SUSTAINABLE SUPPLY CHAIN MANAGEMENT: A FOCUS ON INTERORGANIZATIONAL ENVIRONMENTAL AND SOCIAL PRACTICES

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DECLARATION

I do hereby attest that I am the sole author of this dissertation and that its contents are only the result of the readings and research I have done.

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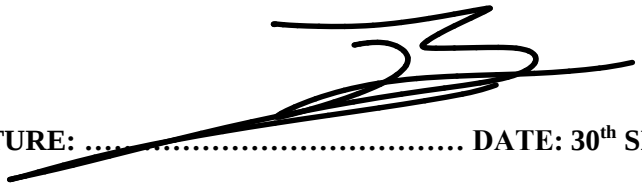

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ABSTRACT

The contemporary corporate agenda is increasingly influenced by a diverse array of stakeholder concerns, encompassing environmental sustainability, human rights, workers' health and safety, community welfare, and even the spread of pandemic virus. These multifaceted issues extend beyond the traditional shareholder emphasis on financial returns, compelling numerous companies to address environmental and social challenges that lie outside their direct hierarchical control and influence.

This dissertation explores the intersection of Corporate Social Responsibility (CSR) and Supply Chain Management (SCM), specifically examining the juncture at which a focal company's CSR priorities become integral to its sourcing, purchasing, and supply management operations. This phenomenon is termed "upstream CSR."

Upstream CSR is defined as the management of environmental and social dimensions that originate or manifest upstream within the supply chain, beyond the focal company's direct hierarchical control. Despite the heterogeneity of this phenomenon, the unifying objective is to prevent, mitigate, or eliminate adverse environmental and social impacts within the supply chain, and/or to verify compliance with specific environmental and social standards.

Life cycle thinking has undergone significant evolution over the years, with varying definitions and applications. However, several core principles underpin its compelling logic. Firstly, it posits that virtually all environmental impacts are attributable to the production, use, and end-of-life management of products and services. Secondly, it asserts that a fair environmental comparison between two products is only feasible if all impacts throughout their life cycles are considered. Thirdly, it recognizes that decisions made in one phase of the life cycle can have substantial, either negative or positive, environmental repercussions in preceding and/or subsequent stages. Lastly, and perhaps most compellingly, it suggests that informed decisions regarding products and services can influence the nature and extent of environmental impacts associated with production and consumption, irrespective of their geographical origins.

In essence, life cycle thinking empowers various actors—private consumers, companies, and policymakers—to extend their influence beyond their immediate control. This enables them to positively impact environmental issues that arise in different parts of the world, whether these issues originate globally or locally at the point of consumption or disposal.

As a consumer aiming to incorporate life cycle considerations, I am inherently reliant on companies' willingness and capability to furnish appropriate information and ensure a certain level of environmental

and social performance within their supply chains. This dependency extends to policymakers engaged in product-oriented environmental policy. This project is fundamentally justified by the overarching objective of enhancing our understanding of the phenomenon of upstream CSR.

This dissertation aims to achieve this objective through two distinct contributions. Firstly, through in-depth case studies encompassing several tiers of a specific supply chain in the textile/fashion industry, it seeks to provide a deeper understanding of how companies in this sector address the task of verifying and influencing environmental and social aspects occurring upstream in the supply chain. Secondly, by integrating the findings from empirical research with an in-depth analysis of pertinent literature, this study aims to offer an overview of the current body of academic knowledge related to upstream CSR and to develop a framework through which this complex phenomenon can be understood and further explored.

Research Design

This dissertation is structured into distinct sections that reflect the research design. The first section, introduces the topic and outlines the research presented in this work. The second section, presents the results of a desktop study based on an in-depth review of academic literature pertinent to upstream Corporate Social Responsibility (CSR). The objective here is to provide a comprehensive and structured overview of the existing body of academic knowledge in this field.

The third section, details the findings from field research. This includes a case study of upstream CSR in the textile industry and examines four different upstream CSR initiatives implemented by a large multinational fashion retailer. The final section, presents the overarching analysis and a suggested framework for upstream CSR.

Potential Key Findings

The most fundamental insight derived from this research project is the recognition that the management of environmental and social aspects within the supply chain is a highly heterogeneous phenomenon. The unifying element is the intention to address environmental or social issues that arise upstream within the supply chain, beyond the company's direct hierarchical control and influence. Beyond this commonality, there are variations at multiple levels, including the specific issues addressed, the approaches employed to tackle them, the drivers behind corporate actions, and the contexts in which companies operate.

Additionally, significant heterogeneity exists in how this phenomenon is conceptualized in research, writing, and discussions. Due to the absence of common frameworks, I sought to identify patterns that

would enable the creation of a typology or framework for upstream CSR. This framework aims to contextualize my research within the broader field of upstream CSR, providing a structured approach for future studies.

Before introducing the framework depicted in Figure-1 below, it is important to emphasize that this description is approached from the perspective of practitioners within the focal company. This perspective does not diminish the framework's utility for external stakeholders, such as policymakers. On the contrary, understanding upstream Corporate CSR from the viewpoint of those responsible for its implementation is crucial for those aiming to promote it.

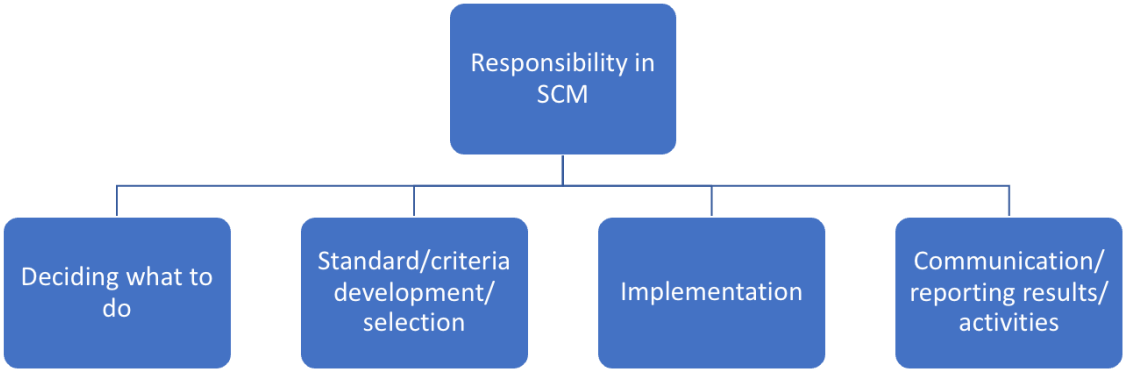

Figure-1: Four generic challenges associated with upstream CSR

To contextualize my research within the broader field of upstream CSR, I began by defining four general tasks associated with upstream CSR. These tasks are not exclusive to upstream CSR but must be integrated into a comprehensive CSR conceptualization. However, these tasks acquire additional dimensions when relevant issues arise in the upstream supply chain. It is important to note that these tasks do not represent a linear, stepwise approach, nor will all companies address all four tasks. From the perspective of corporate practitioners, these tasks are common challenges associated with upstream CSR. While distinct in nature, they clearly influence one another.

Given that many companies have limited resources to allocate to upstream CSR, it is noteworthy that the tasks involved are quite diverse in nature. This diversity implies that the requisite skills to address these tasks will also vary. Figure-2 below illustrates the extent of these differences by adding an additional dimension to the framework.

Figure-2 : Four generic challenges associated with upstream CSR

While the aforementioned figure aids in organizing our thoughts and structuring our discussion, it does not elucidate the methods by which each of these challenges can be addressed. Through my case studies, I have examined how companies have tackled the challenges associated with the implementation of upstream CSR. A general observation is that this challenge can be approached in a myriad of ways. Nevertheless, certain general patterns can still be discerned.

Previous research has suggested that a key determinant for upstream CSR strategies is whether the initiative focuses on ensuring acceptable levels of supplier performance/processes or is rooted in the focal company's ambition to deliver environmentally friendly or sustainable products. My research also indicates that the product versus process dimension is pertinent when it comes to methods of interorganizational verification. However, this relevance is contingent upon the ability to verify product-related criteria through inspection of the delivered product, which is often not the case. Since environmental product criteria frequently involve process-related requirements, verification of these criteria must still be conducted on-site, either by the focal company or by a third-party service provider. Consequently, I cannot assert that I have found significant support for the process/product focus as a distinctive factor determining the approach to upstream CSR in my case studies.

What did emerge as a significant factor, however, is whether suppliers or products that meet the desired environmental or social standards are readily available in the market or not. Additionally, it is crucial whether relevant aspects are easily verifiable or not from the perspective of the focal company. This contextual factor is pivotal, as it determines whether the focal company will need to engage in activities designed to exert influence over other actors in its supply chain and/or establish systems for the verification of relevant aspects. Essentially, this factor delineates the difference between a scenario where the focal company needs to engage in interorganizational management of environmental or social aspects and a scenario where the focal company can address an upstream impact by simply including

compliance with environmental and/or social criteria as a qualifying criterion in their sourcing/purchasing decisions.

When products or suppliers that comply with desired criteria are easily verifiable and readily available, the implementation of upstream CSR will primarily focus on product or supplier selection, without necessitating significant alterations to the focal company's sourcing process. Conversely, when such conditions are not met, the focal company must devise methods to exert influence and verify compliance. This may involve motivating and enabling relevant parties to align with the focal company's objectives, as well as establishing procedures for monitoring and inspections.

It is important to acknowledge that companies may adopt entirely different approaches to address negative environmental or social impacts arising upstream in their supply chains. Companies recognizing some form of responsibility for an upstream aspect may choose to address this through measures that do not involve specific actors within their own supply chain.

Furthermore, it is crucial to distinguish whether the focal company opts to address the challenge of interorganizational management of environmental and social aspects independently or in collaboration with competitors. Collaborative approaches typically aim to develop common standards and verification systems, with the underlying purpose of ensuring that products or suppliers meeting the criteria are easily verifiable and readily available in the market.

In practice, there are numerous pragmatic reasons for a focal company to choose to work independently rather than in collaboration with competitors and potentially other stakeholders. One reason is that a collaborative process may take longer to initiate compared to independent action, as negotiations over standard formulation and similar aspects may be protracted. Another reason is the reluctance to share information with competitors. However, theoretically, the only compelling reason for developing individual approaches to upstream CSR is if the focal company seeks to be unique in its environmental and social claims.

The advantages of being a large organization include the ability to leverage substantial purchasing volumes as an incentive for suppliers, as well as the capacity to absorb costs associated with specialist competence and staff resources dedicated to addressing environmental and social aspects within the supply chain. However, large organizations may face disadvantages such as reduced flexibility and agility in transitioning to more progressive suppliers due to the extensive size of their supply base. Additionally, aligning internal management systems and procedures to achieve internal goal congruency may take longer.

Conversely, smaller organizations benefit from greater flexibility due to a smaller supply base and a more compact internal structure, which can facilitate swifter changes in achieving internal goal congruency. However, smaller focal companies may struggle to bear the costs associated with establishing in-house specialist functions.

While the size of the focal company can influence its ability to administer rewards and sanctions for suppliers, it is important to note that the exercise of influence in the supply chain extends beyond sanctions and rewards. It often involves enabling suppliers to appropriately address relevant aspects and changing the attitudes of key actors within the supply chain.

The studies clearly indicate that a focal company may manage different issues or aspects through various approaches. It is evident that the availability of products or suppliers that meet the focal company's needs and the verifiability of aspects (e.g., through commonly accepted certification or labeling schemes) are significant factors. However, other factors also play a crucial role in determining the approaches selected by focal companies. These factors include the focal company's motives and the perceived value linked to achieving improvements, the nature of the aspect being addressed and whether it can be verified through process or product control, the nature of interorganizational relations between the focal company and its suppliers, and the tier of the supply chain in which the aspect arises.

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The journey of completing a PhD is often described as a challenging and arduous path. For me, it has been a particularly difficult and frequently interrupted one. I would be remiss if I didn't admit my relief at its nearing conclusion. Nonetheless, I have always felt immensely fortunate to have had the opportunity to embark on this journey, and I am profoundly thankful to all those who have made it possible. I would like to extend my deepest gratitude to all those who have supported and contributed to the completion of my research and dissertation, both directly and indirectly.

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TABLE OF CONTENTS

DECLARATION ..... **i**
ABSTRACT ..... **ii**
ACKNOWLEDGMENTS ..... **viii**
Table of Contents ..... **ix**
List of Figures ..... **xii**
CHAPTER 1 ..... **1**
INTRODUCTION AND AIM OF STUDY **1**
1.1 Introduction 1
1.2 Aim of Study 5
CHAPTER 2 ..... **11**
LITERATURE REVIEW **11**
2.1 Literature Perspectives used to inform research in this field 11
2.2 Theory that describes the context 12
2.3 The resource-based view of the firm and the natural resource based view of the firm 23
2.4 The relational View of The Firm 25
2.5 Transaction Cost Analysis 26
2.6 Transaction Cost Economics 27
2.7 Game Theory 28
2.8 Stakeholder Theory 29
2.9 Business Ethic Theory 30
CHAPTER 3 ..... **31**
METHODOLOGY AND DATA **31**
3.1 Scientific Research Paradigm 32
3.2 Methodology 32
3.3 Qualitative Research 33
3.4 Research Paradigm & Lanscape 36
3.5 Reasearch Design 37
3.6 Data & Case Selection 39
3.7 Method Applied in the Case Study of H&M 43
3.8 About the Included Material 46
3.9 Methods Applied 49

CHAPTER 4 ..... **52**

CONTENTS OF THE RWSEARCH 52
4.1 Sketching the Outline of Our Body of Knowledge on Upstream CSR 52
4.2 Defining the Phenomenon of Upstream CSR 56
4.3 What is driving the phenomenon of upstream CSR? 57
4.4 External Pressure and Expectations on Upstream CSR 59
4.5 Projected Financial Implications 70
4.6 Influence of Supply Chain Characteristics on the Adoption of Upstream CSR 72
4.7 Determinants of Upstream CSR: Firm Size and Organizational Dynamics 75
4.8 The Influence of Personal Attitudes and Awareness on Upstream CSR Implementation. 81
4.9 Typologies and Practices of Upstream CSR 82
4.9.1 Consideration of Environmental and/or Social Criteria/Standards Related to the Product in 86
4.9.2 Environmental Requirements/Criteria Related to Manufacturing Processes 87
4.9.3 Inclusion of Environmental Considerations in Supplier Assessmen 87
4.9.4 Promotion of Social and Economic Development in Supplier Communities 87
4.9.5 Integration of Circular Economy Principles into Supply Chain Managemen 88
4.9.6 Improved Efficiency in and Reduced Impacts Associated with Inbound and Outbound Logistics 88
4.9.7 Supplier Capacity Building and Training Programs 88
4.9.8 Collaboration and Partnership Initiatives 88
4.9.9 Transparency and Traceability Initiatives 88
4.9.10 Implementation of Environmental Management Systems (EMS) within the Supply Chain.. 89
4.10. Enhancing Supply Chain Sustainability through Mentoring and Collaboration 91
4.11 Implementing Supplier Codes of Conduct: Lessons from Empirical Studies 94
4.12 Interorganizational and intercultural challenges in upstream CSR 101
CHAPTER 5 107
CASE STUDY DISCUSSION 107
5.1 Contextual Background of H&M's Upstream CSR Initiatives 110
5.2 H&M's Supply Chain Structure 112
5.3 Social and Environmental Aspect in H&M's Procurement 116
5.4 H&M's Strategies for Reducing Environmental Impacts 119
5.5 Development and Evolution of H&M's Restricted Substance 121
5.5.1 H&M's Strategies for Mitigating Restricted and Toxic Substances 122
5.5.2 Supplier Tiers and Compliance Responsibility 124
5.5.3 Addressing Compliance Challenges in a Multi-Tiered Supply Chai 125
5.5.4 Resource Allocation in Compliance Consequenses & Monitoring 127

5.6. Implementation and monitoring of H&M's Code of Conduct for suppliers 128
5.6.1 Environmental & Social Management in H&M's Code of Conduct: Standards and Implementation 130
5.6.2 Collaborative Approaches to Code of Conduct Development 134
5.6.3 Capacity Building and Supplier Development Initiatives 135
5.7 SEMS and ENFAP: Cleaner production for wet processing mills 137
5.8 Strategic Implications and Industry Leadership in Sustainability 139
5.9 The Multifaceted Nature of Upstream CSR: Proactive Adaptation to Evolving CSR Challenges. 141
CHAPTER 6 144
CONCLUSION 144
6.1 Concluding remarks – key learnings to take away 144
6.2 Reflections of relevance for corporate practitioners 150
6.3 Recommendations for future research 152
BIBLIOGRAPHY xiii

LIST OF FIGURES

Figure 1 Four Generic Challenges Associated With Upstream CSR.....iv
Figure 2 Four generic challenges associated with upstream CSR v
Figure 3 Mintzberg's themes, or strategies, for "direct" research 35

CHAPTER 1:

INTRODUCTION AND AIM OF STUDY

1.1 Introduction

Assuming responsibility for environmental and social aspects within the supply chain necessitates that the focal company devises effective methods to manage these aspects. This responsibility is not merely a superficial commitment but requires a comprehensive approach to identify, monitor, and address relevant issues. At a minimum, the focal company must be capable of verifying the pertinent aspects that emerge within the supply chain. Verification involves rigorous assessment processes to ensure that all environmental and social standards are met consistently. This foundational step is crucial for establishing a baseline of compliance and accountability.

To effectively manage environmental and social aspects, the focal company must first conduct a thorough risk assessment to identify potential issues within the supply chain. This involves mapping the entire supply chain to understand where risks are most likely to occur and which suppliers are involved. By identifying these risks early, the company can prioritize its efforts and allocate resources more efficiently to address the most pressing concerns.

Once risks have been identified, the focal company must implement monitoring mechanisms to track compliance with environmental and social standards. This can include regular audits, supplier self-assessments, and the use of technology such as blockchain to enhance transparency. Monitoring is an ongoing process that requires continuous attention to ensure that standards are maintained over time. It also involves engaging with suppliers to build their capacity to meet these standards, which can include training programs and providing resources to support compliance.

Addressing identified issues is another critical component of managing environmental and social aspects within the supply chain. When non-compliance is detected, the focal company must take corrective actions to remedy the situation. This can involve working directly with suppliers to develop improvement plans, setting clear timelines for achieving compliance, and conducting follow-up assessments to ensure that corrective actions have been implemented effectively. In some cases, it may also involve terminating relationships with suppliers who are unwilling or unable to meet the required standards.

In addition to these reactive measures, the focal company should also adopt proactive strategies to prevent environmental and social issues from arising in the first place. This can include setting clear expectations for suppliers through codes of conduct, integrating sustainability criteria into supplier selection processes, and fostering long-term partnerships with suppliers who demonstrate a commitment

to responsible practices. By taking a proactive approach, the company can create a culture of sustainability within its supply chain and reduce the likelihood of non-compliance.

The role of stakeholder engagement is also paramount in managing environmental and social aspects within the supply chain. The focal company must engage with a wide range of stakeholders, including suppliers, customers, investors, and non-governmental organizations, to understand their expectations and concerns. This engagement helps to build trust and credibility, and it provides valuable insights that can inform the company's strategies and actions. Effective stakeholder engagement also involves transparent communication about the company's efforts and progress in managing supply chain sustainability.

Technological advancements play a significant role in enhancing the company's ability to manage environmental and social aspects within the supply chain. Innovations such as data analytics, artificial intelligence, and blockchain can provide greater visibility and traceability, enabling the company to monitor compliance more effectively and respond to issues more quickly. By leveraging these technologies, the company can enhance its capacity to manage complex supply chains and ensure that environmental and social standards are upheld.

The importance of a comprehensive approach to managing environmental and social aspects within the supply chain cannot be overstated. This approach must be integrated into the company's overall business strategy and supported by strong leadership and governance structures. It requires a commitment to continuous improvement and a willingness to adapt to changing circumstances and emerging challenges. By embedding sustainability into the core of its operations, the company can create long-term value for both its business and society.

To actively contribute to positive change, the focal company must also exert influence over those actors in the supply chain who control these relevant aspects. This influence extends beyond mere compliance and involves proactive engagement with suppliers and other stakeholders. The focal company must develop strategies to encourage and, where necessary, enforce sustainable practices throughout the supply chain. This may include providing training, resources, and incentives to suppliers to adopt more sustainable practices. The ability to influence these actors is critical for driving systemic change and achieving long-term sustainability goals.

It is important to note that these relevant aspects may arise at any point in the supply chain, sometimes several tiers removed from the focal company. This complexity adds a layer of challenge, as issues may emerge beyond the focal company's direct hierarchical control and contractual business relations. The dispersed nature of modern supply chains means that environmental and social risks can be hidden deep within the network of suppliers. Therefore, the focal company must implement robust mechanisms for

traceability and transparency to identify and manage these risks effectively. This often requires collaboration with third-party auditors and the use of advanced technologies such as blockchain.

Although there is an increasing number of companies actively addressing environmental and social aspects within their supply chains, this remains a relatively new phenomenon. Publicly available knowledge on the subject is still limited, which poses a challenge for companies seeking to benchmark their practices and learn from others. The scarcity of comprehensive data and case studies makes it difficult to develop best practices and industry standards. Consequently, there is a pressing need for more research and documentation of successful strategies and outcomes in this area. Academic and industry collaborations can play a pivotal role in filling this knowledge gap.

Although there is an increasing number of companies actively addressing environmental and social aspects within their supply chains, this remains a relatively new phenomenon, and publicly available knowledge on the subject is still limited.

From a corporate perspective, understanding how to address issues that arise in the supply chain is crucial. The fundamental question is straightforward: If our company is expected to address specific problems within our supply chain, how can we do so as effectively and efficiently as possible? It is also essential for corporate practitioners to comprehend the various approaches to influencing and verifying environmental or social aspects in the supply chain, including the resources and competencies required, as well as the potential consequences in terms of cost, supplier dependency, and flexibility.

Frontier knowledge in this area is likely held by companies that have pioneered these efforts. Therefore, it is valuable to create publicly available knowledge by studying such companies to document and analyze their practices and the lessons they have learned. However, while it is beneficial to learn from these companies, it is also important to recognize that they operate within specific contexts, often employing a limited range of approaches. Thus, documenting the lessons learned from individual companies is worthwhile, but it is equally important to obtain a comprehensive view of the different approaches used and their associated possibilities, challenges, and consequences. Given that environmental and social responsibility increasingly follows the product life cycle, it is also crucial to understand how companies can manage aspects beyond their first tier in the supply chain.

While it is advantageous to learn from these pioneering companies, it is essential to acknowledge that their operations are often context-specific. These companies typically employ a limited range of approaches tailored to their unique circumstances. Consequently, while documenting the lessons learned from individual companies is beneficial, it is equally important to adopt a holistic perspective. This broader view should encompass the diverse strategies employed across different contexts, along with their associated possibilities, challenges, and outcomes.

Moreover, the increasing emphasis on environmental and social responsibility throughout the product life cycle necessitates a comprehensive understanding of supply chain management beyond the first tier. Companies must navigate the complexities of managing environmental and social impacts not only within their immediate operations but also across their entire supply chain network. This includes engaging with suppliers, sub-suppliers, and other stakeholders to ensure responsible practices are upheld at every stage.

To achieve this, it is imperative to develop frameworks and methodologies that can capture the multifaceted nature of supply chain sustainability. These frameworks should be capable of assessing the effectiveness of various approaches, identifying best practices, and highlighting areas for improvement. By doing so, researchers and practitioners can foster a more sustainable and socially responsible supply chain ecosystem.

While the pioneering efforts of individual companies provide valuable insights, a comprehensive and context-sensitive approach is crucial for advancing knowledge in the field of supply chain environmental and social responsibilities. The United Nations Sustainable Development Goals (UN SDGs) serve as a guiding framework for these efforts, emphasizing the need for sustainable practices across all sectors. By documenting and analyzing a wide range of practices and their outcomes, the industry can develop robust strategies to address the environmental and social challenges inherent in supply chain management, thereby aligning with the UN SDGs.

One of the key aspects of this comprehensive approach is the need to understand the diverse contexts in which companies operate. Each company faces unique challenges and opportunities based on its geographical location, industry sector, and stakeholder expectations. By taking these contextual factors into account, researchers and practitioners can develop tailored strategies that are more effective in promoting sustainability. This context-sensitive approach ensures that the solutions are not only theoretically sound but also practically applicable, thereby enhancing their impact on achieving the UN SDGs.

Furthermore, documenting and analyzing a wide range of practices allows for the identification of best practices and innovative solutions that can be scaled and replicated across different contexts. This process of knowledge sharing and dissemination is crucial for accelerating progress towards the UN SDGs. By learning from the successes and failures of others, companies can avoid common pitfalls and adopt more effective strategies for managing their supply chains responsibly. This collaborative approach fosters a culture of continuous improvement and innovation, which is essential for addressing the complex and evolving challenges of sustainability.

In addition to developing robust strategies, a holistic understanding of supply chain environmental and social responsibilities also involves recognizing the interconnectedness of various sustainability issues. For instance, efforts to reduce carbon emissions in the supply chain can also contribute to improving air quality and public health, thereby supporting multiple UN SDGs simultaneously. By adopting an integrated approach, companies can maximize the positive impact of their sustainability initiatives and contribute to a more sustainable and equitable global economy.

Ultimately, the creation of more sustainable and responsible supply chains requires a concerted effort from all stakeholders, including businesses, governments, and civil society. By aligning their strategies with the UN SDGs and adopting a comprehensive and context-sensitive approach, companies can play a pivotal role in driving systemic change. This holistic understanding will not only enhance the resilience and sustainability of supply chains but also contribute to the broader goal of achieving a sustainable future for all.

1.2 Aim of Study

My research was particularly focused on understanding how companies address challenges when the aspects they seek to influence and/or verify extend beyond the first tier of their supply chain. Throughout the course of my case studies, it became evident that while verification and influence are central to a company's ability to assume responsibility and contribute to positive change, these are not the only tasks that practitioners and researchers associate with this phenomenon. The complexity of upstream Corporate Social Responsibility (CSR) extends far beyond these initial tasks.

During my case studies, it became clear that from the perspective of corporate practitioners, upstream CSR encompasses a broader range of activities and considerations. These include engaging with multiple stakeholders, navigating regulatory landscapes, and implementing sustainable practices across various tiers of the supply chain. This realization prompted me to seek a broader perspective by turning to the existing literature on the subject.

However, my review of the literature revealed a significant gap. Rather than finding a comprehensive framework or platform into which my research findings could be integrated, I discovered that most studies focused on specific elements of upstream CSR. These studies often failed to clearly articulate how their focus fit into the larger context of supply chain sustainability. This lack of a cohesive framework highlighted the fragmented nature of current research in this area.

Upstream CSR is inherently a messy and complex phenomenon, reflecting the multifaceted challenges companies face in managing their supply chains responsibly. The current literature mirrors this

complexity but lacks the structures and common perspectives needed to provide a holistic understanding. There is a pressing need for frameworks that can capture the diverse aspects of upstream CSR while situating them within a broader context.

My research also underscores the importance of developing comprehensive frameworks that can encompass the various facets of upstream CSR. By doing so, we can continue to explore the intricate details of this phenomenon while maintaining a clear view of the larger context. This approach will enable both practitioners and researchers to better understand and address the complexities of managing supply chains in a socially and environmentally responsible manner.

In my dissertation, I aim to make two distinct contributions to the overarching goal of enhancing our understanding of the phenomenon of upstream CSR. The first contribution is focused on a specific level, where my objective is to provide a deeper understanding of how companies in the textile sector address the task of verifying and influencing environmental and social aspects that occur one or several tiers upstream in the supply chain.

To achieve this, I have conducted extensive case studies within the textile industry, examining the strategies and practices employed by companies to manage upstream CSR. These case studies have provided valuable insights into the mechanisms and processes that companies use to ensure compliance with environmental and social standards beyond their immediate suppliers. By analyzing these practices, I aim to shed light on the challenges and opportunities that companies face in their efforts to influence and verify upstream activities.

Furthermore, my research delves into the specific methodologies and tools that companies utilize to monitor and enforce CSR standards in their supply chains. This includes an examination of auditing practices, supplier engagement strategies, and the use of technology to track and report on CSR performance. By providing a detailed analysis of these approaches, my dissertation contributes to a more nuanced understanding of how companies can effectively manage upstream CSR.

In addition to documenting current practices, my research also explores the broader implications of these efforts for the textile industry as a whole. This includes an assessment of the impact of upstream CSR on overall supply chain sustainability, as well as the potential for these practices to drive industry-wide change. By situating my findings within the larger context of supply chain management, I aim to highlight the significance of upstream CSR for achieving long-term sustainability goals.

