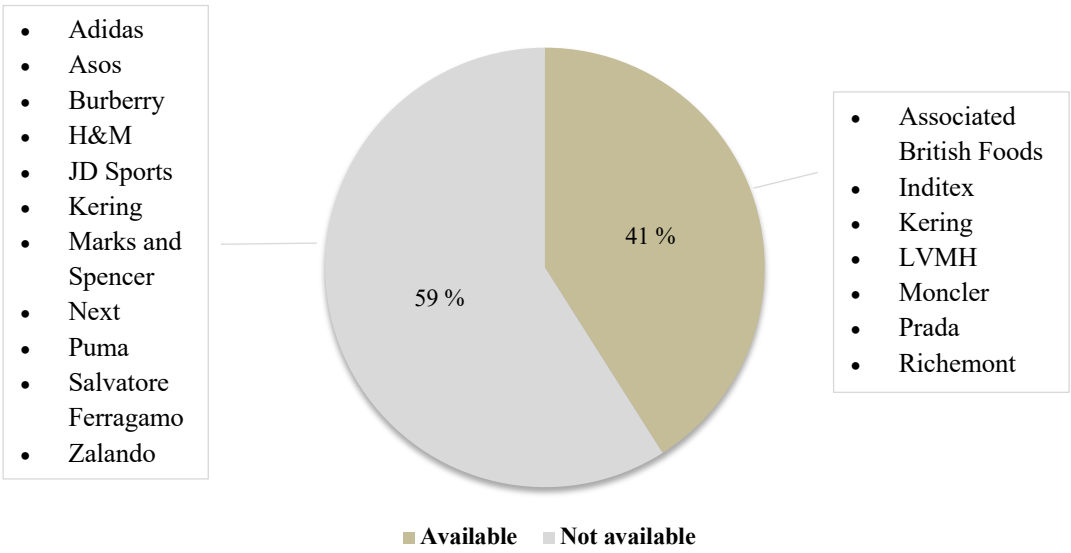

Figure 16. % of companies that reported quantitative data about CSR-related expenditure

The seven companies that reported quantitative data about CSR-related expenditure mostly focused on reporting about CSR investments. Overall, this type of reporting was very infrequent as the companies did not report about CSR-related expenditure systematically. For example, Prada reported about community investments. However, this information was the only CSR-related expenditure that the company reported in its stand-alone CSR report. Moreover, it was reported under *"2018 highlights"* which means that it was a matter that the company wanted to highlight, and which may not be something that the company reports on a regular basis. Table 13 lists examples of the quantitative data that the companies reported about CSR-related expenditure.

Table 13. Examples of reported quantitative data about CSR-related expenditure

Company	Quantitative data about CSR-related expenditure	Type	Source, page
Associated British Foods	*"At a group and business level, we remain committed to seeking sustainable solutions to environmental challenges. In 2019, we invested £32m to minimise our environmental impacts and risks through a range of activities, including irrigation systems, energy-efficient technologies, improved waste segregation and waste water treatment plants."*	Text	Stand-alone CSR report, page 2
Inditex	*"During 2018, Inditex invested more than 1.6 million euros in applied research related to circular economy and to the conversion of waste into raw materials."*	Figure	Integrated report, page 194
Kering	*"In 2018, the Kering group devoted a budget of €28.52 million to employee training, corresponding to 1.8% of the total Group payroll."*	Text	Reference document, page 78
LVMH	*"€64.8 million invested in improving working conditions in 2018, up 24.6% from 2017, including over €32.1 million invested in health and safety".*	Figure	Stand-alone CSR report, page 31
Moncler	*"In 2018, a sum of over 712,000 euros was invested in training and over 96,000 hours of training (about 40% more than in 2017) were delivered to about 4,000 employees, of whom 72% were women."*	Table	Stand-alone CSR report, page 81
Prada	*"€26Milion Investments in the community in 2018"*	Figure	Stand-alone CSR report, page 12
Richemont	*"Last year, the Group invests some € 500 million in property plant and equipment. Our Community Investment spend amounted to € 43 million in the year under review."*	Text	Stand-alone CSR report, page 96

6. Availability of quantitative data about CSR performance

All of the 17 companies reported quantitative data about CSR performance through written texts, figures, or tables. Overall, this included systematic descriptions and quantitative illustrations of progress compared to previous years and target achievement, which indicates a comprehensive and strategic approach to CSR reporting. Table 14 lists examples of topics of which the companies reported quantitative data about.

Table 14. Examples of reported quantitative data about CSR performance

Company	Quantitative data about CSR performance	Type	Source, page
Adidas	*"Number of training sessions by region and type"*	Table	Annual report, page 97
Asos	*"We now know the country of origin for 41% of textile fibres and have verified that 83% of the cotton we use is sustainably sourced – keeping us on-track to meet our 2025 Sustainable Clothing Challenge pledge of 100% more sustainable cotton in the next five years."*	Text	Stand-alone CSR report, page 28
Associated British Foods	*"Share of workforce by gender"*	Figure	Stand-alone CSR report, page 17
Burberry	*"Progress: 43% reduction in market-based emissions since base year FY 2016/17"*	Figure	Annual report, page 43
H&M	*"% renewable electricity in own operations"*	Table	Stand-alone CSR report, page 32
Inditex	*"We are making good progress on our pledge to make all Inditex stores eco-efficient by 2020. At year-end 2018, 86% of the Group's stores, 5,494 stores, were eco-efficient, including all 600 of the Group's stores in China, the first market in which this commitment has fully materialised."*	Text	Integrated report, page 35
JD Sports	*"Greenhouse Gas Emissions Data"*	Table	Annual report, page 71
Kering	*"Traceability in 2017 of Kering's key materials"*	Table	Integrated report, page 43
LVMH	*"Fur trade certification"*	Table	Environmental report, page 31
Marks and Spencer	*"For 2017/18, our actions reduced these Scope 3 emissions by around 65,000 tonnes CO2e. This was mainly achieved by sourcing sustainable cotton and improving energy efficiency and sourcing at our Food suppliers."*	Text	Stand-alone CSR report, page 11
Moncler	*"Temporary and permanent employment contracts"*	Figure	Stand-alone CSR report, page 76
Next	*"NEXT Group Operational CO2e Emissions"*	Table	Stand-alone CSR report, page 24
Prada	*"Injury/lost day rate"*	Table	Stand-alone CSR report, page 32
Puma	*"Worker's complaints and resolution rates 2015-2018"*	Table	Stand-alone CSR report, page 9
Richemont	*"Our overall carbon footprint for the year amounted to 280 653 tCO2e. The latest year covered the twelve months from January to December 2018. The overall footprint increased by 57%. Excluding corporate actions, most notably the acquisition of YNAP, the decrease would be 1%."*	Text	Stand-alone CSR report, page 79
Salvatore Ferragamo	*"Years of partnership continuity with contract manufacturers by sector - 2018"*	Figure	Stand-alone CSR report, page 39
Zalando	*"Energy Consumption"*	Table	Stand-alone CSR report, page 34

7. Inclusion of a materiality analysis as part of the CSR report

In total, eight companies (47 %), including H&M, Inditex, Kering, LVMH, Moncler, Prada, Richemont, and Salvatore Ferragamo, included a materiality analysis as part of their CSR reports. Nine companies (53 %), including Adidas, Asos, Associated British Foods, Burberry, JD Sports, Marks and Spencer, Next, Puma, and Zalando, did not include it. Figure 17 illustrates this distribution.

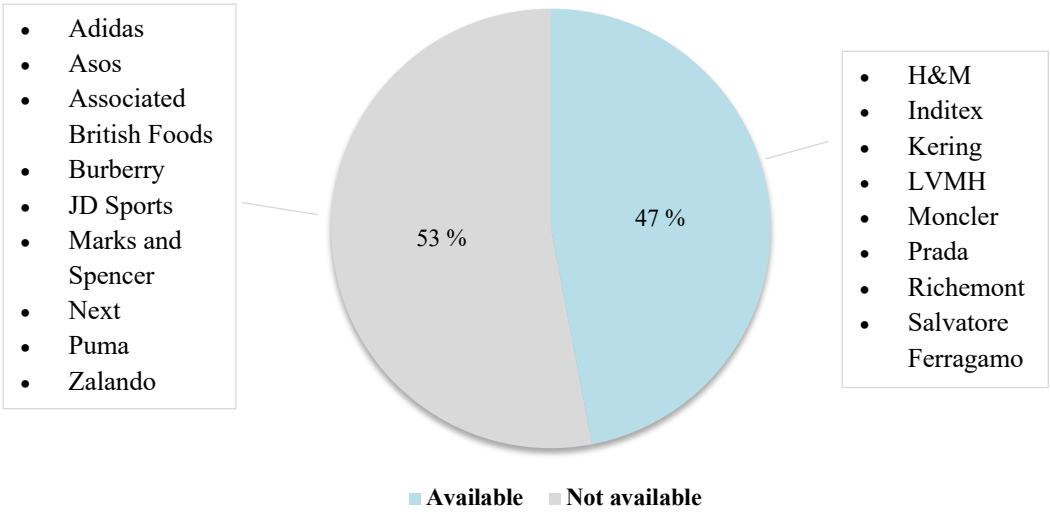

Figure 17. % of companies that included a materiality analysis as part of their CSR reports

The materiality analyses that the eight companies included in their CSR reports typically included descriptions of the approaches to identifying critical CSR-related issues together with the stakeholders. Also, all of the eight companies included materiality matrices as part of theses analyses that explain each material issues' significance to the company itself and to the stakeholders. For example, Richemont stated in its stand-alone CSR report (page 8) that *"We conducted our first materiality assessment in 2016 – a comprehensive review to identify the key issues that matter most to our business and our stakeholders. In summer 2019 we reviewed and updated our materiality assessment to ensure that it reflects changes in our business and the external environment. Materiality helps us to confirm our CSR strategy is focused on the right areas and that we continue to report on the topics that are important to our stakeholders."* This was followed by a description of the stages that the analysis included and a materiality matrix that illustrated the results of the analysis.

Summary

Table 15 presents the coding frame of the credibility main category. The frame shows which and how many CSR reporting practices each company applied. Furthermore, the frame shows how many companies applied each CSR reporting practice in the credibility main category. This illustration assists in identifying and analyzing differences between the companies' CSR reporting practices.

