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Supply chain transparency in sustainability reporting- fashion industry perspective
Toimitusketjujen läpinäkyvyys vastuullisuusraportoinnissa- vaateteollisuuden näkökulma

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Tässä kandidaatintutkielmassa tutkitaan, miten suomalaiset ja ruotsalaiset vaateteollisuuden yritykset raportoivat hankintaketjujensa läpinäkyvyydestä sidosryhmilleen. Tutkielma keskittyy tunnistamaan, mitä keinoja vaateteollisuuden yritykset käyttävät toimittajiensa läpinäkyvien ja vastuullisten toimintatapojen varmistamiseksi, sekä prosessoimaan vastuullisuusraportoinnista havaittuja kehityskohteita liittyen hankintaketjujen läpinäkyvyyteen. Tutkielma rajattiin käsittelemään tuotantoprosessien vastuullisuutta, ja esimerkiksi tuotteiden myyntiprosessin logistisia toimintoja ei huomioitu. Päätaivitteena on arvioida, miten hankintaketjujen läpinäkyvyys on huomioitu vastuullisuusraportoinnissa. Tämä tutkimus toteutettiin laadullisen tapaustutkimuksena. Empiirisessä osuudessa hyödynnetyt materiaalit kerättiin julkisesti avoimista lähteistä, ja muodostuvat case- yritysten vastuullisuusraporteista, jotka ovat vuodelta 2019. Tutkimukseen valittiin 4 case- yritystä, joista kaksi oli suomalaisia ja kaksi ruotsalaisia vaatetusalan yrityksiä.

Auditoinnit sekä Code of Conduct- ohjekokoelmat ovat suosituimpia toimittajien seurannan keinoja Suomalaisissa sekä Ruotsalaisissa vaatetusalan yrityksissä. Toimittajien vastuullisuuteen puututaan myös esimerkiksi vastuullisuusvaatimuksilla toimittajavalinnassa, sekä koko toimialan laajuisen yhteistyön kautta. Pääasiassa hankintaketjujen läpinäkyvyys on huomioitu vastuullisuusraportoinnissa hyvin, ja sen tuoma lisäarvo kuluttajille on selvästi huomattu vaatetusalan yritysten strategioissa. Koko toimialan laajuisen yhteistyön parantamiseksi, vastuullisuusraportointi ja -näkökohdat sekä alan terminologia kaipaisivat yhtenäistämistä. Vastuullisuusraporttien luotettavuudessa lähteinä on syytä olla kriittinen.

ABSTRACT

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This Bachelor's thesis examines, how Finnish and Swedish fashion companies are reporting about their supply chain transparency for their stakeholders. Thesis focuses on recognizing what means these companies use to ensure their supplier responsible and transparent ways to do business, and to process the noticed development targets related to supply chain transparency. This thesis was lined to focus on the manufacturing stage, and for example the retail process's logistical functions were left out of the evaluation. The main aim was to examine, how is supply chain transparency taken into account in sustainability reporting. Materials applied in the empirical part were gathered from the publicly available sources and consist mainly of case- companies sustainability review's from 2019. Four case- companies were chosen, from which two are from Finland and two are from Sweden.

Supplier audits and Code of Conducts' were found to be the most popular means of supplier monitoring on fashion companies. Supplier responsibility is also monitored by using responsibility requirements in supplier selection, and by industry- wide cooperation. Mainly supply chain transparency was taken into account in sustainability reporting well, and the added value it can bring was clearly noticed. To grow the industry- wide cooperation, terminology and aspects of sustainability reporting need unification. The reliability of sustainability reports as empirical sources should be reviewed critically.

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1. Introduction

Corporate social responsibility (CSR) has been a growing trend for last decades in both globally, and in business. Many industries have even succeeded in gaining competitive advantage by investing money and time in their CSR actions and sustainability reporting, and thereby have achieved added value in the eyes of consumers. (Yuan et al, 2018). Like Ahtonen & Virolainen (2009) state, nowadays when all the goods consumers want are nowadays practically already invented, product development is increasingly focusing on features, that would even grow the added value that customer gets from his purchase. These features are increasingly linked to consumers' personal values, such as values concerning CSR dimensions. As a result, the competitive environment for companies has changed, and the importance of for example supplier relationships has grown. Especially in fashion industry, this is also a consequence from the increasing competing in costs, and the fact that consumers have begun to appreciate sustainability and supply chain transparency even more personally. (Kothandaraman & Wilson, 2001) Nowadays consumers also have access to greater amount of information than ever before, which has increased the need of presenting CSR related things clearly in public. These things combined have caused a need for redefinition in companies' supplier relationships and have forced companies to find new sources, such as growing level of transparency, to differ from competitors. (Ahtonen & Virolainen, 2009)

According to Rezaee (2016), there has recently been done quite lot research from CSR- related topics in general level. This is due the growing importance of research concerning CSR and transparency, when those have become global trends in business. However, most recently Sodhi & Tang (2019) have pointed out in their research, that less studies focus mainly on supply chain transparency as a part of CSR- field and manufacturing or discovers the corporate sustainability reporting about them. There is a clear research gap, which is missing more detailed research about the consideration of transparency in companies' sustainability reporting. Sodhi & Tang (2019) also point out, that for example the terminology of the field needs still clarification. Information has been produced a lot concerning value creation by SCM activities in 21th century business environment, and about how much consumers value responsibility and transparency. However, this information has not been exploited to its full

potential, and according to Sodhi & Tang (2019) the benefits of sustainability reporting have not yet been examined enough. By researching this topic right now, the current level of fashion companies' sustainability reporting can be examined, and the most important areas for development in supply chain transparency can be identified. In the future, this can lead to improvements on sustainability reporting and supply chain management, and benefit fashion companies in many different areas of business. This bachelor's thesis examines centrally companies sustainability reviews' presented levels of transparency for stakeholders in fashion companies manufacturing processes, and the company means to ensuring this transparency and responsible acts in supply chain networks.

As a perspective for this study has been chosen fashion industry, because the gap there seems to be even more significant than in many other industries. According to survey conducted by Fashion Revolution, in 2018 84% of consumers in EU thought that "it is important for fashion brands to reduce their long-term impacts on the world by addressing poverty". Also, 85% agreed the same with climate change, and 88% with environmental protection. (Fashion Revolution, 2018) From these results it can be deduced, that ensuring transparency in supply chains has become vital for companies to survive on the market in fashion industry. Transparency can be used as a tool, with which companies are able to prove and clarify their CSR actions for their stakeholders. (Rasche et al, 2017)

1.1. Research questions and objectives

When transparency has become such an important factor in customers' choices, it is important to examine the companies' ways of presenting their responsibility values in public. The main objective of this thesis is to examine how four fashion companies selected from Finland and Sweden have taken supply chain transparency in notice on their sustainability reporting. Because of supplier company's supplier network's level of transparency equals directly the buyer company's level of transparency, another objective of this thesis is to identify the ways by these companies monitor and evaluate their suppliers to ensure that they act accordance with the buyer company's requirements concerning responsibility and transparency. The last objective of this thesis is to identify the development areas, which fashion companies have in their sustainability reporting concerning transparency. To describe

these research problems presented, the following research questions have been set. The aim of the study is to provide answers to the questions that have been set here.

The main research question is:

- *“How is supply chain transparency taken into account in companies sustainability reporting?”*

The purpose of the main research question is to extensively examine, how fashion companies have taken the supply chain transparency in notice in their sustainability reporting or have they. Sustainability reviews deal with a large scale of CSR related themes and issues, and the purpose of this research question set is to identify supply chain transparency related references from the context and evaluate if they are clear.

Regarding to the main research question, two sub-research questions have been set, so the understanding of the relationship between sustainability reporting and supply chain transparency could be deepened.

Sub-research questions:

- “How companies monitor the maintenance of their suppliers’ responsible way to do business?”
- “What kind of development areas are noticed from sustainability reporting concerning supply chain transparency?”