My dissertation also seeks to bridge the gap between theory and practice by providing actionable insights that can inform both academic research and corporate strategy. By offering a comprehensive analysis of how companies in the textile sector address upstream CSR, I hope to contribute to the development of

more effective and sustainable supply chain practices. This, in turn, will enhance our overall understanding of the complexities and challenges associated with managing CSR in global supply chains.

In my case studies I have sought to answer the following questions:

1. What does the focal company do to a) exercise influence over actors in its supply chain who control relevant environmental or social aspects and b) verify that relevant aspects are in compliance with the goals/criteria set by the focal company? What activities and processes are involved and how are these organised?
2. What does this entail for the focal company and what consequences does this have other affected actors in the supply chain, as well as for the structure, processes and flows in the supply chain?

Next contribution I seek to make in this dissertation is on a more general level, where my objective has been to provide a comprehensive overview of the current body of academic knowledge related to upstream CSR. This involves synthesizing existing research to identify key themes, trends, and gaps in the literature. By doing so, I aim to offer a holistic understanding of upstream CSR, which encompasses the various strategies, challenges, and outcomes associated with managing CSR beyond the first tier of the supply chain.

To achieve this, I have conducted an extensive literature review, examining a wide range of academic sources, including journal articles, books, and industry reports. This review has allowed me to map out the landscape of upstream CSR research, highlighting the diverse approaches and methodologies that scholars have employed to study this complex phenomenon. By systematically categorizing and analyzing these studies, I provide a structured overview that can serve as a foundation for future research in this area.

In addition to summarizing the existing body of knowledge, my dissertation also seeks to develop a conceptual framework through which upstream CSR can be understood and further explored. This framework integrates insights from various disciplines, including supply chain management, environmental science, and social responsibility, to offer a multidimensional perspective on upstream CSR. By doing so, I aim to bridge the gap between theory and practice, providing a tool that can be used by both researchers and practitioners to navigate the complexities of upstream CSR.

Furthermore, my framework addresses the dynamic and evolving nature of upstream Corporate Social Responsibility (CSR), taking into account the changing regulatory environments, stakeholder expectations, and technological advancements that influence corporate practices. This comprehensive

approach is essential for aligning with the United Nations Sustainable Development Goals (UN SDGs), which emphasize the importance of sustainable and responsible business practices across all sectors.

The regulatory landscape for CSR is continually evolving, with new laws and guidelines being introduced to promote environmental and social responsibility. My framework incorporates these regulatory changes, ensuring that companies can remain compliant while also advancing their sustainability goals. By staying abreast of regulatory developments, companies can proactively adapt their practices to meet new standards, thereby contributing to the achievement of UN SDG 12, which focuses on responsible consumption and production.

Stakeholder expectations are another critical factor influencing upstream CSR. Consumers, investors, and other stakeholders increasingly demand transparency and accountability from companies regarding their environmental and social impacts. My framework emphasizes the importance of engaging with stakeholders to understand their concerns and expectations. This engagement not only helps companies build trust and credibility but also aligns with UN SDG 16, which promotes inclusive and participatory decision-making processes.

Technological advancements play a pivotal role in enhancing the effectiveness of upstream CSR initiatives. Innovations such as blockchain, artificial intelligence, and data analytics enable companies to monitor and manage their supply chains more efficiently. By incorporating these technological tools, my framework provides a flexible and adaptable approach to understanding and addressing upstream CSR. This adaptability is crucial for capturing the diverse and context-specific challenges that companies face, thereby supporting UN SDG 9, which advocates for industry, innovation, and infrastructure.

The flexibility and adaptability of my framework allow it to be applied across different industries and contexts. This cross-sector applicability is vital for addressing the unique challenges and opportunities that various industries encounter in managing their supply chains responsibly. By providing a versatile tool for understanding upstream CSR, my framework contributes to the broader goal of achieving sustainable and responsible supply chains, in line with the UN SDGs.

My framework offers a comprehensive and adaptable approach to understanding upstream CSR, taking into account the dynamic regulatory environments, stakeholder expectations, and technological advancements. By incorporating these factors, the framework not only enhances our understanding of upstream CSR but also provides practical insights for companies striving to align their practices with the UN SDGs. This holistic approach is essential for capturing the diverse challenges of managing supply chains responsibly and ultimately contributes to the creation of more sustainable and equitable global supply chains.

In conclusion, the second contribution of my dissertation lies in providing a comprehensive overview of the current academic knowledge on upstream CSR and developing a robust framework for understanding this phenomenon. This contribution not only enhances our theoretical understanding of upstream CSR but also offers practical insights that can inform corporate strategies and policies. By advancing both the academic and practical discourse on upstream CSR, my dissertation aims to contribute to the development of more sustainable and socially responsible supply chains.

The comprehensive overview of academic knowledge on upstream CSR presented in my dissertation serves as a critical foundation for future research in this area. By systematically reviewing and synthesizing existing studies, I have identified key themes, trends, and gaps in the literature. This syndissertation provides a clearer picture of the current state of knowledge and highlights areas where further investigation is needed. Such a thorough review is essential for advancing our theoretical understanding of upstream CSR and for guiding future research efforts.

In developing a robust framework for understanding upstream CSR, my dissertation addresses the complexity and multifaceted nature of this phenomenon. The framework integrates insights from various disciplines, including supply chain management, environmental science, and social responsibility, to offer a multidimensional perspective on upstream CSR. This interdisciplinary approach is crucial for capturing the diverse factors that influence CSR practices and for providing a comprehensive understanding of how companies can manage their supply chains responsibly.

One of the key strengths of the framework developed in my dissertation is its adaptability. The framework is designed to be flexible and applicable across different industries and contexts. This adaptability is important because it allows the framework to be used by a wide range of companies, regardless of their specific circumstances. By providing a versatile tool for understanding upstream CSR, my framework can help companies navigate the unique challenges they face in managing their supply chains.

The practical insights offered by my dissertation are particularly valuable for corporate strategies and policies. By analyzing the practices of leading companies and identifying best practices, my research provides actionable recommendations that companies can implement to improve their CSR performance. These insights can help companies develop more effective strategies for managing their supply chains and for addressing the environmental and social challenges they encounter.

In addition to informing corporate strategies, the practical insights from my dissertation can also influence policy development. Policymakers can use the findings from my research to design regulations and guidelines that promote responsible supply chain practices. By aligning corporate strategies with

policy objectives, my dissertation contributes to the creation of a regulatory environment that supports sustainable and socially responsible supply chains.

The contribution of my dissertation to the academic discourse on upstream CSR is also significant. By providing a comprehensive overview of the literature and developing a robust framework, my research advances our theoretical understanding of this complex phenomenon. This theoretical advancement is important for building a solid foundation for future research and for fostering a deeper understanding of upstream CSR among scholars and practitioners.

My dissertation also highlights the importance of a holistic approach to understanding upstream CSR. By considering the interconnectedness of various sustainability issues and the diverse factors that influence CSR practices, my research emphasizes the need for integrated strategies that address multiple aspects of supply chain management. This holistic approach is essential for developing comprehensive solutions that can effectively address the environmental and social challenges companies face.

The interdisciplinary nature of my research also contributes to the advancement of knowledge in related fields. By integrating insights from supply chain management, environmental science, and social responsibility, my dissertation provides a richer understanding of upstream CSR and its implications for sustainable supply chain management. This interdisciplinary approach fosters collaboration among scholars from different fields and promotes the exchange of ideas and knowledge.

Ultimately, the further contribution of my dissertation lies in its ability to bridge the gap between theory and practice. By providing a comprehensive overview of academic knowledge and developing a robust framework, my research offers valuable insights that can inform both academic research and corporate strategies. This dual contribution is essential for advancing our understanding of upstream CSR and for promoting the development of more sustainable and socially responsible supply chains.

In summary, further contribution of my dissertation is significant for both the academic and practical discourse on upstream CSR. By providing a comprehensive overview of the literature and developing a robust framework, my research enhances our theoretical understanding of this phenomenon and offers practical insights that can inform corporate strategies and policies. This contribution is crucial for advancing knowledge in this field and for promoting the development of sustainable and socially responsible supply chains.

CHAPTER 2:

LITERATURE REVIEW

2.1 Literature perspectives used to inform research in this field

Research in the field of environmental supply chain management has faced persistent criticism for its perceived lack of theoretical grounding. Scholars have repeatedly pointed out that theory remains underdeveloped in this domain. In their comprehensive review of environmental research within the supply chain literature, Zsidisin and Siferd (2001) emphasize the infancy of theory development in environmental purchasing. They observe that integration of theoretical perspectives from other disciplines into environmental supply chain research remains incomplete. The novelty of both environmental studies and supply chain research contributes to this gap (Zsidisin & Siferd, 2001, p. 70).

Despite the passage of five years, theory development has not made significant strides. Seuring and Müller (2008) echo this sentiment, noting that a robust theoretical background is often missing in environmental supply chain studies (p. 1706). However, it would be inaccurate to claim that the field remains entirely uninformed by theory. In this section, we delve into the references to theory identified in the reviewed literature.

While gaps persist, some scholars have made efforts to anchor their research in existing theories. These endeavors are crucial for advancing the field. Researchers have drawn upon concepts from disciplines such as economics, sociology, and operations management to inform their environmental supply chain studies.

Economic theories, such as transaction cost theory and agency theory, have been applied to understand decision-making processes related to sustainable procurement and environmental practices. For instance, transaction cost theory sheds light on the choice between in-house production and outsourcing environmentally friendly processes.

Social and behavioral theories play a pivotal role in understanding stakeholder behavior, corporate social responsibility, and adoption of sustainable practices. The theory of planned behavior, diffusion of innovations, and institutional theory have all found relevance in environmental supply chain research.

Scholars have explored frameworks specific to environmental management, including life cycle assessment, eco-efficiency, and industrial ecology. These theories guide assessments of environmental impacts, resource optimization, and circular economy practices within supply chains.

Despite these efforts, challenges persist in integrating diverse theoretical perspectives. Researchers grapple with reconciling conflicting theories and adapting them to the unique context of environmental supply chains. Interdisciplinary collaboration remains essential for bridging gaps and advancing theory development.

Recent trends indicate a shift toward more holistic approaches. Systems thinking, resilience theory, and sustainability science are gaining prominence. These frameworks encourage researchers to consider interconnectedness, long-term impacts, and adaptive strategies in environmental supply chain management.

While theory development continues, practitioners benefit from practical insights derived from empirical studies. These insights inform sustainable procurement practices, risk management, and stakeholder engagement.

Scholars, as stewards of knowledge, play a pivotal role. By weaving theory into empirical investigations, they enhance the field's depth and impact. As environmental supply chain research matures, the quest for theoretical rigor continues—a journey fueled by curiosity, collaboration, and commitment to a sustainable future.

2.2 Theory that describes the context

The study of CSR has increasingly focused on the upstream dimensions of supply chains. Scholars grapple with understanding the intricate web of interactions that shape CSR practices within these chains. While the term "world supply chain" remains prevalent, recent discourse suggests that alternative metaphors—such as systems or networks—better capture the multifaceted nature of supply chain dynamics.

Authors frequently invoke the concept of networks to depict the context in which upstream CSR unfolds. A network perspective emphasizes interconnectedness, interdependencies, and flows of information, resources, and responsibilities. Within this framework, supply chain actors—suppliers, manufacturers, distributors, and customers—form nodes in a complex web. Their interactions extend beyond linear transactions, reflecting systemic relationships.

Beyond networks, systems theory offers valuable insights. Researchers turn to this theoretical lens to analyze the broader context of upstream CSR. Systems thinking encourages scholars to view supply chains holistically, considering feedback loops, emergent properties, and non-linear effects. It transcends isolated components and embraces the entire ecosystem.

Systems theory highlights emergent properties—phenomena arising from interactions among system elements. In the supply chain context, emergent CSR behaviors may result from collective actions, rather than individual intentions. Feedback loops—both reinforcing and balancing—shape CSR dynamics. Positive feedback amplifies virtuous practices, while negative feedback corrects deviations.

Systems thinking prompts exploration of boundary-spanning activities. Supply chains intersect organizational, geographical, and cultural boundaries. Effective CSR requires understanding these interfaces. How do norms, values, and power dynamics influence CSR practices across borders?

Systems exhibit resilience—the capacity to absorb shocks and maintain functionality. Resilient supply chains navigate disruptions, whether environmental, economic, or social. Adaptability complements resilience. How do supply chains adjust CSR strategies in response to changing contexts? Can they anticipate and mitigate risks?

Systems theory unveils trade-offs inherent in CSR decisions. Enhancing environmental practices may impact cost structures or supplier relationships. Balancing economic viability, social equity, and environmental stewardship requires acknowledging these interdependencies.

Network theory intersects with systems thinking through governance mechanisms. How do supply chain actors coordinate CSR efforts? What role do trust, norms, and power play? Collaborative governance models emerge, emphasizing shared responsibility and collective impact.

Quantifying CSR outcomes within a systemic framework remains challenging. Traditional metrics may overlook emergent effects or unintended consequences. Scholars explore novel indicators, dynamic models, and qualitative assessments to capture the holistic impact of upstream CSR.

As the discourse evolves, the metaphorical shift from linear supply chains to interconnected networks and dynamic systems enriches our understanding of upstream CSR. By embracing complexity, scholars contribute to a more informed and impactful field.

Andersson and Sweet (2002) present a conceptual framework aimed at unraveling the intricate interplay between change agency and structural dynamics within interorganizational networks. Viewing the

supply chain as an industrial network, they draw upon concepts from texts on loose and tight couplings to explore persistence and transformation in organizational networks.

The authors position the supply chain within the broader context of industrial networks. This perspective emphasizes interconnectedness, collaboration, and information flows across organizational boundaries. By treating the supply chain as a dynamic network, they seek to understand how change agents navigate its complexities.

Andersson and Sweet analyze change processes from four theoretical angles:

1. Dynamics of Overlapping Networks: How do multiple networks intersect, influencing each other's evolution?
2. Changes Within a Single Network: What internal shifts occur within a specific network over time?
3. Dyadic Relationship Changes: How do interactions between pairs of organizations drive change?
4. Individual Actor Perspectives: What role does each participant play in shaping network dynamics?

The authors borrow from systems theory, where loose and tight couplings describe the degree of interdependence between components. Loose couplings allow flexibility and adaptation, while tight couplings imply rigidity and stability. Applying these concepts to supply chains, they explore how varying degrees of coupling impact organizational behavior and responsiveness.

Organizational networks exhibit both persistence and transformative tendencies. Some structures endure over time, while others evolve or dissolve. By examining historical data and case studies, Andersson and Sweet trace patterns of stability and change within interorganizational networks.

The authors also introduce a temporal lens, distinguishing three phases in the change process:

1. Start-Up Phase: Initiatives emerge, stakeholders align, and network boundaries form.
2. Implementation Phase: Change agents enact strategies, adapt practices, and negotiate power dynamics.
3. Diffusion Phase: Innovations spread, norms shift, and the network landscape transforms.

Change agents—individuals or organizations—navigate the tension between agency (their capacity to influence) and structural constraints (network norms, power relations). Understanding this nexus sheds light on how change unfolds within interorganizational networks.

Managers and practitioners can leverage this framework to strategically orchestrate change. By recognizing network dynamics and aligning agency with structural realities, they enhance network resilience and adaptability.

Future studies can delve deeper into specific network contexts, explore emergent properties, and assess the effectiveness of change interventions. The interplay between agency, structure, and network outcomes remains a fertile ground for scholarly inquiry.

Andersson and Sweet's framework enriches our understanding of change processes in interorganizational networks. As supply chains evolve, acknowledging both agency-driven initiatives and structural constraints is essential for sustainable transformations.

In the pursuit of sustainable development, organizational networks play a pivotal role. Boons and Berends (2001) delve into the intricate interactions within different types of networks, drawing upon the theory of loosely coupled systems (Weick, 1982) and integrating it with new institutionalism (DiMaggio and Powell, 1983). Their exploration centers on the advantages that networks offer: adaptability, diversity fostering novel learning, and the tacit knowledge exchange. In this context, the authors compare sector-specific networks, regional networks, and networks linked by product chains. Notably, they argue that the latter—product chain-linked networks—may serve as a more effective catalyst for sustainable development. This assertion rests on the premise that organizations connected through product chains exhibit greater dissimilarity than those within the same industry sector, yet share common ground due to their product affiliations. Achieving a delicate equilibrium between network stability and flexibility emerges as a critical factor for fostering learning and innovation within these networks.

Organizational networks have emerged as essential conduits for advancing sustainability goals. Boons and Berends (2001) delve into the dynamics of such networks, drawing from the theoretical foundations of loosely coupled systems (Weick, 1982) and new institutionalism (DiMaggio and Powell, 1983). Their exploration centers on the manifold advantages that networks provide, including adaptability, diversity, and tacit knowledge exchange. In this context, the authors undertake a comparative analysis, contrasting sector-specific networks, regional networks, and networks linked by product chains. The ensuing discussion sheds light on the potential of product chain-linked networks as catalysts for sustainable development.

Boons and Berends (2001) anchor their analysis in the theory of loosely coupled systems, as proposed by Weick (1982). This theory posits that organizations within networks maintain a degree of independence while remaining interconnected. The resulting flexibility allows for adaptation and responsiveness. Complementing this, the authors integrate insights from new institutionalism (DiMaggio and Powell, 1983), emphasizing the influence of institutional norms, practices, and structures on network behavior. By combining these perspectives, Boons and Berends construct a robust framework for understanding network dynamics.

Boons and Berends (2001) underscore three primary advantages inherent in organizational networks. First, networks exhibit adaptability—a crucial attribute in the face of dynamic environmental challenges. Second, diversity within networks fosters cross-fertilization of ideas, enabling novel learning and problem-solving. Finally, the tacit knowledge exchange—often facilitated through informal interactions—enhances collective intelligence and innovation.

To explore the impact of network structure on sustainable development, Boons and Berends (2001) compare three distinct network types. Sector-specific networks comprise organizations within the same industry sector, sharing commonalities in terms of practices and challenges. Regional networks, on the other hand, span diverse industries within a geographical area. Finally, product chain-linked networks connect organizations based on their affiliation with a specific product or value chain.

Boons and Berends (2001) posit that product chain-linked networks offer a unique starting point for sustainable development. While organizations within the same industry sector may exhibit similarities, those linked by product chains display greater heterogeneity. Yet, crucially, they share a common thread—the product itself. This dual dynamic—diversity and commonality—creates fertile ground for collaborative learning and innovation.

The authors emphasize the delicate equilibrium required within networks. Too much rigidity stifles adaptability and inhibits learning, while excessive flexibility may lead to fragmentation. Achieving this balance is essential for fostering sustainable practices and driving innovation. In summary, Boons and Berends (2001) provide valuable insights into the role of organizational networks in sustainable development. Their comparative analysis underscores the significance of product chain-linked networks and highlights the need for a nuanced approach to network design. By understanding these dynamics, practitioners and policymakers can leverage networks effectively to advance sustainability goals.

The environmental adaptation process (EAP) within supplier-customer relationships has garnered significant attention in recent years. Canning and Hanmer-Lloyd (2001) delve into this phenomenon, aiming to understand how companies manage environmental adaptations. Their research employs the

International Marketing & Purchasing (IMP) interaction framework, which emphasizes the interactive nature of these relationships.

As firms increasingly recognize the need for environmental improvements, collaboration between supply chain partners becomes crucial. Rather than acting independently, companies must coordinate efforts to enhance environmental performance (Shrivastava, 1995). Supplier-customer interactions serve as the context for studying EAP. These relationships involve intricate dynamics, influenced by individual, company, inter-firm, and environmental factors.

Canning and Hanmer-Lloyd identify features of the EAP process. Both parties may initiate adaptations, and the process itself is multifaceted. Understanding these features is essential for effective management. Achieving satisfactory outcomes in the adaptation process hinges on several factors. Individual company characteristics, relationship dynamics, and the experiences of involved managers all play pivotal roles. The researchers propose guidelines for managing environmental adaptation. These recommendations address the complexities of supplier-customer relationships and aim to facilitate successful adaptations.

Canning and Hanmer-Lloyd base their findings on four case studies. These real-world examples provide insights into how companies navigate EAP. Managers can draw practical implications from these cases. Striking a balance between environmental adaptation and maintaining stable relationships is challenging. Managers must consider both short-term adaptations and long-term relationship goals. The behavior of managers involved in the adaptation process significantly influences outcomes. Understanding their experiences, decision-making, and communication is crucial. In conclusion, the study sheds light on managing EAP within supplier-customer relationships. Future research could explore additional factors affecting adaptation and delve deeper into the role of managers.

In the pursuit of sustainable practices, organizations face mounting pressure to improve the environmental performance of their products and processes. Rather than focusing solely on product characteristics, a holistic approach—life-cycle thinking—has emerged. This approach necessitates awareness of environmental aspects throughout the entire value chain, placing additional demands on suppliers within industrial networks. The industrial network theory, as developed by Håkansson and Snehota (1995), provides insights into the dynamics of co-operation within value chains. Life-cycle thinking compels network participants to collaborate effectively, emphasizing the interdependence of main contractors and their suppliers.

For main contractors, partnership with suppliers offers better control over the entire value chain. They become pivotal in driving environmental improvements. However, this role also entails responsibilities

in fostering co-operation and facilitating communication. Supplier small and medium-sized enterprises (SMEs) often face resource constraints. Yet, a reliable, long-term relationship with main contractors provides opportunities for efficient allocation of manufacturing and development resources. The case study focuses on the development process of an environmental management system within a Finnish metal industry network. EMS implementation requires collaboration, knowledge sharing, and alignment of practices across the network. In the INGENIA project, attention was directed toward staff training and improving communication systems between main contractors and suppliers. Effective communication ensures that environmental considerations permeate the network. SMEs encounter challenges related to limited resources, capacity, and capabilities. Main contractors can play a crucial role by supporting their suppliers in overcoming these barriers.

Industrial networks provide a fertile ground for finding innovative solutions. By leveraging network dynamics, participants can collectively address environmental management challenges. Life-cycle thinking requires balancing environmental goals with economic sustainability. Managers must navigate trade-offs while ensuring the network's overall success. The Finnish metal industry network case study underscores the importance of co-operation in achieving sustainable outcomes. Future research could explore additional factors influencing co-operation and delve deeper into the role of managers in promoting life-cycle thinking.

Another theoretical perspective on the context is the concept of global value chain analysis (Gereffi, 1994; Gereffi, Humphrey et al., 2001; Kaplinsky, 2000; Schmitz and Knorringa, 2000). Smith and Barrientos (2005) use the concept of global value chain analysis to study Fair Trade and Ethical Trade and its implications on governance structures in the supply chains.

The contemporary global economy is characterized by the globalization of production and trade, which has led to significant shifts in industrial organization. One notable feature is the emergence of global value chains (GVCs), where production and distribution systems are intricately integrated across countries and firms. Global value chain analysis draws from three key streams of literature: transaction costs economics, production networks, and technological capability and firm-level learning. These theoretical lenses provide insights into how GVCs are governed and how they evolve over time.

The first variable influencing GVC governance is the complexity of transactions. As supply chains become more intricate, the coordination mechanisms required to manage them also evolve. Understanding transaction complexity is essential for effective governance. The ability to codify transactions plays a crucial role in GVC governance. When transactions can be clearly defined and

standardized, explicit coordination mechanisms can be established. Conversely, ambiguous or tacit transactions require different approaches.

The capabilities of suppliers within the GVC significantly impact governance. Supplier competencies, technological expertise, and learning capabilities influence the overall effectiveness of value chain coordination.

Developing countries seek to enhance their position in global markets. Understanding GVC governance is crucial for policymakers and firms in these contexts. It informs strategies for improving competitiveness and participation. Effective GVC governance requires striking a balance between coordination and flexibility. Managers must adapt to changing circumstances while maintaining stability within the value chain.

The study by Goldbach and Seuring (2003) delves into the intricate world of institutional arrangements within supply chains. Specifically, they draw upon the seminal work of economist Oliver E. Williamson (1975, 1985) to explore how economic actors engage in transactions through various organizational forms. Their research centers on the case of the German mail order firm OTTO, which underwent a significant transition—from conventional cotton sourcing to establishing a supply chain for organically grown cotton.

Williamson's contributions form the bedrock of their investigation. His theoretical framework emphasizes the role of institutions in shaping economic interactions. He categorizes three primary forms of institutional arrangements:

1. Market Arrangements: Transactions occur through arm's length market mechanisms.
2. Hierarchical Arrangements: Firms organize activities within their boundaries, exercising authority and control.
3. Hybrid Arrangements: A blend of market and hierarchical features, often seen in supply chains.

Williamson's foundational question—why do firms exist?—leads us to explore the nature of the firm as an institution. He argues that firms emerge when authority and direction are economically superior to market-based transactions. This perspective challenges the traditional neoclassical view that firms and markets are interchangeable. Against this backdrop, Goldbach and Seuring investigate OTTO's strategic shift. The firm's move from conventional to organic cotton sourcing necessitated reconfiguring its supply chain. How did OTTO navigate the complexities of transactional arrangements during this transition?

The adoption of organic cotton involves not only environmental considerations but also shifts in governance structures. OTTO's case provides insights into how hybrid arrangements—combining market-based sourcing with internal coordination—can facilitate sustainable practices.

Williamson's transaction cost economics (TCE) plays a pivotal role. TCE focuses on recurring, uncertain transactions that involve commitments difficult to reverse without significant economic loss. OTTO's decision-making process reflects these TCE principles. Hybrid arrangements, such as OTTO's supply chain for organic cotton, present both challenges and opportunities. Balancing market efficiency with internal coordination requires strategic alignment and effective governance mechanisms.

Goldbach and Seuring's findings shed light on how firms can transition toward sustainability. By examining OTTO's experience, they contribute to the broader discourse on responsible sourcing and supply chain management.

Future research could extend this analysis by comparing OTTO's transition with similar cases in different industries. How do firms navigate institutional arrangements when embracing environmentally conscious practices? In conclusion, Goldbach and Seuring's study underscores the importance of understanding institutional arrangements within supply chains. Their work invites further exploration of hybrid governance models and their impact on sustainable business practices. In conclusion, Goldbach and Seuring's study underscores the importance of understanding institutional arrangements within supply chains. Their work invites further exploration of hybrid governance models and their impact on sustainable business practices.

The study of organizational change has long been a central focus in management and social sciences. One theoretical perspective that sheds light on the interplay between context and organizational dynamics is Anthony Giddens' theory of structuration. In this dissertation, we delve into the application of structuration theory to understand constraints and opportunities for change within organizations. Specifically, we draw upon the work of Maier and Finger (2001), who employed structuration theory to analyze the introduction of organic products into Swiss food processing organizations. Through an exploration of context, agency, and structure, this research contributes to our understanding of how organizations navigate change in complex environments.

Organizational change is a multifaceted phenomenon influenced by various internal and external factors. Among these factors, the context in which organizations operate plays a pivotal role. Anthony Giddens' theory of structuration provides a valuable lens through which to examine the intricate relationship between context and organizational behavior. Structuration theory posits that social systems are shaped

by the interplay of human agency and social structures. In this dissertation, we explore how this theoretical framework can enhance our understanding of organizational change processes.

Giddens (1984) argues that social actors continuously reproduce and transform social structures through their actions. Structuration theory emphasizes the duality of structure: it exists both as a constraint and as an enabling force. Within organizations, structures manifest as rules, norms, and routines, while agency refers to the intentional actions of individuals. By analyzing the interdependence of context and agency, we gain insights into the dynamics of organizational change.

To investigate the role of context in organizational change, we draw upon case studies conducted by Maier and Finger (2001). These studies examined the introduction of organic products in Swiss food processing firms. By applying structuration theory, Maier and Finger explored how contextual factors influenced the adoption of sustainable practices. Their research highlights the importance of considering both formal and informal structures when analyzing change processes.

Organizational change encounters various contextual constraints. These may include industry norms, regulatory frameworks, cultural values, and historical legacies. Structuration theory allows us to dissect these constraints and understand how they shape organizational behavior. For instance, in the Swiss food processing sector, entrenched practices and market expectations posed challenges to the adoption of organic products.

Despite contextual constraints, organizational actors exercise agency by making strategic choices. Managers, employees, and other stakeholders navigate the tension between existing structures and desired outcomes. Structuration theory encourages us to explore how agency manifests in decision-making processes. Maier and Finger's case studies reveal instances where actors strategically aligned their actions with sustainability goals, even within rigid structures.