These results show that the application of CSR reporting practices varied. Only three companies, including Inditex, Kering, and Moncler, applied all of the seven CSR reporting practices represented by the subcategories. Asos and JD Sports applied the least number of these practices as the companies only reported quantitative data about their CSR performance. Next applied the third least number of CSR reporting practices as the company had its stand-alone CSR report assured by an external assurance provider and the company reported quantitative information about CSR performance. Most of the companies applied five or six of these CSR reporting practices.

Furthermore, the most commonly applied CSR reporting practice was the availability of quantitative data about CSR performance which was applied by all of the 17 companies. The least of often applied CSR reporting practice was the availability of quantitative data about CSR-related expenditure which was applied by seven companies. The second least often applied CSR reporting practice was the inclusion of materiality analysis as part of the CSR report which was applied by eight companies.

Table 15. Coding frame of the credibility main category

Company	Explicit adoption of CSR reporting guidelines	Independent verification or assurance of a CSR report	Evidence of stakeholder engagement in CSR reporting process	Description of instruments used for stakeholder engagement in CSR reporting process	Availability of quantitative data about CSR-related expenditure	Availability of quantitative data about CSR performance	Inclusion of a materiality analysis as part of the CSR report	Total
Adidas	✓	✓	✓	✓		✓		**5/7**
Asos						✓		**1/7**
Associated British Foods		✓			✓	✓		**3/7**
Burberry		✓	✓	✓		✓		**4/7**
H&M	✓	✓	✓	✓		✓	✓	**6/7**
Inditex	✓	✓	✓	✓	✓	✓	✓	**7/7**
JD Sports						✓		**1/7**
Kering	✓	✓	✓	✓	✓	✓	✓	**7/7**
LVMH		✓	✓	✓	✓	✓	✓	**6/7**
Marks and Spencer		✓	✓	✓		✓		**4/7**
Moncler	✓	✓	✓	✓	✓	✓	✓	**7/7**
Next		✓				✓		**2/7**
Prada	✓		✓		✓	✓	✓	**5/7**
Puma	✓	✓	✓	✓		✓		**5/7**
Richemont	✓		✓	✓	✓	✓	✓	**6/7**
Salvatore Ferragamo	✓	✓	✓	✓		✓	✓	**6/7**
Zalando	✓	✓	✓	✓		✓		**5/7**
Total	**10/17**	**13/17**	**13/17**	**12/17**	**7/17**	**17/17**	**8/17**	

5.3 Strategic anchorage

The strategic anchorage main category concerns the strategic aspect and components of CSR reporting. The nine subcategories represent different CSR reporting practices that contribute to improved CSR reporting quality (Painter-Morland 2006; Clarkson et al. 2008; Da Silva Monteiro & Aibar-Guzmán 2009; Sutantoputra 2009; Erwin 2011; Amran et al. 2014; Barkemeyer et al. 2014; Peters & Romi 2015; Adams 2017; Al-Shaer & Zaman 2017; Busco et al. 2018; Orzes et al. 2018; Stubbs & Higgins 2018). In summary, 14 companies (82 %) provided a top-management statement about CSR or referenced to CSR in a top-management statement of an integrated report, all of the 17 companies (100 %) described their CSR policies or strategies, 14 companies (82 %) referenced to the United Nations SDGs, 10 companies (59 %) referenced to the United Nations Global Compact, 14 companies (82 %) had a CSR governance entity in their organizational structure, all of the 17 companies (100 %) possessioned a certification by independent agencies for environmental issues, all of the 17 companies (100 %) possessioned a certification by independent agencies for social issues, and eight companies (47 %) possessioned an ethical code or deontological code of behavior. Table 16 summarizes these frequencies and percentages.

Table 16. Frequencies and percentages of coding the strategic anchorage main category

Subcategory	Number of companies	Percentage of companies
1. Top-management statement about CSR or reference to CSR in top-management statement of integrated report	14/17	82 %
2. Description of a CSR policy/strategy	17/17	100 %
3. Reference to the United Nations Sustainable Development Goals (SDGs)	14/17	82 %
4. Reference to the United Nations Global Compact	10/17	59 %
5. Integrated reporting	2/17	12 %
6. Existence of a CSR governance entity in the organizational structure	14/17	82 %
7. Possession of a certification by independent agencies for environmental issues	17/17	100 %
8. Possession of a certification by independent agencies for social issues	17/17	100 %
9. Possession of an ethical code or deontological code of behavior	8/17	47 %

1. *Top-management statement about CSR or reference to CSR in top-management statement of integrated report*

In total, 14 companies (82 %), including Adidas, Associated British Foods, Burberry, H&M, Inditex, Kering, LVMH, Moncler, Next, Prada, Puma, Richemont, Salvatore Ferragamo, and Zalando, provided a top-management statement about CSR or referenced to CSR in the top-management statement of their integrated reports. Three companies (18 %), including Asos, JD Sports, and Marks and Spencer, did not provide this. Figure 18 illustrates this distribution.

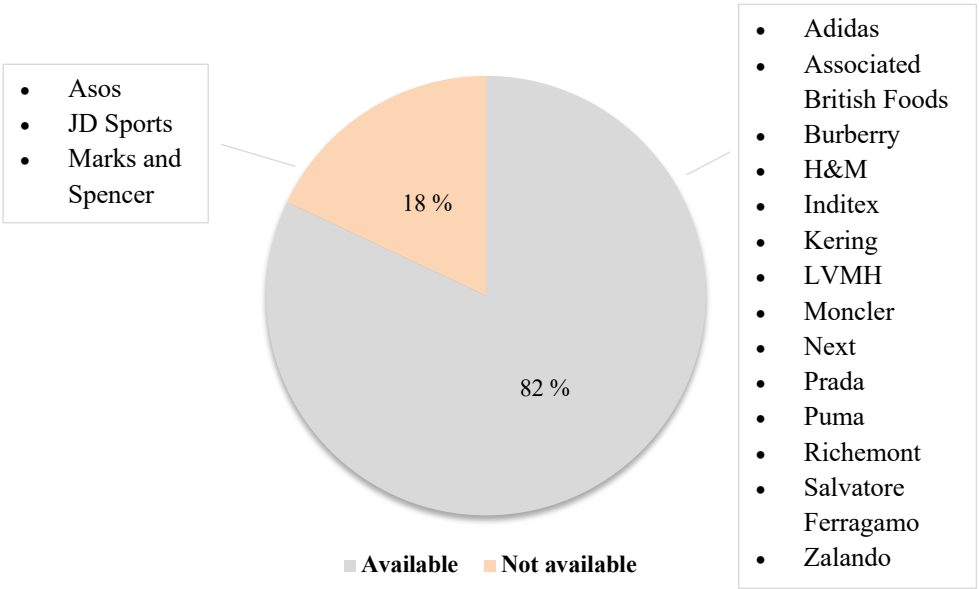

Figure 18. % of companies that provided a top-management statement about CSR or referenced to CSR in top-management statement of an integrated report

All of the 14 companies that provided a top-management statement about CSR or referenced to CSR in the top-management statement of their integrated reports included a *"letter to the stakeholders"* -type of statement in the beginning of their reports. The two companies that reported CSR information in their annual reports, including Adidas and Burberry, highlighted their commitment to CSR in these sections. For example, the CEO of Adidas described in the company's annual report (page 20) that *"Sustainability is an integral part of our business model. Few companies are able to embed sustainability authentically into their business model. We are proud to say adidas is one of them, as evidenced by the five million pairs of shoes made with Parley Ocean Plastic in 2018, up from one million pairs the year before. What's more, 100% of all cotton we sourced globally was sustainable cotton. Our ongoing work to protect human rights continues. We tackle social issues in our*

supply chain, are deeply involved in human rights in sports along with safeguarding women's rights, which is both an internal and external focus for us as a company."

The 10 companies that published stand-alone CSR reports dedicated these sections to solely to addressing CSR by highlighting their commitment to it, defining their CSR goals and targets, and by describing the progress the company made. For example, the CEO of Zalando defined in the company's stand-alone CSR report (page 8) that *"As part of our strategy, we want to take responsibility for our environmental and social impacts and embrace the opportunities associated with economic, environmental and social developments. We are eager to continue learning how we can run our business responsibly and enable customers, brands and the industry to make more sustainable choices. In 2018, we worked hard towards contributing to systemic changes in our industry and achieving our targets in four key areas – employees, products, environment and societal engagement. We are proud that our efforts are being recognized."*

The remaining two companies that published integrated reports, including Inditex and Kering, referenced to CSR throughout these sections. For example, the Chairman and CEO of Kering described in the company's integrated report (page 3) that *"This growth also testifies to the soundness of our business model and our approach to creating value – financial, creative, ethical, environmental, and social value – for our customers, our employees, our shareholders, and all our stakeholders. Because we do not separate economic imperatives from the ambition that motivates us and that goes beyond achieving outstanding economic performance."*

2. Description of a CSR policy/strategy

All of the 17 companies described their CSR policies or strategies. However, the level of profoundness of these descriptions varied. For example, Moncler's stand-alone CSR report comprised of long and in-depth descriptions regarding these matters. In total, the company's stand-alone CSR report was 191 pages long. The first two chapters of the report focused on the company's identity and responsible business management. This included sections regarding Moncler's values, philosophy, strategy, risk management, and sustainability plan. Furthermore, the company's website listed various CSR-related policies. Conversely, Asos' stand-alone CSR report, that actually is an extract from the company's annual report, was

only two pages long. The report described the company's *"Fashion with Integrity"* programme superficially which is Asos' approach to sustainable business. However, Asos addressed CSR more profoundly on the company's website and listed several CSR-related policies.

3. Reference to the United Nations Sustainable Development Goals (SDGs)

In total, 14 companies (82 %), including Adidas, Associated British Foods, Burberry, H&M, Inditex, Kering, LVMH, Marks and Spencer, Moncler, Next, Prada, Puma, Richemont, and Salvatore Ferragamo, referenced to the UN SDGs. Three companies (18 %), including Asos, JD Sports, and Zalando, did not reference to them. Figure 19 illustrates this distribution.