The goal of the first sub-research question is to identify the ways that companies are using in monitoring their suppliers’ responsible ways to do business during the cooperation. The intention is to search what possible ways there are presented in literature and compare those with the ones that companies are already using and examine which of the ways are most widely used on fashion companies selected for this case. The content related to this first research question is important to research, because of like Rasche et al, (2017) lined, ensuring transparency in supply chains has become significant for the companies on any industry, and the ways of supplier monitoring are a key factor for that matter.

The goal of the second sub-research question is to identify, what improvements could be done in fashion companies supply chain transparency in the future. Like Sodhi & Tang (2019) wrote, the effects and forms of sustainability reporting about supply chain transparency are not yet examined enough, and the second sub- research question aims to offer knowledge about this gap. From the material, it is expected to find development areas for every company. Researching those development areas helps to form the knowledge of the main research question and provides valuable information for the future development.

1.2 Research limitations

The industry under investigation has been chosen as fashion industry, because companies operating on the industry have traditionally dealt with a lot of ethical and environmental issues in many levels of their supply chains. For example, fast fashion cycles, labor issues, significant GHG emissions, and the major use of non-renewable resources and their negative consequences towards companies' stakeholders are a part of fashion industry's everyday life. (Sinha et al, 2016) Companies operating in the industry compete a lot in costs, and building supply chains, the cheapness has too often neglected responsibility values and transparency for customer. In methodology section, the sustainability reviews of two Finnish fashion companies and two Swedish fashion company have been taken into more accurate examination about how supply chain transparency has been taken in notice in their sustainability reporting, and how are they able to monitor that their suppliers cooperate on that. Over time this study will focus on the companies' current level of responsibility and transparency, and the reports under review are from 2019.

Supply chains often deal with the product's journey all the way from raw materials to a final consumer. Thus, in fashion industry the retail process includes a lot of interesting logistical functions, this thesis focuses on the manufacturing stage of the final product and focuses mainly on the issues in purchasing for example the raw materials for the use of the manufacturing. In fashion companies, ensuring sustainability and transparency especially with so-called "sub-suppliers" often forms the most difficult gap to ensure the transparency of the final products, because there often is not a direct contact with them. (Blome et al, 2016) The subject is quite close to companies' communication strategy and different marketing operations, but in this study, we are lining those perspectives out of the picture, and are

focusing on supply management functions in manufacturing stage. It is important to consider, that delineation in the companies' activities thus focuses on the already mentioned manufacturing process of the products and raw materials used in them, rather than on the marketing or the forward sales of them.

1.3 Key concepts

For the purposes of this study it is necessary that a couple of important concepts are defined. Defining the concept makes keeping up with the research easier and simpler.

Transparency: In supply chains, transparency as a concept that equals supply chain's feature to be "see-through" in its every aspect. As a feature, it gives for example for customers and stakeholders of the company a possibility to know specific information for example about the raw materials of the product. When the supply chain is transparent, customers and stakeholders can easily gain information about the different aspects of responsibility, for example about labor forces conditions, the origin of the raw materials as well as the environmental impacts of the whole production process from raw materials to the final product. Nowadays in business transparency is a tool, by using which companies can and even want to show others that they are by some strategic way superior compared to their competitors. (Kashmanian, 2017) Especially for purposes of this research, Sodhi & Tang (2019) are lining, that it is important to recognize transparency to be different factor than "visibility", which describes more of the managing staff's efforts to make supply networks more visible.

CSR (Corporate social responsibility): CSR is a multi-level concept, which describes company's responsibilities towards community and stakeholders around it. It also describes the ways of with which company responds to these responsibilities. These responsibilities can be for example the ability to organize corporate functions such a way, that environment is not damaged. Some of these corporate social responsibility acts are prescribed by law, and some of them are voluntarily. The pressure from stakeholders has forced companies to pay more attention to corporate social responsibility strategy, and even making it one of the company's key functions to succeed. (Yuan et al, 2018)

COC (Code of conduct): A code of conducts is an agreement between the company and its supplier/suppliers. It binds supplier to follow demands that the company has set regarding for example labor force's working conditions and other corporate social responsibility related issues. Important feature is that it also obliges suppliers to ensure that their possible own supply chains (supplier's suppliers) act in accordance with the guidelines included in this COC that they have agreed with the buyer. This ensures responsibility through the whole supply chain. (Mohamad et al, 2012)

SCM (Supply Chain Management): Supply chain management as a concept is too often assimilated with logistics, although it is a lot wider combination of different company functions. SCM consists of a combination of management activities with a common purpose to manage relationships to achieve business goals. SCM looks for links between different company functions and aims to form bridges between them. Especially in 21 th century business environment, SCM practices are one of the most important ways for companies to achieve competitive advantage. (Christopher, 2011)

1.4 Research structure

The content of this research consists of theoretical and empirical parts. The structure is divided to five different parts, from which the first is introduction. Introduction presents the background of the research subjects and limits the essential concepts and themes of the purposes of this study. It also provides the research problems and -questions. The second part, Literature review, forms the theoretical background of the thesis, including theory concerning supply chain management, sustainability in business and tools for evaluating and monitoring of supplier transparency. Third part of this thesis presents case description, including important features regarding fashion industry in general and opens more the sustainability issues on the industry related to the research problems of this study. Third part also gives a description of the case companies. The fourth "empirical study" chapter describes the research methods and data collection methods used in this study and opens the materials applied. The fifth and the last chapter consists of research findings and conclusions and offers proposals for the future research on the field. The fifth part also includes the answers to the research questions.

2. Literature review

Supply chain management (SCM) binds together a large scale of different company functions. It is at the same time for example purchasing, sales, distribution, manufacturing and management. Mainly, it is all the business functions involved in the materials flow of the producing company. (Harland, 1996) In practice, it is the acquisition of all company's resources needed in its functions. In last years, when the competitive environment has changed a lot, the role of supply chains and SCM has highlighted on almost every industry. Supply chain management has become a vital mean of competition for the companies. Nowadays it is told to be one of the key business processes in almost every company, and one of the most important ways to create added value when concerning CSR themes. SCM controls supply chains. (Ageron et al, 2012)

Like already mentioned in introduction, due to CSR trend, transparency, as a dimension of it, has become a supply chain factor, that consumers even demand from manufacturing companies. According to Kähkönen and Lintukangas (2012) Supply chain management is one of companies' key- ways to create value for the customers and grow competitiveness. The corporate level of transparency in supply chains is created by supply chain management because it is the main controlling force of suppliers and their suppliers, which are the factors that can have effects on that transparency.

Theoretical themes exploited in this study are basically CSR, Supply Chain management and transparency. Figure 1 below will present the interactions between these theoretical themes regarding this study as a theoretical framework for this thesis. Layout as well as the literature review of this study is based on the idea, that transparency is a tool to implement CSR strategy in practice and to present company's values for the stakeholders, and different SCM actions are a way to effect on that transparency. Stakeholders, including customers, are the ones that the companies need to impress, because they have the power of creating cash flows for the business.

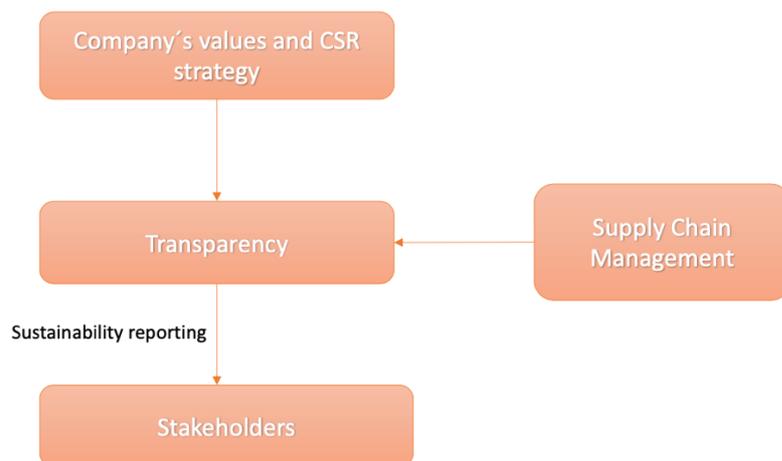


Figure 1. Theoretical framework

2.1 *Responsible business and transparency in CSR field*

Nowadays, to be successful on the market means almost directly a capability to act responsible way on it. Companies' shareholders, as well as different stakeholders', for example customers, investors, employers and society's sustainability requirements towards all of its actions are increasing all the time, demanding a growing level of transparency and other CSR dimensions. (Kähkönen et al, 2018) This is forcing companies to take corporate social responsibility as a part of their business strategies, and possibly to modify their whole business among it. A well-designed CSR strategy is leaning on the company's core business and is seen in everyday actions and business processes in company's everyday activities. Acting responsible way means that company has a lot of different duties or responsibilities. (Rasche et al, 2017) Giunipero et al, (2012) are also remarking, that sustainability matters also have financial benefits, and CSR performance and profitability are connected to each other.