Organizational change often involves structural transformations. These may include altering processes, redefining roles, or revising communication channels. Structuration theory helps us analyze how such changes ripple through an organization. By examining the interplay between context and structural adjustments, we gain insights into the mechanisms driving change.

While constraints exist, contextual enablers also facilitate change. These may arise from shifts in consumer preferences, technological advancements, or stakeholder pressures. Structuration theory prompts us to identify these enabling factors and understand how they interact with agency.

Structuration theory recognizes the temporal dimensions of change. Organizations evolve over time, and context adapts accordingly. Longitudinal analyses allow us to trace patterns of change and assess the impact of context on organizational trajectories. Maier and Finger's research demonstrates how historical context influenced the pace and direction of change in the Swiss food industry. In summary, Giddens' theory of structuration provides a robust framework for studying organizational change within specific contexts. By examining the interplay between agency and structure, researchers and practitioners can better comprehend the dynamics of change processes.

Hall (2000) contributes to our understanding of environmental supply chain dynamics by introducing additional theoretical perspectives. His case studies delve into the intricate interplay of social power and channel power, as defined by El-Ansary and Stern (1972). These perspectives serve as lenses through which we can analyze supply chain pressures, which Hall contends are influenced by channel power and technical competencies. Additionally, he examines external pressures for environmental improvement.

Hall's exploration of social power highlights its role in shaping supply chain dynamics. By studying channel power, he uncovers how actors within the supply chain exert influence over decisions related to environmental practices. El-Ansary and Stern's framework provides a foundation for understanding these power dynamics. Hall argues that supply chain pressure is intricately tied to channel power and technical competencies. Organizations with greater technical expertise may exert more influence, affecting environmental practices. This perspective underscores the need to consider both technical capabilities and power dynamics when addressing sustainability challenges.

Beyond internal dynamics, Hall investigates external pressures. These may arise from regulatory changes, stakeholder expectations, or market forces. Understanding these external drivers is crucial for effective environmental management within supply chains. Hall's work also sheds light on the context in which interorganizational environmental management occurs. He emphasizes the importance of considering relationships between buyers and suppliers. Ring and Van De Ven's (1992) research on governance in buyer-supplier relations informs this perspective.

Ring and Van De Ven's framework provides insights into how buyer-supplier relationships impact environmental practices. Their work highlights governance mechanisms, contractual arrangements, and power dynamics that influence decision-making related to sustainability.

Hall's exploration aligns with network theory, which emphasizes the interconnectedness of actors within supply chains. By examining relationships, dependencies, and information flows, he unveils critical factors affecting environmental outcomes. Hall's case studies resonate with global value chain analysis. This lens considers the entire value chain, from raw material extraction to end consumers. By mapping out environmental impacts at each stage, Hall contributes to a holistic understanding of supply chain dynamics.

Hall's work intersects with the concept of loosely coupled systems. Supply chains often exhibit loosely coupled components, where decisions made by one actor may not directly affect others. Understanding these dynamics informs strategies for addressing environmental challenges. In sum, Hall's theoretical perspectives enrich our understanding of environmental supply chains. By integrating social power, channel power, and external pressures, scholars and practitioners can develop more effective strategies for sustainable supply chain management.

2.3 The resource-based view of the firm and the natural resources based view of the firm

Carter (2005) contributes to the literature by examining the relationship between Purchasing Social Responsibility (PSR) and firm performance. Grounded in the resource-based view, his study investigates how PSR practices impact organizational outcomes. Carter's theoretical framework draws upon the RBV, emphasizing that a firm's unique resources and capabilities influence its competitive advantage. By exploring PSR within this context, he seeks to uncover its implications for performance.

Carter formulates hypotheses that link PSR practices to firm performance. These hypotheses serve as the foundation for empirical testing, allowing him to explore the potential benefits of socially responsible purchasing. To unravel the PSR-performance link, Carter introduces intermediate steps. He posits that organizational learning mediates this relationship. By understanding how PSR practices enhance learning, we gain insights into their impact on performance. Carter investigates how PSR initiatives foster organizational learning. This involves knowledge acquisition, adaptation, and the development of routines related to social responsibility. Learning becomes a critical mechanism through which PSR influences performance.

Building on the PSR-learning nexus, Carter explores the downstream effects. He contends that improved supplier performance is a consequence of organizational learning. Suppliers, influenced by PSR practices, enhance their capabilities, leading to better overall performance. Carter's model extends further: improved supplier performance ultimately leads to cost reduction. Efficient and effective suppliers contribute to streamlined processes, reduced waste, and optimized resource utilization, positively impacting a firm's financial bottom line.

Carter's research design involves empirical testing using quantitative data. By analyzing real-world cases, he assesses the validity of his hypotheses and provides evidence for the PSR-performance relationship. Carter's work has practical implications. Organizations can leverage PSR practices strategically to enhance learning, supplier relationships, and cost efficiency. Policymakers may consider promoting PSR adoption as a means to improve overall economic sustainability. In summary, Carter's resource-based perspective sheds light on the complex interplay between PSR, organizational learning,

supplier performance, and cost reduction. His findings contribute to both theory and practice, inviting further exploration in this vital area of supply chain management.

De Bakker, Fisscher, et al. (2002) contribute to the literature by examining the organizational implications of managing products' environmental characteristics. Their study draws upon theoretical perspectives, including the resource-based view (RBV). Specifically, they explore Hart's (1995) "natural-resource-based view of the firm" and Verona's (1999) "resource-based view of product development". The RBV posits that valuable, costly-to-copy firm resources and capabilities provide the key sources of sustainable competitive advantage. De Bakker and colleagues extend this perspective to address environmental considerations within organizations.

Hart's seminal work introduces a natural-resource-based view of the firm. This theory emphasizes the firm's relationship to the natural environment. It comprises three interconnected strategies: pollution prevention, product stewardship, and sustainable development. These strategies play a crucial role in achieving sustained competitive advantage.

De Bakker et al. delve into the pollution prevention strategy. By minimizing environmental harm, firms enhance their long-term viability. Key resource requirements for effective pollution prevention are explored, along with its contribution to competitive advantage. The product stewardship strategy focuses on responsible product management throughout the lifecycle. It involves resource allocation, design choices, and end-of-life considerations. De Bakker and colleagues analyze how product stewardship influences organizational outcomes. Sustainable development integrates economic, social, and environmental dimensions. De Bakker, Fisscher, et al. investigate how firms align their practices with sustainability goals. Resource requirements for sustainable development are outlined, emphasizing the holistic approach.

Verona's work extends the RBV to product development. She emphasizes the role of firm-specific resources in shaping innovative product offerings. De Bakker and colleagues explore how this perspective informs environmental management.

De Bakker, Fisscher, et al. bridge the gap between environmental characteristics and organizational outcomes. They propose that effective management of environmental aspects positively impacts performance metrics such as efficiency, reputation, and competitiveness. The study's findings have practical implications. Organizations can leverage the natural-resource-based view to enhance environmental practices. Policymakers may consider promoting sustainable development as a means to foster competitive advantage. In summary, De Bakker, Fisscher, et al.'s research contributes to our understanding of how firms manage environmental characteristics. By integrating theoretical perspectives, they shed light on the complex interplay between resource-based strategies and organizational performance.

Vachon and Klassen (2006) contribute to the literature by investigating the impact of green project partnerships on manufacturing performance and environmental outcomes. Their study draws upon theoretical foundations, including the natural-resource-based view (NRBV) of the firm. The NRBV posits that a firm's unique natural resources and capabilities shape its competitive advantage. Vachon and Klassen extend this perspective to explore how green project partnerships influence organizational performance. Vachon and Klassen hypothesize that increased green project collaboration with suppliers positively affects manufacturing performance. They consider dimensions such as costs, quality, delivery, and flexibility. The NRBV informs their understanding of resource allocation and interorganizational relationships. The NRBV underscores the importance of resource allocation decisions. Vachon and Klassen explore how firms strategically allocate resources to green initiatives, aiming for competitive advantage through improved performance.

In their study, Vachon and Klassen empirically test both hypotheses. By analyzing real-world cases, they find support for the positive relationship between green project partnerships and manufacturing performance. The study's findings have practical implications. Organizations can strategically engage in green project partnerships to enhance both environmental and manufacturing outcomes. Effective resource utilization becomes a critical factor. Policymakers may recognize the value of promoting green project collaborations. Encouraging such partnerships aligns with sustainability goals and contributes to overall economic and environmental well-being. In summary, Vachon and Klassen's research highlights the interplay between green project partnerships, the NRBV, and organizational performance. Their work invites further exploration of resource-based strategies in the context of sustainability.

2.4 The relational view of the firm

Vachon and Klassen (2006) contribute to the literature by examining the relationship between supply chain characteristics and green supply chain practices (GSCP). Their study focuses on North American package printing companies, exploring how technological integration impacts environmental collaboration and monitoring. GSCP encompasses environmental initiatives within supply chains. It includes collaborative efforts to address environmental aspects, such as planning, goal-setting, and product/process design. Vachon and Klassen investigate antecedents that drive GSCP adoption.

The authors find that technological integration between buyers and suppliers positively correlates with environmental collaboration. When firms share information, align goals, and jointly address environmental challenges, GSCP improves. While technological integration impacts collaboration, logistical integration (at the tactical level) specifically influences environmental monitoring. Efficient supply chain processes enhance firms' ability to track and manage environmental performance.

Vachon and Klassen draw attention to the interplay between strategic core matters (essential business functions) and non-core concerns (such as environmental practices). GSCP falls into the latter category, emphasizing its importance beyond core operations. The authors revisit the collaborative paradigm within supply chain theory. They reference Dyer and Singh's (1998) relational view of the firm. This perspective emphasizes relationships, trust, and cooperation among supply chain partners.

Vachon and Klassen argue that the collaborative paradigm should extend beyond traditional boundaries. Considering GSCP as a non-core concern prompts a broader perspective. Sustainable development becomes a relevant context for supply chain management. Sustainable development integrates economic, social, and environmental dimensions. By situating supply chain management within this context, firms can address GSCP more comprehensively. Sustainability goals align with both core and non-core concerns. The study's findings have practical implications. Organizations should recognize GSCP as integral to overall performance. Policymakers may encourage sustainable supply chain practices to foster long-term economic and environmental well-being. In summary, Vachon and Klassen's research highlights the importance of technological integration, collaborative paradigms, and sustainable development in shaping GSCP. Future studies can explore GSCP across diverse industries and echelons.

2.5 Transaction cost analysis

Zsidisin and Siferd (2001) contribute to the literature by exploring the intersection of environmental purchasing and transaction cost analysis (TCA). Their study investigates how transaction costs influence decisions related to monitoring and influencing suppliers' environmental performance. Environmental purchasing involves adopting criteria beyond traditional cost and quality considerations. As companies engage in green supply chain management (GSCM), the buyer-supplier relationship becomes crucial. Zsidisin and Siferd emphasize the role of purchasing in shaping environmental outcomes. TCA, rooted in the work of Williamson (1981), views transactions as the basic unit of analysis. It assesses whether firms should manufacture internally or outsource products and services. Zsidisin and Siferd propose integrating TCA with environmental purchasing research.

The purchasing function often leads activities related to supplier environmental performance. Zsidisin and Siferd argue that understanding transaction costs is essential for evaluating decisions about internal versus external execution of these functions. TCA provides a lens for evaluating the costs associated with internal execution (within the organization) versus outsourcing (to other entities). By applying TCA, firms can make informed choices about resource allocation and supplier engagement.

Zsidisin and Siferd explore transaction costs at various stages of environmental purchasing. These costs include information-seeking, negotiation, coordination, and monitoring expenses. TCA helps quantify these costs and informs decision-making. TCA extends beyond cost considerations. It sheds light on the relational aspects of buyer-supplier interactions. Zsidisin and Siferd emphasize that transaction costs influence the nature and depth of relationships formed with suppliers. Integrating TCA into environmental purchasing practices has strategic implications. Firms can optimize resource allocation, minimize transaction costs, and enhance environmental performance. TCA guides decisions about insourcing versus outsourcing specific functions.

Zsidisin and Siferd propose hypotheses related to transaction costs within GSCM. These hypotheses can guide empirical research, exploring how transaction costs impact environmental purchasing decisions and supplier relationships. Zsidisin and Siferd advocate for a deeper understanding of transaction costs in environmental purchasing. Their work invites scholars and practitioners to explore this intersection further, considering both economic and relational dimensions.

2.6 Transaction Cost Economics

Meisner Rosen, Bercovitz, et al. (2001) contribute to the literature by investigating the interplay between environmental supply chain management and Transaction Cost Economics (TCE). Their study focuses on computer manufacturers and their efforts to encourage suppliers' environmental improvements. TCE, rooted in the work of Williamson (1981), examines the costs associated with economic transactions. It considers factors such as information asymmetry, opportunism, and asset specificity. Meisner Rosen and colleagues apply TCE to environmental supply chain practices. Environmental supply chain management involves integrating sustainability considerations into supply chain operations. Firms seek to enhance environmental performance while maintaining efficiency. TCE provides a framework for understanding the associated costs and risks. The authors explore how computer manufacturers structure programs to encourage suppliers' environmental improvements. They identify potential hazards, including expropriation (loss of control) and shirking (supplier non-compliance).

Firms actively engaged in environmental supply chain management are more attuned to these hazards. They recognize the risks associated with supplier behavior and the need for effective risk mitigation strategies. Meisner Rosen and colleagues find that firms choose relational and neo-classical contracting mechanisms. These involve closer collaboration, trust-building, and long-term relationships. Such approaches align with TCE predictions, emphasizing the importance of relational governance.

In contrast, classical arm's-length contracting emphasizes independence and minimal interaction. Firms actively involved in environmental management opt for more collaborative approaches, recognizing the limitations of purely transactional relationships. The study's findings have practical implications. Firms

should consider relational contracting to address environmental hazards effectively. Policymakers may encourage collaborative supply chain practices to enhance sustainability.

Meisner Rosen, Bercovitz, et al. open avenues for further exploration. Future studies can delve into specific relational mechanisms, evaluate their effectiveness, and assess long-term impacts on environmental performance. By applying TCE to environmental supply chain management, this research bridges social science theory with practical engineering efforts. It underscores the importance of considering both economic and relational aspects in sustainable industrial practices.

2.7 Game theory

Corbett and DeCroix (2001) contribute to the literature by examining the behavior of buyers and suppliers under various chemical management contracts. These contracts involve the supply of indirect materials, which are essential for production but not directly incorporated into the final product. Shared-savings contracts, in particular, aim to improve incentives within the supply chain. Game theory provides a powerful framework for analyzing strategic interactions between parties. Corbett and DeCroix apply game theory concepts to understand how buyers and suppliers make decisions under different contract structures. Shared-savings contracts combine fixed service fees with variable components based on consumption volume. The goal is to align incentives for both parties, encouraging efforts to reduce material consumption. These contracts represent a departure from traditional supply agreements.

In their follow-up work (Corbett, DeCroix et al., 2005), the authors introduce the double moral hazard framework. Both the buyer and the supplier face moral hazard problems: the cost of their effort to reduce consumption versus the benefits gained from efficiency improvements. Corbett and DeCroix demonstrate that shared-savings contracts can induce optimal second-best equilibria. Even when considering a broader class of cost-of-effort functions (including linear ones), linear shared-savings contracts remain effective. These contracts provide incentives for both parties to exert effort.

However, the behavior of optimal contracts becomes more intricate as problem parameters change. Small adjustments can impact profitability. While linear contracts suffice in many cases, careful parameter selection is crucial. The research highlights that simple linear contracts can enhance supply chain performance. Yet, practitioners must consider context-specific factors when designing optimal contracts. The double moral hazard framework offers insights into achieving efficiency gains.

Corbett and DeCroix's work extends beyond chemical management. The double moral hazard framework can inform other supply chain research questions, emphasizing the need for adaptable contract structures. We can explore variations of shared-savings contracts, considering different cost-of-effort functions and industry contexts. Practical guidelines for contract design remain an area of interest. In summary, Corbett and DeCroix's contributions enhance our understanding of supply chain

contracts. Their work bridges theory and practice, emphasizing the importance of aligning incentives for efficient material usage.

2.8 Stakeholder theory

Dolan and Opondo (2005) contribute to the literature by examining stakeholder theory's role in shaping supply chain practices. Their focus lies on multi-stakeholder processes and ethical sourcing, both critical aspects of sustainable business operations. Stakeholder theory posits that organizations should consider the interests of all stakeholders, not just shareholders. It emphasizes creating value for diverse groups, including employees, customers, suppliers, communities, and the environment. Multi-stakeholder processes involve collaboration among various stakeholders to address complex issues. Dolan and Opondo explore how stakeholder theory informs these processes. By engaging diverse perspectives, organizations can develop more robust standards and practices. Stakeholder dialogue facilitates communication and understanding among different parties. Dolan and Opondo highlight how stakeholder theory encourages organizations to involve stakeholders in defining standards. Ethical sourcing standards, for instance, benefit from input from suppliers, NGOs, and consumers.

Ethical sourcing refers to procuring goods and services in a socially responsible manner. Organizations consider environmental impact, labor conditions, and fair trade practices. Stakeholder theory guides decisions related to sourcing practices.

Dolan and Opondo demonstrate that stakeholder theory influences how organizations structure their supply chains. By incorporating stakeholder perspectives, companies can align sourcing practices with broader societal and environmental goals.

The challenge lies in balancing diverse stakeholder interests. Organizations must navigate trade-offs while ensuring ethical sourcing. Stakeholder theory provides a framework for decision-making in this complex landscape.

The research underscores the importance of stakeholder engagement. Organizations should actively involve stakeholders in standard-setting processes. Ethical sourcing becomes a collaborative effort rather than a top-down mandate.

Scholars can explore specific stakeholder groups' influence on ethical sourcing standards. Additionally, understanding how stakeholder power dynamics impact sourcing decisions remains an area for further investigation. In summary, Dolan and Opondo's work highlights stakeholder theory's relevance in shaping sustainable supply chain practices. By embracing multi-stakeholder processes, organizations contribute to ethical sourcing and broader environmental stewardship.

2.9 Business ethics theory

Idealism reflects a belief in absolute moral principles, while relativism acknowledges the context-dependent nature of ethics. Park (2005) and Park and Stoel (2005) specifically examine how these dispositions impact purchasing decisions related to social responsibility. Purchasing professionals with high idealism tend to prioritize ethical considerations. They engage in systematic processing (central route) when evaluating socially responsible options. Their decisions align with broader ethical norms and organizational values.

Conversely, professionals with high relativism adopt a heuristic approach (peripheral route). They consider situational factors, such as cost, convenience, and competitive pressures. Relativists may compromise social responsibility for pragmatic reasons. Park and Stoel (2005) explore interaction effects between idealism and relativism. When both dispositions are high, decision-making becomes complex. Some professionals balance ethical ideals with practical constraints, seeking win-win solutions.

The organizational context plays a crucial role. Corporate culture, leadership, and supply chain policies shape professionals' ethical orientations. Researchers investigate how firms foster a climate conducive to socially responsible buying. Insights from this research inform managerial practices. Organizations can tailor training programs, codes of conduct, and supplier evaluations to address the interplay of idealism and relativism. Balancing ethical imperatives with business realities is essential. Park's and Stoel's work underscores the need for nuanced approaches to socially responsible buying. By understanding personal dispositions and organizational dynamics, practitioners can enhance sustainability efforts across global supply chains.

CHAPTER 3:

METHODOLOGY AND DATA

The overarching goal of this dissertation is to enhance our comprehension of upstream Corporate Social Responsibility (CSR). Specifically, I focus on two distinct levels: a general understanding of this phenomenon and a deeper exploration of specific challenges faced by focal companies. To contribute to the broader understanding of upstream CSR, I conducted an extensive review of relevant literature. This involved synthesizing existing research, identifying gaps, and establishing a foundation for subsequent analyses. In addition to the literature overview, I developed a conceptual framework. This framework serves as a guide for readers, helping them organize their understanding of upstream CSR. It delineates key components, relationships, and contextual factors.

One central challenge pertains to verification. Ensuring the authenticity and accuracy of CSR initiatives in the upstream supply chain involves complexities. I delve into methods, processes, and best practices for verifying social and environmental claims. Researchers have explored various techniques, including third-party audits, certifications, and traceability systems. Each method has its advantages and limitations. Understanding these nuances is crucial for practitioners aiming to implement effective verification mechanisms.

The second focal challenge involves influencing aspects beyond the immediate boundaries of the focal company. Supply chains are intricate ecosystems, and driving positive change requires collaboration with suppliers, partners, and other stakeholders. I investigate strategies for boundary-spanning influence. These include collaborative initiatives, joint projects, and capacity-building efforts. Effective communication and alignment of goals are essential for successful influence across corporate boundaries.

Context matters significantly. Organizational culture, industry norms, and regulatory environments shape how companies address upstream CSR challenges. My research considers these contextual factors and their impact on decision-making. Insights from this dissertation inform managerial practices. Firms can adopt tailored approaches to verification, engage in cross-boundary partnerships, and align their CSR efforts with broader supply chain dynamics. By combining theoretical foundations, empirical evidence, and practical insights, this dissertation contributes to advancing our understanding of upstream CSR. It underscores the need for multifaceted strategies that balance ethical imperatives with operational realities.

4.1 Scientific research paradigm

Research paradigms serve as foundational frameworks that guide the entire research process. They encompass beliefs, assumptions, and philosophical orientations that shape how researchers approach their investigations.

Guba and Lincoln (1998) describe a research paradigm as a fundamental belief system or worldview. It influences methodological choices, ontological assumptions about reality, and epistemological perspectives on knowledge. Ontology pertains to our assumptions about the nature of reality. Researchers adopt different ontological stances, such as realism (assuming an objective reality) or constructivism (acknowledging multiple subjective realities). Epistemology deals with how we acquire knowledge. Researchers may align with positivism (seeking objective, empirical knowledge) or interpretivism (emphasizing subjective understanding and context).

4.2 Methodology

Methodology refers to the techniques used to investigate reality. Quantitative methods (surveys, experiments) align with positivist paradigms, while qualitative methods (interviews, case studies) resonate with interpretivist paradigms. Positivism assumes an objective reality that can be measured and predicted. Researchers using this paradigm emphasize empirical data, hypothesis testing, and generalizability. Interpretivism recognizes the subjectivity of human experiences. Researchers within this paradigm focus on understanding meanings, context, and social constructions. Qualitative methods are common.

The critical paradigm critiques power structures, inequality, and social injustices. Researchers seek transformative change and challenge dominant narratives. Critical theory and participatory approaches are central. Some researchers combine elements from different paradigms. Mixed-methods studies integrate quantitative and qualitative approaches, allowing for a more comprehensive understanding. Researchers should carefully consider their chosen paradigm, as it shapes research questions, data collection, and interpretation. By understanding paradigms, scholars enhance the rigor and relevance of their work.

Epistemology, a fundamental branch of philosophy, examines the nature, sources, and limits of knowledge. Researchers grapple with questions about how we acquire knowledge and the extent to which we can understand and influence reality. Epistemological stances vary. Some researchers believe

that reality is objectively knowable, while others emphasize its subjectivity. As an epistemological position, I express the view that reality can be understood, albeit within certain boundaries.

Acknowledging limitations, i recognize that our grasp of reality remains partial. Factors such as perception, bias, and context shape our understanding. Researchers must navigate these constraints when investigating phenomena. My perspective aligns with the idea that knowledge is value mediated. In other words, our beliefs, values, and cultural context influence what we consider valid knowledge. Researchers must critically examine their own biases.

Within the social sciences, epistemology plays a crucial role. Researchers engage with human subjects, complex contexts, and multifaceted phenomena. The interplay between investigator and respondents shapes knowledge creation. My stance resonates with constructivism. Constructivists argue that knowledge is actively constructed by individuals based on their experiences, interactions, and interpretations. Social reality emerges through shared meanings.

Guba and Lincoln (1998) emphasize the interactive nature of knowledge production. Researchers engage in dialogues with participants, negotiate meanings, and co-create understanding. This dialogic process enriches scholarship. Rather than seeking absolute truths, my epistemology values subjective validity. Researchers recognize that different perspectives contribute to a holistic understanding. Multiple truths coexist, each reflecting a unique vantage point.

Epistemological choices impact research ethics. Researchers must transparently address their assumptions and biases. Reflexivity—examining one's role in knowledge construction—is essential for rigorous scholarship. By embracing an epistemological position that acknowledges both the potential and limitations of understanding, researchers contribute to a nuanced, context-sensitive body of knowledge. My approach enriches scholarly discourse and fosters critical inquiry.

Methodology plays a pivotal role in shaping the research process. As a researcher, my decisions regarding data collection and analysis profoundly influence the depth and richness of my findings.

4.3 Qualitative Research

Qualitative research focuses on understanding complex social phenomena through non-numerical data. Unlike quantitative research, which emphasizes measurement and hypothesis testing, qualitative inquiry seeks meaning, context, and depth. My preference for qualitative research stems from a desire to explore

rather than quantify. By immersing myself in the "field," i aimed to observe and understand the phenomenon firsthand. This approach aligns with the exploratory nature of qualitative studies.

Qualitative research allows me to uncover the intricacies of phenomena. Rather than imposing predefined propositions, i engage with the subject matter, seeking patterns, themes, and underlying meanings. This flexibility enables a nuanced exploration.

Observations serve as a fundamental method. By recording what i see, hear, and encounter, i capture real-world behaviors and interactions. Detailed field notes provide a rich source of qualitative data. Conducting one-on-one interviews allows me to delve deeply into individual experiences, attitudes, and beliefs. Open-ended questions encourage participants to share their thoughts. These interviews provide valuable insights. Focus groups facilitate group discussions around specific topics. Moderated by me, these sessions generate diverse perspectives. They are particularly useful for exploring social norms, attitudes, and group dynamics.

Immersing myself in a culture or community—through long-term fieldwork, observation, interviews, and document analysis—characterizes ethnographic studies. This method provides a holistic understanding of cultural contexts. My interest lies in understanding processes rather than focusing solely on outcomes. Qualitative research allows me to trace the journey, uncovering how social phenomena evolve over time. By embracing qualitative methodology, i contribute to the depth and richness of scholarly knowledge. My commitment to understanding the "why" and "how" behind phenomena enriches the academic discourse.

The methodological decisions underpinning this research are critical to achieving its objectives. As a doctoral candidate, I aimed to contribute to existing knowledge by thoroughly understanding the phenomenon of upstream corporate social responsibility (CSR). Two key goals guided my approach: (a) a detailed exploration of practices, including the intricate elements of verification, and (b) capturing multiple perspectives within the supply chain, not only from the focal company but also from suppliers—the recipients of upstream CSR initiatives. To address these goals, i opted for a case study approach. Case studies allow for in-depth examination of real-world contexts, enabling me to dissect the phenomenon at a granular level. By selecting cases strategically, i could explore the complexities of upstream CSR across different organizational settings.

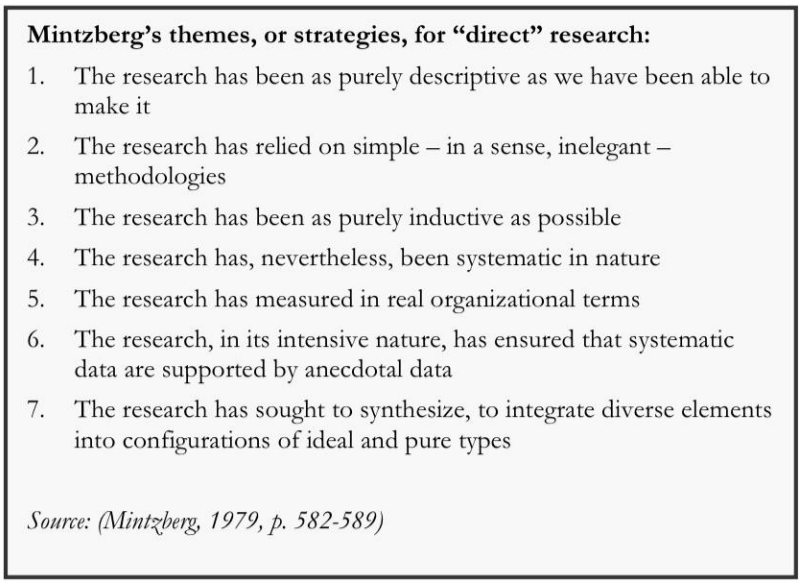
Mintzberg's (1979) concept of "direct" research resonated with my approach. Like Mintzberg, i sought firsthand insights by immersing myself in the field. Rather than imposing preconceived hypotheses, my case studies followed an inductive path, allowing emergent patterns and themes to guide my exploration. Inductive case studies emphasize discovery over confirmation. I embarked on my research without rigid

propositions, allowing the data to shape my understanding. This flexibility enabled me to uncover novel aspects of upstream CSR.