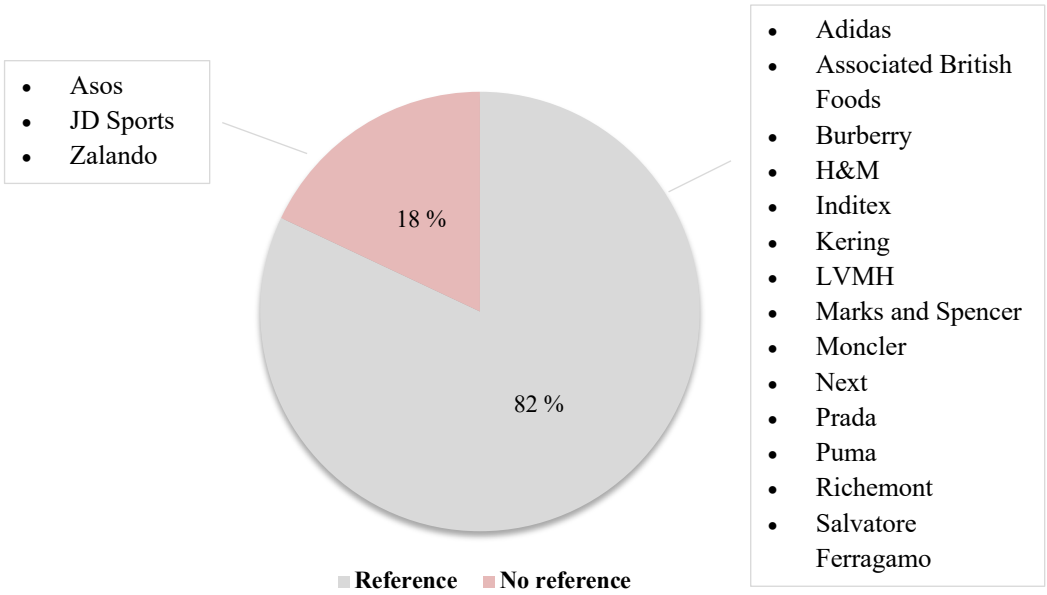

Figure 19. % of companies that referenced to the United Nations Sustainable Development Goals (SDGs)

The 14 companies that referenced to the UN SDGs expressed their commitment to these goals in various ways. For example, LVMH stated in its social responsibility report (page 49) that *"In keeping with the commitments made by LVMH – particularly with respect to the Millennium Development Goals – the Group supports the SDGs drawn up and developed by the United Nations in 2015. The 17 SDGs are a global call for action by 2030 to reduce inequality, make the world a better place for future generations and ensure that all human beings are able to live in peace and prosperity. The LVMH Group's corporate social responsibility strategy fully supports the 17 SDGs. While the goals are designed to be interdependent, the following table details and connects the existing relationships and levers*

that exist specifically between the SDGs and the four CSR priorities presented in this report."

Furthermore, some companies considered the SDGs in the process of defining the material topics. For example, Adidas described in its annual report (page 88) that "*We are using external frameworks to determine the selection of material topics, and to ensure alignment with global development priorities. One of these frameworks is the UN Sustainable Development Goals (SDGs) which represent a global call for action to promote prosperity for all while protecting the planet."*

4. Reference to the United Nations Global Compact

In total, 10 companies (59 %), including Asos, Burberry, H&M, Inditex, Kering, LVMH, Marks and Spencer, Puma, Richemont, and Salvatore Ferragamo, referenced to the UN Global Compact. Seven companies (41 %), including Adidas, Associated British Foods, JD Sports, Moncler, Next, Prada, and Zalando, did not reference to it. Figure 20 illustrates this distribution.

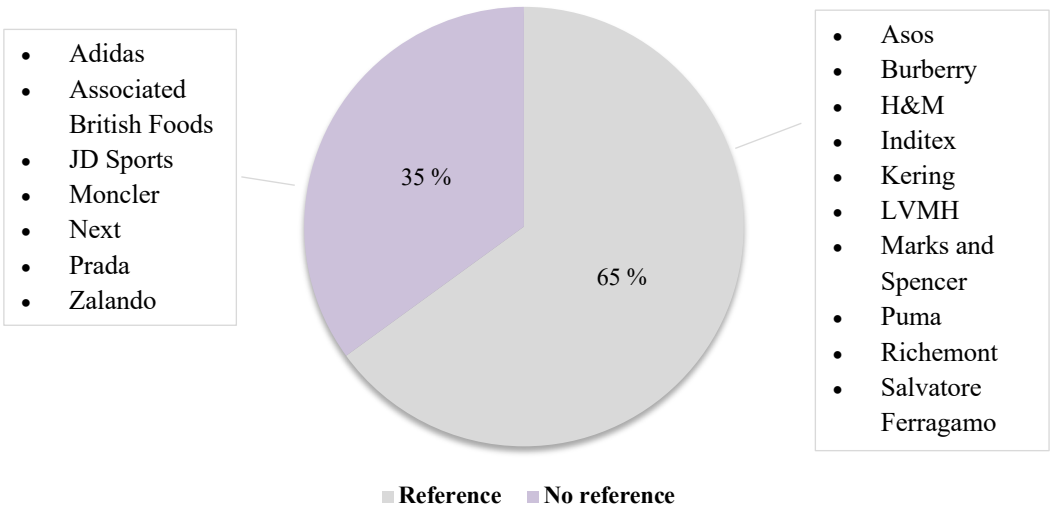

Figure 20. % of companies that referenced to the United Nations Global Compact

The 10 companies that referenced to the UN Global Compact typically expressed this under those sections that listed their key collaborations. For example, Inditex described it its integrated report (page 28) that *"We partner up with a range of stakeholders and partners on this effort. Our partners range from local, national and international authorities to*

unions such as IndustriALL Global Union. We work with organisations such as the International Labour Organization (ILO), the United Nations Global Compact - -".

Moreover, the companies also tended to reference to the UN Global Compact under those sections that addressed human rights and labor. For example, Marks and Spencer stated in its stand-alone CSR report (page 21) that *"M&S has a long history of respecting human rights in the UK and standing up for those values internationally. Our commitment to human rights is reinforced in our Human Rights Policy and Code of Ethics and Behaviours and, for all suppliers and business partners, in our Global Sourcing Principles. We are also a signatory to the principles of the United Nations Global Compact. We strive to be a fair partner by paying a fair price to suppliers, supporting local communities and ensuring good working conditions for everyone working in our business and supply chains."*

5. Integrated reporting

In total, two companies (12 %), including Inditex and Kering, applied integrated reporting as a reporting method. 15 companies (88 %), including Adidas, Asos, Associated British Foods, Burberry, H&M, JD Sports, LVMH, Marks and Spencer, Moncler, Next, Prada, Puma, Richemont, Salvatore Ferragamo, and Zalando, did not apply IR. Figure 21 illustrates this distribution.

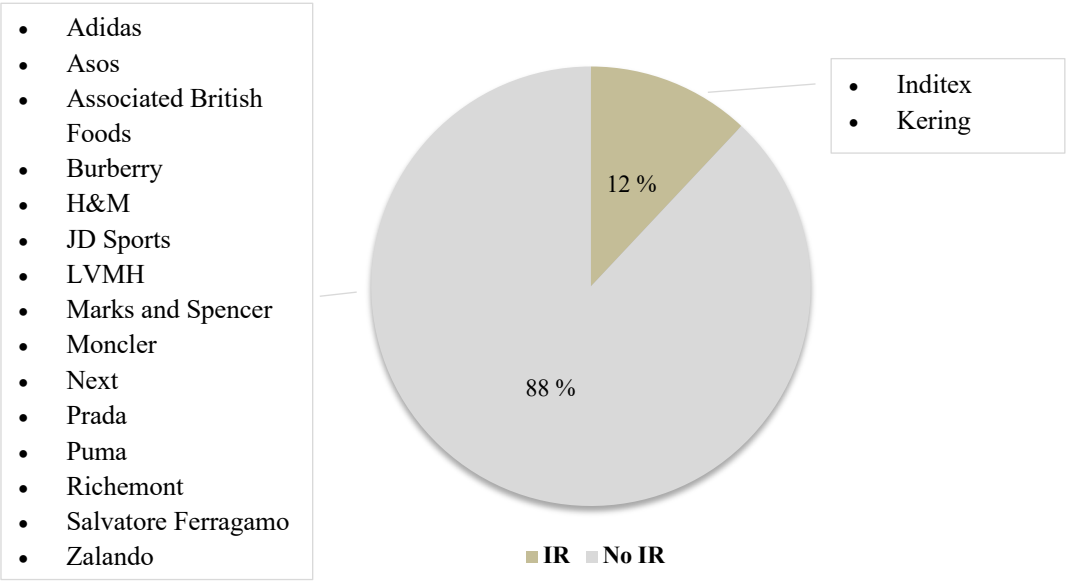

Figure 21. % of companies that applied IR

Both Inditex and Kering pointed out in the beginning of their reports that they apply IR. Inditex stated in its integrated report (page 2) that *"This report follows the criteria prescribed in the Integrated Reporting Framework."* Also, Inditex mentions that the company is a member of the IIRC Business Network. Likewise, Kering stated in its integrated report (page 1) that *"Inspired by the guidelines of the International Integrated Reporting Council (IIRC), this publication is aligned with extending this strategic initiative."*

6. Existence of a CSR governance entity in the organizational structure

In total, 14 companies (82 %), including Adidas, Associated British Foods, Burberry, H&M, Inditex, Kering, LVMH, Marks and Spencer, Moncler, Next, Puma, Richemont, Salvatore Ferragamo, and Zalando, had a CSR governance entity in their organizational structures. Three companies (18 %), including Asos, JD Sports, and Prada, did not indicate this. Figure 22 illustrates this distribution.