Transparency is a prerequisite for the implementation of CSR strategy and actions. It is the most important factor when passing on company values and CSR strategy for the stakeholders. (Dubink et al, 2008) When it comes to transparency in a field of CSR, organizations are facing a decision about what can and what cannot be revealed in public. There is often a thin line about which informations can be exploited unfairly by competitors, and what information should be told for stakeholders to give a good impression and earn their trust. Transparency is a tool, for organizations to prove to stakeholders their promises of responsibility in different dimensions of CSR. (Rasche et al, 2017)

The dimensions of corporate social responsibility are divided in various different ways in literature. For example, Carter and Jennings (2004) note in their journal that there are three different schools or views when defining corporate social responsibility. According to Carter and Jennings, one of these views is that ethics are the key dimension of CSR. On the other hand, another view presented in their article sees that CSR is divided to economical responsibilities, legal responsibilities, ethical responsibilities and voluntary responsibilities. Divisions into these different dimensions are varying a lot between different sources. Diverging from Carter and Jennings (2004), for example Rasche et al, (2017) admit that there are many divisions, but are themselves defining them as social, ethical, environmental and “philanthropical” responsibilities. Possibly one of the clearest, and the most stakeholder friendly division in literature is presented by Carter & Rogers (2008). They suggest that the division of corporate social responsibility is based on environmental, social and economical dimensions when concerning supply chain management. These dimensions together include the most important CSR actions regarding fashion industry, and in this study all of these 3 aspects are written of, when the concept CSR is used. This division is also chosen to implemented in this research, because it is the one, that Amoako et al, (2017) are basing on their idea of sustainability reporting in their article. Figure 1 is based on the tripple- bottom line created by Carter & Rogers, and presents these three parts, that form the areas of business CSR in this study. These three dimensions are also presented in more detailed way below.

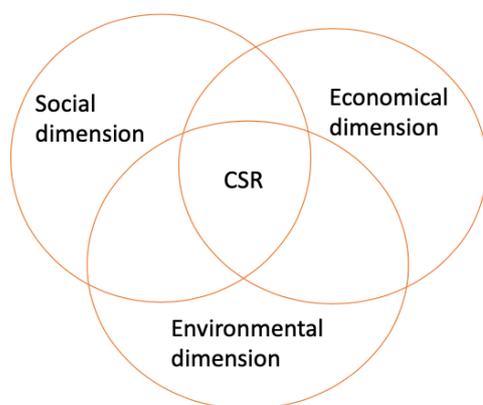


Figure 2: Tripple Bottom Line (Carter & Rogers, 2008)

The economical dimension of CSR concerns things related to profit. Economically responsible company's management structures are against corruption, and corporate ethics are valued. Also paying taxes properly and taking care of returns on investments are ways to act economically responsibly. Economical responsibility also includes things some way related to people like social responsibility: under it is often listed for example employment, wages and poverty alleviation. (Christopher, 2011) The social dimension of CSR covers all the actions that are related to people and human rights. Acting socially responsible way means for example ensuring fair working conditions and labor rights for the work force, and for example a reasonable wage for the original producers of the raw materials used in the products. The goal of social responsibility is to promote equality between people and also increase it. It protects the well-being of all the company's stakeholders and employees. (Utting, 2007) Social responsibility also includes elements about community impacts, education and people health. (Christopher, 2011) The research concerning CSR has often emphasized the environmental responsibility as a perspective. (Hoejmose & Adrien-Kirby, 2012) Corporate responsibilities towards environment and nature are often in news headlines, and in general a lot featured socially. In manufacturing processes, many companies are producing waste and different kind of pollutions that harm our environment, and that is why environmentally responsible actions are needed. (Zailani et al, 2012) Regarding to M. Christopher (2011), environmental responsibility also includes for example energy use, water management, ozone depletion, and securing the biodiversity, oceans and fish stock. The goal of acting environmentally responsible way is to protect earth's climate and nature. Especially from consumers perspective, reporting about emissions has become more important for companies in recent years. Customers are increasingly interested in the life cycle environmental impact of the products they purchase. (Lenzen & Murray, 2010)

It is important to take in notice, that regarding those three dimensions, all companies have legal as well as voluntarily responsibilities towards their stakeholders. It is company-specific, how these voluntarily responsibilities are taken in notice in business strategy. Some of the companies are focusing on the ones required by law, and others are exploiting the voluntarily responsibilities in varying degrees. (Nalband & Al-Amri, 2013)

In European Union, especially listed companies have a lot of legal duties regarding their level of acting responsible way on their business. These legal duties are also related to companies' way to show their responsibility in public by for example sustainability reporting. In Finland, from 2016 all listed companies, credit institutions and insurance companies which sales exceed the annual level of 40 million euros (or balance sheet is more than 20 million euros), and the number of employees in annual level is more than 500, have been responsible to report publicly about their corporate social responsibility. The form which the report is given has been optional for the companies. (Työ- ja Elinkeinministeriö, 2016) For example in Sweden, the same EU- directives are adapted in which obligations in Finland are based on. companies are ordered to report about their finances, and corporate social responsibility. (Inment Office of Sweden, 2016)

By acting more responsible way voluntarily, company can show outwards that it respects its stakeholders' values and wants to do what they can to make the world a better place. This is important factor when creating added value in small companies as well as in big corporations. (Hamman et al, 2009) The most noticeable benefits from exploiting voluntary actions of responsibility come from the realization of combining economical efficiency and CSR. In 21st century business environment, these factors are no longer two different things, but are depending on each other. (D'heur, 2015) Transition into operating on "green market" to the circumstances that stakeholders value, creates new opportunities for achieving the wanted added value. (Giunipero et al, 2012)

2.2 Sustainable supply chain management

Regarding M. Christopher (2011), the ultimate goal of supply chain management is by its actions to reach the most profitable situation for all of those involved in the process, by managing relationships. In his book, Christopher finds one of the most common problems in supply chains to be that not all of the parties recognize, that they have a lot of impact on each other. The basic idea in supply chains is that all of the participants are depending on each other actions. When we understand the supply chain network structure, it is easier to start to explore the interactions between the participants. In figure 3 below is seen, how supply chain is a network consisting of those independent individuals and forms a network of them. The

grey factor equals the buyer company, and orange ones equal each one supplier, or suppliers' supplier et cetera.

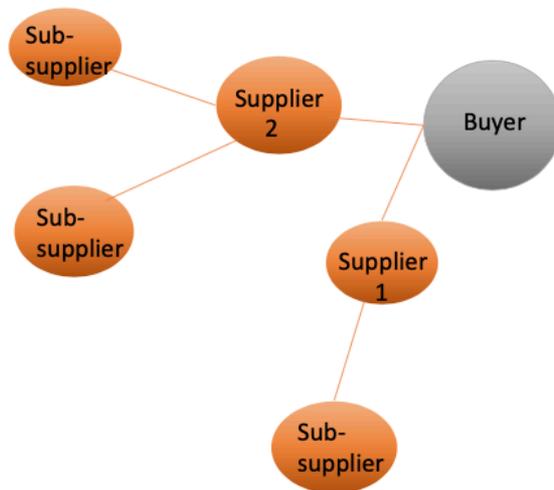


Figure 3. The supply chain network (Christopher, 2011)

Traditionally, the goal of supply chain management (SCM) has been to ensure the right quality, amount and time-limit in products, product parts or raw materials that come in or go out from the company production (Burt et al, 2003). However, the changing world has forced companies with SCM activities to take a strategic turn from the earlier operative purchasing and take in notice various things that were not considered that important or valuable earlier in general, such as sustainability and transparency.