While maintaining inductive rigor, my case studies were not isolated from existing knowledge. Extensive literature reviews preceded my fieldwork. I delved into specific domains related to green supply chain management, green purchasing, and broader supply chain literature. This informed perspective enriched my data collection and analysis.

Recognizing that upstream CSR involves interconnected actors, i intentionally captured diverse viewpoints. Beyond the focal company, i engaged with suppliers—the essential partners in this process. Their experiences, challenges, and interactions contributed to a holistic understanding.

My exploration extended to interorganizational power dynamics and control mechanisms. Understanding how upstream CSR influences relationships, dependencies, and negotiations between entities added depth to my analysis. Fieldwork became my laboratory. Interviews, observations, and document analysis provided rich data. I documented practices, interactions, and contextual nuances, ensuring a comprehensive portrayal. Echoing my interest in understanding processes, my case studies focused on the "how." By tracing the implementation, challenges, and adaptations of upstream CSR initiatives, i illuminated the dynamic nature of sustainable practices. My methodological choices align with scholarly rigor and practical relevance. Through case studies, i bridge theory and practice, contributing valuable insights to the field of supply chain management and corporate social responsibility.



Mintzberg's themes, or strategies, for "direct" research:

1. The research has been as purely descriptive as we have been able to make it
2. The research has relied on simple – in a sense, inelegant – methodologies
3. The research has been as purely inductive as possible
4. The research has, nevertheless, been systematic in nature
5. The research has measured in real organizational terms
6. The research, in its intensive nature, has ensured that systematic data are supported by anecdotal data
7. The research has sought to synthesize, to integrate diverse elements into configurations of ideal and pure types

Source: (Mintzberg, 1979, p. 582-589)

Figure-3: Mintzberg's themes, or strategies, for "direct" research

In the realm of qualitative inquiry, the foundational elements of ontology, epistemology, and methodology serve as the bedrock upon which various research paradigms are constructed. Guba and Lincoln (1998) provide a comprehensive synthesis and analysis of four predominant paradigms that have significantly influenced qualitative research: positivism, post-positivism, critical theory, and constructivism. Each of these paradigms offers distinct perspectives and approaches to understanding and investigating social phenomena.

Positivism, rooted in the belief of an objective reality that can be measured and quantified, emphasizes the importance of empirical evidence and scientific rigor. This paradigm advocates for the use of structured methodologies and statistical analysis to uncover universal truths. However, its deterministic nature and reliance on quantifiable data often limit its applicability in exploring complex social constructs and human experiences.

Post-positivism, or realism as later referred to by Healy and Perry (2000), emerges as a response to the limitations of positivism. While it retains the commitment to empirical investigation, post-positivism acknowledges the fallibility of human knowledge and the influence of context and perspective. This paradigm advocates for methodological pluralism, incorporating both quantitative and qualitative methods to achieve a more nuanced understanding of reality. It recognizes that while objective reality exists, our understanding of it is inherently imperfect and subject to revision.

Critical theory, on the other hand, challenges the status quo by emphasizing the role of power, ideology, and social structures in shaping human experiences and knowledge production. This paradigm is inherently emancipatory, seeking to uncover and address social injustices and inequalities. Critical theorists argue that research should not only interpret the world but also aim to transform it by empowering marginalized groups and challenging oppressive systems.

Constructivism, as another influential paradigm, posits that reality is socially constructed through human interactions and interpretations. It emphasizes the subjective nature of knowledge and the importance of understanding the meanings and experiences of individuals within their specific contexts. Constructivist researchers employ qualitative methods such as interviews, observations, and narrative analysis to explore the rich, complex, and often contradictory nature of human experiences.

4.4 Research Paradigm & Landscape

Placing my own research within this paradigmatic landscape, I find myself navigating the interstitial space between post-positivism and constructivism. This positioning reflects my commitment to

methodological rigor and empirical investigation, while also recognizing the importance of context, perspective, and the socially constructed nature of reality. By adopting a post-positivist stance, I acknowledge the existence of an objective reality that can be studied, albeit imperfectly, through empirical methods. However, I also embrace the constructivist view that our understanding of this reality is mediated by social interactions and interpretive processes.

This dual alignment allows me to leverage the strengths of both paradigms in my research. From a post-positivist perspective, I employ systematic methodologies and empirical data to investigate the phenomena under study. This approach ensures the reliability and validity of my findings, providing a robust foundation for theoretical development and practical application. Simultaneously, from a constructivist standpoint, I engage with participants' perspectives and experiences, recognizing the value of their subjective insights in enriching and contextualizing my research.

In navigating these paradigms, I am mindful of the epistemological and methodological implications of my choices. The integration of post-positivist and constructivist approaches necessitates a careful balance between empirical rigor and interpretive depth. It requires a reflexive stance, acknowledging my own positionality and the potential biases that may influence the research process. This reflexivity is crucial in ensuring the credibility and trustworthiness of my findings.

Furthermore, this paradigmatic positioning aligns with the broader objectives of my research, which seeks to explore complex social phenomena within their specific contexts. By adopting a post-positivist and constructivist lens, I am able to capture the multifaceted nature of these phenomena, providing a comprehensive and nuanced understanding that transcends the limitations of any single paradigm. The synthesis of post-positivism and constructivism in my research reflects a commitment to methodological pluralism and epistemological reflexivity. It allows me to draw on the strengths of both paradigms, ensuring a rigorous and contextually grounded investigation of the phenomena under study. This approach not only enhances the validity and richness of my findings but also contributes to the ongoing dialogue and development within the field of qualitative inquiry.

4.4 Research Design

As previously stated, this research primarily follows an inductive approach. While I engaged in extensive reading to familiarize myself with the topic, I refrained from forming any propositions or hypotheses prior to entering the field. Mintzberg (1979) delineates two essential steps in inductive research: the first being detective work, which involves tracking down patterns and consistencies, and the second being the creative leap. According to Mintzberg, detective work entails searching through a phenomenon for order, following one lead to another, despite the process itself being inherently untidy.

The creative leap, on the other hand, involves synthesizing these patterns into novel insights and frameworks.

This description closely mirrors my own research process. In the field, I conducted detective work through case studies, striving to observe and understand practitioners' actions, motivations, and the resultant consequences without preconceived notions. This approach allowed me to gather rich, contextual data that is grounded in real-world practices. By immersing myself in the field, I was able to identify emerging patterns and themes that are critical to understanding upstream CSR practices.

In addition to fieldwork, I engaged in detective work at my desk through a comprehensive literature analysis. This involved meticulously reviewing existing studies, extracting relevant evidence, and piecing together disparate findings to form a coherent understanding of the topic. The literature analysis provided a theoretical foundation that complemented my empirical observations, enabling me to situate my findings within the broader academic discourse.

The creative leap in my research is embodied in the proposed frameworks and suggested lessons learned. These frameworks are not merely descriptive but offer a conceptual lens through which upstream CSR practices can be understood and analysed. They are designed to bridge the gap between theory and practice, providing actionable insights for both researchers and practitioners. By integrating empirical data with theoretical constructs, these frameworks contribute to a more nuanced and comprehensive understanding of upstream CSR.

Furthermore, the inductive approach adopted in this research aligns with the principles of qualitative inquiry, which emphasize the importance of context, complexity, and the subjective experiences of participants. This approach allows for a deeper exploration of the social and organizational dynamics that underpin upstream CSR practices. It also facilitates the identification of emergent phenomena that may not be captured through deductive methods.

The iterative nature of inductive research necessitates a reflexive stance, where the researcher continuously revisits and refines their understanding based on new insights and evidence. This reflexivity is crucial in ensuring the credibility and trustworthiness of the research findings. By remaining open to new interpretations and perspectives, I was able to adapt my research design and methods to better capture the complexities of the field.

Moreover, the inductive approach supports the development of grounded theory, which is particularly valuable in areas where existing theories may be limited or inadequate. Grounded theory allows for the generation of new theoretical insights that are closely tied to empirical data. In the context of upstream

CSR, this approach enables the identification of novel patterns and relationships that can inform both academic research and practical interventions.

The inductive approach adopted in this research provides a robust framework for exploring upstream CSR practices. Through a combination of fieldwork, literature analysis, and creative synthesis, this research offers valuable insights into the complexities and dynamics of upstream CSR. The proposed frameworks and lessons learned not only advance academic understanding but also provide practical guidance for practitioners seeking to implement effective CSR strategies. This dual contribution underscores the significance of inductive research in bridging the gap between theory and practice.

The figure below is designed to give the reader an overview of the research design by illustrating how different elements of my study relate to the stated objectives.

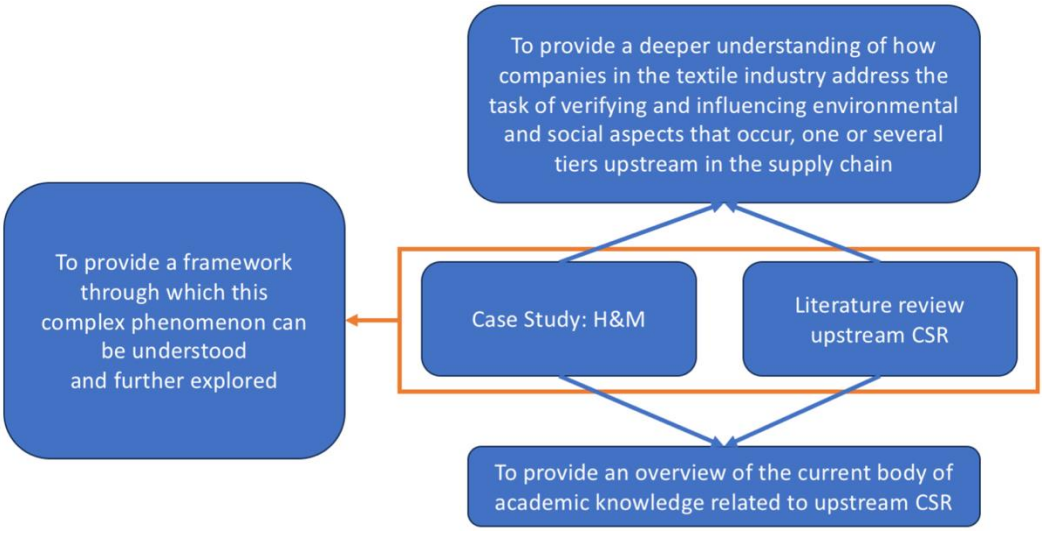


Figure-4: An overview of the research design

4.5 Data & Case Selection

The selection of the textile industry as the focal point of this research is underpinned by several compelling reasons. Primarily, the textile industry has been subjected to sustained pressure from a diverse array of stakeholders to address both environmental and social dimensions within their supply chains. This sector's prolonged exposure to such pressures makes it feasible to identify companies with extensive experience in implementing upstream CSR initiatives. This criterion was crucial for my research, as it necessitated the identification of companies that are not only actively engaged in influencing their supply chain actors but are also committed to ensuring that environmental and social standards are met and maintained.

One of the key motivations for focusing on the textile industry is its historical and ongoing challenges related to sustainability. The industry has been a focal point for various non-governmental organizations (NGOs), regulatory bodies, and consumer advocacy groups, all of which have exerted pressure on textile companies to adopt more sustainable practices. This external pressure has led to the development of robust CSR frameworks within the industry, providing a rich context for examining the effectiveness of these initiatives.

Moreover, the textile industry is characterized by complex and often opaque supply chains that extend beyond the first tier. This complexity necessitates a comprehensive approach to CSR, where companies must engage with multiple layers of suppliers to ensure compliance with environmental and social standards. This multi-tiered engagement is particularly relevant for my research, as it allows for an in-depth analysis of how companies manage and influence their supply chains at various levels.

The selection of H&M as a focal company for this study is particularly pertinent. H&M, a large multinational clothing retailer headquartered in Sweden, employs approximately 60,000 individuals globally. The company's extensive supply chain network and its proactive stance on CSR make it an ideal case study for this research. H&M's commitment to sustainability is evidenced by its numerous initiatives aimed at improving environmental and social conditions within its supply chain.

H&M's approach to CSR extends beyond mere compliance with regulatory requirements. The company has implemented a range of voluntary initiatives designed to enhance sustainability across its supply chain. These initiatives include the use of sustainable materials, the promotion of fair labor practices, and efforts to reduce the environmental impact of its operations. By examining H&M's CSR strategies, this research aims to provide insights into the effectiveness of such initiatives in driving positive change within the textile industry.

Furthermore, H&M's global reach and influence make it a significant player in the textile industry. The company's ability to effect change within its supply chain can have far-reaching implications for the industry as a whole. This research will explore how H&M leverages its position to promote sustainability and influence its suppliers to adopt more responsible practices.

The methodology for selecting H&M involved a thorough review of the company's CSR reports, sustainability initiatives, and public disclosures. This review provided a comprehensive understanding of H&M's approach to CSR and its impact on the supply chain. Additionally, interviews with key stakeholders within the company were conducted to gain deeper insights into the challenges and

successes of implementing CSR initiatives. The textile industry's unique challenges and the proactive stance of companies like H&M make it an ideal context for examining the effectiveness of CSR initiatives. This research aims to contribute to the broader understanding of how companies can influence their supply chains to achieve sustainable outcomes. By focusing on H&M, this study provides a detailed case analysis that highlights the complexities and opportunities associated with implementing CSR in the textile industry.

The findings from this research will have implications for both academia and industry practitioners. For academia, it will provide a nuanced understanding of CSR implementation in complex supply chains. For industry practitioners, it will offer practical insights into how companies can effectively manage their supply chains to achieve sustainability goals. Through this research, I aim to bridge the gap between theory and practice, providing valuable contributions to the field of supply chain management and CSR.

The textile sector presents a particularly compelling context for research due to several factors. The case study of H&M, a prominent multinational retailer, provides a wealth of empirical data that is invaluable for examining the management of both environmental and social initiatives within the supply chain. H&M's proactive engagement with various environmental aspects offers a unique opportunity to explore how different types of issues influence the strategies and approaches adopted by the company.

Another primary reasons for selecting the textile sector is its significant environmental footprint. The industry is known for its extensive use of natural resources and its substantial contribution to pollution. This makes it a critical area for studying the implementation of environmental initiatives. H&M, in particular, has been at the forefront of addressing these challenges, making it an ideal case for this research.

H&M's approach to managing environmental issues is multifaceted. The company has implemented a range of initiatives aimed at reducing its environmental impact, including the use of sustainable materials, energy-efficient production processes, and waste reduction strategies. By examining these initiatives, this research aims to provide insights into the effectiveness of different environmental management practices within the textile industry.

In addition to environmental issues, the textile sector also faces significant social challenges. Labor practices, working conditions, and fair wages are critical concerns that have garnered considerable attention from various stakeholders. H&M's commitment to improving social conditions within its supply chain provides a rich context for studying the implementation of social initiatives. The company's efforts to promote fair labor practices and improve working conditions are particularly relevant for this research.

The complexity of H&M's supply chain adds another layer of interest to this case study. The company's supply chain extends beyond its direct business relationships, encompassing multiple tiers of suppliers. This complexity presents unique challenges for managing environmental and social initiatives. By studying H&M's approach to engaging with its suppliers at different tiers, this research aims to shed light on the particular challenges and opportunities associated with multi-tier supply chain management.

H&M's proactive stance on sustainability is also noteworthy. The company has set ambitious goals for reducing its environmental impact and improving social conditions within its supply chain. These goals are supported by a range of initiatives and programs designed to drive sustainable practices across the entire supply chain. This research will examine the effectiveness of these initiatives and the extent to which they contribute to achieving H&M's sustainability goals.

The selection of H&M as a focal company for this research is further justified by its global influence. As one of the largest retailers in the world, H&M has the potential to drive significant change within the textile industry. The company's ability to influence its suppliers and promote sustainable practices can have far-reaching implications for the industry as a whole. This research will explore how H&M leverages its position to effect change and promote sustainability within its supply chain.

The methodology for this research involves a comprehensive review of H&M's sustainability reports, public disclosures, and other relevant documents. This review will provide a detailed understanding of the company's approach to managing environmental and social issues. Additionally, interviews with key stakeholders within H&M will be conducted to gain deeper insights into the challenges and successes of implementing sustainability initiatives.

The textile sector, with its significant environmental and social challenges, provides a rich context for studying the implementation of sustainability initiatives. H&M, with its proactive stance on sustainability and its complex supply chain, offers an ideal case for this research. By examining H&M's approach to managing environmental and social issues, this research aims to contribute to the broader understanding of sustainability practices within the textile industry.

The findings from this research will have important implications for both academia and industry practitioners. For academia, it will provide valuable insights into the implementation of sustainability initiatives in complex supply chains. For industry practitioners, it will offer practical guidance on how to effectively manage environmental and social issues within their supply chains. Through this research, I aim to bridge the gap between theory and practice, providing meaningful contributions to the field of supply chain management and sustainability.

4.6 Method applied in the case study of H&M

The H&M case study was structured as an embedded case study, meticulously designed to investigate four distinct initiatives where the focal company addressed various environmental and social concerns within its supply chain. This approach allowed for a comprehensive examination of the multifaceted challenges and strategies employed by H&M to enhance sustainability across different dimensions of its operations.

Firstly, the study focused on the issue of chemical residues in finished products. This concern arises from the extensive use of chemicals at various stages of textile production, including dyeing, finishing, and treatment processes. The presence of chemical residues in the final products poses significant health risks to consumers and environmental hazards. H&M's initiatives aimed at reducing these residues involved stringent chemical management policies, the adoption of safer alternatives, and rigorous testing protocols to ensure compliance with safety standards.

Secondly, the case study examined labour conditions and environmental aspects in the operations of direct, contracted suppliers and their sub-contractors. The textile industry is notorious for its labour-related challenges, including poor working conditions, inadequate wages, and violations of labour rights. H&M's efforts in this area included implementing comprehensive labour standards, conducting regular audits, and engaging in capacity-building programs to improve the working conditions and environmental practices of their suppliers. These initiatives were crucial in promoting fair labour practices and ensuring that suppliers adhered to the company's ethical standards.

Thirdly, the environmental impacts associated with wet processing, such as yarn and fabric dyeing and finishing, were scrutinized. Wet processing is a resource-intensive stage of textile production, involving significant water and energy consumption, as well as the discharge of harmful effluents. H&M's initiatives in this domain focused on optimizing resource use, adopting cleaner production technologies, and implementing wastewater treatment systems to mitigate the environmental impact. By addressing the challenges of wet processing, H&M aimed to reduce its ecological footprint and promote sustainable practices within its supply chain.

Fourthly, the study explored the environmental impacts associated with conventional cotton farming. Cotton farming is known for its intensive use of water, pesticides, and fertilizers, which have detrimental effects on the environment and local communities. H&M's initiatives in this area included promoting the use of organic and sustainably sourced cotton, supporting farmers in adopting eco-friendly practices, and collaborating with industry stakeholders to drive systemic change. These efforts were aimed at reducing the environmental impact of cotton farming and fostering a more sustainable supply chain.

The embedded case study format allowed for an in-depth analysis of these four initiatives, providing valuable insights into the complexities and interdependencies of environmental and social issues within the textile supply chain. By focusing on specific initiatives, the study was able to highlight the challenges faced by H&M and the strategies employed to address them. This approach also facilitated a nuanced understanding of how different types of issues influence the company's sustainability practices.

Moreover, the case study provided an opportunity to examine the effectiveness of H&M's initiatives in driving positive change within its supply chain. The findings revealed that while significant progress had been made in certain areas, challenges remained in achieving comprehensive and sustained improvements. The study underscored the importance of continuous monitoring, stakeholder engagement, and adaptive strategies in addressing the dynamic and evolving nature of sustainability issues.

Each of these initiatives constitutes a distinct unit of analysis within the embedded case study framework. This methodological approach facilitates a detailed examination of how the focal company, H&M, manages to influence and verify environmental and social aspects within its supply chain. The primary objective of this research is to comprehend the mechanisms and strategies employed by H&M to address these issues and the subsequent consequences of their actions. However, the ambition extends beyond this primary goal to include a nuanced exploration of how each specific issue is managed and the underlying reasons for the adoption of different approaches.

This H&M case study, through its embedded design, offered a rich empirical context for exploring the management of environmental and social initiatives within the textile supply chain. The four initiatives examined in this study provided a comprehensive overview of the challenges and opportunities associated with promoting sustainability in the textile industry. The insights gained from this research contribute to the broader understanding of how companies can effectively address environmental and social concerns in their supply chains, offering valuable lessons for both academia and industry practitioners.

In conducting the searches for this dissertation, my primary objective was to identify material pertinent to the topic, irrespective of the terminology used to describe the phenomenon or the disciplinary background of the authors. This approach was designed to ensure a comprehensive and inclusive collection of relevant literature. Consequently, I employed a broad range of search terms, systematically grouped to encompass the three critical elements of relevance in upstream Corporate Social Responsibility (CSR).

Firstly, to capture the supply chain element, I utilized an extensive array of search terms. These included "supply chain," "product chain," "value chain," "supply network," "interorganizational," "interorganizational," "purchasing," "sourcing," "life cycle," "integrated chain," and "inter-firm." Each of these terms was selected to reflect various facets of supply chain dynamics and interactions, ensuring that the search results would cover a wide spectrum of supply chain-related literature.

Secondly, to address the element of environmental and social responsibility, I incorporated search terms such as "environment*," "green," "sustain," "ethical," "responsible," and "social." The use of truncation (e.g., "environment*" and "sustainab*") was a deliberate strategy to capture all possible word endings, thereby broadening the scope of the search to include all relevant literature on environmental sustainability and social responsibility. This approach was crucial in identifying works that discuss the intersection of supply chain practices with environmental and social considerations.

Thirdly, to encompass the management element, I employed search terms including "management," "strategy," "governance," and "control." These terms were chosen to ensure that the search results would include literature on the strategic and managerial aspects of upstream CSR. By focusing on these terms, I aimed to gather insights into how management practices influence and are influenced by CSR initiatives within supply chains.

The search process was iterative and adaptive, allowing for the refinement of search terms based on initial findings. This iterative approach ensured that the search strategy remained flexible and responsive to emerging themes and trends within the literature. Additionally, the inclusion of diverse disciplinary perspectives was a key consideration, as it enriched the analysis by incorporating a wide range of viewpoints and methodologies.

Throughout the search process, I also paid attention to the quality and credibility of the sources. Peer-reviewed journals, reputable conference proceedings, and authoritative books were prioritized to ensure the reliability and academic rigor of the collected material. This emphasis on high-quality sources was essential for building a robust and credible foundation for the dissertation.

Furthermore, the search strategy was designed to be comprehensive yet focused. By systematically grouping the search terms into the three key elements of supply chain, environmental and social responsibility, and management, I was able to maintain a clear and organized approach. This structure facilitated the efficient identification and categorization of relevant literature, streamlining the subsequent analysis and synthesis processes.

In addition to electronic databases, I also explored grey literature, including industry reports, white papers, and policy documents. This inclusion of grey literature was aimed at capturing practical insights and real-world applications of upstream CSR practices, which are often underrepresented in academic publications. The combination of academic and grey literature provided a well-rounded perspective on the topic.

The search process was not limited to English-language sources. Recognizing the global nature of supply chains and CSR practices, I included literature in multiple languages where possible. This multilingual approach helped to capture a more diverse and comprehensive set of perspectives, reflecting the international scope of the research topic.

Finally, the search strategy was continuously evaluated and refined to ensure its effectiveness. Regular reviews of the search results and adjustments to the search terms were made as necessary to enhance the relevance and comprehensiveness of the collected material. This ongoing evaluation was a critical component of the search process, ensuring that the final dataset was both exhaustive and pertinent to the research objectives.

4.7 About the included material

As elucidated, the corpus of material incorporated in this review was meticulously identified through the deployment of a series of pertinent search terms via the Lund University search tool, ELIN (Electronic Library Information Navigator). This comprehensive search strategy was designed to ensure the inclusion of a wide array of relevant literature, thereby providing a robust foundation for the subsequent analysis.

The initial search yielded a total of 179 peer-reviewed articles. This substantial number underscores the extensive body of research available on the topic. However, to maintain the rigor and relevance of the review, a meticulous first read-through was conducted. During this preliminary screening, 38 papers were deemed non-relevant based on the criteria delineated of the Method chapter. These criteria were rigorously applied to ensure that only the most pertinent studies were included in the final review.

Consequently, 141 articles were retained for in-depth analysis. This selection process was critical in distilling the vast amount of available literature into a manageable and highly relevant subset. The retained articles span a considerable temporal range, with the earliest article included being Drumwright (1994), which was published in 1994. This historical breadth allows for a comprehensive examination of the evolution of research in this domain.

In addition to the chronological diversity, the selected articles encompass a wide range of methodological approaches and theoretical perspectives. This diversity is essential for providing a holistic understanding of the topic and for identifying potential gaps in the existing literature. The inclusion of various research methodologies also enhances the robustness of the review by allowing for the triangulation of findings.

A notable trend observed in the review process is the increasing volume of publications in the last five years. This surge in research activity reflects the growing academic and practical interest in the topic. An analysis of the publication trends reveals that there has been a significant increase in the number of articles published annually, particularly in high-impact journals. This trend underscores the relevance and timeliness of the current review.

The recent articles exhibit a marked shift towards more sophisticated analytical techniques and theoretical frameworks. This evolution in research methodology indicates a maturation of the field and suggests that contemporary studies are building on the foundational work of earlier research. The increased methodological rigor and theoretical sophistication of recent studies enhance the overall quality and credibility of the literature.

Furthermore, the thematic focus of recent publications has also evolved. There is a discernible shift towards addressing more complex and nuanced research questions. This trend is indicative of the field's progression towards a deeper and more comprehensive understanding of the subject matter. The recent literature also reflects a greater emphasis on interdisciplinary approaches, integrating insights from various fields to provide a more holistic perspective.

The geographical distribution of the studies included in the review is another important aspect to consider. The selected articles represent a diverse array of geographical contexts, which is crucial for understanding the global applicability of the findings. This geographical diversity also highlights the universal relevance of the research topic and underscores the importance of considering contextual factors in the analysis.

The rigorous selection process employed in this review has resulted in a highly relevant and diverse corpus of literature. The inclusion of articles spanning a wide temporal range, various methodological approaches, and diverse geographical contexts provides a comprehensive foundation for the subsequent analysis. The observed trends in recent publications further underscore the timeliness and relevance of the review.

The geographical distribution of authors in the reviewed material reveals a significant concentration in Europe and North America. Specifically, over 50% of the authors are based in Europe, while approximately 30% are affiliated with institutions in North America. This dominance underscores the substantial research output from these regions. In contrast, Asia accounts for a smaller proportion, with just under 10% of the authors. The representation from Africa, Australia, and South America is even more limited, with only four, three, and two authors respectively.

This geographical skewness in authorship highlights potential regional disparities in research funding, academic infrastructure, and scholarly collaboration opportunities. It is essential to consider these disparities when interpreting the findings and generalizability of the reviewed literature. The underrepresentation of authors from certain regions may also indicate gaps in the global research landscape that warrant further investigation and support.

During the review process, the collected papers were systematically categorized into five distinct groups based on the nature of their content. This categorization was crucial for organizing the diverse range of articles and facilitating a structured analysis. The categories employed were: (A) Reports of research findings from original studies, including detailed descriptions of methodologies; (B) Literature reviews; (C) Conceptual discussions or developments that do not report specific studies; (D) Development of new tools or methodologies; and (E) Other types of articles, such as opinion pieces, thought notes, and overviews.

Category A, which includes reports of original research findings, constituted the majority of the reviewed articles. These papers typically provided comprehensive accounts of empirical studies, including methodological details, data analysis, and interpretation of results. The prevalence of this category underscores the emphasis on empirical research within the field, particularly in the context of upstream CSR.

Literature reviews, classified under Category B, also formed a significant portion of the reviewed material. These articles not only synthesized existing research but often extended beyond mere summaries to offer critical discussions and propose new theoretical directions. This dual role of literature reviews highlights their importance in both consolidating knowledge and advancing scholarly debates.

Category C encompassed articles focused on conceptual discussions and theoretical developments. These papers, while not reporting specific empirical studies, contributed to the intellectual foundation of the field by introducing new concepts, frameworks, and theoretical perspectives. Such contributions are vital for the ongoing evolution of academic discourse and for guiding future research endeavours.