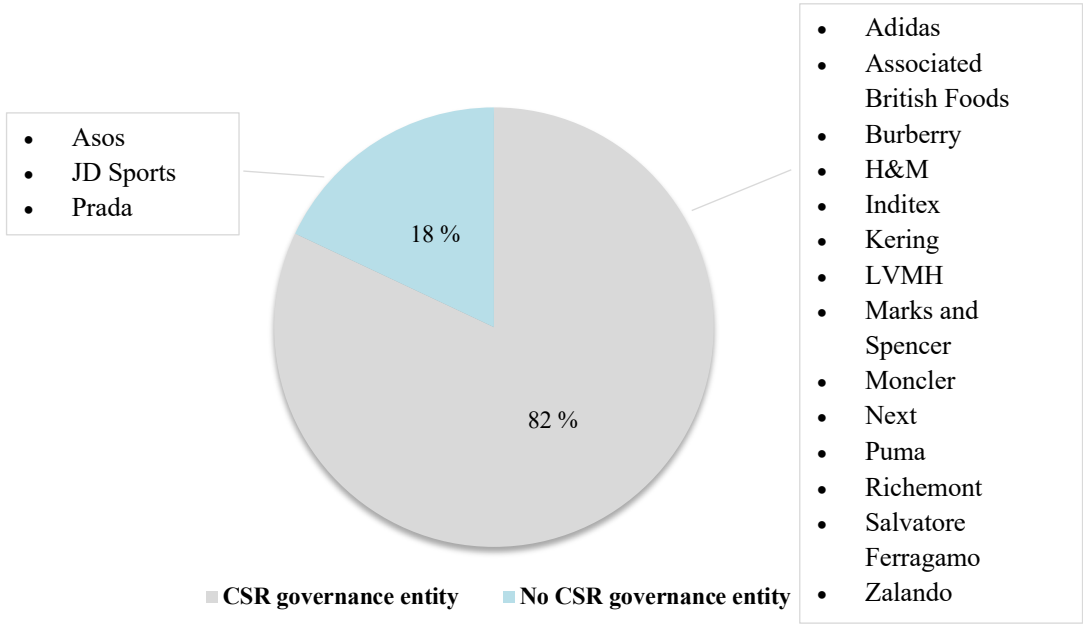

Figure 22. % of companies that had a CSR governance entity in their organizational structures

The 14 companies that had a CSR governance entity in their organizational structures typically described it under those sections that defined their approach to sustainability governance. For example, Moncler stated in its stand-alone CSR report (page 54) that *"The Sustainability Unit is responsible for identifying sustainability risks, reporting them promptly to senior management, and managing them (in collaboration with the relevant*

divisions), as well as for identifying areas for improvement and relevant improvement measures, thus creating value in the long term."

However, some of the companies did not have dedicated CSR departments. They defined which departments were responsible for certain CSR-related functions which then formed cross-functional organization structures for CSR. For example, Burberry described in its annual report (page 42) that *"Overall responsibility for the delivery of our social and environmental programmes lies with our Chief Supply Chain Officer, who reports on progress against targets to the Ethics Committee, the Risk Committee and the Board."* Table 17 details what type of CSR governance structures the companies in this study had.

Table 17. Existence of a CSR governance entity in the organizational structure

Company	CSR governance entity	Source, page
Adidas	Cross-functional governance structure	Annual report, page 89
Associated British Foods	Cross-functional governance structure	ESG Appendix, page 3
Burberry	Cross-functional governance structure	Annual report, page 42
H&M	Global sustainability department and local teams	Stand-alone CSR report, page 16
Inditex	Global sustainability department and local teams	Integrated report, page 89
Kering	Sustainability department and house level teams	Integrated report, page 55
LVMH	Environmental department and social development department and house level CSR officers	Environmental report, page 12, social responsibility report, page 47
Marks and Spencer	Plan A team	Company website
Moncler	Sustainability Unit and Sustainability Steering Committee (cross-functional group)	Stand-alone CSR report, page 54
Next	Head of Corporate Responsibility and Sustainable Development	Stand-alone CSR report, page 8
Puma	Sustainability department, teams, and Corporate Sustainability Steering Committee	Stand-alone CSR report, page 21
Richemont	Director of CSR, CSR Function, Group of CSR Committee, and representatives from houses and internal functions	Stand-alone CSR report, page 13
Salvatore Ferragamo	Cross functional governance structure (Green Team)	Stand-alone CSR report, page 19
Zalando	CR Team	Stand-alone CSR report, page 11

7. Possession of a certification by independent agencies for environmental issues

In total, all of the 17 companies had certifications by independent agencies for environmental issues. However, the type and number of these certifications varied. ISO 14001 and ISO 50001 Standards were often highlighted certifications, but also less well-known certifications were typically mentioned. For example, Prada described in its stand-alone CSR report (page 53) that *"In 2018, the Prada Group achieved LEED Gold certification for 9 stores – 4 in Asia, 2 in Australia, 2 in Europe and 1 in Canada - and for the Scandicci plant purchased by the Group in 2014 and subsequently renovated to become a cutting-edge factory for leather goods production. As at December 31, 2018 the Group had attained a total of 19 LEED certifications and estimates that it will be able to obtain additional ones in 2019."*

In addition, many companies required environmental certifications from their suppliers, or they favored those suppliers that possessioned certifications for certain environmental matters. For example, Zalando defined in its stand-alone CSR report (page 34) that *"For us, it is important that our suppliers have effective environmental management systems in place. Therefore, we included the ISO 14001 environmental protection standard as a mandatory requirement for all private labels logistic providers this year."*

8. Possession of a certification by independent agencies for social issues

In total, all of the 17 companies had certifications by independent agencies for social issues. However, the type and number of these certifications varied. OHSAS 18001 Standard was often highlighted certification, but also less well-known certifications were typically mentioned. For example, H&M stated in its stand-alone CSR report (page 86) that *"Monki HQ was LGBTQ certified by the Swedish Federation for Lesbian, Gay, Bisexual and Transgender Rights (RFSL)."* Also, Zalando stated in its stand-alone CSR report (36) that *"Due to their high content of PCR material, our shipping bags are now Blue Angel certified, meaning they meet high standards when it comes to their environmental, health and performance characteristics."*

In addition, many companies described their objectives regarding obtaining new certifications in the future. For example, Moncler described in its stand-alone CSR report (page 92-95) that "*The Company's objective is to extend OHSAS 18001 certification to all*

offices and stores worldwide (excluding shop-in- shops), in accordance with the new ISO 45001 standard, and to renew expiring certifications with the new standard."

9. Possession of an ethical code or deontological code of behavior

In total, eight companies (47 %), including H&M, Kering, Marks and Spencer, Moncler, Prada, Puma, Salvatore Ferragamo, and Zalando, possessioned an ethical code or deontological code of behavior. Nine companies (53 %), including Adidas, Asos, Associated British Foods, Burberry, Inditex, JD Sports, LVMH, Next, and Richemont, did not indicate having it. Figure 23 illustrates this distribution.

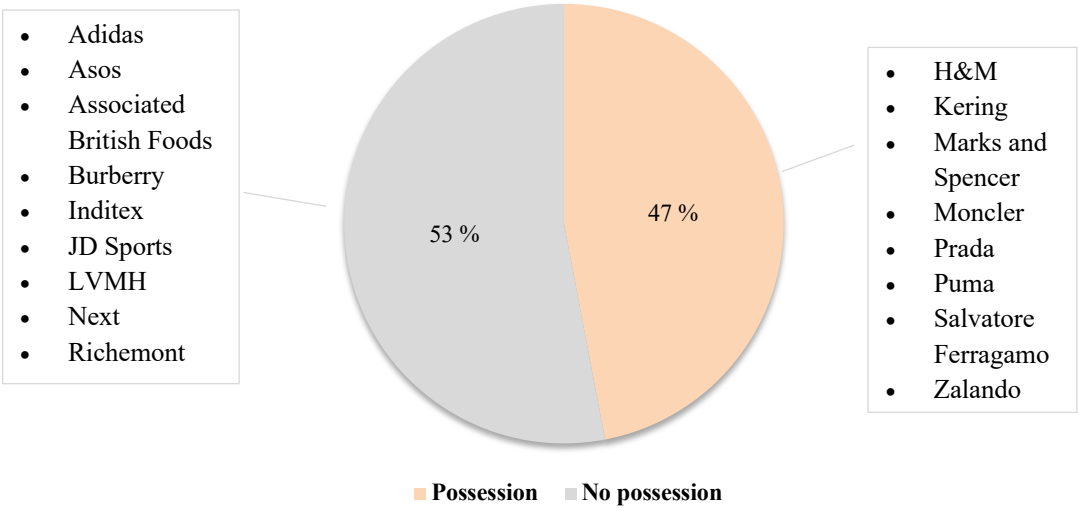

Figure 23. % of companies that possessioned an ethical code or deontological code of behavior

All of the eight companies that possessioned an ethical code or deontological code of behavior reported having a *"code of ethics"* -type of documents. For example, H&M referenced to this document on the company's website and in its stand-alone CSR report. In fact, H&M has two separate code of ethics' – one for its employees and one for its business partners and suppliers. H&M stated on its website that *"At H&M Group, we make it a rule to act with integrity at all times. Our business principles commit us to comply with all rules and regulations in each country where we operate and do not accept any form of corruption. We implement this commitment through our Code of Ethics, which has been in place since 2003."* H&M's code of ethics -documents were in downloadable form on its website.

Summary

Table 18 presents the coding frame of the strategic anchorage main category. The frame shows which and how many CSR reporting practices each company applied. Furthermore, the frame shows how many companies applied each CSR reporting practice in the strategic anchorage main category. This illustration assists in identifying and analyzing differences between the companies' CSR reporting practices.

These results show that the application of CSR reporting practices varied. Only one company, Kering, applied all of the nine CSR reporting practices represented by the subcategories. JD Sports applied the least number of these practices as the company only described its CSR policy or strategy and possessioned certifications by independent agencies for both environmental and social issues. Asos applied the second least number of these practices as the company described its CSR strategy and policies, referenced to the United Nations Global Compact, and possessioned certifications for both environmental and social issues. Most of the companies adopted six to eight of these CSR reporting practices.

Furthermore, the most commonly applied CSR reporting practices were descriptions CSR policies or strategies and possession of certifications for both environmental and social issues. They were all applied by all of the 17 companies. The least often applied CSR reporting practice was integrated reporting which was applied by only two companies. The second least often applied CSR reporting practice was possession of ethical code or deontological code of behavior which was applied by eight companies.