For combining supply chain management activities regarding sustainability, the term Sustainable supply chain management (SSCM) or in some sources Sustainable supply management (SSM) was created. Like CSR and many other supplying related concepts, SSCM is also a multi-level concept, which definitions vary a lot between literature sources. For example, MingLang et al, (2015) define SSCM to be strategic practices, that integrate sustainability- related matters into company's economy and key business processes, to improve company's and its supply chains long-term performance. On the other hand, Anthony et al, (2017) describe that SSCM consists of companies' internal practices, for example sustainable production and design, and also from external practices, for example supplier

collaboration. They state that those practices are ordered to make supply chains more sustainable, based on the Tripple bottom line presented earlier on this study. Instead, Giunipero et al, (2012) are defining SSM to be a management practice, which has environmental, social and economical extensions in supplier base selection, evaluation and management.

The reasons behind the importance of connecting supply chain functions and CSR- related functions are the previously mentioned customers changed preferences, and the continually changing business environment. Also borrowing earlier, transparency is the most valuable tool for implementing CSR strategy in practical level, and SCM functions are a factor that can affect transparency through the whole manufacturing supply chain network (Figure 2).

Also outsourcing, which is typical for cost- effective fashion industry, has globalized supply chains and caused the fact that SCM- activities have major role in sustainability matters. SCM has a direct connection to if supply chain and production processes are successful or not. (Piplani et al, 2008)

In literature, it is often stated that sustainability and responsibility are a significant and inevitable part of supply management future. (Zailani et al, 2012) To fulfill the traditional goals of SCM, such as achieving the best situation for all the parties in 21th century business environment, SSCM practices are needed in business. SSCM is needed to take as a part of companies' general methods of purchasing. (Anthony et al, 2017) The next chapter will introduce the means and SSCM practices of monitoring and evaluating sustainability in supply chains and supplier's actions.

2.3 *Monitoring and evaluating sustainability*

Selecting and evaluating suppliers in the right way is essential when it comes to supply chain transparency, and suppliers' level of responsibility. Creating a transparent supply chain is a long-term strategic process, which needs a lot of time and resources. It requires trust from both sides of the relationship. Supplier evaluation process always begins on the supplier selection stage. Regarding to Govindan et al, (2018) there has not historically been enough research about the supplier selection based on CSR actors, especially when it comes to

identifying the key factors, such as shareholders perspective. For these purposes, the procurement community has created guidelines, and different standards and ways to monitor and evaluate suppliers' actions and capabilities to act in accordance with the buyer company's requirements towards transparency. In sustainability matters, the supplier selection should base on supplier's sustainability reporting and the level of transparency that supplier can provide for buyer company from its' own chain network. The filled supplier transparency requirements are a prerequisite for buyer company's transparency. (Govindal et al, 2018)

Supplier selection has been described as a strategic decision-making process and is stated to be multi criteria decision making (MCDM) problem. Before starting the actual selection process, buyer company needs to define the factors which the supplier selection is based on. (Khan et al, 2018) The criteria that buyer chooses to apply are depending on for example the sourcing technique that is used in the process. Typically, supplier's face a lot of different criteria, and typical factors that buyer evaluates are for example the supply security, product materials, on-time deliveries, technical capabilities, consistent quality, reasonable low price and flexibility. (Krishnendu, 2017). Khan et al, (2018) state, that evaluation based on sustainability is a difficult process in selection stage. Some literature sources suggest that selection process should include for example a discussion of companies CSR perspectives. (Govindal et al, 2018) After the selection process, buyer company is still left with a need to continue monitoring that sustainability matters in suppliers's chains, so that they do not take a turn in to unfavorable direction.

One of the most popular ways for buyer company to ensure and develop transparency in supplier's networks is the use of codes of conducts (COCs). They are widely used agreements between buyer and supplier company, that include norms, values, standards, principles and prescribed practices regarding supplier's practices and own supply chains. By them buyer can ensure that supplier is using fair practices and does not cross their sustainability values. Provisions in COC's concern traditionally for example fair working conditions. The use of COC's improves the transparency in buyer-supplier relationships and in the supply chains. Acting in accordance with COC is vital for both parties. The violation of COC's can lead to the end of cooperation, or other penalties. Those violations in supplier's actions can also cause major PR-

disasters for the buying company, when it is publicly acknowledged that there is a distortion in supply chain's transparency. (Rajashekharaiyah, 2012)

International standards from ISO (the International Organization for Standardization) could be utilized in supplier sustainability evaluation. The use of those standards has a great impact on reducing supply chain's environmental baggage. They are a part of all the time evolving amount of global standards that give companies guidelines regarding sustainable and responsible procurement. (Wiengarten et al, 2013) ISO guides are suitable for adaptation in any organization. For example, ISO 20400:2017 consists of Sustainable procurement guidelines. (ISO, 2017) The use of global certification has also gathered critique against it, and for example Fikru (2014) states in his research that they also have a negative side, because the use of them has unwanted effects on total productivity. He also notes that some other studies cannot provide enough evidence from the positive effects of certification, and that certification may not serve well companies long-term goals.

Monitoring supply chain sustainability is worth to organize in every situation when company prefers to keep or improve its level of transparency. Monitoring can be implemented in very free forms, and how company itself prefers. (Busse et al, 2017) Companies are also able to monitor their supplier's sustainability performance by using different monitoring strategies. A common method for this is the use of supplier audits. They can be conducted for example in a questionnaire form by an external audit- firm, or someone can visit in supplier companies' factories to verify that their working conditions, for example are what has been agreed. In supplier audit some external organization gives buyer company evaluations of the supplier's current state of sustainability, or the buyer firm conducts audits by themselves. (Gonzalez-Padron, 2016) Supplier audits are created to monitor suppliers, but are also an important factor in supplier relationship management and the development process of a business relationship and have a great impact on organizational risks related to supplying. (Coleman, 2018) In addition to COC's, supplier audits are also a popular tool for supplier monitoring. (Powell et al, 2013)

2.4 Improving transparency

The goal of monitoring supplier sustainability and transparency is to ensure that buyer company's requirements are fulfilled. Blome et al, (2014) state, that company's supply chain transparency can only be improved from inside that chain, which means contact and deeper cooperation with the suppliers. Dou et al, (2014) are suggesting, that developing supplier relationships is the key to improve supply chains in the field of all CSR dimensions. Friedl & Wagner (2012) are writing in their article, that sometimes instead of improving relationship companies should switch supplier instead. They state that the less attractive the partner is, the bigger is the possibility to choose switching. Blome et al, (2014) narrate, that companies should focus on improvement with the suppliers with valuable resources for the buyer company. Transparency and other dimensions of CSR in supply chains can be improved by using evaluating and monitoring tactics presented before. When reaching improvements on supplier base, honest two-way communication is needed between the parties in the relationship. Trustable supplier relationships are time-taking to build and require certain resources from the buyer company as well as from the supplying companies. Buyer companies should be able to give their suppliers open feedback based on facts and have a long-term perspective. (Krause & Ellram, 1997)

When there are no actual transparency issues in supplier relationships and the improvements are needed for customers to see the company's values and acts differently, the way to effect by is sustainability reporting and improvements on it. According to Amoako et al, (2017), sustainability reporting is the way to show stakeholders the good that company does for the community. Amoako et al, (2017) are lining, that sustainability reporting is the key- way to effect on consumers opinions especially on the industries which have traditionally had a lot of responsibility- related issues, such as fashion industry. By sustainability reporting, companies are able to make themselves more transparent in the eyes of consumers.