The development of new tools and methodologies, categorized under Category D, represented another key area of contribution. These articles detailed innovative approaches and techniques that could be applied in subsequent research. The emphasis on methodological advancement reflects the dynamic nature of the field and the continuous quest for more robust and reliable research tools.

Articles classified under Category E included a diverse array of content, such as opinion pieces, thought notes, and overviews. These contributions, while varied in nature, provided valuable insights and reflections on current trends, challenges, and future directions in the field. They also served to stimulate critical thinking and dialogue among scholars and practitioners.

The distribution of articles across these categories, is more than 50% of the articles reported on specific empirical studies, highlighting the field's strong empirical orientation. This empirical focus is indicative of the field's commitment to evidence-based research and the generation of actionable insights. The categorization and analysis of the reviewed material provide a comprehensive overview of the current state of research in the field. The geographical distribution of authors, the diversity of article types, and the thematic focus of the literature all contribute to a nuanced understanding of the research landscape. This analysis not only underscores the strengths and contributions of the existing literature but also identifies areas for future research and development.

The subsequent sections will delve deeper into the specific themes and findings of the reviewed articles, offering a detailed examination of the key trends, challenges, and opportunities in the field. This comprehensive analysis will serve as a foundation for the development of new research questions and the advancement of scholarly knowledge.

4.8 Methods Applied

This dissertation employs an embedded case study approach to examine the multifaceted initiatives undertaken by H&M to address various environmental and social concerns within its supply chain. The research design focuses on four distinct initiatives, each representing a unique unit of analysis within the broader case study framework.

Firstly, the study investigates the issue of chemical residues in finished products, which arise from the use of various chemicals at different stages of production. This initiative aims to understand the measures implemented by H&M to mitigate chemical contamination and ensure product safety for consumers.

Secondly, the research delves into labour conditions and environmental aspects within the operations of direct, contracted suppliers and their sub-contractors. This initiative examines H&M's strategies to improve working conditions, uphold labour rights, and minimize environmental impacts in its supply chain.

Thirdly, the study explores the environmental impacts associated with wet processing, specifically focusing on yarn and fabric dyeing and finishing. This initiative seeks to analyze the methods employed by H&M to reduce water consumption, manage wastewater, and minimize the ecological footprint of wet processing activities.

Fourthly, the research addresses the environmental impacts linked to conventional cotton farming. This initiative evaluates H&M's efforts to promote sustainable agricultural practices, reduce pesticide use, and enhance the overall environmental sustainability of cotton production.

Each of these initiatives serves as a distinct unit of analysis, allowing for a comprehensive examination of H&M's approach to managing environmental and social issues in its supply chain. The overarching objective of this case study is to understand how H&M influences and verifies compliance with environmental and social standards across its supply chain, as well as the outcomes of these efforts.

In addition to the primary objective, the study aims to gain insights into the specific management practices employed for each issue. By analysing the different approaches taken by H&M, the research seeks to identify the underlying factors that drive the adoption of various strategies for different environmental and social concerns.

The selection of these initiatives was guided by their relevance to H&M's sustainability goals and their significance in the broader context of supply chain management. The embedded case study design allows for an in-depth exploration of each initiative while maintaining a holistic view of H&M's overall sustainability efforts.

Data collection for this study involved a combination of qualitative and quantitative methods, including interviews with key stakeholders, analysis of company reports, and field observations. This mixed-methods approach ensures a robust and comprehensive understanding of the initiatives under investigation.

The analysis of the collected data was conducted using thematic analysis to identify common patterns and themes across the different initiatives. This approach facilitated a nuanced understanding of H&M's strategies and their effectiveness in addressing environmental and social issues.

Overall, this embedded case study provides valuable insights into the complex dynamics of managing sustainability in global supply chains. By examining H&M's initiatives, the research contributes to the broader discourse on corporate social responsibility and sustainable supply chain management.

CHAPTER 4:

CONTENTS OF THE RESEARCH

4.1 Sketching the outline of our body of knowledge on upstream CSR.

Over the past fifteen years, there has been a significant increase in scholarly contributions from various disciplines aimed at enhancing our understanding of the phenomenon of upstream Corporate Social Responsibility (CSR). This burgeoning interest has led to a diverse array of perspectives and definitions of key concepts within the field. However, as is often the case with emerging areas of research, the field remains fragmented.

The diversity of perspectives has resulted in a multitude of definitions and conceptual frameworks, each offering unique insights into upstream CSR. While this diversity enriches the field, it also presents challenges. Many contributions do not adequately address how their findings relate to those of previously published works. This lack of integration makes it difficult for researchers to contextualize their findings within the existing body of knowledge.

As a result, researchers face significant challenges in situating their own study findings in relation to the broader literature. This fragmentation hinders the development of a cohesive understanding of upstream CSR, as it is often unclear whether new contributions offer novel insights, reinforce existing findings, or contradict previous research.

For readers, this fragmentation poses additional challenges. Determining the contribution of a particular paper becomes a complex task, as it is not always evident how the findings align with or diverge from the established body of knowledge. This lack of clarity can impede the advancement of the field, as it becomes difficult to build upon previous research in a systematic and coherent manner.

To address these challenges, it is essential to adopt a more integrative approach to research in upstream CSR. Scholars should strive to explicitly relate their findings to existing literature, highlighting areas of convergence and divergence. This approach will facilitate a more comprehensive understanding of the field and promote the development of a cohesive body of knowledge.

Furthermore, there is a need for greater methodological rigor in the study of upstream CSR. Researchers should employ robust and transparent methodologies that allow for the replication and validation of findings. This will enhance the reliability and credibility of research in the field, contributing to its overall advancement.

In addition to methodological rigor, interdisciplinary collaboration is crucial for the advancement of upstream CSR research. By drawing on insights from multiple disciplines, researchers can develop more comprehensive and nuanced understandings of the phenomenon. This interdisciplinary approach will also help to bridge the gaps between different perspectives and foster a more integrated field of study.

The development of standardized definitions and conceptual frameworks is another important step towards addressing the fragmentation in upstream CSR research. Standardization will facilitate clearer communication and comparison of findings across studies, enhancing the overall coherence of the field.

Moreover, there is a need for greater emphasis on longitudinal studies in upstream CSR research. Longitudinal studies will provide deeper insights into the temporal dynamics of CSR practices and their long-term impacts. This will contribute to a more comprehensive understanding of the phenomenon and inform the development of more effective CSR strategies.

While the field of upstream CSR has seen significant growth and diversification over the past fifteen years, it remains fragmented. Addressing this fragmentation requires a concerted effort to integrate findings, enhance methodological rigor, promote interdisciplinary collaboration, standardize definitions, and conduct longitudinal studies. By adopting these strategies, researchers can contribute to the development of a more cohesive and comprehensive understanding of upstream CSR.

The primary objective of the literature review presented in this dissertation is to address the existing fragmentation within the field by providing a comprehensive overview of the current body of knowledge. This review, in conjunction with the case studies detailed in subsequent chapters, forms the foundation for developing a structured framework to understand and further explore this complex and heterogeneous phenomenon.

The literature review serves as a critical tool for synthesizing the diverse perspectives and findings that have emerged over the years. By systematically analyzing and categorizing existing research, the review aims to create a coherent narrative that highlights both the advancements and the gaps in our understanding of the subject matter.

In the following chapters, I will endeavor to delineate what is currently known about the phenomenon, drawing on a wide range of studies from various disciplines. This synthesis will not only provide a clear picture of the state of knowledge but also identify areas where our understanding remains limited or ambiguous.

A key aspect of this endeavor is the development of a categorization scheme that can effectively organize the diverse findings into a coherent structure. This scheme will facilitate a more systematic exploration

of the phenomenon, allowing for the identification of patterns and trends that may not be immediately apparent in the fragmented literature.

Through this categorization, I aim to highlight the key issues that have been the focus of research, as well as those that have been overlooked or underexplored. By identifying these knowledge gaps, the dissertation seeks to provide a roadmap for future research, pointing to areas where further investigation is needed to advance our understanding.

The case studies presented in this thesis play a crucial role in this process. They provide empirical evidence that complements the theoretical insights gained from the literature review. Together, the literature review and case studies offer a comprehensive perspective that integrates both theoretical and practical dimensions of the phenomenon.

In addition to identifying knowledge gaps, the dissertation also aims to suggest possible ways of categorizing what we know. This involves developing a conceptual framework that can guide future research and practice. The framework will be designed to be flexible and adaptable, accommodating new findings as the field continues to evolve.

The identification of key issues is another critical component of this dissertation. By pinpointing the most pressing challenges and questions that have emerged from the literature, the dissertation aims to focus attention on the areas that are most in need of further exploration and understanding.

Moreover, the dissertation will explore the opportunities for future research that arise from the identified knowledge gaps and key issues. These opportunities will be framed in a way that encourages interdisciplinary collaboration and the integration of diverse perspectives, fostering a more holistic understanding of the phenomenon. The literature review and case studies presented in this dissertation provide a comprehensive foundation for understanding the complex and heterogeneous phenomenon under investigation. By synthesizing existing knowledge, identifying gaps, and suggesting a structured framework for future research, this dissertation aims to contribute to the advancement of the field and provide valuable insights for both scholars and practitioners.

When I embarked on my literature analysis, I found that, to the best of my knowledge, there was no comprehensive literature review published that provided an extensive overview of the current state of knowledge related to upstream CSR. This gap in the literature presented a significant challenge, as it underscored the need for a thorough and integrative review to synthesize the existing research and identify key trends and gaps.

One notable attempt to address this gap was made by Müller and Seuring (2004), who published a conference paper that served as an abbreviated English version of a more extensive publication in

German. Their work covered a wide selection of published papers, totaling 122 publications, which included conference papers and book chapters. However, the English publication only briefly touched upon the contents of the reported findings, limiting its utility for a comprehensive understanding of the field.

The limited scope of Müller and Seuring's English publication highlighted the necessity for a more detailed and expansive review. My literature analysis aimed to fill this void by providing a thorough examination of the existing body of knowledge on upstream CSR. This involved not only summarizing the findings of previous studies but also critically analyzing their methodologies, theoretical frameworks, and contributions to the field.

In conducting this literature review, I sought to identify the key themes and issues that have been the focus of upstream CSR research. This included examining the various definitions and conceptualizations of upstream CSR, as well as the different approaches and strategies employed by companies to address CSR issues in their supply chains. By doing so, I aimed to provide a clearer picture of the current state of knowledge and highlight areas where further research is needed.

The review also aimed to identify the methodological approaches that have been used in upstream CSR research. This involved analyzing the strengths and limitations of different research designs, data collection methods, and analytical techniques. By providing a critical assessment of these methodologies, the review aimed to offer guidance for future research and promote the use of robust and rigorous methods in the study of upstream CSR.

Another important aspect of the literature review was to identify the key findings and contributions of previous studies. This involved summarizing the main results of existing research and examining how these findings have advanced our understanding of upstream CSR. By doing so, the review aimed to provide a comprehensive overview of the current state of knowledge and identify areas where further research is needed.

In addition to summarizing the findings of previous studies, the literature review also aimed to identify the gaps and limitations in the existing body of knowledge. This involved critically analyzing the existing research to identify areas where our understanding of upstream CSR is limited or incomplete. By highlighting these gaps, the review aimed to provide a roadmap for future research and identify opportunities for further investigation. The literature review also aimed to identify the key challenges and issues that have been the focus of upstream CSR research. This included examining the various factors that influence the implementation and effectiveness of CSR initiatives in supply chains, as well as the barriers and obstacles that companies face in addressing upstream CSR issues. By identifying

these challenges, the review aimed to provide insights into the factors that drive or hinder the adoption of upstream CSR practices.

The literature review presented in this dissertation aimed to provide a comprehensive overview of the current state of knowledge on upstream CSR. By synthesizing the findings of previous studies, identifying key themes and issues, and highlighting gaps and limitations in the existing body of knowledge, the review aimed to contribute to the advancement of the field and provide valuable insights for both scholars and practitioners. This comprehensive review serves as the foundation for the subsequent case studies and the development of a structured framework to understand and further explore the complex and heterogeneous phenomenon of upstream CSR.

4.2 Defining the phenomenon of upstream CSR.

One of the initial observations that emerges when examining the literature within the domain of upstream CSR is the extensive array of terms and definitions that are utilized. This diversity prompts an important question: is this variety merely a matter of semantics, or does it signify that different terms represent distinct phenomena? Addressing this question is crucial for understanding the scope and boundaries of upstream CSR research.

If the latter is true, and these terms indeed denote different phenomena, it becomes imperative to explore whether these phenomena are interrelated. This exploration will help determine if research findings across these varied terms can complement each other or if they should be treated as separate fields of inquiry. This distinction has significant implications for the coherence and integration of research in upstream CSR.

To provide clarity, this section will offer an overview of the key terms used in the literature and their proposed definitions. By doing so, we aim to elucidate the conceptual landscape of upstream CSR. Additionally, we will highlight the similarities and differences among these terms, providing a foundation for further discussion and analysis.

The multiplicity of terms in upstream CSR literature often reflects the diverse perspectives and theoretical frameworks employed by researchers. For instance, terms such as “sustainable supply chain management,” “responsible sourcing,” and “ethical procurement” are frequently used interchangeably, yet they may emphasize different aspects of CSR practices. Understanding these nuances is essential for a comprehensive analysis. Moreover, the context in which upstream CSR is studied plays a pivotal role in shaping the definitions and interpretations of these terms. Different industries, geographical regions, and regulatory environments can influence how CSR practices are conceptualized and implemented.

Therefore, it is important to consider the contextual factors that contribute to the diversity of terms in this field.

In addition to defining terms, this section will examine how various contributors to the field have described and sought to understand the context and dynamics of upstream CSR. This includes analyzing the supply chains in which companies operate and manage aspects of environmental and social relevance. By doing so, we can gain insights into the practical implications of upstream CSR practices.

Authors in the field have employed a range of methodologies to study upstream CSR, including case studies, surveys, and theoretical models. These methodologies provide different lenses through which to view and analyze the complexities of supply chains and CSR practices. Understanding the methodological approaches used in the literature is crucial for evaluating the robustness and generalizability of research findings.

Furthermore, the interplay between upstream CSR and other related concepts, such as corporate governance, stakeholder theory, and sustainability, will be explored. This examination will help to situate upstream CSR within the broader landscape of business ethics and corporate responsibility, highlighting its connections and distinctions with other areas of research.

The discussion will also address the challenges and opportunities associated with implementing upstream CSR practices. These include issues related to transparency, accountability, and the measurement of CSR outcomes. By identifying these challenges, we can better understand the barriers to effective CSR implementation and propose strategies to overcome them.

4.3 What is driving the phenomenon of upstream CSR?

The question of what triggers companies to engage in upstream CSR has garnered significant interest among scholars. In this review, I have identified some articles that contribute to this issue, each offering unique insights and perspectives. To provide a comprehensive overview of the findings, I have categorized the different antecedents identified in the literature into distinct groups. This categorization helps to clarify the various factors that motivate companies to adopt upstream CSR practices.

One prominent category of antecedents identified in several studies is the pressure or expectations from external actors. These actors include stakeholders such as customers, investors, non-governmental organizations (NGOs), and regulatory bodies. The influence of these external pressures can be substantial, as companies often seek to align their practices with stakeholder expectations to maintain legitimacy and avoid reputational damage. This external pressure can manifest in various forms, including consumer boycotts, investor activism, and regulatory compliance requirements.

Another significant category of antecedents is related to the structure of the supply chain. The complexity and interdependencies within supply chains can create both opportunities and challenges for implementing upstream CSR practices. For instance, companies with extensive and diverse supply chains may face greater scrutiny and pressure to ensure that their suppliers adhere to environmental and social standards. Conversely, companies with more streamlined supply chains may find it easier to monitor and enforce CSR practices among their suppliers.

In addition to external pressures and supply chain structure, bottom line-oriented antecedents also play a crucial role in motivating companies to engage in upstream CSR. These antecedents are driven by the potential financial benefits that can be derived from CSR practices. For example, companies may adopt upstream CSR to reduce costs through improved resource efficiency, enhance brand value, or gain a competitive advantage in the market. The alignment of CSR with financial performance can be a powerful motivator for companies to invest in sustainable practices.

Focal firm characteristics represent another important category of antecedents. These characteristics include factors such as company size, industry sector, and organizational culture. Larger companies, for instance, may have more resources and capabilities to implement upstream CSR practices compared to smaller firms. Similarly, companies operating in industries with high environmental or social impacts may face greater pressure to adopt CSR practices. Organizational culture, including leadership commitment and employee engagement, can also influence the extent to which companies prioritize and implement upstream CSR.

Personal beliefs and attitudes of key decision-makers within the company constitute yet another category of antecedents. The values and ethical orientations of top management and other influential stakeholders can significantly shape the company's approach to CSR. Leaders who prioritize sustainability and social responsibility are more likely to champion upstream CSR initiatives and integrate them into the company's strategic objectives. This highlights the importance of individual agency in driving organizational change towards more responsible practices.

It is important to note that many studies have focused on a single category of antecedents, such as focal firm characteristics, without considering the presence of other types of antecedents. This limitation underscores the need for a more holistic approach to understanding the drivers of upstream CSR. By examining multiple antecedents simultaneously, researchers can gain a more comprehensive understanding of the complex interplay between different factors that influence CSR adoption.

Furthermore, the interaction between different categories of antecedents can create synergies or tensions that affect the implementation of upstream CSR. For example, external pressures may reinforce the financial incentives for CSR, while supply chain complexities may pose challenges to achieving CSR

goals. Understanding these interactions is crucial for developing effective strategies to promote upstream CSR practices.

The diversity of antecedents also suggests that there is no one-size-fits-all approach to upstream CSR. Companies may be motivated by different factors depending on their specific context and circumstances. This variability highlights the importance of context-specific research that takes into account the unique characteristics of each company and its operating environment. The antecedents of upstream CSR are multifaceted and encompass a range of external pressures, supply chain structures, financial incentives, focal firm characteristics, and personal beliefs. By categorizing and examining these antecedents, we can gain a deeper understanding of the factors that drive companies to engage in upstream CSR. This understanding is essential for developing targeted interventions and policies that support the adoption of sustainable practices in supply chains.

4.4 External Pressure and Expectations on Upstream CSR.

The two most frequently mentioned triggers for companies to engage in upstream Corporate Social Responsibility (CSR) are forms of external pressure exerted on the focal company. The first of these triggers is current and forthcoming legislation, which has been identified in several studies as a significant driver for upstream CSR (Berger, Flynn et al., 2001; Canning and Hanmer-Lloyd, 2001; Carter and Dresner, 2001; Forman and Søgaard Jørgensen, 2004; Green, Morton et al., 1996; Min and Galle, 2001). This body of research underscores the role of regulatory frameworks in shaping corporate behavior towards more sustainable practices.

Forman and Søgaard Jørgensen (2004) provide a nuanced understanding by distinguishing between two types of policies that act as drivers: governmental regulation of chemicals and materials, and governmental regulation through public-private sector-based forums. This distinction highlights that regulatory measures can take various forms, each with its own implications for corporate practices. The former focuses on direct regulation of specific substances, while the latter involves collaborative efforts between the public and private sectors to establish standards and guidelines.

It is important to recognize that regulatory measures are not the only type of policy initiatives that can drive companies towards upstream CSR. Other types of policy initiatives, such as voluntary agreements and industry standards, can also play a crucial role. These initiatives often provide companies with the flexibility to innovate and adopt best practices that go beyond mere compliance. This flexibility can be particularly appealing to companies seeking to differentiate themselves in the market through their CSR efforts.

Min and Galle (2001) identify potential liability for the disposal of hazardous materials as another driver for upstream CSR. This finding is significant as it demonstrates that end-of-life oriented regulations can also trigger upstream CSR practices. Companies are motivated to adopt sustainable practices not only to comply with regulations but also to mitigate potential legal and financial risks associated with the disposal of hazardous materials. This risk mitigation strategy is particularly relevant in industries where the handling of hazardous materials is a critical concern.

However, it is noteworthy that the relevance of these drivers may vary depending on the size of the firm. Min and Galle (2001) suggest that larger firms are more likely to be influenced by potential liability for hazardous materials disposal. This observation can be attributed to the fact that larger firms typically have more resources and are therefore more capable of addressing complex regulatory requirements. Additionally, larger firms may be more concerned about potential liabilities due to their higher visibility and greater exposure to public scrutiny.

The influence of legislation and regulatory measures on upstream CSR is further supported by the findings of Berger, Flynn et al. (2001), Canning and Hanmer-Lloyd (2001), and Carter and Dresner (2001). These studies collectively highlight the critical role of government policies in shaping corporate behavior. By establishing clear regulatory frameworks, governments can create an environment that encourages companies to adopt sustainable practices and integrate CSR into their supply chain management.

Moreover, the impact of regulatory measures on upstream CSR is not limited to compliance. Companies often view regulatory requirements as a baseline and strive to exceed these standards to gain a competitive advantage. This proactive approach to CSR can lead to innovations in product design, process improvements, and enhanced stakeholder relationships. By going beyond compliance, companies can demonstrate their commitment to sustainability and build trust with their stakeholders.

In addition to regulatory measures, public-private sector-based forums play a significant role in driving upstream CSR. These forums provide a platform for collaboration between government agencies, industry associations, and other stakeholders. Through these collaborative efforts, stakeholders can develop and implement standards that promote sustainable practices across the supply chain. This collaborative approach ensures that the standards are practical, achievable, and widely accepted by the industry.

The role of public-private sector-based forums in driving upstream CSR is exemplified by initiatives such as the Chemical Industry Responsible Care Program and the Forest Stewardship Council (FSC) certification. These initiatives bring together various stakeholders to develop and implement standards that promote environmental and social responsibility. By participating in these initiatives, companies

can demonstrate their commitment to sustainability and gain recognition for their efforts. The triggers for upstream CSR are multifaceted and include both regulatory measures and collaborative policy initiatives. Current and forthcoming legislation, potential liability for hazardous materials disposal, and public-private sector-based forums are all significant drivers that influence corporate behavior. Understanding these triggers is essential for developing effective strategies to promote upstream CSR and achieve sustainable supply chain management.

The significance of regulatory measures as a driver for upstream CSR is further underscored by the findings of Min and Galle (1997). Their survey of members of the National Association of Purchasing Management (NAPAM) in firms with a high level of awareness and frequent applications of "green" purchasing strategies provides valuable insights into the role of regulation in shaping corporate behavior. The survey results reveal that current green purchasing strategies are predominantly "reactive," aiming to avoid violations of environmental statutes rather than embedding environmental goals within long-term corporate policy (Min and Galle, 1997, p. 16).

This observation highlights a critical aspect of regulatory influence: companies often adopt CSR practices in response to external pressures to comply with environmental regulations. While a reactive strategy may be seen as less desirable compared to a proactive approach, it nonetheless demonstrates the importance of regulatory frameworks in driving corporate action. The distinction between reactive and proactive strategies is crucial for understanding the varying degrees of commitment to CSR among companies.

From the perspective of regulatory compliance, a reactive strategy focuses on meeting the minimum legal requirements to avoid penalties and reputational damage. This approach is often characterized by short-term adjustments and incremental changes aimed at ensuring compliance with existing regulations. While this may not reflect a deep-seated commitment to sustainability, it does indicate that regulatory measures are effective in compelling companies to adopt certain CSR practices.

On the other hand, a proactive strategy involves integrating environmental goals into the core business strategy and long-term corporate policy. Companies that adopt this approach are not merely reacting to external pressures but are actively seeking to innovate and lead in the area of sustainability. This proactive stance can result in more substantial and enduring changes in corporate behavior, as companies strive to exceed regulatory requirements and set industry benchmarks.

The distinction between reactive and proactive strategies also raises important questions about the motivations behind corporate engagement in CSR. While regulatory measures can compel companies to adopt certain practices, the extent to which these practices are embedded in the corporate culture and

long-term strategy varies. Understanding these motivations is essential for developing policies and interventions that encourage deeper and more meaningful commitments to CSR.

Furthermore, the effectiveness of regulatory measures in driving CSR practices can vary depending on the industry and the specific regulatory context. For example, industries with stringent environmental regulations, such as chemicals and manufacturing, may exhibit higher levels of compliance-driven CSR practices. In contrast, industries with less stringent regulations may rely more on voluntary initiatives and market-based incentives to drive CSR.

The role of regulation in shaping CSR practices is also influenced by the broader policy environment. Governmental policies that promote transparency, accountability, and stakeholder engagement can enhance the effectiveness of regulatory measures. For instance, policies that require companies to disclose their environmental performance and CSR initiatives can create additional pressure for companies to adopt sustainable practices.

In addition to regulatory measures, other forms of policy initiatives, such as public-private partnerships and industry standards, can complement and reinforce the impact of regulation.

Contrary to the prevailing view that regulations and legislation are primary drivers of upstream Corporate Social Responsibility (CSR), some studies have found evidence to the contrary. For instance, Bowen, Cousins et al. (2001a) conducted a survey that revealed no significant correlation between regulatory measures and environmental activities. This finding challenges the assumption that compliance with existing regulations is a major motivator for companies to engage in green supply chain practices.

However, Bowen, Cousins et al. (2001a) also observed that the supply behaviors in their study often exceeded the requirements of current regulations and legislation. They argue that this phenomenon may be attributed to the anticipation of future legislation rather than the influence of existing regulations. The threat of more stringent future regulations can drive companies to adopt proactive environmental practices to mitigate potential risks and ensure long-term compliance.

Carter and Carter (1998) provide additional insights into the role of regulatory influence on environmental purchasing activities. In their study, they tested the hypothesis that the perceived influence of the regulatory sector on environmental purchasing would be significantly greater than that of the output, input, and competitive sectors. However, this hypothesis was rejected, indicating that regulatory influence may not be as dominant as previously thought.

The findings of Carter and Carter (1998) suggest that regulations are not necessarily the most important or frequent driver of upstream CSR. This challenges the notion that policy action alone is sufficient to

motivate companies to adopt sustainable practices. Instead, it highlights the need to consider a broader range of factors that influence corporate behavior in the context of CSR.

While policy action remains an important driver for upstream CSR, it is essential to recognize that it is not the sole determinant. The study by Carter and Carter (1998) underscores the complexity of the factors that drive companies to engage in CSR. It also raises questions about the underlying motivations of customers and other stakeholders who exert pressure on companies to adopt sustainable practices.

The role of customer pressure in driving upstream CSR is particularly intriguing. Customers, both individual consumers and business clients, can significantly influence corporate behavior through their purchasing decisions and demands for sustainable products. Understanding the motivations behind customer pressure is crucial for developing effective CSR strategies that align with market expectations.

In addition to customer pressure, other external factors such as market competition and industry standards can also drive companies to adopt upstream CSR practices. Competitive pressures can incentivize companies to differentiate themselves through sustainability initiatives, while industry standards can create a level playing field that encourages widespread adoption of CSR practices.

The interplay between regulatory measures, customer pressure, and market competition creates a dynamic environment for upstream CSR. Companies must navigate this complex landscape by balancing compliance with regulations, responding to customer demands, and maintaining a competitive edge. This requires a strategic approach that integrates CSR into the core business operations and aligns with the company's long-term objectives.

Furthermore, the anticipation of future regulations can serve as a powerful motivator for companies to adopt proactive CSR practices. By staying ahead of regulatory trends, companies can mitigate potential risks, enhance their reputation, and gain a competitive advantage. This forward-looking approach to CSR underscores the importance of strategic foresight and adaptability in the face of evolving regulatory landscapes. While regulations and legislation are important drivers of upstream CSR, they are not the sole determinants. The findings of Bowen, Cousins et al. (2001a) and Carter and Carter (1998) highlight the need to consider a broader range of factors, including customer pressure, market competition, and the anticipation of future regulations. By adopting a holistic approach to understanding the drivers of CSR, we can develop more effective strategies to promote sustainable practices in supply chains.

Another frequently identified driver of upstream Corporate Social Responsibility (CSR) is pressure from customers. This form of external pressure is widely recognized in the literature as a significant antecedent to upstream CSR practices (Berger, Flynn et al., 2001; Canning and Hanmer-Lloyd, 2001; Carter and Dresner, 2001; Cramer and van Leenders, 2000; Forman and Søgaard Jørgensen, 2004).

Customer pressure can manifest in various ways, including direct demands for sustainable products, expectations for ethical sourcing, and preferences for suppliers with strong CSR credentials.