Table 18. Coding frame of the strategic anchorage main category

Company	Top-manage-ment statement about CSR	Descrip-tion of a CSR policy/ strategy	Reference to the United Nations Sustainable Development Goals (SDGs)	Reference to the United Nations Global Compact	IR	Existence of a CSR governance entity in the organization-al structure	Possession of a certification by independent agencies for environment-tal issues	Possession of a certification by independent agencies for social issues	Possession of an ethical code or deontological code of behavior	Total
Adidas	✓	✓	✓			✓	✓	✓		**6/9**
Asos		✓		✓			✓	✓		**4/9**
ABF	✓	✓	✓			✓	✓	✓		**6/9**
Burberry	✓	✓	✓	✓		✓	✓	✓		**7/9**
H&M	✓	✓	✓	✓		✓	✓	✓	✓	**8/9**
Inditex	✓	✓	✓	✓	✓	✓	✓	✓		**8/9**
JD Sports		✓					✓	✓		**3/9**
Kering	✓	✓	✓	✓	✓	✓	✓	✓	✓	**9/9**
LVMH	✓	✓	✓	✓		✓	✓	✓		**7/9**
M&S		✓	✓	✓		✓	✓	✓	✓	**7/9**
Moncler	✓	✓	✓			✓	✓	✓	✓	**7/9**
Next	✓	✓	✓			✓	✓	✓		**6/9**
Prada	✓	✓	✓				✓	✓	✓	**6/9**
Puma	✓	✓	✓	✓		✓	✓	✓	✓	**8/9**
Richemont	✓	✓	✓	✓		✓	✓	✓		**7/9**
Salvatore Ferragamo	✓	✓	✓	✓		✓	✓	✓	✓	**8/9**
Zalando	✓	✓				✓	✓	✓	✓	**6/9**
Total	**14/17**	**17/17**	**14/17**	**10/17**	**2/17**	**14/17**	**17/17**	**17/17**	**8/17**	

6 DISCUSSION AND CONCLUSIONS

The purpose of this study was to increase the understanding of how companies in the European apparel industry report on CSR and identify which superior CSR reporting practices they use that have been determined to contribute to improved CSR reporting quality. First, this chapter summarizes why and how this study was conducted. This is followed by presenting discussion regarding the results of this study and its theoretical contributions and practical implications. Finally, the limitations, reliability, and validity of this study are evaluated. Also, suggestions for future research are stated.

There are several reasons that instigated the conduct of this study. Over the past decade, academics have presented numerous concerns regarding poor CSR reporting quality concerning particularly irrelevant and incomplete information (Sweeney & Coughlan 2008; Gautam & Singh 2010; Cho et al. 2012a; Cho et al. 2012b; Comyns et al. 2013; Milne & Gray 2013; Patten & Zhao 2014; Chauvey et al. 2015; Habek & Wolniak 2016). Consequently, NGOs have established several CSR reporting initiatives and other practices that ultimately aim at improving CSR reporting quality, such as CSR reporting guidelines and assurance (Abernathy et al. 2017). Furthermore, governments have encouraged companies in various ways to report on CSR in a transparent manner (Abernathy et al. 2017). One of the most significant changes in recent years was the issuance of the Directive 2014/95/EU by the European Commission that obligated the disclosure of non-financial and diversity information among PIEs in the EU area with more than 500 employees.

Moreover, the apparel industry has received a vast amount of criticism regarding its negative impacts on the society and the environment. The apparel industry is highly competitive, and it has complex supply chains that typically are rooted in the developing countries, which causes numerous threats to the realization of human rights and environmental protection. (Allwood et al. 2006; Fletcher 2008; Laudal 2010; Kozlowski et al. 2015). However, despite researchers' numerous concerns and heavy media attention, studies focusing on CSR reporting in the apparel industry seem to be limited (Sherman 2009; Caniato et al. 2012; Fulton & Lee 2013; Mann et al. 2013; Gaskill-Fox et al. 2014; Turker & Altuntas 2014; Kozlowski et al. 2015; Woo & Jin 2015). As a result of a comprehensive literature review

with a focus on the above-mentioned aspects and concerns related to poor CSR reporting quality, the research gap for this study was recognized.

The theoretical grounding of this study relied on an integrated theoretical framework that was originally proposed by Fernando and Lawrence (2014). The framework combines legitimacy theory, stakeholder theory, and institutional theory which share a significant relationship with reference to CSR (Deegan 2009). Furthermore, this study introduced several other relevant theoretical contributions and frameworks that explained why companies engage in CSR and perform CSR activities. In essence, Carroll's CSR pyramid (1991) and Elkington's (1997) TBL are important constructs in order to understand the purpose and fundamental meaning of CSR. Additionally, this study introduced a framework, proposed by Comyns et al. (2013), that sheds the light on why CSR reporting quality is oftentimes poor. The framework is an extension to Akerlof's (1970) market for lemons theory, and it aims to link the concepts of legitimacy and accountability into it.

Focusing on CSR reporting, this study reviewed the development, motivations, and barriers that impact the phenomenon. This study put emphasis on identifying typical CSR report content, CSR reporting practices, and CSR reporting quality-related issues. The most concerning issues were irrelevant and incomplete information and companies' CSR reporting practices that, instead of improving CSR reporting quality, seem to target impression management and ensuring good corporate image (Sweeney & Coughlan 2008; Gautam & Singh 2010; Cho et al. 2012a; Cho et al. 2012b; Comyns et al. 2013; Milne & Gray 2013; Patten & Zhao 2014; Chauvey et al. 2015; Hąbek & Wolniak 2016). Additionally, this study described certain selected CSR reporting practices that have particularly been highlighted in the literature improving CSR reporting quality, such as the explicit adoption of CSR reporting guidelines and external verification (Einwiller et al. 2016; Lock & Seele 2016; Abernathy et al. 2017). Lastly, this study discussed CSR and CSR reporting in the apparel industry.

When it comes to the research methodology, this study applied a qualitative content analysis in order to identify CSR reporting practices that contribute to improved CSR reporting quality. Content analysis is a suitable method for this type of investigation because it focuses on demonstrating systematically the meaning of qualitative data (Mayring 2000; Schreier

2014; Maier 2017a). The material in this study consisted of 17 large and public European apparel companies' CSR reporting in 2019, including their official CSR reports and CSR communication in additional documents, on their websites, and via social media. As a coding frame, this study applied an instrument, developed by Mion and Adaui (2019), that identified superior CSR reporting practices through three aspects: availability, credibility, and strategic anchorage. The material was coded by using the coding frame, which resulted in presentation of the coding frequencies and percentages. This illustration showed in a detailed manner how many companies applied each selected CSR reporting practice, and how many CSR reporting practices each company applied. Also, examples how the companies applied these CSR reporting practices were provided.

6.1 Theoretical contributions

In the following, the results of this study are discussed. In order to increase the understanding of how companies in the European apparel industry report on CSR and identify which superior CSR reporting practices they use that have been determined to contribute to improved CSR reporting quality, the results of this study, the coding, is now analyzed as a whole as opposed to the presentation in the previous chapter. As said, the previous chapter introduced the results of this study by focusing on each main category separately. First, the chapter illustrated how many companies applied each CSR reporting practice in each main category by providing quantitative data on coding frequencies and percentages. Second, the chapter presented the coding frames for each main category which showed exactly which and how many CSR reporting practices each company applied. This separation also illustrates the sub-questions of this study. In the following, similar data is provided as in the previous chapter, but the results of coding are also mirrored to existing theory presented in the second and third chapter of this study. These descriptions and analysis ultimately provide answers to the research questions of this study

SQ1: How do companies report on CSR and what types of reporting practices do they use?

In total, seven CSR reporting practices were applied by all of the 17 companies in this study. These included availability of brochures or other autonomous documents about CSR, availability of a webpage addressing CSR issues, availability of CSR information via social

media, availability of quantitative data about CSR performance, description of a CSR policy or strategy, and possession of certifications for both environmental and social issues. Table 19 lists these CSR reporting practices. Only one of these practices was in the credibility main category, as three of them were in the availability main category and three of them were in the strategic anchorage main category.

Table 19. CSR reporting practices that were applied by all of the companies

CSR reporting practice	**Main category**	**Number of companies**	**Percentage of companies**
Availability of brochures or other autonomous documents about CSR	Availability	17/17	100 %
Availability of a webpage addressing CSR issues	Availability	17/17	100 %
Availability of CSR information via social media	Availability	17/17	100 %
Availability of quantitative data about CSR performance	Credibility	17/17	100 %
Description of a CSR policy/strategy	Strategic anchorage	17/17	100 %
Possession of a certification by independent agencies for environmental issues	Strategic anchorage	17/17	100 %
Possession of a certification by independent agencies for social issues	Strategic anchorage	17/17	100 %

Furthermore, nine CSR reporting practices were applied by more than 50 % but less than 100 % of all of the 17 companies. These included availability of a stand-alone CSR report or an integrated report, top-management statement about CSR or reference to CSR in top-management statement of an integrated report, reference to the UN SDGs, existence of a governance entity in the organizational structure, independent verification or assurance of a CSR report, evidence of stakeholder engagement in CSR reporting process, description of instruments used for stakeholder engagement in CSR reporting process, explicit adoption of CSR reporting guidelines, and reference to the UN Global Compact. Table 20 lists these CSR reporting practices. One of them was in the availability main category, four of them were in the credibility main category, and four of them were in the strategic anchorage main category.

Table 20. CSR reporting practices that were applied by more than 50 % but less than 100 % of the companies

CSR reporting practice	Main category	Number of companies	Percentage of companies
Availability of a stand-alone CSR report or an integrated report	Availability	14/17	83 %
Top-management statement about CSR or reference to CSR in top-management statement of integrated report	Strategic anchorage	14/17	82 %
Reference to the United Nations Sustainable Development Goals (SDGs)	Strategic anchorage	14/17	82 %
Existence of a CSR governance entity in the organizational structure	Strategic anchorage	14/17	82 %
Independent verification or assurance of a CSR report	Credibility	13/17	76 %
Evidence of stakeholder engagement in CSR reporting process	Credibility	13/17	76 %
Description of instruments used for stakeholder engagement in CSR reporting process	Credibility	12/17	71 %
Explicit adoption of CSR reporting guidelines	Credibility	10/17	59 %
Reference to the United Nations Global Compact	Strategic anchorage	10/17	59 %

The remaining six CSR reporting practices were applied by less than 50 % of all of the 17 companies. These included inclusion of a materiality analysis as part of the CSR report, possession of an ethical code or deontological code of behavior, availability of quantitative information about CSR-related expenditure, and integrated reporting. Table 21 lists these CSR reporting practices. Two of them were in the credibility main category and two of them were in the strategic anchorage main category.