According to Gardner et al, (2019), there has traditionally been a little information about how to improve transparency, and only prompts on implementing it. The authors suggest, that for example reporting concerning traceability would be an important improvement for companies' supply chain transparency. Also, improvements related to social and

environmental impacts of production are lined as important transparency- related improvements in the article by Gardner et al, (2019). The authors also suggest, that sharing policy and commitment information regarding actors in supply chains would be beneficial. When improving transparency in supply chains, companies should consider which factors are the most important development areas for specifically them, taking into account the company's stakeholders and customers' preferences. (Gardner et al, 2019)

3. Case description

This case description includes the presentation of the industry under investigation, and the basic information about the case companies selected for the empirical part of this thesis.

3.1 Fashion industry

A statista forecast for the worldwide revenue of apparels for 2020 is expected to be 1, 829, 793 million US dollars, and the expected annual growth on the industry is 5,7%. This does not even include personal accessories, such as handbags or watches, that are also a significant part of fashion production. (Statista, 2020) From the great range of sales on the industry and taking in account the responsibility issues on the industry in general, it can be considered that the production of clothes has a great impact on especially the environmental and social dimensions of responsibility in the whole world. The production of clothes in the world covers issues from every dimension of CSR. The industry itself includes a lot of different functions, such as marketing, logistical functions, design, and manufacturing. It includes a lot of more logistical functions than many other industries because as a consequence of the cost effectivity a piece of cloth can be in manufacturing stage for example sent to another continent just to be stitched together, and then be sent back to another content to be dyed. Fashion industry uses so-called "reverse logistics". Reverse logistics means that the supplying process to both directions is efficient and maximized economical value with minimum costs. (Cheng & Choi, 2015)

Fashion supply chains can be very complex, and that causes easily issues in supply chain transparency. Long and diverse supply chains including many sub-contractors are very hard to monitor. Very fast production processes are typical in fashion industry, because it is stated

that only flexible and rapidly changing fashion lines can answer to 21st century consumer needs. The way of producing clothes in fast- changing collections has become more common in fashion industry especially in recent years. This is a cause of the business models on the industry, and the means by which it manages for example production and supplying. This business model is found to be effective when managing risk-related problems, but it also has a downside, which are its environmental effects. As a result, from fast changing lines, a great amount of clothes ends up thrown away when the collections change. (Muthu, 2019) The supply chain from designing through production to stores can be only 15 days long. This is what is called fast fashion. The pressure from consumers has made many fashion manufacturers to recycle their clothes, and many companies have started to carry for example services to collect the clothes from their customers that would otherwise end up to be trash. (Cheng & Choi, 2015)

As described in the research limitations, fashion industry has been facing a lot of responsibility related issues for a long time. (Sinha et al, 2016) These issues are occurred in all levels of fashion industry, and in all stages of product life cycle from production process to transportation and finally when the product becomes waste after the use. (Hill, 2012)

Most part of the issues, however, occur in the manufacturing stage. The production process especially in fast-fashion companies includes a lot of procurement. Historically, one of the most disapproved problems has been regarding ethics and the use of animal skin and fur in clothes and accessories. Recently, the most famous issues on the industry have been the use of non-renewable resources, and other ecological concerns. For raw materials of the products, there are animal sources and plant sources. Even though the use of animal sources has been judged for a long time, also the plant sources have negative effects. For example, the production of jute textiles causes pollution from its conventional retting process in water. Also, this process of jute manufacturing often causes health problems for employees working on it. (Muthu & Gardetti, 2016)

The Finnish fashion sector is consisting for the most part of small and medium sized companies, and it is characterized by clothes for many different uses. Major part of the production has nowadays been transferred from Finland to low-cost countries, such as ones

in Asia. This is due that the production costs in Finland are internationally compared quite high. Operations of the industry still located in Finland are mostly concentrated in designing processes. (Eynde, 2012) Unlike from Finland, from Sweden we know several famous brands that have spread all over the world. In global revenue ranking, Sweden is in the 20th place in a fashion segment. (Statista, 2020) Hauge et al, (2009) are lining, that nevertheless fashion industry blooms in traditional fashion capitals such as Paris, London and New York, the industry is also growing all the time in Sweden, and Swedish companies have succeeded in achieving stronger export station on the market than ever before. They emphasize, that there are more than several important fashion production companies nowadays, that are based on Sweden.

3.2 Case companies

There are four fashion companies selected as a material for this research: two from Finland, and two from Sweden. Three of these companies are listed companies and another Finnish company is non-listed. All the companies are pretty widely known on the fashion industry and represent highly their homelands design and fashion business models. Finnish and Swedish companies have been chosen, because these lands are traditionally seen quite congruent, because both of them are small economies to which for example exporting is vital. (Lahtinen et al, 2017)

First company from Finland, Marimekko, is listed Finnish company operating on fashion- and apparel retailing. 37% of company's sales are consisting of fashion. The company also produces for example fabrics and accessories. In 2019, company's sales grew with 12% to 125,4 million euros. The most part of sales come from Finland, but through exports parts of it also comes from North- America, other Scandinavian countries, from Asia and Pacific-ocean and EMEA- area. The company's aim is to create timeless and durable products from as sustainable materials as possible. The company states to be aware of the industry's environmental causes and is telling that they require sustainability from all of their suppliers. They consider important, that they are aware of where the raw materials come from, and that the supply chain is transparent. The company also tells that it values long-term partnerships in supplying and are choosing their suppliers carefully. (Marimekko, 2019)

Second company is a Finnish- based company, Nanso Goup, which is focusing on women's fashion. The company advertises its sustainability for example lining that they minimize the product waste and pay attention to how the electricity used in production is produced. Also, their products are described to be timely and stylistically long-lasting, which increases sustainability. Nanso has for example implemented a collection made from recycled materials in collaboration with Pure Waste in 2019. For their development targets for the next year, Nanso is lining for example determining the carbon footprint of their own operations and growing the amount of environmentally friendly raw materials. (Nanso Group, 2019)

Third case- company is a large, globally known Swedish- based fashion company Hennes & Mauritz (H&M), which has stores in over 70 markets. The company's supplier factories employ 1.6 million people, so its impact for example concerning social dimension of CSR in the world is significant. H&M is also a listed company like Marimekko. Their sales grew in 2019 with 11% to 232,763 SEK. (H&M, 2019 (2)) Their agenda is to make fashion available for anyone by using sustainable ways, and they want to create positive fashion by taking in notice sustainability's impacts on many levels. Company's supply chains are told to be global and versatile, and supply chain management has a big role for the business and the level of sustainability in the company. They are taking sustainability in notice in many levels of their production. They acknowledge, that in their case transparency has a great impact on building a sustainable business. (H&M, 2019(1))

Fourth and the last company involved in the empirical part of this research, Björn Borg, is also based in Sweden and has its main focus on underwear and sports apparel. They also produce for example bags, eyewear and footwear in 2019, their brand sales grew with 2%. Company's largest markets are located in Sweden and Netherlands, but sales are still directed to approximately 20 markets, for example in Norway, Finland, Denmark, Germany, and other smaller markets. (Björn Borg, 2019 (2)) The company wants to encourage consumers into sustainable consumption, and has promised to work to secure human rights, and to reduce their production's environmental impact. In 2019, it has managed to use sustainable material in 100% of its swimwear and 100% sustainably sourced material in all male under- and sportswear. The company admits, that its biggest challenges in sustainability have been in

controlling transparency. They want to involve all their business activities in ensuring sustainability. (Björn Borg, 2019 (1))

4. Empirical study

This empirical study- section provides the empirical part of this research. The first part describes the applied qualitative research method and the general features of the case research, also presenting the used data concerning the case companies. It also elaborates the data collection process, and the means by which the data was analyzed for the purposes of this research. The second part includes the description of the research implementation. Other subsections are named by thematic areas, according to by which they relate to the research questions. The last section provides the answer to the sub- research questions, which have been used to obtain the answer for the main research question, which is also provided in the last section of this part of the study.

4.1 *Research method and data collection*

This research is implemented as a qualitative case study. The qualitative research method has been chosen, because the aim of qualitative business research is to provide comprehensive and better understanding of limited problem, and thereby it fits the best for the purposes of this study. Qualitative methods are widely used in business research, but also in research concerning for example political sciences. (Eriksson & Kovalainen, 2008) Seale et al, (2011) are mentioning, that qualitative research has been traditionally presented in context of comparing a lot to quantitative research methods, which are quite different theoretical approaches for context. Also, the used data in empirical part of quantitative research is often pretty different, and thereby quantitative methods would not fit for this research so well.