The influence of customer pressure on upstream CSR is underscored by Carter and Carter (1998), who compare the importance of different external antecedents. Their study finds that the output sector, which includes buyers, has a significantly greater impact on the level of environmental purchasing activities than suppliers and competitors. This finding highlights the pivotal role that customers play in driving companies to adopt sustainable practices in their supply chains.

Customer pressure can be particularly influential in industries where consumers are highly aware of and concerned about environmental and social issues. In such contexts, companies may face intense scrutiny and demand for transparency regarding their supply chain practices. This heightened awareness can compel companies to implement upstream CSR initiatives to meet customer expectations and maintain their market position.

Moreover, the rise of socially responsible investing and ethical consumerism has amplified the impact of customer pressure on upstream CSR. Investors and consumers increasingly prioritize companies that demonstrate strong CSR performance, creating additional incentives for companies to adopt sustainable practices. This trend is reflected in the growing number of companies that publicly report their CSR activities and achievements.

The relationship between customer pressure and upstream CSR is also influenced by the competitive dynamics within industries. In highly competitive markets, companies may leverage their CSR credentials as a differentiating factor to attract and retain customers. This competitive advantage can drive companies to invest in upstream CSR initiatives that enhance their reputation and appeal to socially conscious consumers.

Furthermore, the alignment of customer and supplier CSR values can strengthen the pressure for upstream CSR. When customers prioritize CSR in their purchasing decisions, suppliers are incentivized to adopt similar values and practices to secure business relationships. This alignment can create a virtuous cycle of CSR adoption throughout the supply chain, benefiting both customers and suppliers.

The impact of customer pressure on upstream CSR is not limited to direct consumer interactions. Business-to-business (B2B) relationships also play a crucial role in driving CSR practices. Corporate customers, such as large retailers and manufacturers, often impose CSR requirements on their suppliers as part of their procurement policies. These requirements can include adherence to environmental standards, labor rights, and ethical sourcing practices.

In addition to formal procurement policies, informal mechanisms such as reputation and trust also influence the relationship between customer pressure and upstream CSR. Companies that are perceived as leaders in CSR can build stronger relationships with their customers, enhancing loyalty and long-term business prospects. This reputational capital can further motivate companies to maintain and improve their CSR practices.

The effectiveness of customer pressure as a driver of upstream CSR also depends on the ability of companies to communicate their CSR efforts to their customers. Transparent reporting and effective communication strategies are essential for building trust and demonstrating commitment to CSR. Companies that excel in these areas are better positioned to respond to customer pressure and leverage it as a catalyst for sustainable practices. Pressure from customers is a critical driver of upstream CSR, influencing companies to adopt sustainable practices in response to consumer and corporate customer demands. The interplay between customer pressure, competitive dynamics, and reputational considerations underscores the multifaceted nature of this driver. By understanding and leveraging customer pressure, companies can enhance their CSR performance and contribute to more sustainable supply chains.

Theyel (2001) provides compelling evidence that firms with established environmental relationships with their customers—such as customer-set requirements, information exchange, and collaboration—tend to maintain similar relationships with their suppliers. This observation suggests that knowledge transfer occurs throughout the supply chain, supporting the notion that environmental learning is an integral part of supply chain management. The ability of firms to disseminate environmental knowledge across their supply chains underscores the interconnected nature of CSR practices.

In this context, it is crucial to distinguish between professional customers, such as corporations, public institutions, and other organizations, and private consumers. Professional customers often have more structured and formalized expectations regarding CSR, which can significantly influence the environmental practices of their suppliers. These customers typically engage in detailed assessments and require comprehensive reporting on CSR activities, thereby driving suppliers to adopt and maintain high standards of environmental performance.

Private consumers, on the other hand, exert pressure on companies in a more indirect manner. While consumers are increasingly concerned about ethical and sustainable practices, their influence is often mediated through other channels. For instance, consumers may rely on media reports, NGO campaigns, and trade union activities to inform their purchasing decisions. This indirect pressure can still be substantial, as companies strive to maintain a positive public image and avoid negative publicity.

Welford and Frost (2006) highlight this dynamic in their study of major brand-name companies sourcing in Asia. They note that these companies do not experience direct pressure from consumers to the same extent as they do from other stakeholders. Instead, consumers seek reassurance that companies are not engaging in unethical practices, such as worker exploitation, through second-hand information sources. This reliance on external information sources underscores the role of NGOs and media in shaping consumer perceptions and driving CSR practices.

The influence of NGOs and trade unions in this context cannot be overstated. These organizations often act as intermediaries, amplifying consumer concerns and holding companies accountable for their CSR practices. By conducting investigations, publishing reports, and organizing campaigns, NGOs and trade unions can exert significant pressure on companies to improve their environmental and social performance. This external scrutiny can lead to substantial changes in corporate behavior, particularly in industries with high public visibility.

Moreover, the interaction between professional customers and private consumers creates a complex web of influences that drive upstream CSR. Professional customers may set stringent CSR requirements for their suppliers, which in turn affects the practices of those suppliers throughout the supply chain. At the same time, private consumers' expectations, mediated through NGOs and media, can reinforce these requirements and create additional pressure for compliance.

The role of institutional elements in shaping buyer perceptions and actions is also critical. Institutional factors, such as regulatory frameworks, industry standards, and cultural norms, can influence how buyers perceive and respond to CSR issues. For example, in regions with strong environmental regulations, buyers may place greater emphasis on compliance and sustainability. Similarly, cultural attitudes towards environmental and social responsibility can shape consumer expectations and drive corporate behavior.

Understanding the interplay between these various factors is essential for developing effective CSR strategies. Companies must navigate a complex landscape of stakeholder expectations, regulatory requirements, and market dynamics to implement sustainable practices. This requires a holistic approach that integrates CSR into the core business strategy and aligns with the company's long-term goals. The evidence presented by Theyel (2001) and Welford and Frost (2006) highlights the multifaceted nature of customer pressure as a driver of upstream CSR. The distinction between professional customers and private consumers, the role of NGOs and media, and the influence of institutional elements all contribute to a nuanced understanding of how customer pressure shapes CSR practices. By recognizing and addressing these diverse influences, companies can enhance their CSR performance and contribute to more sustainable supply chains.

In addition to the more commonly identified drivers of upstream Corporate Social Responsibility (CSR), several other external factors, though less frequently mentioned, also play a significant role. These include general public concern, public debate, and pressure from non-governmental organizations (NGOs) (Drumwright, 1994; Forman and Søgaard Jørgensen, 2004; Hall, 2000; Welford and Frost, 2006). The influence of these factors is often mediated through various channels, including media coverage, public campaigns, and advocacy efforts.

Hall (2000) provides a comprehensive analysis of the relationship between external pressures and corporate actions. He notes a clear correlation between the pressures to which firms are exposed and the subsequent actions they initiate. This relationship underscores the responsiveness of firms to external stimuli, particularly when these pressures are perceived as credible threats to their reputation or market position.

Moreover, Hall (2000) finds that firms subjected to a broader set of pressures tend to prioritize addressing the issues targeted by pressure groups or consumer interests. This prioritization reflects the strategic importance of managing stakeholder expectations and mitigating potential risks associated with negative publicity or consumer backlash. The ability of firms to adapt to these pressures is indicative of their commitment to maintaining social legitimacy and competitive advantage.

In his research, Hall (2000) asserts that all environmental supply chain initiatives could be traced back to the exposure of specific pressures, whether these pressures were real, potential threats, or merely perceived. This finding highlights the pervasive influence of external pressures on corporate behavior, suggesting that even the perception of pressure can be a powerful motivator for firms to adopt upstream CSR practices. The anticipatory nature of corporate responses to perceived threats underscores the importance of proactive CSR strategies.

Shareholder pressure is another critical driver of upstream CSR, as indicated by Welford and Frost (2006). They distinguish between different types of shareholders, noting that long-term investors, such as pension funds and investment trusts, are particularly influential in driving corporate action on environmental and social issues within the supply chain. These investors often prioritize sustainable and responsible business practices, aligning their investment strategies with broader societal goals.

The influence of long-term investors is significant because they have a vested interest in the long-term viability and sustainability of the companies in which they invest. This long-term perspective encourages companies to adopt upstream CSR practices that enhance their resilience and sustainability.

By aligning their business strategies with the expectations of long-term investors, companies can secure stable and supportive shareholder relationships.

Public concern and debate also play a crucial role in shaping corporate behavior. Public awareness of environmental and social issues can drive demand for more responsible business practices, compelling companies to adopt upstream CSR initiatives. This public pressure is often amplified by media coverage and public discourse, which can bring attention to corporate practices and hold companies accountable for their actions.

NGO pressure is another important factor influencing upstream CSR. NGOs often act as watchdogs, monitoring corporate behavior and advocating for more responsible practices. Their campaigns and reports can draw public attention to specific issues, creating pressure on companies to improve their CSR performance. The role of NGOs in driving corporate change is particularly significant in industries with high environmental and social impacts.

The interplay between these various external pressures creates a complex and dynamic environment for upstream CSR. Companies must navigate this landscape by balancing the demands of different stakeholders and responding to multiple sources of pressure. This requires a strategic approach that integrates CSR into the core business operations and aligns with the company's long-term objectives.

While general public concern, public debate, NGO pressure, and shareholder pressure are less frequently identified drivers of upstream CSR, they nonetheless play a significant role in shaping corporate behavior. The findings of Hall (2000) and Welford and Frost (2006) highlight the multifaceted nature of these pressures and their impact on CSR practices. By understanding and addressing these diverse influences, companies can enhance their CSR performance and contribute to more sustainable supply chains.

Several scholars, including Min and Galle (2001) and Welford and Frost (2006), have identified risk reduction as a significant driver for upstream Corporate Social Responsibility (CSR). Welford and Frost (2006) emphasize that companies cannot afford to be perceived as engaging in practices that harm people or the environment within their supply chains. They argue that negative publicity, even if inaccurate, can severely damage a company's reputation and brand value (p. 168). This underscores the importance of risk management as a motivator for upstream CSR initiatives.

The desire to mitigate risks associated with environmental and social issues is a logical driver for upstream CSR. Companies are increasingly aware that failing to address these risks can lead to substantial financial and reputational consequences. For instance, environmental disasters, labor rights violations, and other CSR-related issues can result in legal liabilities, regulatory fines, and loss of

consumer trust. Therefore, proactive risk management through upstream CSR practices is essential for safeguarding a company's long-term viability.

It is important to recognize that the perception of risk by focal companies is often influenced by external pressures and expectations from various stakeholders, including regulators, shareholders, and employees. Regulatory bodies impose compliance requirements that companies must adhere to, while shareholders and investors demand transparency and accountability in CSR practices. Employees, too, play a role by advocating for ethical and sustainable business practices within their organizations.

Min and Galle (2001) highlight the role of regulatory pressure in driving upstream CSR. They argue that companies adopt CSR practices to comply with existing regulations and to anticipate future regulatory changes. This proactive approach helps companies avoid potential legal liabilities and ensures that they remain in good standing with regulatory authorities. By aligning their practices with regulatory expectations, companies can mitigate risks and enhance their operational resilience.

Welford and Frost (2006) further elaborate on the impact of stakeholder pressure on upstream CSR. They note that stakeholders, including NGOs, consumers, and the media, can exert significant influence on corporate behavior. Negative publicity generated by these stakeholders can harm a company's reputation and lead to financial losses. Therefore, companies must engage in upstream CSR to address stakeholder concerns and maintain positive relationships with their external environment.

The concept of risk reduction as a driver for upstream CSR is also supported by the notion of reputational risk management. Companies recognize that their reputation is a valuable asset that can be easily tarnished by CSR-related issues. To protect their reputation, companies invest in sustainable practices that demonstrate their commitment to ethical and responsible business conduct. This investment not only mitigates risks but also enhances the company's brand image and competitive advantage.

Moreover, the integration of risk management into upstream CSR practices requires a comprehensive understanding of the supply chain. Companies must identify potential risks at each stage of the supply chain and implement measures to address them. This involves collaborating with suppliers to ensure that they adhere to environmental and social standards, conducting regular audits, and providing training and support to improve supplier performance.

The role of risk reduction in driving upstream CSR is further reinforced by the increasing importance of sustainability in corporate strategy. Companies are recognizing that sustainable practices are not only beneficial for the environment and society but also contribute to long-term business success. By reducing risks associated with environmental and social issues, companies can achieve greater operational efficiency, reduce costs, and enhance their market position. In addition to regulatory and

stakeholder pressures, market dynamics also play a role in driving upstream CSR. Companies that fail to address CSR-related risks may lose their competitive edge as consumers and investors increasingly prioritize sustainability. By adopting proactive CSR practices, companies can differentiate themselves in the market and attract socially conscious customers and investors.

Risk reduction is a critical driver for upstream CSR, influenced by regulatory requirements, stakeholder expectations, and market dynamics. Companies engage in upstream CSR to mitigate risks associated with environmental and social issues, protect their reputation, and ensure long-term business success. By understanding and addressing these risks, companies can enhance their CSR performance and contribute to more sustainable supply chains.

4.5 Projected Financial Implications

While numerous studies have identified customer pressure as a significant antecedent to upstream CSR, it is noteworthy that far fewer studies highlight expected competitive advantage or market opportunities as primary drivers. In the reviewed literature, only three references explicitly identify perceived market opportunities as a driver for upstream CSR initiatives (Cramer, 2000; Forman and Søgaard Jørgensen, 2004). This scarcity of references suggests that the potential for competitive advantage is not as widely recognized or emphasized in the context of upstream CSR.

On the other hand, several studies have identified bottom line-oriented drivers, such as the perceived potential for increased efficiency and cost savings, as significant motivators for upstream CSR. For instance, Berger, Flynn et al. (2001), Canning and Hanmer-Lloyd (2001), Dobilas and MacPherson (1997), and Green, Morton et al. (1996) all highlight the financial benefits that can be derived from implementing sustainable practices in the supply chain. These studies suggest that companies are motivated to adopt upstream CSR not only for ethical reasons but also for the tangible economic benefits it can provide.

The emphasis on cost savings and efficiency gains as drivers for upstream CSR reflects a pragmatic approach to sustainability. Companies recognize that by optimizing their supply chains and reducing waste, they can achieve significant cost reductions. This alignment of CSR with financial performance can make sustainability initiatives more appealing to business leaders and stakeholders, thereby facilitating their adoption and implementation.

In contrast to the studies that highlight the financial benefits of upstream CSR, Min and Galle (2001) present a different perspective. They found that buying firms tend to perceive their environmental

programs as cost centers rather than profit centers (p. 1233). This perception suggests that some companies view CSR initiatives as additional expenses rather than investments that can yield financial returns. This viewpoint can be a barrier to the widespread adoption of upstream CSR, as companies may be reluctant to invest in practices that they believe will not contribute to their bottom line.

The divergence in perspectives on the financial implications of upstream CSR highlights the complexity of motivating factors in this field. While some companies recognize the potential for cost savings and efficiency gains, others may be more focused on the immediate costs associated with implementing sustainable practices. This variation underscores the need for a nuanced understanding of the drivers of upstream CSR and the factors that influence corporate decision-making.

Moreover, the limited emphasis on competitive advantage as a driver for upstream CSR suggests that companies may not fully recognize the strategic benefits of sustainability. Competitive advantage can be derived from various aspects of CSR, including enhanced brand reputation, increased customer loyalty, and differentiation in the marketplace. Companies that effectively leverage their CSR initiatives can gain a distinct edge over their competitors, attracting socially conscious consumers and investors.

The potential for market opportunities through upstream CSR is also significant. Companies that adopt sustainable practices can tap into new markets and customer segments that prioritize environmental and social responsibility. This can lead to increased sales and market share, further reinforcing the business case for upstream CSR. However, the limited recognition of these opportunities in the literature suggests that more research is needed to explore and highlight the strategic benefits of CSR.

In addition to financial and competitive drivers, the role of innovation in upstream CSR should not be overlooked. Sustainable practices often require companies to develop new technologies, processes, and business models. This innovation can drive long-term growth and create new opportunities for value creation. Companies that embrace innovation as part of their CSR strategy can position themselves as leaders in sustainability and gain a competitive advantage in the market.

The interplay between financial, competitive, and innovative drivers of upstream CSR highlights the multifaceted nature of sustainability initiatives. Companies must consider a range of factors when developing and implementing their CSR strategies, balancing short-term costs with long-term benefits. By adopting a holistic approach to CSR, companies can maximize the positive impact of their sustainability efforts and achieve their business objectives.While customer pressure is a well-documented driver of upstream CSR, the potential for competitive advantage and market opportunities is less frequently highlighted in the literature. However, the financial benefits of increased efficiency and cost savings are recognized as significant motivators. The varying perspectives on the financial implications of CSR underscore the need for a comprehensive understanding of the drivers of upstream

CSR. By exploring the strategic benefits of sustainability, companies can enhance their CSR performance and contribute to more sustainable supply chains.

4.6 Influence of Supply Chain Characteristics on the Adoption of Upstream CSR

Now let us proceed to examine the research that has analyzed the impact of different supply chain characteristics on the uptake of upstream CSR. Carter and Carter (1998) found that greater vertical coordination between suppliers and buyers is associated with higher levels of environmental purchasing activities. This finding suggests that close collaboration and integration within the supply chain can facilitate the adoption of sustainable practices. Vertical coordination allows for better communication, alignment of goals, and sharing of best practices, which are essential for effective environmental management.

Interestingly, Carter and Carter (1998) also discovered that the dependence of manufacturers on environmentally friendly inputs positively impacts the degree of vertical coordination. This implies that when manufacturers rely on sustainable materials or processes, they are more likely to engage in closer collaboration with their suppliers. This dependence creates a mutual interest in maintaining high environmental standards, leading to increased vertical integration within the supply chain. As a result, companies may seek to exert greater control over their supply chains to ensure compliance with environmental requirements.

If this relationship holds true, we should expect to see increased vertical integration in supply chains as companies strive to manage and mitigate environmental impacts at earlier stages of the supply chain. Vertical integration can provide companies with greater oversight and control over their suppliers' practices, enabling them to enforce environmental standards more effectively. This trend towards vertical integration underscores the importance of supply chain structure in driving upstream CSR.

Along similar lines, Vachon and Klassen (2006a) found a strong positive linkage between technological integration and environmental collaboration with both suppliers and customers. Technological integration refers to the seamless exchange of information and coordination of activities through advanced technologies. This integration facilitates real-time monitoring, data sharing, and joint problem-solving, which are critical for effective environmental management. By leveraging technology, companies can enhance their ability to collaborate on sustainability initiatives and achieve better environmental outcomes.

In the same study, Vachon and Klassen (2006a) also found evidence indicating that a smaller supply base favored greater environmental collaboration. A smaller supply base allows for more focused and intensive collaboration with a select group of suppliers. This concentrated effort can lead to stronger relationships, better communication, and more effective implementation of environmental practices. Companies with a smaller supply base can work closely with their suppliers to ensure adherence to environmental standards and drive continuous improvement.

The findings of Vachon and Klassen (2006a) highlight the importance of supply chain characteristics in shaping the adoption of upstream CSR. Technological integration and supply base size are critical factors that influence the extent and effectiveness of environmental collaboration. Companies that invest in advanced technologies and maintain a manageable number of suppliers are better positioned to implement sustainable practices and achieve their CSR goals.

Furthermore, the role of supply chain complexity in driving upstream CSR cannot be overlooked. Complex supply chains with multiple tiers and diverse suppliers present significant challenges for environmental management. Companies must navigate a web of relationships, varying standards, and differing capabilities to ensure compliance with environmental requirements. Simplifying supply chain structures and reducing complexity can facilitate better oversight and control, enabling companies to implement upstream CSR more effectively.

The impact of supply chain characteristics on upstream CSR is also influenced by the nature of the industry. Industries with high environmental impacts, such as manufacturing and agriculture, may face greater pressure to adopt sustainable practices. These industries often have more complex supply chains and higher stakes in managing environmental risks. As a result, companies in these sectors may prioritize vertical integration, technological integration, and supply base management to enhance their CSR performance.

In addition to industry-specific factors, geographical considerations also play a role in shaping supply chain characteristics and their impact on upstream CSR. Companies operating in regions with stringent environmental regulations may be more inclined to adopt vertical integration and technological solutions to ensure compliance. Similarly, companies sourcing from regions with lower environmental standards may need to implement more rigorous oversight and collaboration to maintain their CSR commitments. The research by Carter and Carter (1998) and Vachon and Klassen (2006a) underscores the significant impact of supply chain characteristics on the uptake of upstream CSR. Vertical coordination, technological integration, and supply base size are critical factors that influence environmental collaboration and the adoption of sustainable practices. By understanding and leveraging these supply

chain characteristics, companies can enhance their CSR performance and contribute to more sustainable supply chains.

In a comparative case study examining the sectors of branded clothing and footwear, forest products, and branded confectionery, Roberts (2003) investigates why the implementation of ethical sourcing codes of conduct (CoC) has been significantly more successful in some sectors than in others. Roberts identifies four key supply network characteristics that influence the propensity to introduce an ethical sourcing CoC within a particular sector. These characteristics provide a framework for understanding the varying levels of success in ethical sourcing across different industries.

The first characteristic identified by Roberts (2003) is the number of links between the supply network member demanding the CoC and the stage of the supply network under scrutiny. This characteristic highlight the complexity of the supply chain and the challenges associated with implementing ethical standards across multiple tiers. A greater number of links can complicate the enforcement of CoCs, as it requires coordination and compliance across a broader network of suppliers.

The second characteristic is the diffuseness of the state of the supply network under scrutiny. Roberts defines diffuseness as whether the supply chain is controlled by a few large companies or a larger number of smaller actors. In supply chains dominated by a few large companies, the implementation of CoCs may be more straightforward due to the centralized control and influence these companies exert. Conversely, in more diffuse supply chains with numerous smaller actors, achieving compliance with ethical standards can be more challenging due to the lack of centralized authority and varying levels of commitment to CSR.

The third characteristic is the reputational vulnerability of different network members. Roberts (2003) argues that companies with higher reputational vulnerability are more likely to adopt and enforce ethical sourcing CoCs. Reputational vulnerability refers to the extent to which a company's reputation can be affected by its supply chain practices. Companies that are more exposed to public scrutiny and consumer expectations are incentivized to implement CoCs to protect their brand image and maintain consumer trust.

The fourth characteristic is the power dynamics within the supply network. Roberts (2003) emphasizes the importance of power in driving the adoption of ethical sourcing CoCs. Companies with significant power within the supply chain can influence their suppliers to comply with ethical standards. This power can stem from various sources, including market share, financial resources, and strategic importance. Powerful companies can leverage their position to enforce compliance and drive CSR initiatives throughout the supply chain.

The importance of power in driving environmental innovation within supply chains is also noted by Hall (2000). Hall argues that environmental innovation will diffuse through the supply chain if there is a channel leader with sufficient power over their suppliers, relevant technical competencies, and specific environmental pressures. This channel leader can act as a catalyst for change, promoting the adoption of sustainable practices and driving environmental improvements across the supply chain.

Roberts' (2003) analysis provides valuable insights into the factors that influence the success of ethical sourcing initiatives. By identifying the key supply network characteristics, Roberts highlights the complexity of implementing CoCs and the need for a nuanced approach that considers the unique dynamics of each sector. Understanding these characteristics can help companies develop more effective strategies for promoting ethical sourcing and achieving their CSR goals.

The comparative case study approach used by Roberts (2003) also underscores the importance of context in understanding the drivers of upstream CSR. Different sectors face unique challenges and opportunities in implementing ethical sourcing CoCs. By examining multiple sectors, Roberts provides a comprehensive view of the factors that influence the success of CSR initiatives and offers practical recommendations for companies seeking to improve their supply chain practices.

In addition to the supply network characteristics identified by Roberts (2003), other factors such as regulatory frameworks, industry standards, and cultural norms can also influence the adoption of ethical sourcing CoCs. Companies must navigate a complex landscape of external pressures and internal dynamics to implement effective CSR strategies. By considering the interplay of these factors, companies can enhance their ability to promote ethical sourcing and achieve sustainable supply chain management. The research by Roberts (2003) and Hall (2000) highlights the critical role of supply network characteristics and power dynamics in driving the adoption of ethical sourcing CoCs. By understanding the factors that influence the success of CSR initiatives, companies can develop more targeted and effective strategies for promoting sustainability in their supply chains. This comprehensive approach to CSR can help companies achieve their ethical and environmental goals while maintaining competitive advantage and stakeholder trust.

4.7 Determinants of Upstream CSR: Firm Size and Organizational Dynamics

When examining firm characteristics, several studies indicate that size plays a crucial role in the adoption of upstream CSR. Research by Bowen et al. (2001a), Hall (2000), Holt (2004), and Min and Galle (2001) consistently shows that larger firms are more active in implementing upstream CSR

initiatives compared to smaller firms. This trend can be attributed to several factors inherent to larger organizations.

Bowen, Cousins et al. (2001a) suggest that larger firms often possess more organizational slack, which refers to the availability of excess resources that can be allocated towards CSR activities. This surplus allows larger firms to invest in sustainable practices without compromising their core operations. Additionally, larger firms tend to have more established structures and processes, enabling them to integrate CSR into their strategic planning and operational frameworks more effectively.

Another explanation for the greater CSR activity in larger firms is their heightened visibility in society. Hall (2000) and Holt (2004) argue that larger firms are more prominent in the public eye, making them more susceptible to external pressures for environmental improvement. This visibility subjects them to greater scrutiny from stakeholders, including consumers, investors, and regulatory bodies, compelling them to adopt more rigorous CSR practices to maintain their reputation and social license to operate.

In addition to firm size, various other antecedents related to the organization of the firm, its processes, and competencies also influence the adoption of upstream CSR. Cramer (2000) emphasizes the importance of "room for manoeuvre," which refers to the flexibility and autonomy a company has to implement eco-efficiency improvements in its supply chain. Firms with greater room for manoeuvre are better positioned to innovate and adopt sustainable practices, as they can make decisions independently and respond swiftly to environmental challenges.

Support from middle management is another critical factor identified by Carter, Ellram et al. (1998). Middle managers play a pivotal role in translating top-level CSR strategies into actionable plans and ensuring their implementation at the operational level. Their support and commitment are essential for fostering a culture of sustainability within the organization and driving the adoption of upstream CSR practices.

The establishment of clear goals for environmental purchasing is also highlighted as an important antecedent by Carter, Ellram et al. (1998). Setting specific, measurable, and achievable goals provides a roadmap for the organization to follow and helps align the efforts of various departments towards common sustainability objectives. Clear goals also facilitate monitoring and evaluation, enabling firms to track their progress and make necessary adjustments to their CSR strategies.

Training and capacity building are equally important for the successful adoption of upstream CSR. Carter, Ellram et al. (1998) note that the level of training personnel receive in buying environmentally friendly inputs significantly impacts the effectiveness of CSR initiatives. Well-trained employees are more knowledgeable about sustainable practices and better equipped to make informed decisions that

align with the firm's CSR goals. Continuous training and development programs can enhance the organization's overall competency in managing environmental issues.

Furthermore, the organizational culture and values of a firm play a crucial role in shaping its approach to CSR. Firms with a strong commitment to ethical and sustainable practices are more likely to prioritize upstream CSR and integrate it into their core business operations. This cultural alignment fosters a sense of shared responsibility among employees and encourages proactive engagement in sustainability initiatives.

The governance structure of a firm also influences its CSR activities. Firms with robust governance frameworks that include dedicated CSR committees or sustainability officers are better positioned to oversee and coordinate CSR efforts. Effective governance ensures accountability, transparency, and alignment of CSR initiatives with the firm's strategic objectives.

Lastly, the external environment in which a firm operates can impact its CSR practices. Firms operating in regions with stringent environmental regulations or high stakeholder expectations are more likely to adopt upstream CSR to comply with legal requirements and meet societal demands. The competitive landscape and industry norms also play a role, as firms may adopt CSR practices to differentiate themselves and gain a competitive advantage.

In conclusion, firm characteristics such as size, organizational structure, processes, competencies, and external environment significantly influence the adoption of upstream CSR. Larger firms, with their greater resources and visibility, are more active in implementing CSR initiatives. However, various other factors, including managerial support, clear goals, training, organizational culture, governance, and external pressures, also play a crucial role. By understanding these determinants, firms can develop more effective strategies to enhance their CSR performance and contribute to sustainable supply chain management.

Hall (2000) identifies technical competence as a crucial precursor to what he terms "Environmental Supply Chain Dynamics." This concept underscores the importance of having the necessary technical skills and knowledge to effectively manage and implement environmental initiatives within the supply chain. Technical competence enables firms to understand and address the complex environmental challenges they face, thereby facilitating the adoption of sustainable practices.