Table 21. CSR reporting practices that were applied by less than 50 % of the companies

CSR reporting practice	Main category	Number of companies	Percentage of companies
Inclusion of a materiality analysis as part of the CSR report	Credibility	8/17	47 %
Possession of an ethical code or deontological code of behavior	Strategic anchorage	8/17	47 %
Availability of quantitative data about CSR-related expenditure	Credibility	7/17	41 %
Integrated reporting	Strategic anchorage	2/17	12 %

In addition, the variation within two of the main categories was relatively large. As the availability main category only included four CSR reporting practices, and three of them were applied by all of the 17 companies, and one of them was applied by 14 companies, the differences were minimal. However, within the credibility main category that included seven CSR reporting practices, the number of companies applying them varied between seven and 17. Also, in the strategic anchorage main category that included nine CSR reporting practices, the number of companies applying them varied between two and 17.

SQ2: How does the application of CSR reporting practices differ between different companies?

The number of how many CSR reporting practices were applied per company varied between seven and 20. Table 22 illustrates this distribution. Out of all of the 20 CSR reporting practices that were included in the analysis, Kering was the only company that applied all of them. JD Sports applied the least number of CSR reporting practices as the company only applied seven of them.

Table 22. Number of applied CSR reporting practices per company in each main category

Company	Availability	Credibility	Strategic anchorage	Total
Kering	4/4	7/7	9/9	20/20
Inditex	4/4	7/7	8/9	19/20
H&M	4/4	6/7	8/9	18/20
Moncler	4/4	7/7	7/9	18/20
LVMH	4/4	6/7	7/9	17/20
Puma	4/4	5/7	8/9	17/20
Richemont	4/4	6/7	7/9	17/20
Salvatore Ferragamo	4/4	6/7	8/9	17/20
Marks and Spencer	4/4	4/7	7/9	15/20
Zalando	4/4	5/7	6/9	15/20
Adidas	3/4	5/7	6/9	14/20
Burberry	4/4	4/7	7/9	14/20
Associated British Foods	4/4	3/7	6/9	13/20
Next	4/4	2/7	6/9	12/20
Asos	4/4	1/7	4/9	9/20
JD Sports	4/4	1/7	3/9	7/20

The reporting company's revenue, subsector, or the country of origin seems to have a slight impact on how many CSR reporting practices are applied. Table 23 illustrates the number of applied CSR reporting practices per company and each company's revenue, subsector, and country of origin. With a few exceptions, the companies that applied the highest number of CSR reporting practices often had a revenue worth more than 10 billion euros. Also, the companies that applied less than 15 CSR reporting practices often had a revenue worth less than 10 billion euros. Furthermore, out of the six high-fashion companies, five of them applied at minimum 17 CSR reporting practices. Additionally, none of the UK companies applied more than 15 CSR reporting practices, and five of the UK companies applied the least number of CSR reporting practices among the companies in this study.

Table 23. Number of applied CSR reporting practices per company taking into consideration revenue, subsector, and country of origin

Company	Revenue (billion €)*	Subsector	Country of origin	Total
Kering	13,7	High fashion	France	20/20
Inditex	26,1	Mass market	Spain	19/20
H&M	20,4	Mass market	Sweden	18/20
Moncler	1,4	High fashion	Italy	18/20
LVMH	46,8	High fashion	France	17/20
Puma	4,6	Sportswear	Germany	17/20
Richemont	14,0	High fashion	Switzerland	17/20
Salvatore Ferragamo	1,3	High fashion	Italy	17/20
Marks and Spencer	12,1	Mass market	UK	15/20
Zalando	5,4	Online retail	Germany	15/20
Adidas	21,9	Sportswear	Germany	14/20
Burberry	3,2	High fashion	UK	14/20
Associated British Foods	17,8	Mass market	UK	13/20
Next	4,8	Mass market	UK	12/20
Asos	3,0	Online retail	UK	9/20
JD Sports	5,4	Sportswear	UK	7/20

When comparing the number of applied CSR reporting practices of companies that are each other's notable competitors, table 23 illustrates that oftentimes those companies applied a similar number of CSR reporting practices. For example, while H&M applied 18 practices, Inditex applied 19 practices. While Adidas applied 14 practices, Puma applied 17 practices. Moreover, while Kering applied 20 practices, LVMH applied 17 practices. However, a

significant difference occurs when comparing this number between Zalando and Asos. While Zalando applied 15 practices, Asos only applied nine practices.

RQ: In the world of ever-growing expectations and requirements for relevant and credible information disclosure, how do companies use superior CSR reporting practices that have been determined to contribute to improved CSR reporting quality?

Overall, companies in the apparel industry are applying many different CSR reporting practices that contribute to improved CSR reporting quality. However, as tables 19, 20, 21, 22, and 23 show, the application rates per CSR reporting practice and the number of applied CSR reporting practices per company vary. In total, seven CSR reporting practices were applied by all of the 17 companies, nine CSR reporting practices were applied by more than 50 % but less than 100 % of all of the 17 companies, and four CSR reporting practices were applied by less than 50 of all of the 17 companies. Also, the number of applied CSR reporting practices per company varied between two and 17. Additionally, among the companies in this study, revenue, subsector, and country of origin seem to have an impact on how many CSR reporting practices are applied. These results indicate that companies' CSR reporting practices still have many differences as some of the companies are clearly pursuing greater CSR reporting quality through various means, and some do not do this despite the fact all of these CSR reporting practices have been prominently highlighted by both academics and businesses.

These results are very similar to previous studies in this area. A large number of studies highlight that the length, scope, approach, and depth of CSR reports vary. (Adams & Frost 2007; Fortanier et al. 2011; Noronha et al. 2012; Freundlieb & Teuteberg 2013; Sierra et al. 2013; Mori Junior et al. 2014; Gray & Herremans 2011; Bonsón & Bednárová 2015; Eccles et al. 2015; Einwiller et al. 2016; Rupley et al. 2017) Focusing on the apparel industry, Sherman 2009, Caniato et al. 2012, Fulton and Lee 2013, Mann et al. 2013, Gaskill-Fox et al. 2014, Turker and Altuntas 2014, Kozlowski et al. 2015, and Woo and Jin 2015 identify that companies tend to report on different topics, use different types of indicators, and adopt CSR reporting guidelines differently. According to Wolniak and Ha ̨bek (2016), these types of issues are a concern when it comes to CSR reporting quality because stakeholder are not

able evaluate and compare companies' CSR performance. Furthermore, this can cause barriers to sustainable development (Gray 2010).

1. Nearly all companies provided a large amount of information available

As said, most of the companies in this study applied all of the CSR reporting practices in the availability main category. Existing literature shows strong support for CSR reporting in both stand-alone CSR reports and integrated reports (Gray & Herremans 2011; Mahoney et al. 2013; Dhaliwal et al. 2014), which corresponds to the results of this study that show that 14 (83 %) companies applied these communication channels for CSR reporting. Although only two of these companies (12 %) published integrated reports, this type of reporting is likely to increase in the future because stand-alone CSR reporting has started to receive more and more criticism. Some researchers allege that that such reports are unable to meet the growing stakeholder demands for greater accountability (Adams 2004; Milne & Gray 2007; Gray & Herremans 2011; Jensen & Berg 2012), and that they are used in impression management, hence are symbolic in nature (Unerman et al. 2007; Thorne et al. 2014; Michelon et al. 2015).

As of the implementation of the Directive 2014/95/EU, all large public companies in the EU area were required to disclose a non-financial statement within a management report or as a separate report. Therefore, all of the 17 companies reported on CSR in their annual reports or they published stand-alone CSR reports or integrated reports in order to comply with the new legislation. Some researchers have pointed out that legislation that forces companies to report on CSR may lead into a situation where they attempt to reach the minimum standards of complying with the law rather than truly operating in accordance with CSR and developing new innovations and improving existing CSR reporting practices (Schaltegger 1997; Thirarungrueang 2013). Interestingly, Adidas used to report on CSR by publishing stand-alone CSR reports but in 2017 which when the directive took place, the company decided to include this information in its annual report, which is not what most companies do or what researchers typically recommend.

Despite the fact that there were barely any inconsistencies in this main category, a deeper examination regarding what actually was communicated revealed several differences which

were further explained in the previous chapter. In summary, although all of the companies reported on CSR in their annual reports, stand-alone CSR reports or in integrated reports, published additional documents about CSR, addressed CSR on their websites, and shared CSR information via social media, the actual content of these disclosures was not always the same. This can make it difficult for the reader to find the exact information that they look for. Also, comparing published information becomes challenging if it is not in a comparable form. These types of inconsistencies may hamper information relevancy, comparability, and clarity which are typically associated with high-quality CSR information (Chauvey et al. 2015; Haąbek & Wolniak 2016).

Overall, these results provide evidence of the prevailing trend to report large quantities of CSR information. This also shows lack of collaboration and coordination between apparel companies regarding what is relevant to communicate to the stakeholders and in what form. This means that companies have different strategies for CSR communication which evidently alternate. Whether or not these differences stem from the motivation to impact stakeholder perceptions, which also vary in different countries, it is clear that current legislation is not sufficient for CSR reporting harmonization. Although it has an impact on the reported matters that companies are required to disclose, it does not indicate in which form or in which order they should be reported as opposed to preparing a financial statement. Furthermore, as the extent of the matters that companies are required to disclose according to the Directive 2014/95/EU is not significant, and while companies publish a vast amount of other information as well, the totality of the reported CSR information may seem mixed especially for consumers as they are not experienced in analyzing and evaluating CSR information the same way as analysts or investors are.