As a qualitative approach in this study is case study research, which is one of the nine approaches that Eriksson and Kovalainen (2008) are presenting in their book. According to Eriksson and Kovalainen (2008), case study is one of the most common research approaches in qualitative business research, though it has been traditionally used also when doing research concerning for example law, sociology, medicine and political sciences. Case-approach produces comprehensive knowledge based on several empirical sources. In multi-

case studies like this research, cases can be chosen from a couple of different reasons. Often, they extend present theory, or fill the gaps in previous research. The selected cases can also be on a par with the earlier ones. Case study was chosen to apply in this research, because the aim was to fill a gap in supply chain- related research, and the reports as a material fitted well in its purposes. Also, the prevalence of case studies in business research made the choice quite easy, when I was already pretty familiar with the implementing of them. In this case, the case-companies are chosen because it can be believed that they can bring new perspectives to presented research topics. (Eriksson & Kovalainen, 2008)

In qualitative case research, Eriksson and Kovalainen (2008) are lining, that accuracy and quality of the results is usually richer when they are based on more than one empirical sources. For the purposes of this study, information has been gathered from publicly available sources, such as sustainability reviews of the four case companies. According to Sodhi & Tang (2019), sustainability reviews have become a common tool for companies to present their CSR. Four sustainability reviews are taken in notice in context. In addition, optional web-pages, annual reports and press releases were taken in notice when gathering information about the case- companies. All the reviews are from year 2019, and the summary of the materials applied is also presented detailed below in Table 1. The most recent informations possible have been gathered, because the research is limited for companies supply chains present state. The data consists entirely of secondary data. Even though interviews are typically considered as the major sources for case research, according to Eriksson and Kovalainen (2008), other sources such as public data can sometimes be even more accurate, which is why the typical interview methods have been left out to exploit in this research. It is necessary to emphasize on this point, that the informations are based on sustainability reviews or reports of the companies, and do not include any insider information of the companies' actual strategies.

Company	Marimekko	nanso group	H & M	Björn Borg
Material applied	Sustainability review, 2019	Responsibility Report, 2019 (Vastuullisuuskatsaus) Web- page: https://nanso.com/pages/valmistus	Sustainability Performance Report, 2019 Press release, 2019	Sustainability Report, 2019 Annual Report, 2019

Table 1. The materials applied in the empirical part

The data from the reviews has been analyzed systematically, and the important parts considering the research questions have been divided from the context thematically in the beginning of the research process. Themes regarding the research questions were divided as followed: Supplier monitoring, development areas in supply chain transparency and transparency in sustainability reporting. Like Eriksson and Kovalainen (2008) lined, that in typical qualitative case research way, the case companies were first analyzed separately, and then the important features regarding the research questions were compared to one another in cross-case analysis.

4.2 Research implementation

In this section, the important information regarding this research have been gathered from the material applied. The actual research process from the materials started with the consideration of the sub-research questions, which build a bottom and offer wider understanding for the main research question. The first sub-research question, “What means are used to monitor supplier sustainability?” was taken into consideration first. From the sustainability review’s, straight references to these means were found from every case company’s reviews. The used means varied a little, but many common means were also recognized.

4.2.1 Supplier monitoring

From Marimekko's review, the means for supplier monitoring were easy to recognize. The company has presented in their own page four different main ways that they use: careful supplier selection including auditing or certification, Supplier Code of Conduct, and detailed monitoring and evaluating processes. The company also presents as a mean to monitor suppliers the participating on the industry wide cooperation. They line, that in selection process, in addition to commercial requirements suppliers are also facing the evaluation of their employees' labor conditions and safety practices, and are also evaluated concerning certificates of environmental and social responsibility. Suppliers from outside EU are required to be in the field of amfori BSCI- audits or SA8000- certification, or currently joining on them. All suppliers must commit to Marimekko's COC sustainability requirements, which act in accordance with amfori BSCI recommendations and for example prohibit the use of child labor. External experts are running audits in company's suppliers' factories, especially in the ones located in high- risk countries. Marimekko also participates in sustainability cooperation of the industry by being a member for example of amfori BSCI- project and Responsible Sourcing Network (RSN)- initiative. (Marimekko, 2019)

When it comes to means ensuring sustainability in supplier's acts, Nanso Group has done it a little bit differently in their sustainability review. They have introduced their suppliers separately in the report from 2019 but have not reported separately the means that they use themselves to ensure sustainability. In section, which deals with the sustainability of the products, it is told that during 2019 all of their head suppliers have been become as BSCI or Sedex audited, excluding ones from Finland, Estonia and Portugal which are not high-risk countries. The company presents the certifications, that its suppliers are using, and presents the sustainability targets that the suppliers have considering their own production. However, all of the suppliers presented seem to have relevant targets considering the most major issues in different dimensions of CSR. The separate presentation of the suppliers creates transparency between the company and stakeholders who read the review, even though the corporate means have not been presented. Company's approach to sustainability reporting can be found to be different when compared to for example Marimekko. (Nanso Group, 2019)

H&M's sustainability report from 2019 presents means to ensure supplier sustainability in a supply chain management- section of the report, and some parts in Fair & Equal- part of the report. The company tells, that they require specific levels of sustainability when choosing their suppliers. They use risk-based audits in monitoring suppliers' actions concerning these requirements. They also have Sustainable Impact Partnership Programme (SIPP), which they use with their suppliers to even deepen the sustainability assessment. SIPP includes for suppliers for example self-assessment, goal setting & capacity building, and dealing with incidents. H&M has a Code of Ethics, and Sustainability Commitment, which both are mandatory for suppliers to act accordance with. Code of Ethics is a combination of company's expectations for trust and transparency in supplier relationship. Sustainability Commitment includes other basic requirement and expectations for company's suppliers. On their website, company also adds that they have different policies for example considering child labor, chemicals, animal welfare and material ethics. (H&M, 2019)

In their sustainability review's responsible production- part, Björn Borg first presents their COC, which has been adapted from amfori BSCI COC, like Marimekko has also done. The principles the COC presents, are concerning for example with child labor, ethical business behavior, special protection of younger workers, health and safety, and protection of environment. The COC requires suppliers to follow Björn Borg's sustainability requirements. Björn Borg also has so-called Supplier Guide, which also gives suppliers guidance concerning sourcing. The company also uses supplier audits by an independent inspection firm. In review, they also perform a chart of supplier audit overview, which presents their suppliers shares of the supplying and the results gotten from audit- tests. In the review, the company also highlights that they have specific targets concerning improvements in sustainability for every supplier. Björn Borg also has some specific programs, for example Chemical Management Program, which has a Restricted Substance List, which all suppliers must sign. The company lines, that they mainly impact on their supplier by audits and mutual discussion.

4.2.2 Development areas in supply chain transparency

The second sub-research question in this research processes is related to the development areas, that have been found from the companies' sustainability review's. From all of the companies' development areas and future focuses in CSR field, the ones concerning transparency have been gathered to collect information for the second sub- research question, *"What kind of development areas companies are noticed from sustainability reporting concerning transparency?"* The development areas found are mentioned in the text by company themselves, and some of them can be otherwise brought up from the context by the author of this research.

When finding Marimekko's development areas from their review, the company writes that they want constantly increase the transparency in their supply chains, and in the future they want to provide their customers even more and more detailed information about their products origins. These things can be seen as a future transparency development targets for the company. Nanso Group mentions, that they monitor their development areas regarding CSR every year. Not much is told in the report about development areas in transparency.