Green, Morton et al. (1996) also explore the relationship between competences and upstream Corporate Social Responsibility (CSR). They find that firms proficient in formal approaches to the selection and assessment of suppliers are better equipped to incorporate environmental factors into these assessments. This capability allows firms to systematically evaluate their suppliers' environmental performance and

ensure compliance with their sustainability standards. However, the authors caution that while this competence aids in diffusing green practices through the supply base, it does not necessarily guarantee effective collaboration with trading partners on specific environmental initiatives.

The distinction between competence in supplier assessment and the ability to collaborate on environmental initiatives is significant. While formal assessment processes are essential for establishing baseline environmental standards, collaboration requires a different set of skills and approaches. Effective collaboration involves building trust, fostering open communication, and developing joint strategies to address environmental challenges. Therefore, firms must cultivate both assessment and collaboration competences to achieve comprehensive upstream CSR.

Bowen, Cousins et al. (2001b) provide further insights into the role of supply management capabilities in facilitating upstream CSR. They find that firms with strong supply management capabilities are better positioned to implement product-based environmental initiatives. This finding highlights the importance of having robust supply chain management processes that can support the integration of environmental considerations into product design, sourcing, and production.

Interestingly, Bowen, Cousins et al. (2001b) express surprise at their finding, noting that supply management capabilities, which are traditionally associated with cost and efficiency improvements, also play a critical role in driving environmental initiatives. This unexpected result underscores the multifaceted nature of supply chain management and its potential to contribute to both economic and environmental goals. Firms that excel in supply management can leverage their capabilities to achieve broader sustainability objectives.

The role of technical competence in upstream CSR is further emphasized by the need for continuous learning and development. As environmental challenges evolve, firms must stay abreast of new technologies, regulations, and best practices. Investing in training and development programs for employees can enhance their technical skills and knowledge, enabling them to effectively address emerging environmental issues. Continuous learning also fosters a culture of innovation and adaptability, which is essential for sustaining long-term CSR efforts.

Moreover, the integration of technical competence with strategic planning is crucial for the successful implementation of upstream CSR. Firms must align their technical capabilities with their overall business strategy to ensure that environmental initiatives are not only technically feasible but also strategically relevant. This alignment helps firms prioritize their CSR efforts, allocate resources effectively, and achieve their sustainability goals.

The importance of technical competence is also reflected in the role of leadership in driving upstream CSR. Leaders with strong technical backgrounds can provide the necessary vision and direction for environmental initiatives. They can champion sustainability within the organization, inspire employees, and build partnerships with external stakeholders. Effective leadership is essential for creating a supportive environment that encourages innovation and collaboration in CSR.

In addition to technical competence, firms must also develop organizational competences that support upstream CSR. These include capabilities in areas such as stakeholder engagement, risk management, and performance measurement. By building a comprehensive set of competences, firms can address the diverse challenges associated with upstream CSR and enhance their overall sustainability performance. Technical competence is a critical precursor to effective upstream CSR. Firms that possess strong technical skills and knowledge are better equipped to manage environmental challenges, implement sustainable practices, and collaborate with trading partners. However, technical competence alone is not sufficient; firms must also develop complementary competences in areas such as collaboration, strategic planning, and leadership. By cultivating a broad set of competences, firms can achieve their CSR goals and contribute to more sustainable supply chains.

Another firm characteristic that several studies have identified as important in the context of upstream CSR is the general corporate environmental policy and strategy. Two studies in particular have found a positive correlation between a strong corporate strategy on environmental issues and the implementation of upstream CSR initiatives. Bowen, Cousins et al. (2001a) discovered a positive relationship between the proactivity of a firm's environmental approach and the likelihood of implementing green supply practices. However, they also noted that the link between corporate policy and its implementation in operating units can be weak, suggesting that a progressive environmental policy alone is insufficient. Instead, proactive actions in other areas of environmental management are necessary to generate upstream CSR initiatives.

Rao (2002) supports this view, finding that environmental initiatives undertaken by leading-edge companies often extend beyond their own performance to include efforts towards greening their suppliers. This indicates that firms with a strong commitment to environmental issues are more likely to influence their supply chains positively. However, this proactive stance must be accompanied by concrete actions and strategies to ensure effective implementation.

Contrary to these findings, Green, Morton et al. (1996) did not find evidence to suggest that active environmental programs in other areas necessarily lead to progress in environmental purchasing. This discrepancy highlights the complexity of translating corporate environmental policies into tangible

upstream CSR practices. It suggests that while a strong environmental policy is a critical starting point, it must be supported by specific initiatives and mechanisms to drive real change in the supply chain.

The presence of a formal Environmental Management System (EMS) has also been identified as an antecedent to upstream CSR. Firms with a certified EMS are more likely to assess their suppliers' environmental performance as part of their accreditation process to an environmental management standard (Baylis, Connell et al., 1998; Clayton and Rotheroe, 1997). This formalized approach ensures that environmental considerations are systematically integrated into the firm's operations and supply chain management.

An EMS provides a structured framework for managing environmental responsibilities and can enhance a firm's ability to implement upstream CSR initiatives. By setting clear environmental objectives, monitoring performance, and continuously improving processes, an EMS helps firms maintain high environmental standards and drive sustainability throughout their supply chains. This systematic approach can also facilitate compliance with regulatory requirements and enhance the firm's reputation among stakeholders.

The role of corporate environmental strategy in driving upstream CSR is further underscored by the need for alignment between policy and practice. Firms must ensure that their environmental policies are not only ambitious but also actionable. This requires translating high-level commitments into specific, measurable actions that can be implemented at the operational level. Effective communication and coordination across different levels of the organization are essential to bridge the gap between policy and practice.

Moreover, the integration of environmental considerations into the firm's overall business strategy is crucial for the success of upstream CSR initiatives. Firms that view environmental sustainability as a core component of their business strategy are more likely to allocate the necessary resources and attention to CSR efforts. This strategic alignment ensures that environmental initiatives are prioritized and supported by top management, enhancing their chances of success.

The influence of corporate environmental policy on upstream CSR also extends to the firm's relationships with external stakeholders. Firms with strong environmental policies are better positioned to engage with stakeholders, including suppliers, customers, regulators, and NGOs. By fostering collaborative relationships and open communication, firms can build trust and support for their CSR initiatives, facilitating their implementation and impact.

In addition to formal policies and systems, the organizational culture and values play a significant role in driving upstream CSR. Firms with a culture that prioritizes sustainability and ethical behavior are

more likely to adopt and implement effective CSR practices. This cultural alignment creates a supportive environment for employees to engage in sustainability initiatives and reinforces the firm's commitment to environmental responsibility. While a strong corporate environmental policy is a critical driver of upstream CSR, it must be supported by concrete actions, formal systems, and strategic alignment to be effective. The presence of an EMS, proactive environmental initiatives, and a supportive organizational culture are essential for translating policy into practice. By understanding and addressing these factors, firms can enhance their CSR performance and contribute to more sustainable supply chains.

4.8 The Influence of Personal Attitudes and Awareness on Upstream CSR Implementation

In the final category of firm characteristics influencing upstream Corporate Social Responsibility (CSR), several authors have identified a correlation between personal attitudes and awareness regarding environmental and social/ethical issues and the implementation of upstream CSR. Bowen, Cousins et al. (2001) found a positive relationship between middle managers' perceptions of corporate environmental proactivity and the adoption of green supply practices. This suggests that the personal commitment of middle managers to environmental issues can significantly influence the firm's overall CSR performance.

Green, Morton et al. (1996) also found evidence supporting the importance of environmental awareness among employees. They inferred that while broader environmental awareness is necessary for the adoption of green supply practices, it may not be sufficient on its own. This implies that while awareness is a critical first step, additional factors such as organizational support and resources are needed to translate awareness into action.

Park and Stoel (2005) extended this line of inquiry by examining personal attitudes toward ethics and social responsibility. They found that these attitudes significantly predicted socially responsible buying (SRB) behaviors. This finding underscores the role of individual ethical beliefs in shaping purchasing decisions that align with CSR principles. In another study published the same year, Park (2005) demonstrated that individual ethical beliefs, including idealism and relativism, play crucial roles in SRB decisions and can generate distinctive reactions to organizational environments.

Chouinard and Brown (1997) provide a concrete example of how information can trigger upstream CSR actions. In their case study of the U.S.-based apparel company Patagonia, they describe how the company decided to switch from conventional to organic cotton. The trigger for this decision was a meeting where company staff were informed and educated about the environmental impacts of conventional cotton farming. This example highlights the power of information and education in driving

CSR initiatives. However, it is important to note that Patagonia already had a deep commitment to environmental values, which likely facilitated this transition.

Drumwright (1994) explored the role of individuals, specifically 'policy entrepreneurs' and converts, in driving socially responsible purchasing initiatives. She found that the zeal of these policy entrepreneurs was rooted in personal commitment and moral reasoning. For these individuals, opportunities to engage in socially responsible buying posed ethical dilemmas that they felt compelled to address. Interestingly, Drumwright also found that individual environmental commitment and awareness could grow as a result of the company's engagement in upstream CSR.

The findings from these studies suggest that personal attitudes and awareness are significant drivers of upstream CSR. Middle managers' perceptions of environmental proactivity, individual ethical beliefs, and broader environmental awareness all play crucial roles in shaping CSR practices. However, these personal factors must be supported by organizational structures and resources to be effective.

The role of education and information dissemination is also critical. As demonstrated by the Patagonia case, educating employees about environmental issues can trigger significant CSR actions. This underscores the importance of continuous learning and development in fostering a culture of sustainability within organizations.

Moreover, the commitment of policy entrepreneurs and their ability to navigate ethical dilemmas are essential for driving CSR initiatives. These individuals can act as catalysts for change, leveraging their personal commitment to influence organizational practices. Their role highlights the intersection of personal values and organizational behavior in the context of CSR. Personal attitudes and awareness regarding environmental and social/ethical issues are important antecedents to upstream CSR. However, their effectiveness depends on the presence of supportive organizational structures, resources, and continuous education. By fostering a culture that values ethical behavior and environmental responsibility, firms can enhance their CSR performance and contribute to more sustainable supply chains.

4.9 Typologies and Practices of Upstream CSR

To understand the scope of upstream CSR, it is essential to examine the specific activities that companies undertake. Upstream CSR encompasses a wide range of practices aimed at improving the environmental and social performance of supply chains. These activities are diverse and multifaceted, reflecting the complexity of modern supply chains and the various challenges they present.

Most of the papers included in this review describe and discuss practices in upstream CSR. Given the extensive nature of these accounts, it is impractical to summarize all of them here. Instead, I have extracted complementary accounts to provide an overview of different types of practices that fall under the label of upstream CSR. This approach allows for a more focused examination of the key activities and initiatives that companies implement to enhance their upstream CSR performance.

One common practice in upstream CSR is the establishment of supplier codes of conduct. These codes set out the environmental and social standards that suppliers are expected to meet. They often cover areas such as labor rights, environmental management, and ethical business practices. By implementing supplier codes of conduct, companies can ensure that their suppliers adhere to specific CSR criteria, thereby promoting sustainability throughout the supply chain.

Another important activity is supplier auditing and assessment. Companies conduct regular audits of their suppliers to evaluate their compliance with CSR standards. These audits can be conducted internally or by third-party organizations. The findings from these audits help companies identify areas for improvement and work with suppliers to address any non-compliance issues. Supplier assessments also provide valuable data for monitoring and reporting on CSR performance.

Capacity building and training programs for suppliers are also crucial components of upstream CSR. These programs aim to enhance the capabilities of suppliers to meet CSR standards. Training can cover a wide range of topics, including environmental management, labor rights, and health and safety practices. By investing in supplier capacity building, companies can foster a culture of continuous improvement and support the development of more sustainable supply chains.

Collaboration and partnership initiatives are another key aspect of upstream CSR. Companies often work with suppliers, industry groups, NGOs, and other stakeholders to address common CSR challenges. Collaborative efforts can lead to the development of innovative solutions and best practices that benefit the entire supply chain. Partnerships can also enhance the credibility and impact of CSR initiatives by leveraging the expertise and resources of multiple organizations.

The integration of environmental criteria into procurement processes is another significant practice in upstream CSR. Companies incorporate environmental considerations into their purchasing decisions, such as selecting suppliers based on their environmental performance or preferring products with lower environmental impacts. This approach encourages suppliers to adopt more sustainable practices and aligns procurement activities with the company's overall CSR goals.

In addition to these practices, companies may also engage in initiatives aimed at improving the transparency and traceability of their supply chains. Transparency initiatives involve disclosing

information about supply chain practices and performance to stakeholders. Traceability initiatives focus on tracking the origin and movement of products and materials throughout the supply chain. Both transparency and traceability are important for building trust with stakeholders and ensuring accountability in CSR efforts.

Another practice is the implementation of environmental management systems (EMS) within the supply chain. An EMS provides a structured framework for managing environmental responsibilities and can help suppliers improve their environmental performance. Companies may require their suppliers to adopt certified EMS, such as ISO 14001, as part of their CSR requirements. This ensures a consistent approach to environmental management across the supply chain.

Furthermore, companies may engage in initiatives aimed at promoting social and economic development in supplier communities. These initiatives can include projects focused on education, healthcare, infrastructure development, and economic empowerment. By supporting the well-being of supplier communities, companies can create positive social impacts and contribute to the overall sustainability of their supply chains.

Lastly, companies may adopt innovative technologies and practices to enhance their upstream CSR performance. This can include the use of renewable energy, waste reduction technologies, and sustainable sourcing practices. Innovation plays a critical role in addressing the complex environmental and social challenges faced by supply chains and can drive significant improvements in CSR performance.

Upstream CSR encompasses a wide range of practices aimed at improving the environmental and social performance of supply chains. These practices include supplier codes of conduct, auditing and assessment, capacity building, collaboration, integration of environmental criteria into procurement, transparency and traceability initiatives, environmental management systems, community development projects, and the adoption of innovative technologies. By implementing these practices, companies can enhance their CSR performance and contribute to more sustainable supply chains.

Under the heading of "theorizing greener supply," Preuss (2005) identifies several focus areas or avenues for action for the focal company. These areas provide a comprehensive framework for understanding the various dimensions of upstream Corporate Social Responsibility (CSR). The identified focus areas include:

A. Environmental criteria/standards related to the product to be purchased.

B. Environmental requirements/criteria related to the manufacturing processes used by the supply chain.

C. Inclusion of environmental considerations in supplier assessment.

D. D. The supply function's involvement in internal environmental protection initiatives.

E. The supply function's involvement in downstream initiatives such as product recovery and recycling of excess materials.

F. Improved efficiency in and reduced impacts associated with inbound and outbound logistics.

While reviewing the articles for this dissertation, I decided to use Preuss's list as a starting point. I adapted it by adding practices described in the literature that were not included in the original list. In some cases, these practices were added as additional examples under existing categories, while in others, they were introduced as new categories. As you will see below, two new categories have been added. I have also omitted two points from Preuss's list (points D and E). This omission is not due to disagreement with their relevance; rather, it is because this thesis focuses on the management of environmental and social aspects that occur upstream in the supply chain.

Firstly, environmental criteria and standards related to the product to be purchased are fundamental to upstream CSR. Companies often establish specific environmental criteria that products must meet to be considered for procurement. These criteria can include factors such as the use of sustainable materials, energy efficiency, and the minimization of harmful substances. By setting high environmental standards for products, companies can drive sustainability throughout their supply chains.

Secondly, environmental requirements related to manufacturing processes are crucial for ensuring that suppliers adopt sustainable practices. Companies may require suppliers to implement environmentally friendly manufacturing processes, such as reducing emissions, minimizing waste, and conserving water. These requirements help to mitigate the environmental impact of production activities and promote the adoption of green technologies and practices.

Thirdly, including environmental considerations in supplier assessment is a key practice in upstream CSR. Companies conduct thorough assessments of their suppliers' environmental performance, evaluating factors such as compliance with environmental regulations, implementation of environmental management systems, and overall sustainability practices. These assessments enable companies to select and work with suppliers that align with their environmental values and goals.

In addition to these established categories, I have identified two new categories based on the literature review. The first new category is the promotion of social and economic development in supplier communities. This involves initiatives aimed at improving the well-being of communities where suppliers operate. Examples include supporting education, healthcare, and infrastructure development.

By investing in supplier communities, companies can create positive social impacts and enhance the sustainability of their supply chains.

The second new category is the integration of circular economy principles into supply chain management. This involves designing products and processes to minimize waste and maximize resource efficiency. Companies may implement practices such as product take-back programs, recycling initiatives, and the use of renewable materials. By adopting circular economy principles, companies can reduce their environmental footprint and create more sustainable supply chains.

While Preuss's original list included the involvement of the supply function in internal environmental protection initiatives and downstream initiatives related to product recovery and recycling, these points have been omitted in this thesis. The focus here is on upstream CSR, specifically the management of environmental and social aspects that occur earlier in the supply chain. However, it is important to acknowledge that the supply function can play a significant role in both internal and downstream environmental initiatives.

Improved efficiency in and reduced impacts associated with inbound and outbound logistics is another critical area of upstream CSR. Companies can implement practices such as optimizing transportation routes, using fuel-efficient vehicles, and reducing packaging materials. These measures help to minimize the environmental impact of logistics activities and contribute to overall supply chain sustainability.The focus areas identified by Preuss (2005) provide a comprehensive framework for understanding upstream CSR. By setting environmental criteria for products, requiring sustainable manufacturing processes, assessing suppliers' environmental performance, promoting social and economic development in supplier communities, integrating circular economy principles, and improving logistics efficiency, companies can enhance their upstream CSR performance. These practices contribute to the creation of more sustainable and responsible supply chains.

Below you will see the adapted list, but before getting to the list, I want to re-emphasize that upstream CSR projects are not simply a task for the purchasing function but can be initiated by a broad array of functional areas within a firm (see e.g., Carter and Dresner (2001).

4.9.1 Consideration of Environmental and/or Social Criteria/Standards Related to the Product in Purchasing Decisions

Elwood and Case (2000) note that there are examples of both single-environmental-attribute purchasing programs and the use of multiple environmental attributes when making purchasing decisions. Handfield, Walton et al. (1997) argue that supply managers should consider ways to reduce the amount

of hazardous waste produced, while also addressing these issues earlier in a product's life cycle. One way of doing this is through the establishment of a list of chemicals to avoid (see for instance Elwood and Case (2000)). Such a measure can have positive impacts in terms of preventing or reducing the volume of hazardous waste in the end-of-life phase of the product. However, it should be noted that toxic reduction may also reduce negative environmental impacts on and around production sites in the supply chain, improve the work environment in supplier factories, and mitigate product use-phase impacts.

A distinction is in order here between listing limit values for chemical residues in products and listing chemicals that should not be used at all in the production processes or onsite in supplier factories. This distinction is important because the task of verifying the chemical content in a product is distinct from the task of verifying that a supplier does not use a certain chemical onsite. Another avenue for action related to product criteria or standards is the option of creating lists of approved products (see for instance Elwood and Case (2000)). Presumably, the development of these lists will be based on some form of product-oriented criteria or existing standard, such as a third-party eco-label.

4.9.2 Environmental Requirements/Criteria Related to Manufacturing Processes

Environmental requirements related to manufacturing processes are crucial for ensuring that suppliers adopt sustainable practices. Companies may require suppliers to implement environmentally friendly manufacturing processes, such as reducing emissions, minimizing waste, and conserving water. These requirements help to mitigate the environmental impact of production activities and promote the adoption of green technologies and practices.

4.9.3 Inclusion of Environmental Considerations in Supplier Assessment

Including environmental considerations in supplier assessment is a key practice in upstream CSR. Companies conduct thorough assessments of their suppliers' environmental performance, evaluating factors such as compliance with environmental regulations, implementation of environmental management systems, and overall sustainability practices. These assessments enable companies to select and work with suppliers that align with their environmental values and goals.

4.9.4 Promotion of Social and Economic Development in Supplier Communities

The promotion of social and economic development in supplier communities involves initiatives aimed at improving the well-being of communities where suppliers operate. Examples include supporting education, healthcare, and infrastructure development. By investing in supplier communities, companies can create positive social impacts and enhance the sustainability of their supply chains.

4.9.5 Integration of Circular Economy Principles into Supply Chain Management

The integration of circular economy principles into supply chain management involves designing products and processes to minimize waste and maximize resource efficiency. Companies may implement practices such as product take-back programs, recycling initiatives, and the use of renewable materials. By adopting circular economy principles, companies can reduce their environmental footprint and create more sustainable supply chains.

4.9.6 Improved Efficiency in and Reduced Impacts Associated with Inbound and Outbound Logistics

Improved efficiency in and reduced impacts associated with inbound and outbound logistics is another critical area of upstream CSR. Companies can implement practices such as optimizing transportation routes, using fuel-efficient vehicles, and reducing packaging materials. These measures help to minimize the environmental impact of logistics activities and contribute to overall supply chain sustainability.

4.9.7 Supplier Capacity Building and Training Programs

Capacity building and training programs for suppliers are crucial components of upstream CSR. These programs aim to enhance the capabilities of suppliers to meet CSR standards. Training can cover a wide range of topics, including environmental management, labor rights, and health and safety practices. By investing in supplier capacity building, companies can foster a culture of continuous improvement and support the development of more sustainable supply chains.

4.9.8 Collaboration and Partnership Initiatives

Collaboration and partnership initiatives are another key aspect of upstream CSR. Companies often work with suppliers, industry groups, NGOs, and other stakeholders to address common CSR challenges. Collaborative efforts can lead to the development of innovative solutions and best practices that benefit the entire supply chain. Partnerships can also enhance the credibility and impact of CSR initiatives by leveraging the expertise and resources of multiple organizations.

4.9.9 Transparency and Traceability Initiatives

Transparency initiatives involve disclosing information about supply chain practices and performance to stakeholders. Traceability initiatives focus on tracking the origin and movement of products and materials throughout the supply chain. Both transparency and traceability are important for building trust with stakeholders and ensuring accountability in CSR efforts.

4.9.10 Implementation of Environmental Management Systems (EMS) within the Supply Chain

An EMS provides a structured framework for managing environmental responsibilities and can help suppliers improve their environmental performance. Companies may require their suppliers to adopt certified EMS, such as ISO 14001, as part of their CSR requirements. This ensures a consistent approach to environmental management across the supply chain. The adapted list of upstream CSR practices provides a comprehensive framework for understanding the various dimensions of upstream CSR. By implementing these practices, companies can enhance their CSR performance and contribute to more sustainable supply chains.

Consideration of environmental and/or social criteria and standards related to the manufacturing processes of supply chain actors in purchasing decisions is a critical aspect of upstream CSR. As previously noted, the focal company can develop a list of chemicals that should not be present in the product, either at all or in concentrations above certain limit values. Another proactive measure is to develop lists of chemicals to avoid in the production process or on-site in supplier factories, regardless of whether these chemicals end up as traceable elements in the final product (Elwood and Case, 2000). This approach ensures that environmental criteria related to manufacturing processes can encompass both single-attribute and multiple-attribute considerations (Elwood and Case, 2000).

The inclusion of environmental and/or social criteria in supplier assessments and evaluations is another pivotal practice in upstream CSR. There are several approaches that a focal company can apply when it comes to supplier evaluations and the follow-up on these evaluations. Holt (2004) reviews the literature and notes that seeking information on the environmental performance and policies of suppliers may lead to a decision to discontinue buying from suppliers that fail to provide the required information. In this scenario, the distinguishing criterion becomes the supplier's willingness to provide the necessary information. Alternatively, companies may choose to discontinue purchasing relationships with suppliers that fail to meet set criteria. In this case, the content of the information is used to evaluate compliance and guide the response from the focal company.

One well-known method of conveying environmental and social criteria to suppliers is through the establishment of a Code of Conduct (CoC). Blowfield (2000) examines this approach in detail, noting that European and North American retailers and brand-name companies often face pressure to meet voluntary or mandatory ethical requirements in areas such as food safety, health and safety, worker welfare, human rights, integrated crop management, waste management, and animal welfare. To address these pressures, companies need to implement systems that allow them to monitor the actions of their suppliers. This is typically achieved through the adoption of codes of practice that set out criteria with which suppliers must comply.

Closely associated with CoCs, and to a lesser extent with supplier evaluations in general, is the phenomenon of supplier auditing. Graafland (2002) and Welford and Frost (2006) discuss the importance of supplier audits as a tool for ensuring compliance with environmental and social standards. Audits provide a mechanism for verifying that suppliers adhere to the established criteria and for identifying areas where improvements are needed. Regular audits can help maintain high standards of environmental and social performance throughout the supply chain.

In addition to these established practices, companies can also engage in capacity building and training programs for suppliers. These programs aim to enhance the capabilities of suppliers to meet CSR standards. Training can cover a wide range of topics, including environmental management, labor rights, and health and safety practices. By investing in supplier capacity building, companies can foster a culture of continuous improvement and support the development of more sustainable supply chains.

Collaboration and partnership initiatives are another key aspect of upstream CSR. Companies often work with suppliers, industry groups, NGOs, and other stakeholders to address common CSR challenges. Collaborative efforts can lead to the development of innovative solutions and best practices that benefit the entire supply chain. Partnerships can also enhance the credibility and impact of CSR initiatives by leveraging the expertise and resources of multiple organizations.

The integration of circular economy principles into supply chain management is another significant practice in upstream CSR. This involves designing products and processes to minimize waste and maximize resource efficiency. Companies may implement practices such as product take-back programs, recycling initiatives, and the use of renewable materials. By adopting circular economy principles, companies can reduce their environmental footprint and create more sustainable supply chains.

Improved efficiency in and reduced impacts associated with inbound and outbound logistics is another critical area of upstream CSR. Companies can implement practices such as optimizing transportation routes, using fuel-efficient vehicles, and reducing packaging materials. These measures help to minimize the environmental impact of logistics activities and contribute to overall supply chain sustainability.

Transparency and traceability initiatives are also important for building trust with stakeholders and ensuring accountability in CSR efforts. Transparency initiatives involve disclosing information about supply chain practices and performance to stakeholders. Traceability initiatives focus on tracking the origin and movement of products and materials throughout the supply chain. Both transparency and traceability are essential for maintaining high standards of environmental and social performance.

The consideration of environmental and social criteria in purchasing decisions, supplier assessments, and evaluations, along with the establishment of Codes of Conduct, supplier auditing, capacity building, collaboration, circular economy principles, logistics efficiency, and transparency and traceability initiatives, form a comprehensive framework for upstream CSR. By implementing these practices, companies can enhance their CSR performance and contribute to more sustainable supply chains.

4.10. Enhancing Supply Chain Sustainability through Mentoring and Collaboration

Coaching or mentoring suppliers to support improvements in environmental and/or social performance is a critical aspect of upstream CSR. Holt (2004) and Rao (2002) emphasize the importance of developing a more fundamental relationship between the customer and the supplier. Rao (2002) argues that environmental mentoring involves guiding and supporting suppliers rather than merely monitoring and evaluating their performance. This approach fosters a collaborative environment where suppliers are encouraged to adopt sustainable practices through continuous guidance and support from the focal company.

Close collaboration with suppliers for the purpose of improving environmental and/or social performance is another essential practice in upstream CSR. Elwood and Case (2000) highlight the significance of this collaborative approach, where the focal company and its suppliers exchange competence and knowledge to find new and improved solutions to environmental and social challenges. Unlike mentoring, this approach involves a two-way exchange of expertise, fostering innovation and joint problem-solving.

Improved efficiency in and reduced impacts associated with inbound and outbound logistics is a crucial area of focus for upstream CSR. Optimizing transportation routes and methods can significantly reduce the environmental footprint of logistics activities. Handfield, Walton et al. (1997) provide examples of how companies can reduce environmental impacts by using recyclable packaging and reusable standardized containers in transport. These measures not only minimize waste but also enhance the overall sustainability of the supply chain.

The development of environmental criteria and standards related to the manufacturing processes of supply chain actors is another vital practice. Companies can establish lists of chemicals to avoid in the production process or on-site in supplier factories, regardless of whether these chemicals end up as traceable elements in the final product (Elwood and Case, 2000). This proactive approach ensures that environmental criteria related to manufacturing processes can encompass both single-attribute and multiple-attribute considerations, promoting a comprehensive approach to sustainability.

Inclusion of environmental and/or social criteria in supplier assessments and evaluations is a key practice in upstream CSR. Companies conduct thorough assessments of their suppliers' environmental performance, evaluating factors such as compliance with environmental regulations, implementation of environmental management systems, and overall sustainability practices. These assessments enable companies to select and work with suppliers that align with their environmental values and goals, ensuring a consistent approach to CSR throughout the supply chain.