2. Adoption of practices that enhance CSR reporting credibility varied

Unlike in the availability main category, in the credibility main category, the variation was larger regarding which CSR reporting practices were applied and which were not. Many researchers emphasize that credibility is an essential part of improving CSR reporting quality (Nielsen & Thomsen 2007; Haąbek & Wolniak 2016; Bollas Araya et al. 2018). In this study, 10 companies (59 %) adopted CSR reporting guidelines explicitly. Nine of these companies (53 %) adopted the GRI Standards which is a little lower adoption rate than in KPMG's

survey which states that 75 % of world's 250 largest companies (G250) and 63 % of the largest 100 companies in 49 countries (N100) adopted the GRI Standards for CSR reporting in 2017. However, in this study, 3 more companies (18 %) referenced to the GRI Standards without adopting the guidelines explicitly. KPMG's (2017) survey does not indicate if it only included explicit adoption or if referencing to the guidelines was also included in the provided rates. In any case, out of the seven (41 %) remaining companies in this study that did not adopt CSR reporting guidelines explicitly, six of them originated from the UK.

Furthermore, KPMG's survey also states that 67 % of the CSR reports released by the world's 250 largest companies (G250) and 45 % of the CSR reports released by the largest 100 companies in 49 countries (N100) were verified by an external assurance provider in 2017. In this study, 13 companies (76 %) assured their CSR reports by an external assurance provider which is a little higher assurance rate than in KPMG's (2017) survey. In addition to following CSR reporting guidelines (Lock & Seele 2016; Abernathy et al. 2017), also the significance of assurance has been emphasized by many researchers in contributing to improved CSR reporting quality (Simnett et al. 2009; Moroney et al. 2012; Lock and Seele 2016; Reimsbach et al. 2018). Therefore, it seems that assurance is more commonly adopted practice in the apparel industry when it comes to engaging with external service providers in order to ensure that CSR report content is reliable, material, and complete.

Furthermore, stakeholder accountability is an aspect that both academics, and businesses constantly underline. One of the main reasons why companies report on CSR is the increasing stakeholder pressure to be accountable, act transparently, and disclose information about the impacts on the society and the environment (Brown & Deegan 1998; Adams 2002; Guthrie et al. 2006; Fortanier et al. 2011; O'Brien et al. 2011; Freundlieb & Teuteberg 2013; Miska et al. 2013; Amran et al. 2014; Fernando & Lawrence 2014). Therefore, it is essential that stakeholders are engaged in CSR reporting process as it enables that their views are taken into consideration, and that the CSR report addresses material topics which are important to the stakeholders. In this study, 13 companies (76 %) provided evidence of stakeholder engagement in CSR reporting process and 12 companies (71 %) described the instruments they used for this. Although some of the companies did not report including stakeholders in the CSR reporting process, all of them emphasized that their stakeholders had a role in defining their CSR activities. However, it is noteworthy that all of

the four companies (24 %) that did not provide evidence of stakeholder engagement in CSR reporting process originated from the UK.

Availability of quantitative data is also an important determinant when it comes to comparable CSR information, hence researchers often raise concerns regarding lack of quantifiable measures (Patten & Zhao 2014: Wolniak & Ha˛bek 2016). However, in this study, all of the 17 companies reported quantitative data on CSR performance, which indicates that the inclusion of measurable and verifiable information is becoming more common and that companies are recognizing its importance. Yet, the amount and type of reported quantitative information tended to vary. Only seven companies (41 %) reported quantitative information about CSR-related expenditure, which suggests that such reporting may not be something that is followed in a systematic manner or that is reported externally. Perhaps, companies are not aware of its importance in illustrating the company's commitment and transparent approach to CSR.

Finally, inclusion of a materiality analysis as part of a CSR report also relates stakeholder accountability because it identifies the most material topics that the company should report about CSR. In this study, only eight companies (47 %) included a materiality analysis as part of their CSR reports. However, all of them had taken a comprehensive approach to identifying which topics are material by including stakeholders in the process of conducting the analysis. Furthermore, they all provided a materiality matrix as part of their CSR reports that pointed out the material issues' significance to the company itself and to the stakeholders. This type of engagement is salient for businesses. Several researchers allege that many companies may be discouraged to report on CSR if they are not aware of the type of information they should report on, in what form it should be, for what audience it should be targeted to, and for what type of use it should be (O'Rourke 2004; Kuo et al. 2016). Also, identifying such topics can be particularly difficult (O'Dwyer et al. 2011; Kuo et al. 2016).

Overall, these results indicate that companies generally are aware of the CSR reporting practices that contribute to improved CSR reporting credibility. As illustrated, most of these practices were adopted by more than half of the companies included in this study, which means that applying them can be considered a trend in the apparel industry. Furthermore, focusing on the differences between companies from different countries, it is notable that

companies from the UK on average applied the lowest number of CSR reporting practices in the credibility main category. This finding is surprising, considering that CSR reporting is mandatory in the UK, hence one can contemplate if companies in this country aim at complying with the legislation instead of pursuing greater accountability and transparency as desired by the stakeholders through voluntary CSR reporting practices, such as adopting a CSR reporting guideline or engaging with the stakeholders in the CSR reporting process.

3. Evidence of strategic anchorage in CSR reporting varied

Similar to the credibility main category, in the strategic anchorage main category, the variation was larger regarding which CSR reporting practices were applied and which were not. During the past 20 years, CSR reporting has truly become a central part of conducting business in a responsible manner (Silberhorn & Warren 2007; Christofi et al. 2012; Hamidu et al. 2015) and therefore, ignoring CSR could cause severe harm to a company's reputation. In this study, 14 companies (82 %) included a top-management statement about CSR or referenced to CSR in a top-management statement of their integrated reports. This result is not consistent with KPMG's survey which states that only 44 % of companies reported board-level CSR in 2013. Thus, it seems that including top-level management in CSR communication has become more common. Again, the three companies that did not include a top management statement in their CSR reports originated from the UK.

Furthermore, all of the 17 companies in this study described their CSR policies and strategies. This type of involvement shows that the companies have considered their CSR approaches and set up rules and practices that they seek to implement and follow. Also, the companies often underlined that CSR and sustainable development guide their decision-making and operation in all areas, which is positive considering that concerns have been raised whether CSR is aligned with high-level strategy (EY 2013). However, as this study only focused on what companies reported, not how they actually performed, it is yet to be investigated if CSR truly is a guiding principle for companies although they claim that it is.

In an attempt to better illustrate this commitment to the stakeholders, 14 companies (82 %) referenced to the UN SDGs, and 10 companies (59 %) referenced to the UN Global Compact in their CSR reports. For a similar purpose, all of the 17 companies reported having

certifications by independent agencies for both social and environmental issues. Participating in these types of initiatives or obtaining these types of certifications demonstrates to the stakeholders that the company is willing to spend time and resources in order to educate itself and find better ways of working and improve its sustainable behavior. For example, certifications by independent agencies, such as ISO 14001, ISO 50001, and OHSAS 18001, often require the company to achieve a certain level of performance with regard to CSR in order to obtain the certification. As numerous researchers raise concerns regarding selective CSR reporting and suggest that are companies not disclosing negatives matters in their CSR reports (Sweeney & Coughlan 2008; Gautam & Singh 2010; Cho et al. 2012b; Milne & Gray 2013; Chauvey et al. 2015), providing evidence of this type of commitment is a way to prove that CSR is an important matter that the company truly takes into consideration in its operation.

As stated, IR, which was applied by only two companies (12 %) in this study, has received strong support from researchers. IR is not only a CSR reporting practice that improves the credibility of CSR reporting, but it has a strategic aspect as it requires the company adopt an integrated way of thinking regarding value creation over time (James 2014). Therefore, IR merges financial, economic, governance, and social reporting (Rupley et al. 2017). Interestingly, the two companies that adopted IR, including Kering and Inditex, also applied the highest number of CSR reporting practices in total. Kering applied all of the 20 CSR reporting practices included in this study, and Inditex applied 19 of them. This finding indicates that companies that have decided to adopt this new comprehensive reporting practice and communication channel for CSR information are more likely to adopt other CSR reporting practices as well that have been determined to contribute to improved CSR reporting quality. Whether it is that IR results in broader adoption of CSR reporting practices or if IR is just another practice that companies decide to adopt among the variety of available CSR reporting practices, it is evident that IR and pursuit of greater CSR reporting quality are connected.

Lack of organization regarding which entity or department is responsible for CSR has also been a concern for researchers (EY 2013; KPMG 2013). In this study, 14 companies (82 %) reported having a CSR governance entity in the organizational structure. This rate is a little higher than in KPMG's survey which stated that only 69 % of companies had clearly defined

which department was responsible of CSR reporting in 2013. Although some of the companies in this study did not have a designated CSR department, they clearly defined which departments or people were responsible for CSR, which therefore formed a governance entity in the organizational structure.

Lastly, only eight companies (47 %) in this study reported having an ethical code or deontological code of behavior. This type of guideline lays out the ground rules or principles that the employees and/or business partners and suppliers must follow regarding honest business conduct and integrity. This CSR reporting practice relates to describing CSR policies/strategies or taking part in CSR initiatives, as it shows that the company has taken time to consider what type of ethical aspects of conducting business are important. Therefore, similar to many other CSR reporting practices in the strategic anchorage main category, possession of ethical code or deontological code of behavior demonstrates and emphasizes the company's commitment to CSR, which evidently is the one of the objectives of CSR reporting.

Overall, as in the credibility main category, these results also indicate that companies in the apparel industry are aware of the CSR reporting practices that connect strategic considerations with CSR reporting. Therefore, applying them can be considered a trend in this industry. Furthermore, this main category also shows that companies from the UK on average applied the lowest number of CSR reporting practices. However, the most important finding is the relationship between IR and the total number of applied CSR reporting practices. Kering and Inditex, the only two companies that applied IR in this study, applied the highest number of other CSR reporting practices as well.

6.2 Practical implications

This study provides valuable insight to anybody who wishes to gain more information regarding the current state of CSR reporting in the apparel industry. This study reviewed CSR and CSR reporting by focusing on practices that companies commonly use and prevailing issues that influence and push the utilization of these practices. Moreover, this study identified which CSR reporting practices 17 large and public apparel companies use that contribute to improved CSR reporting quality. Since companies are facing increasing

pressures to act transparently and be accountable to the stakeholders, it is essential that the awareness of CSR reporting practices that improve CSR reporting quality increases.