H&M lines providing more information about product origins to be a development area concerning their transparency. The company wants to offer in the future their customers more easy and simple ways to gain those informations concerning their purchase. Company also lines, that they need to develop sustainability measurement and index, that would be common in fashion industry to provide every party clear and trustworthy information. The company writes, that future focus concerning transparency includes more public information concerning suppliers, and in higher quality than before. H&M also tells, that in following year they are going to take Higg Brand and Retail module in use. Also, one of the major target points in the future for H&M is, that they also look forward to different forms of industry wide cooperation to provide the wanted transparency for their customers. The company admits, that transferring those informations concerning transparency even more easy to found for customers is one future development areas, which is told more about in the discussion- chapter that introduces research findings regarding the second sub- research question.

As mentioned, Björn Borg has lined transparency to be one of their major issues. Björn Borg informs, that their goal for 2022 is to achieve full transparency in Tier 1, 2 and 3. They line, that the level of transparency in Tiers 2 and 3 has been a challenge because of the challenges of transferring their sustainability requirements for sub-contractors. That could be nominated as a development area. The company also aims to improve the amount of sustainable export materials in their supply chains. To 2030, Björn Borg aims to decrease their GHG emissions with 30%.

4.2.3 Transparency in sustainability reporting

As mentioned, sub- questions form a basis for the main research question. According to the theoretical part of this research and for example according to Wilhelm et al, (2016) if company is unsure about and cannot ensure its suppliers level of responsible acts, how could it promote to be transparent concerning its supply chains itself? When seeking for answer to the main research question, “How is supply chain transparency taken into account in companies sustainability reporting?”, case companies’ ways to elaborate the transparency were discovered to vary a lot. Concerning transparency, from the data was searched straight references about the current level of supply chain transparency, things related about whether the company is possibly planning to increase the level of it, and further mentions related to suppliers, for example about how well companies were informed about their supply chains and their suppliers actions.

The Finnish company presented first, Marimekko, lines in their sustainability review from 2019 as their aim to pursue the transparency in their supply chains towards the supplying of raw materials. They line in their sustainability review, that as a feature increasing transparency, on their website the stakeholders are already able to see the list of the suppliers, which cover 98% of Marimekko’s purchases. During 2019, company describes that the development has taken place in this area in their business. In their sustainability review, it can be clearly seen that supply chain transparency and its development areas are clearly brought to public and concerning the development process are being honest. The company also writes in their sustainability review about their “Behind the patterns”- question time in social media, where customers are able to present questions and make conversation about the products to increase transparency between the company and the customers.

In Nanso Group's sustainability review from 2019, there is not much told about transparency. In CEO's letter, it is mentioned that transparency is a part of their CSR work. However, the already mentioned presentations about suppliers are creating transparency between company and stakeholders who read the report. The company just has a different, maybe a little more personal approach to sustainability reporting compared to other case companies.

HM tells in their report from 2019 that they have been ranked in top five in Transparency index by Fashion Revolution, with 61%. The company has a section for transparency under the headline "Leading the Change", where transparency is more accurately taken in notice. It is told, that transparency has two ways to be part of implementing H&M's sustainability targets; by changing the processes and performance into more responsible, and by making it possible for customers to shop responsibly. The latter one is implemented by for example offering in online shopping more information about product materials.

As told before, Björn Borg has lined in their sustainability review from 2019 transparency to be one of their major issues and challenges. Björn Borg performs its aims to ensure transparency in supply chains in responsible production- part of their sustainability report from 2019. Supply chain transparency has its own section under the responsible production- part of the review. In the review, they line as one of the sustainability highlights in 2019 to be the full transparency in their production Tier one. The problems with transparency have been noticed during audits to lie in Tier 2 and 3, where the level of transparency is quite low in sub-contractor relationships. Regarding to Björn Borg, they are found to be mostly related to human rights, health and safety. The company is committed to United Nations sustainable development goals (SDGs), which is closely related to their agenda of transparent supply chain. (Björn Borg, 2019 (1))

5. Conclusions and summary

In recent years, transparency has become a vital factor in fashion companies supply chains for companies to meet customers' requirements towards it. This has increased the significance of supply chain management activities in companies operating on any industry, because supply

chain management includes the activities by which companies can have effect on those things in practical level. To bring their policies regarding for example CSR's different dimensions and supply chain transparency into customers' acknowledge, companies have started to report about their sustainability in sustainability reports or reviews. For example, in many European countries, this reporting has also become mandatory for the companies. In Finland and Sweden, the form in which the reporting is implemented, has been optional for companies. This thesis examined fashion companies' different ways of sustainability reporting and strived to find areas for development from them.

This section concludes this research by summarizing the main findings and comparing them to earlier theoretical findings by other authors in this field of business research. Also, the answer for the main research question is provided on the basis of the sub-research questions and other findings. The section also presents some opportunities and challenges for future research to consider and solve and evaluates the reliability of this research.

5.1 Discussion

In this research, as a case companies were chosen quite well-known fashion companies from Finland and Sweden. Both origin countries of the companies require sustainability reporting from companies with the features that the case companies have. All of the case companies had published sustainability reviews or reports from year 2019 which could be exploited for the purposes of this research. The aim of this research was to provide answers to the research questions, which from the first sub-research question processed the means, that companies utilized in supplier relationships to guarantee transparency in their supply chains. The selection of the means used was found to be pretty coherent between the companies, and the results back up quite highly the earlier theoretical findings in literature.

Govindal et al, (2018) wrote, that in business research history there has not been that much research concerning supplier selection based on CSR actors. Supplier selection based on sustainability factors was not told directly be in use in every company's reviews. Only another Finnish company has told directly in their review that they carefully select their suppliers to ensure supply chain transparency. However, from the reviews it could be concluded, that many fashion companies preferred long-term supplier relationships. This supports the idea of

long-term collaborative partnerships in every aspect of the business and buyer company's values. The results considering the use of COC's were in accordance with earlier theoretical findings on the area. Rajashekharaiyah, (2012) wrote that COC's are one of the most popular ways to monitor suppliers. During this research, Code of Conducts were also found to be widely used in fashion companies selected to this research. Three of the four companies told directly that they have COC in use, that suppliers need to commit to. Another interesting finding related to the use of COC's was, that they were in every case created in accordance to amfori BSCI COC.

The results regarding the use of audits back up earlier theoretical findings fluently, when for example Powell et al. (2013) lined audits to be a popular way for supplier monitoring in addition to COC's. All of the four companies were found using different kind of supplier audits to ensure their suppliers transparent and responsible practices. Based on the sustainability reviews, audits were seen to be the most widely used form of monitoring suppliers. Gonzalez-Padron (2016) wrote that the supplier audits can often be conducted by external audit- firm. This was found to be the case in many fashion industries in this research, and it was found that the most part of the companies in this research were using an external audit- firm. Like Gonzalez-Padron (2016) also has pointed out, that in addition to external audits, supplier audits can also be implemented as a visits to suppliers factories. This was also found to be used tactic in fashion companies, and for example Marimekko told in their sustainability review, that their employees regularly visit on their suppliers' factories to ensure for example the working conditions by themselves.

On my opinion, the popularity of the use of COC's and supplier audits is justified. As a means for supplier monitoring, those are the most simple and straightforward to implement. The outsourcing of the audit functions for external audit firms also helps the manufacturing companies to focus on their core competences, which increases the competitiveness of the company. I also prefer the use of COC's, because by them buyer companies are able to line their values clearly for the suppliers and find out easily if the partner is willing to cooperate with them.

Industry- wide cooperation was also found to be used as a way to ensure transparency in fashion supply chains. Three of the four case companies mentioned their willingness to cooperate with different companies on the industry to grow the level of transparency on it. Some fashion companies were also found to use some different programmes etc. as a various ways on ensuring transparency in fashion industry. For example, H & M has its own SIPP programme introduced in the methodology- section, that strives to grow the transparency. On my opinion, industry- wide cooperation is an important way for ensuring supply chain transparency and responsibility especially on the fashion industry, where these problems are often significant on a global scale.