As emphasized in the beginning of this study, there are various issues that relate to poor non-financial information. Therefore, CSR reporting harmonization is crucial in order to improve the relevance and credibility of reported CSR information (Bonsón & Bednárová 2015; Kinderman 2019). The results of this study evidence that harmonization is still greatly needed. Consumers, employees, suppliers, media, and other stakeholders that may not have the knowledge or ability to assess or make comparisons between companies that report on CSR inconsistently in order to find out which company truly operates in a responsible manner. This study assists those people by illustrating which companies use those CSR reporting practices that are associated with improved CSR reporting quality.

Furthermore, this study also points out to managers and investors which CSR reporting practices are commonly applied practices in the apparel industry. Being aware of current trends is important for many reasons, including reputation and stakeholder satisfaction. This study illustrates and describes important reasons and explanations to those companies that are not applying the CSR reporting practices that were introduced in this study why they may want to consider implementing them in their CSR strategies and report about them. CSR indeed is an important topic for companies worldwide, and CSR reporting is still in its infancy. Along with globalization and global competition, stakeholder pressure and requirement for greater accountability and transparency will continue to grow in the future.

6.3 Limitations and suggestions for future research

The limitations of this study mostly concern the selected research methodology. Content analysis has a subjective nature, which means that coding, particularly when conducted by just one coder, is subject to errors. Furthermore, as this study relies on an instrument that was developed by other researchers prior to the conduct of this study, the CSR reporting practices that the instrument proposed may not be inclusive. Although these practices are supported by the literature review of this study, there may be other CSR reporting practices that contribute to improved CSR reporting quality as well. This, however, presents opportunities for future research.

In order to identify and examine CSR reporting practices that contribute to improved CSR reporting quality, future research could interview different companies, investors, legislators, or NGOs. Also, as opposed to this study, future research could conduct a content analysis by structuring and generating the coding frame in a data-driven way, which means that the researcher would identify potential main and subcategories by reading the text carefully through. This way, more emphasis would be put on identifying CSR reporting practices that may not be represented in the literature yet or which are new and emerging.

Furthermore, as the material in this study consisted of 17 large and public European apparel companies' CSR reporting in 2019, the results of this study are only generalizable to this specific industry and year. Therefore, it would be interesting to study CSR reporting on another industry as well and then make comparisons between these two industries. Also, in order to increase the understanding of CSR reporting practices in general, it would be possible to conduct this type of study by including companies from many different industries and from different parts of the world. Additionally, as this study only focused on CSR reporting in 2019, future research could study how CSR reporting has developed by including CSR reports from different years in the analysis and then make comparisons between these two different time periods.

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APPENDICES

Appendix 1: List of material used in the content analysis

Annual reports

Adidas (2019) Annual report 2018. Dusseldorf, Adidas AG.

Asos (2019) Annual report and accounts 2019. London, Asos plc.

Associated British Foods (2019) Annual report and accounts. London, Associated British Foods plc.

Burberry (2019) Annual report 2018. London, Burberry plc.

H&M (2019) Annual report 2018. Stockholm, H & M Hennes & Mauritz AB.

JD Sports (2019) Annual report & Accounts 2019. London, JD Sports Fashion plc.

LVMH (2019) Annual report 2018. Paris, LVMH Moët Hennessy – Louis Vuitton SE.

Marks and Spencer (2019) Annual report + financial statements + notice of annual general meeting 2019. London, Marks and Spencer Group plc.

Moncler (2019) Annual report 2018. Milan, Moncler S.p.A

Next (2019) Annual report and accounts to January 2019. London, Next plc.

Puma (2018) Puma annual report 2018. Herzogenaurach, Puma SE.

Richemont (2019) Annual report and accounts 2019. Bellevue, Compagnie Financière Richemont SA.

Zalando (2019) Annual report 2018. Berlin, Zalando SE.

Stand-alone CSR reports

Asos (2019) CSR section of annual report 2019.

Associated British Foods (2019) Responsibility report 2019.

H&M (2019) Sustainability report 2018.

LVMH (2019) 2018 social responsibility report.

LVMH (2019) 2018 environmental report.

Marks and Spencer (2019) Plan A performance update 2019.

Moncler (2019) Consolidated non financial statement 2018.

Next (2019) Corporate responsibility report to January 2019.

Prada (2019) 2018 social responsibility report.

Puma (2019) Annual report 2018 sustainability.

Richemont (2019) Corporate social responsibility report 2019.

Salvatore Ferragamo (2019) Sustainability report 2018.

Zalando (2019) Annual report 2018 corporate responsibility.

Integrated reports

Kering (2019) Kering 2018 integrated report. Paris, Kering S.A.

Inditex (2019) Annual report 2018. A Coruna, Inditex S.A.

CSR performance updates

Adidas (2019) Green company performance analysis 2018.

JD Sports (2019) Social impact report 2019.

Appendix/reference documents

Associated British Foods (2019) Environmental, social and governmental appendix 2019.

Kering (2019) Kering 2018 reference document.

LVMH (2019) 2018 reference document.

Reporting methodology documents

Burberry (2019) Basis of reporting 2018/2019.

H&M (2019) How we report.

Kering (2019) Additional information to ESG reporting 2019.

Kering (2019) Methodological memo Kering 2018 social reporting.

Kering (2019) Methodological note environmental reporting 2018.

Marks and Spencer (2019) Plan A performance update 2019 basis of reporting.

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Associated British Foods (2019) Responsibility [online]. [Accessed 24 Mar 2020]. Available https://www.abf.co.uk/responsibility

H&M (2019) Sustainability [online]. [Accessed 24 Mar 2020]. Available https://hmgroup.com/sustainability.html

Burberry (2019) Responsibility [online]. [Accessed 24 Mar 2020]. Available https://www.burberryplc.com/en/responsibility/creating-tomorrow-s-heritage.html

Inditex (2019) Inditex [online]. [Accessed 24 Mar 2020]. Available https://www.inditex.com

JD Sports (2019) JD Sports [online]. [Accessed 24 Mar 2020]. Available https://www.jdplc.com

Kering (2019) Sustainability [online]. [Accessed 24 Mar 2020]. Available https://www.kering.com/en/sustainability/

LVMH (2019) Social and environmental responsibility [online]. [Accessed 24 Mar 2020]. Available https://www.lvmh.com/group/lvmh-commitments/social-environmental-responsibility/

Marks and Spencer (2019) Sustainability [online]. [Accessed 24 Mar 2020]. Available https://www.marksandspencer.com/c/make-it-matter

Moncler (2019) Sustainability [online]. [Accessed 24 Mar 2020]. Available https://www.monclergroup.com/en/sustainability

Next (2019) Corporate responsibility [online]. [Accessed 24 Mar 2020]. Available https://www.nextplc.co.uk/corporate-responsibility

Prada (2019) Social responsibility [online]. [Accessed 24 Mar 2020]. Available https://www.pradagroup.com/en/group/social-responsibility.html

Puma (2019) Sustainability [online]. [Accessed 24 Mar 2020]. Available https://about.puma.com/en/sustainability

Richemont (2019) Sustainability [online]. [Accessed 24 Mar 2020]. Available https://www.richemont.com/sustainability.html

Salvatore Ferragamo (2019) CSR [online]. [Accessed 24 Mar 2020]. Available https://csr.ferragamo.com/en

Zalando (2019) Corporate responsibility [online]. [Accessed 24 Mar 2020]. Available https://corporate.zalando.com/en/corporate-responsibility

Brochures or other autonomous documents about CSR

Adidas (2019) Green company performance analysis.

Adidas (2019) Health and safety statistics.

Adidas (2019) 2019 human rights FAQ.

Adidas (2019) 2019 progress report on chemical management.

Asos (2019) CSR selection of ASOS plc website.

Asos (2019) Gender pay gap.

Asos (2019) Modern slavery statement.

Asos (2019) Our factory list.

Asos (2019) UNGC.

Associated British Foods (2019) Assurance statement.

Associated British Foods (2019) CDP climate change report.

Associated British Foods (2019) CDP forests report.

Associated British Foods (2019) CDP water report.

Associated British Foods (2019) ESG appendix.

Associated British Foods (2019) Modern slavery act statement.

Burberry (2019) Burberry partner progress tool.

Burberry (2019) Burberry product restricted substances list.

Burberry (2019) Global health and safety policy.

Burberry (2019) Transparency in the supply chain and modern slavery statement.

Burberry (2019) Un Global Compact – communication on progress.

H&M (2019) Chemical restrictions.

H&M (2019) Code of ethics – employee commitment.

H&M (2019) Modern slavery statement 2018.

H&M (2019) Progress in factories producing for H&M.

Inditex (2019) Occupational health and safety policy.

Inditex (2019) Statement of responsibility.

JD Sports (2019) Energy reduction.

JD Sports (2019) Modern slavery report 2019.

JD Sports (2019) Office Recycling.

JD Sports (2019) Reducing Plastic.

JD Sports (2019) Renewable Energy.

Kering (2019) Additional information to Kering ESG reporting 2019

Kering (2019) Kering statement on modern slavery 1.

Kering (2019) Methodological note of environmental reporting 2018.

Kering (2019) Methodological note of social reporting 2018.

LVMH (2019) Ahead of its sustainability roadmap, LVMH announces new commitments for environment and biodiversity.

LVMH (2019) Animal-based raw material sourcing charter.

Marks and Spencer (2019) Plan A performance update 2019 basis of reporting.

Marks and Spencer (2019) Marks & Spencer cocoa and forests action plan.

Marks and Spencer (2019) M&S modern slavery statement 2019.

Marks and Spencer (2019) 1762 factories listed.

Moncler (2019) Modern Slavery Act 2018.

Next (2019) Our approach to corporate responsibility.

Next (2019) Gender pay report 2018.

Next (2019) Modern slavery transparency statement.

Next (2019) Reporting principles, criteria and methodologies.

Prada (2019) Prada Group sustainability policy.

Prada (2019) The Prada Group announces fur-free policy and joins the international fur-free retailer program.

Puma (2019) Modern slavery and human trafficking statement 2018.

Richemont (2019) Richemont – environmental code of conduct 2019.

Richemont (2019) Glossary.

Richemont (2019) Greenhouse gas verification statement number CCP256882/1.

Salvatore Ferragamo (2019) Inclusion policy.

Zalando (2019) Modern slavery statement 2019.