The second sub-research question was “What kind of development areas are noticed in sustainability reporting concerning supply chain transparency?” The question processes the development areas or targets found from the reports. These were recognized straightly from the reviews, and it was clear that many of the companies were honest about the things related their transparency that need improving in the future. It can also be seen, that the companies have noticed the opportunity of achieving added value and differing from their competitors by striving a higher level of transparency, like Ahtonen and Virolainen (2009) wrote. Like written in the methodology- section, Marimekko mentioned in their sustainability review from 2019 their willigness into continually improving the transparency, which can be found to be their area for development regarding transparency. This kind of development area can be found to be a way to achieve added value. I personally think, that recognizing development areas is important for the fashion companies’ reputation, because people are more forgiving for the mistakes admitted than for lying. When revealed, hidden problems often bring out a bigger PR scandal.

In their sustainability performance report from 2019, H & M has clearly noticed an important strategic view related to traceability that Gardner et al, (2019) presented about improving transparency by improving traceability. H & M lined in their report as an area for development to be offering more and more easily available information about the raw materials origins. This can also be seen as a tachtique to improve sustainability reporting and developing the sustainability- related information offered for the customers. Like Amoako et al, (2017) wrote, these kind of improvements on sustainability reporting and sustainability- related information

available are one of the most efficient ways to effect on customers' opinions of the company. The development targets of the companies were also found to be highly related to the industry wide cooperation, because of for example the H&M's lining about developing common measurement techniques on the industry. If the industry wide cooperation is wanted to flourish in the future, it can be seen that some things related to sustainability reporting may need unification, because the findings about development areas were pretty different between the companies, when for example Nanso Group did not directly line their development areas in their sustainability review from 2019. I would say, that H & M has presented its development points strategically well, and by a way that benefits the company.

Like Muthu & Gardetti, (2016) defined, the results from this research back up the definition that on fashion industry the major challenges regarding transparency occur in the manufacturing stage. When processing transparency- related development areas, another Swedish company, Björn Borg, admitted in their sustainability report from 2019 transparency in its whole to be one of their largest issues, especially in their manufacturing Tier 2 and Tier 3. The reason for this was found to be very traditional on the industry, when the company presented the reason for this to be the difficulty of reaching sub- contractors without direct contact to them. Like Blome et al, (2016) wrote, these issues with sub-contractors have traditionally been one of the key reasons to the problems of ensuring transparency, so also when it comes to Björn Borg the findings of this research back up the earlier findings on the literature. It can be concluded that based on the idea of Blome et al, (2016), the management of sub- suppliers is a big challenge for many companies on the fashion industry and can harm many global brands. From these results, it can also be seen, like Dou et al, (2014) wrote, that the case companies have observed the significance of the supplier relationship development in supply chain improvements towards higher level of transparency. Based on the material, I would say that it can be seen that especially the listed companies have noticed the significance of sustainability reporting for their stakeholders, certainly also taking into account the shareholders perspective. From another perspective, it can be seen that non-listed companies may not see sustainability reporting as important tool as listed ones.

As a result of this research process and as an answer for the main research question, it can be found that in general fashion companies are taking supply chain transparency quite well in

account in their sustainability reviews. Suppliers' sustainability-related information has been provided for customers, and targets for future development have been set. Also, in many cases the evolution of supply chain transparency in the companies specifically during the last years has been presented. All of the companies' line supply chain transparency to be important for them and emphasize their values towards all the CSR dimensions in their reviews. Also, it can be seen that the companies have intentions into continual improvement from inside the supply chain, which is an idea introduced by for example Blome et al, (2016). It can still be concluded, that to improve the industry wide cooperation, the terminology of the field as well as the common responsibility aspects and efforts on sustainability reporting need more unification.

The results of this thesis grow understanding about the supply chain transparency in Fashion industry and provide relevant information about the current state of supplier monitoring in Finnish and Swedish Fashion companies. In addition, this thesis also elaborates how companies on the industry are at the moment conducting sustainability reporting considering these themes. In implementation of sustainability reporting, there were noticed creative differences between the companies. Assembled view based on sustainability reporting on the fashion industry was, that there were not much told about sustainability matters in supplier selection process in companies sustainability reviews. Code of Conducts and supplier audits were discovered to be widely used in the companies operating on fashion industry. Industry-wide cooperation and great willingness into that on sustainability matters was found to be common on the industry. This research helps the reader to understand, how important reporting about CSR-related things such as supply chain transparency is in the 21st century business environment. It also provides them information about how companies are able to monitor and evaluate their suppliers to achieve higher level of sustainability in their supply chains and supplier networks. In the best situation, this thesis provides a great overall picture about how fashion companies are able to monitor their supply chain transparency. On a large scale, the results of this thesis can be applied in practice as managerial implications for example when planning to start the sustainability reporting in companies on any industry, and also for example when considering the improvement of a manufacturing company's corporate social responsibility or supply chain transparency. This thesis provides a large picture of the important aspects considering supply chain transparency and evaluates the means of

sustainability reporting diversely. It also offers for exploitation a selection of beneficial means for influencing on those themes related the improvements in CSR or supply chain transparency. Because of this, the results can be beneficial for example for start-up companies, or companies who otherwise need a new and modern perspective for for example supplier selection or evaluating. In theory, the results of this thesis can serve a basis for more detailed research of supply chain transparency or open new research gaps in business research field, for example related to the financial effects of sustainability reporting.

5.2 Reliability and opportunities for the future research

The results of this research reflected, that fashion companies from Finland and Sweden have taken transparency in notice in their sustainability reporting in quite fine amounts. They also use a lot of different means to ensure transparency in their supply chains to back up this transparency in the reporting. The sample of the companies selected for the case is however quite small compared to the amount of companies operating on the industry, so there is no space for too much generalization based on the results of this thesis. The small amount of companies selected for analyzing in this thesis decreases the reliability of it. Also, it can be questioned how reliable sources the sustainability reviews are as a material, because it is obvious that significant global companies want to give the best possible impression for the consumers, and that leaves a possibility for embellishment of the information to achieve more attractive view on the market. However, the conclusions are quite clear, and in general level on the basis of this study it can be concluded that fashion companies monitor their suppliers' responsible ways to do business quite extensively and continually. As a counterbalance, the unity of the results with earlier theoretical material increases the reliability of the research. If sustainability reporting in fashion companies or other themes related to the research topic, such as supplier monitoring in fashion companies, is wanted to research more deeply, a research with a wider sample of case companies could be implemented. For a research like that, companies for example from countries or continents representing different cultures could be chosen to widen the perspective. A wider research like that could benefit a great amount of especially smaller fashion companies, which are trying to pursue consumer's attention by specializing in the responsibility aspects. That kind of research could also be interesting in the eyes of different groups of consumers, such as fashion fanatics who are

interested in corporate social responsibility in their purchases. However, it is also important for the procurement community that supply chain transparency has been researched by implementing a case study with this kind of small sample of case companies from quite similar premises, because the cross-case analysis has now more exact and detailed perspective into situations compared between the companies. It would also be interesting to research, if the factor that is the company listed or non-listed has effect on sustainability reporting.

The main themes related to this research, such as CSR and transparency will continue to be topical in 22th century business environment, and yet there are a lot of problems to be solved in the future considering the issues in them. Also, fashion industry is still facing a lot of issues related to their cost-efficient production. In general level, there are a lot of interesting research gaps for the future research to explore and solve. Related to this research, it would be intriguing to research why the companies seemed to use mostly audits in supplier monitoring, and why for example responsible supplier selection was not at least directly used that much as a preventive measure. It would be interesting to research, how the applied responsibility requirements in supplier selection effect to the needed amount of corrective actions in the long-term. It would also be interesting to examine, how aware fashion companies are about their supply chains grass roots, because it was noticed during this research that transparency and the sorting out of direct origins of all of the raw materials was a challenge for some of the companies. Concerning sustainability reporting, it would be interested to research how much companies are able to effect on consumers opinions through them, and do they create added value in sufficient amounts compared to the resources that the implementation of the reports requires.

During the research, it was found that the forms of which sustainability reviews were implemented varied a lot between the companies. It would be beneficial to explore, which informations and themes related to the responsibility and transparency would be the most important for customers to be informed in this kind of reviews, and to research in which amounts companies are able to achieve added value by sustainability reporting. Most important of all, it would be fascinating to examine more deeply by what other means companies are able to take a turn in their supply chains into even more transparent by supply chain management activities.

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