Capacity building and training programs for suppliers are crucial components of upstream CSR. These programs aim to enhance the capabilities of suppliers to meet CSR standards. Training can cover a wide range of topics, including environmental management, labor rights, and health and safety practices. By investing in supplier capacity building, companies can foster a culture of continuous improvement and support the development of more sustainable supply chains.

Collaboration and partnership initiatives are another key aspect of upstream CSR. Companies often work with suppliers, industry groups, NGOs, and other stakeholders to address common CSR challenges. Collaborative efforts can lead to the development of innovative solutions and best practices that benefit the entire supply chain. Partnerships can also enhance the credibility and impact of CSR initiatives by leveraging the expertise and resources of multiple organizations.

The integration of circular economy principles into supply chain management is another significant practice in upstream CSR. This involves designing products and processes to minimize waste and maximize resource efficiency. Companies may implement practices such as product take-back programs, recycling initiatives, and the use of renewable materials. By adopting circular economy principles, companies can reduce their environmental footprint and create more sustainable supply chains.

Transparency and traceability initiatives are also important for building trust with stakeholders and ensuring accountability in CSR efforts. Transparency initiatives involve disclosing information about supply chain practices and performance to stakeholders. Traceability initiatives focus on tracking the origin and movement of products and materials throughout the supply chain. Both transparency and traceability are essential for maintaining high standards of environmental and social performance.

Coaching or mentoring suppliers, close collaboration, improved logistics efficiency, development of environmental criteria, supplier assessments, capacity building, collaboration initiatives, circular economy integration, and transparency and traceability initiatives form a comprehensive framework for upstream CSR. By implementing these practices, companies can enhance their CSR performance and contribute to more sustainable supply chains.

The list above provides the reader with one type of overview regarding upstream CSR. It lists, at a rather generic level, different types of paths that the focal company can follow to address environmental or social problems originating within the supply chain. However, a word of caution is necessary here, as such a list can offer a false sense of comprehensiveness.

While the list above provides examples of what companies can do within the realms of upstream CSR, it tells us little about how they can approach different tasks and what type of action the different approaches actually entail. To illustrate this point, I have compiled findings related to one of the activities identified above: the inclusion of environmental and/or social criteria in supplier assessments and evaluations, specifically through the establishment of a Code of Conduct (CoC) for suppliers.

The establishment of a CoC for suppliers is a common practice in upstream CSR. A CoC sets out the environmental and social standards that suppliers are expected to meet. This document serves as a guideline for suppliers, outlining the company's expectations regarding issues such as labor rights, environmental management, and ethical business practices. The CoC is typically developed based on international standards and best practices, ensuring that suppliers adhere to globally recognized criteria.

Implementing a CoC involves several steps. First, the focal company must develop the CoC, which requires a thorough understanding of the environmental and social issues relevant to its supply chain. This process often involves consulting with stakeholders, including suppliers, industry experts, and NGOs, to ensure that the CoC is comprehensive and feasible. Once the CoC is developed, it must be communicated to suppliers, who need to understand and commit to the standards outlined in the document.

The next step is to integrate the CoC into the supplier assessment process. This involves evaluating suppliers' compliance with the CoC during the selection and ongoing monitoring phases. Companies may use various tools and methods to assess compliance, such as self-assessment questionnaires, on-site audits, and third-party certifications. These assessments help identify areas where suppliers may need to improve and provide a basis for ongoing dialogue and collaboration.

Monitoring and enforcing compliance with the CoC is crucial for its effectiveness. Companies must establish mechanisms to track suppliers' performance and address non-compliance issues. This may involve regular audits, performance reviews, and corrective action plans. Effective monitoring ensures that suppliers adhere to the CoC and continuously improve their environmental and social performance.

In addition to monitoring, companies can support suppliers in meeting the CoC standards through capacity-building initiatives. This may include training programs, workshops, and technical assistance

to help suppliers understand and implement the required standards. By providing support and resources, companies can foster a collaborative relationship with suppliers and encourage continuous improvement.

The effectiveness of a CoC also depends on the company's commitment to transparency and accountability. Companies should regularly report on their progress in implementing the CoC and the performance of their suppliers. This transparency builds trust with stakeholders and demonstrates the company's commitment to CSR.

Furthermore, companies can enhance the impact of their CoC by engaging in multi-stakeholder initiatives. Collaborating with industry groups, NGOs, and other stakeholders can help companies align their CoC with broader industry standards and leverage collective efforts to drive change. Multi-stakeholder initiatives can also provide a platform for sharing best practices and addressing common challenges.

It is important to recognize that the establishment of a CoC is not a one-time activity but an ongoing process. Companies must regularly review and update their CoC to reflect evolving standards, emerging issues, and stakeholder expectations. Continuous improvement ensures that the CoC remains relevant and effective in promoting sustainable supply chain practices.

While the list of upstream CSR activities provides a useful overview, it is essential to delve deeper into the specific actions and approaches that companies can take. The establishment of a CoC for suppliers illustrates the complexity and multifaceted nature of upstream CSR. By developing, implementing, and continuously improving a CoC, companies can enhance their environmental and social performance and contribute to more sustainable supply chains.

4.11 Implementing Supplier Codes of Conduct: Lessons from Empirical Studies

Contributions on the topic of Codes of Conduct (CoC) were identified in five of the reviewed papers, each elucidating distinct facets of what it entails for a company to engage with a CoC. These contributions collectively underscore the multifaceted nature of CoCs and their implementation within corporate frameworks.

Lindgreen and Hingley (2003) present a case study of the UK-based retailer Tesco, which exemplifies a collaborative approach to the development of supplier guidelines or criteria. The Tesco Agriculture Manager's statement, "There is a partnership between us. We cannot do anything without the supplier. Everything is discussed [and] agreed. We negotiate on it [guidelines] heavily because they [the

suppliers] are the ones that have to implement it for us" (Lindgreen and Hingley, 2003, p. 337), highlights the importance of mutual agreement and negotiation in the formulation of CoCs. This collaborative approach ensures that suppliers are not merely passive recipients of guidelines but active participants in their creation and implementation.

Furthermore, Lindgreen and Hingley (2003) emphasize the significance of engaging various stakeholders in the development of policies and guidelines. They illustrate how collaborations with stakeholders such as veterinary surgeons, farm assurance schemes, and feed mills are crucial in shaping comprehensive and effective CoCs. This multi-stakeholder involvement ensures that the guidelines are not only robust but also reflective of the diverse perspectives and expertise of all parties involved.

Blowfield (2000) expands on the scope and development processes of CoCs, noting that the criteria specified can range from comprehensive to specific. He highlights that CoCs can be developed either unilaterally by a single entity or through a multi-stakeholder process, which involves various parties in the decision-making process. This inclusivity in the development process is essential for creating CoCs that are widely accepted and effectively implemented.

Moreover, Blowfield (2000) discusses the auditing mechanisms associated with CoCs, which can be conducted by internal staff or external service providers. He observes a growing trend towards the use of independently administered sectoral and cross-sectoral standards, such as the Ethical Trading Initiative, MPS, Eurep, and the Forest Stewardship Council. These standards facilitate broader stakeholder involvement in the auditing, reporting, and consultation processes, thereby enhancing the credibility and transparency of CoCs.

The involvement of independent standards and external auditors, as noted by Blowfield (2000), is particularly significant in ensuring the objectivity and impartiality of the auditing process. This external validation is crucial for maintaining the integrity of CoCs and for building trust among stakeholders, including consumers, suppliers, and regulatory bodies.

Additionally, the use of sectoral and cross-sectoral standards allows for the harmonization of CoCs across different industries and regions. This harmonization is beneficial in creating a level playing field for companies and ensuring that all adhere to similar ethical and operational standards. It also facilitates the sharing of best practices and continuous improvement in CoC implementation.

The collaborative and inclusive approaches to CoC development and implementation, as highlighted by Lindgreen and Hingley (2003) and Blowfield (2000), underscore the importance of stakeholder engagement in achieving sustainable and effective outcomes. These approaches ensure that CoCs are

not only comprehensive and practical but also aligned with the values and expectations of all stakeholders involved.

The reviewed papers provide valuable insights into the various aspects of CoC development and implementation. They highlight the importance of collaboration, stakeholder engagement, and the use of independent standards in creating effective and credible CoCs. These contributions are instrumental in advancing our understanding of how companies can successfully integrate CoCs into their operations and supply chains. The findings from these studies underscore the complexity and significance of CoCs in promoting ethical and sustainable business practices. They provide a foundation for further research and practical applications in the field of corporate social responsibility and supply chain management.

Welford and Frost (2006) conducted a comprehensive survey involving Asian manufacturing companies, CSR managers of multinational brand-name companies based in Asia, and Asian CSR experts. Their findings reveal a diverse range of practices adopted by companies in response to identified non-compliances with the Codes of Conduct (CoC) among suppliers. These practices vary significantly, from the outright termination of contracts to the implementation of long-term programs aimed at rectifying non-compliance issues. This variation underscores the complexity and context-specific nature of managing supplier compliance within global supply chains.

One of the critical insights from Welford and Frost's (2006) study is the reluctance of several interviewed CSR managers to terminate contracts with non-compliant suppliers. This hesitation is primarily driven by the awareness that such actions could lead to significant job losses, highlighting the ethical and social dilemmas faced by companies in enforcing CoCs. The managers' concerns reflect a broader understanding of the socio-economic impacts of strict compliance measures, which necessitates a balanced approach to enforcement.

In addition to examining the perspectives of CSR managers, Welford and Frost (2006) also explored the experiences of suppliers who are subject to CoCs. The suppliers expressed frustration with the multiplicity of CoCs developed by different customers, which often contain contradictory elements. This inconsistency creates significant challenges for suppliers, who must navigate and comply with varying requirements from multiple buyers. The authors note that this issue is particularly pronounced in sectors where CoCs are well-developed and audit activities are relatively advanced, such as the garment and footwear industries.

The study further reveals that suppliers are frequently subjected to numerous audits, with some factories reporting over 50 audits per annum. These audits, while intended to ensure compliance, often impose a substantial burden on suppliers. The redundancy of these audits, given that many CoCs are similar in content, raises questions about the efficiency and effectiveness of the current auditing practices. Welford

and Frost (2006) express surprise that, despite the advanced state of CoCs in certain sectors, there has not been a move towards a common CoC, as seen in the electronics sector.

Welford and Frost (2006) also highlight several practical challenges associated with the auditing process. One significant issue is the prevalence of double bookkeeping among supplier factories. Managers, aware that they are not in compliance with CoC criteria, often maintain multiple sets of records to create the appearance of compliance. This practice complicates the auditing process and undermines the integrity of the CoCs. The authors report that some managers admitted to being unable to comply with even local laws, particularly regarding employment practices.

The study notes that professional CoC inspectors are generally aware of the widespread use of double bookkeeping. Auditors often acknowledge that their role is not merely to identify whether factories are cheating on audits, but to understand how they are doing so. This acknowledgment points to a systemic issue within the auditing process, where deception is anticipated and, to some extent, normalized. Welford and Frost (2006) emphasize that this situation has persisted for several years, indicating a need for more robust and transparent auditing mechanisms.

Moreover, the study raises concerns about the potential complicity of auditors in the cover-ups and deceptions associated with the auditing process. The authors quote a manager of a supplier firm who stated, “I tell auditors that I cannot tell them the truth in relation to some of their questions. They smile and move on to something else” (Welford and Frost, 2006, p. 171). This statement suggests that auditors may sometimes overlook or tacitly accept non-compliance, further complicating efforts to enforce CoCs effectively.

The findings of Welford and Frost (2006) underscore the need for a more standardized and harmonized approach to CoCs and their enforcement. The development of a common CoC, similar to the one promoted in the electronics sector, could alleviate some of the challenges faced by suppliers and improve the overall effectiveness of compliance efforts. Such standardization would also facilitate the sharing of best practices and enhance the credibility of CoCs across different industries.

The study by Welford and Frost (2006) provides valuable insights into the complexities and challenges associated with the implementation and enforcement of CoCs in global supply chains. Their findings highlight the diverse practices adopted by companies, the ethical dilemmas faced by CSR managers, and the practical difficulties encountered by suppliers. The study calls for a more coordinated and transparent approach to CoC development and auditing, which is essential for promoting ethical and sustainable business practices. Overall, the research contributes to a deeper understanding of the dynamics of CoC implementation and the critical role of stakeholder engagement in achieving

compliance. It underscores the importance of addressing both the procedural and ethical aspects of CoCs to ensure their effectiveness and sustainability in the long term.

Dolan and Opondo (2005) provide a nuanced examination of the complexities associated with auditing practices in the context of corporate social responsibility (CSR). They highlight significant criticisms directed at the methods employed by major corporate social auditors such as KPMG, SGS, and BVQI. These criticisms primarily focus on the auditors' failure to address the concerns of marginalized workers and their inability to capture sensitive issues such as gender discrimination and sexual harassment. This critique underscores the limitations of conventional auditing practices in addressing the full spectrum of workplace issues.

The authors argue that local auditors, particularly those affiliated with the Horticultural Ethical Business Initiative in Kenya (HEBI), possess a unique advantage in identifying deep-seated workplace problems. Their knowledge of local language and culture, coupled with their capacity for regular monitoring, equips them to uncover issues that might be overlooked by international auditors. Despite these advantages, Northern buyers continue to prioritize the certifications provided by major firms. This preference is driven by the perceived consistency and reliability of these firms' auditing systems across different industry sectors and countries.

Dolan and Opondo (2005) contend that the privileging of corporate auditors in the marketplace poses a significant barrier to the expansion of the institutional role of local auditors like those in HEBI. As long as major firms dominate the auditing landscape, local auditors will struggle to gain the recognition and influence necessary to effect meaningful change. This dynamic highlights the broader challenges of integrating local expertise into global supply chain management practices.

In addition to Dolan and Opondo's insights, Graafland (2002) provides a detailed case study on the organization of CoC auditing within the clothing retailer C&A. Graafland describes the establishment of SOCAM, an audit organization funded by C&A but operationally independent from its commercial activities. This structural separation is intended to ensure the objectivity and impartiality of the auditing process, thereby enhancing the credibility of the CoC audits conducted by SOCAM.

Graafland (2002) emphasizes that SOCAM's sole responsibility is to carry out audits and report any violations of the CoC criteria to C&A. This reporting mechanism allows C&A to make informed decisions on how to address non-compliance issues. The independence of SOCAM from C&A's commercial interests is a critical factor in maintaining the integrity of the auditing process and ensuring that audits are conducted without undue influence from the company's business operations.

The case study of C&A illustrates a model of CoC auditing that seeks to balance the need for rigorous oversight with the importance of maintaining auditor independence. This model contrasts with the practices criticized by Dolan and Opondo (2005), where major firms' auditing methods are seen as insufficiently responsive to local workplace issues. The comparison between these two approaches underscores the diversity of strategies employed by companies in managing CoC compliance.

Furthermore, Graafland's (2002) study sheds light on the decision-making processes within companies regarding CoC violations. By centralizing the reporting of audit findings within an independent organization, C&A aims to ensure that decisions on how to proceed with non-compliant suppliers are based on objective and reliable information. This approach highlights the importance of transparency and accountability in the enforcement of CoCs.

The insights provided by Dolan and Opondo (2005) and Graafland (2002) collectively underscore the complexities and challenges inherent in CoC auditing. They highlight the need for a more nuanced understanding of the roles and capabilities of different types of auditors, as well as the importance of structural independence in maintaining the integrity of the auditing process. These studies contribute to a broader discourse on how to effectively implement and enforce CoCs in a way that addresses both global standards and local realities.

The research by Dolan and Opondo (2005) and Graafland (2002) provides valuable perspectives on the multifaceted nature of CoC auditing. Their findings emphasize the importance of considering local contexts and the potential benefits of integrating local auditors into the global supply chain management framework. They also highlight the critical role of independent auditing organizations in ensuring the credibility and effectiveness of CoC enforcement.

Overall, these studies contribute to a deeper understanding of the challenges and opportunities associated with CoC auditing. They underscore the need for continued innovation and adaptation in auditing practices to address the evolving landscape of CSR and supply chain management. By drawing on the strengths of both local and international auditors, companies can develop more robust and responsive CoC systems that promote ethical and sustainable business practices.

By examining these articles, each offering a unique perspective on the phenomenon of CoCs, we gain a comprehensive understanding of the multifaceted nature of implementing a CoC. The task involves a variety of activities, including the development or selection of criteria to be included in the CoC, the communication of these criteria to all relevant suppliers, and the establishment of practical procedures for verifying compliance. Additionally, companies must devise strategies for addressing non-compliance, which can range from terminating contracts to implementing long-term programs aimed at improving supplier performance.

The process of developing a CoC is not merely a technical exercise but a strategic one that requires careful consideration of various factors. Companies must decide on the criteria to be included in the CoC, which may encompass environmental, social, and governance (ESG) aspects. These criteria can be developed unilaterally by the company, collaboratively with suppliers, in consultation with external experts, or even in partnership with competitors. Each approach has its own set of advantages and challenges, influencing the effectiveness and acceptance of the CoC.

Communicating the CoC to suppliers is another critical step. This involves not only disseminating the CoC but also ensuring that suppliers understand and commit to its requirements. Effective communication strategies may include training sessions, workshops, and continuous engagement with suppliers. The goal is to foster a shared understanding and commitment to the CoC, which is essential for its successful implementation.

Verifying compliance with the CoC is a complex and ongoing process. Companies must establish robust auditing and monitoring mechanisms to ensure that suppliers adhere to the CoC. This may involve regular audits, both announced and unannounced, conducted by internal teams or external auditors. The choice of auditors, whether local or international, can significantly impact the effectiveness of the verification process, as highlighted by Dolan and Opondo (2005).

Addressing non-compliance is perhaps one of the most challenging aspects of implementing a CoC. Companies must decide on appropriate responses to non-compliance, which can range from punitive measures, such as contract termination, to supportive measures, such as capacity-building programs. The choice of response depends on various factors, including the severity of the non-compliance, the supplier's willingness to improve, and the potential social and economic impacts of the chosen action.

The articles reviewed also reveal that what may appear as straightforward techniques for managing environmental and social aspects in the supply chain are, in reality, fraught with challenges and critical decisions. For instance, companies must navigate issues related to corruption and deception, as some suppliers may engage in practices such as double bookkeeping to appear compliant. This underscores the need for vigilance and integrity in the auditing process.

Moreover, the development and implementation of CoCs are influenced by broader contextual factors, including regulatory environments, market dynamics, and stakeholder expectations. Companies must remain adaptable and responsive to these factors to ensure the relevance and effectiveness of their CoCs. This requires continuous learning and improvement, as well as a willingness to engage with diverse stakeholders.

Indeed, each approach to developing and implementing a CoC entails specific activities, choices, and challenges. Understanding these nuances is crucial for comprehending the broader phenomenon of upstream CSR. It is only through a detailed examination of these processes that we can identify the critical issues for research and practice in this field. The implementation of CoCs is a complex and dynamic process that involves strategic decision-making, effective communication, rigorous verification, and responsive action. The insights gained from the reviewed articles highlight the importance of a holistic and context-sensitive approach to CoC implementation. This approach not only enhances the effectiveness of CoCs but also contributes to the broader goals of sustainable and ethical supply chain management.

The phenomenon of upstream CSR, as illustrated through the lens of CoCs, presents a rich area for further research and practical exploration. By delving into the specific activities, choices, and challenges associated with CoC implementation, we can develop a deeper understanding of how companies can effectively manage their supply chains in a socially responsible manner.

4.12 Interorganizational and intercultural challenges in upstream CSR

Communication is a central element of upstream CSR. While there is ample support available on how to communicate the results of a company's CSR efforts, such as the guidelines from the Global Reporting Initiative (GRI), research indicates that interorganizational communication between actors in the supply chain presents considerable challenges. This area lacks readily available advice for corporate practitioners, making it a critical focus for further investigation.

Welford and Frost (2006) highlight that managers and owners of suppliers often struggle to fully understand the pressures that focal companies face from stakeholders. This lack of understanding can lead to a failure to recognize the importance of CSR initiatives for the focal company. The disconnect between the expectations of focal companies and the perceptions of their suppliers can hinder the effective implementation of CSR practices across the supply chain.

Wycherley (1999) provides a pertinent example through his interviews with UK-based suppliers to Body Shop International. He found that one significant barrier to progress was the perception among suppliers that the environmental messages from Body Shop had a general political overtone. This perception led to resistance, as suppliers viewed the pressure from Body Shop as a political act or eco-evangelism, rather than a genuine business requirement.

The irony in Wycherley's findings is notable. The very pressure intended to drive environmental responsibility was perceived as overbearing and politically motivated, leading to resistance rather than

compliance. This highlights the delicate balance that focal companies must maintain in their communication strategies to ensure that their CSR messages are received as intended.

Effective communication in upstream CSR requires a nuanced understanding of the cultural and organizational contexts of suppliers. Focal companies must tailor their messages to resonate with the values and priorities of their suppliers, avoiding any perception of coercion or political agenda. This approach can foster a more collaborative and supportive environment for CSR initiatives.

Moreover, the role of intermediaries in facilitating communication between focal companies and suppliers cannot be overstated. Intermediaries, such as industry associations or third-party auditors, can bridge the gap by translating CSR expectations into actionable guidelines that suppliers can understand and implement. Their involvement can mitigate misunderstandings and enhance the overall effectiveness of CSR communication.

The complexity of interorganizational communication in upstream CSR also underscores the need for continuous dialogue and feedback mechanisms. Focal companies should establish regular communication channels with their suppliers to discuss CSR expectations, address concerns, and share best practices. This ongoing engagement can build trust and commitment to CSR goals.

Additionally, training and capacity-building programs for suppliers can play a crucial role in enhancing their understanding of CSR requirements. By investing in the education and development of their suppliers, focal companies can ensure that CSR principles are integrated into the core operations of the supply chain.

The integration of technology in communication strategies offers another avenue for improving upstream CSR. Digital platforms and tools can facilitate real-time information sharing, monitoring, and reporting, making it easier for suppliers to stay informed and aligned with CSR expectations. Technology can also provide a transparent and efficient means of tracking progress and identifying areas for improvement.

The success of upstream CSR communication hinges on the commitment of top management in both focal companies and their suppliers. Leadership plays a pivotal role in setting the tone for CSR initiatives and ensuring that communication efforts are prioritized and resourced appropriately. Strong leadership commitment can drive a culture of responsibility and accountability throughout the supply chain.

While communication is a central element of upstream CSR, it presents significant challenges that require strategic and thoughtful approaches. By understanding the perspectives of suppliers, leveraging intermediaries, fostering continuous dialogue, investing in capacity building, integrating technology,

and ensuring leadership commitment, focal companies can enhance the effectiveness of their CSR communication and drive meaningful progress in their supply chains.

On other side, Rao (2002) emphasizes the critical importance of relationship building in South East Asian culture, particularly in the context of upstream CSR. He argues that the imposition of rules or norms cannot be effective unless they have been thoroughly discussed and deliberated with the involved parties. This cultural nuance underscores the necessity for companies to engage in consultative processes when defining CSR criteria. In South East Asia, individuals place significant value on being consulted and are more likely to comply with CSR initiatives when there is a foundation of trust between them and the focal company.

The emphasis on consultation and trust highlights a fundamental challenge for companies with extensive supplier networks in South East Asia. Rao (2002) suggests that a partnership and mentoring approach to greening suppliers is essential for achieving environmental sustainability in the region. This approach involves fostering collaborative relationships where suppliers are guided and supported in their CSR efforts, rather than being subjected to top-down mandates. Such a strategy not only aligns with cultural expectations but also enhances the likelihood of successful CSR implementation.

Canning and Hanmer-Lloyd (2001) further illustrate the centrality of communication in upstream CSR initiatives. They note that while technical problems can pose challenges, the progression of CSR processes is often influenced by the quality of relationships between focal companies and their suppliers. These relationships are shaped by the behavior and experience of the individuals involved, indicating that interpersonal dynamics play a crucial role in the success of CSR initiatives.

The findings of Canning and Hanmer-Lloyd (2001) suggest that reducing environmental impacts along the supply chain requires more than just technical solutions. It necessitates a comprehensive understanding of the relational factors that influence supplier behavior. Effective communication, therefore, becomes a pivotal element in fostering these relationships and ensuring that CSR goals are met. This involves not only conveying expectations clearly but also listening to and addressing the concerns of suppliers.

In the context of Southeast Asia, where relationship building is paramount, focal companies must adopt communication strategies that are culturally sensitive and inclusive. This means engaging suppliers in meaningful dialogues, seeking their input, and building trust through consistent and transparent interactions. By doing so, companies can create a supportive environment where suppliers feel valued and are more likely to commit to CSR initiatives.

Moreover, the partnership and mentoring approach advocated by Rao (2002) aligns with the need for continuous engagement and capacity building. Focal companies should invest in training programs that enhance suppliers' understanding of CSR principles and practices. This investment not only equips suppliers with the necessary knowledge and skills but also reinforces the collaborative nature of the relationship, fostering a sense of shared responsibility for environmental sustainability.

The role of intermediaries, such as industry associations and third-party auditors, is also crucial in facilitating effective communication and relationship building. These intermediaries can act as bridges, translating CSR expectations into culturally appropriate guidelines and providing support to suppliers in their implementation efforts. Their involvement can help mitigate misunderstandings and ensure that CSR initiatives are perceived as legitimate and achievable.

Additionally, the integration of technology in communication strategies offers significant potential for improving upstream CSR. Digital platforms can facilitate real-time information sharing, enabling suppliers to stay informed about CSR requirements and progress. Technology can also provide a transparent and efficient means of monitoring and reporting, enhancing accountability and fostering a culture of continuous improvement.

The commitment of top management in both focal companies and their suppliers is essential for the success of upstream CSR initiatives. Leadership plays a critical role in setting the tone for CSR efforts, ensuring that communication is prioritized and that resources are allocated to support relationship building and capacity development. Strong leadership commitment can drive a culture of responsibility and accountability, ultimately leading to more effective and sustainable CSR outcomes. Relationship building and communication are central to the success of upstream CSR initiatives, particularly in culturally diverse regions like South East Asia. By adopting consultative and collaborative approaches, leveraging intermediaries, integrating technology, and ensuring strong leadership commitment, companies can overcome the challenges of upstream CSR and drive meaningful progress towards environmental sustainability.

One striking observation from compiling findings on upstream CSR challenges is the wide range of issues that span from micro to macro perspectives. This diversity reflects the multifaceted nature of upstream CSR, which not only involves actors within the supply chain but also impacts society at large. Macro-level challenges, such as ensuring justice in the development of social or environmental performance criteria, are directly relevant from a political standpoint. However, it is equally crucial for policymakers to understand the micro-level challenges that companies face in implementing upstream CSR. This understanding can help policymakers and other external parties, such as NGOs, to gauge what companies can realistically manage and identify the types of support they might need.

From a corporate perspective, understanding micro-level challenges is essential for addressing specific tasks associated with upstream CSR. These challenges often involve day-to-day operational issues, such as ensuring compliance with environmental standards or managing supplier relationships. However, having a basic understanding of macro-level challenges is also beneficial for corporate practitioners. This broader perspective can help companies anticipate and respond to the expectations and concerns of external stakeholders, which may influence their strategic approaches to CSR.

For instance, by considering society's macro-level concern for justice when developing criteria for a Code of Conduct (CoC), a company can avoid criticism from stakeholders who prioritize such issues. This proactive approach not only enhances the company's reputation but also fosters trust and cooperation with stakeholders. It underscores the importance of integrating both micro and macro perspectives in CSR strategies to achieve comprehensive and sustainable outcomes.

The interplay between micro and macro challenges in upstream CSR highlights the need for a holistic approach. Companies must navigate the complexities of individual supplier relationships while also addressing broader societal expectations. This dual focus requires a nuanced understanding of the different levels at which CSR operates and the ability to balance immediate operational needs with long-term strategic goals.

Effective communication is a key element in managing these challenges. At the micro level, clear and consistent communication with suppliers is essential for ensuring compliance and fostering collaboration. This involves not only conveying expectations but also listening to and addressing suppliers' concerns. At the macro level, companies must engage with a wider range of stakeholders, including policymakers, NGOs, and the public, to build support for their CSR initiatives and demonstrate their commitment to broader societal goals.

Building strong relationships with suppliers is particularly important in regions where cultural factors play a significant role in business interactions. As Rao (2002) notes, in South East Asian cultures, relationship building is critical, and rules or norms are more likely to be accepted if they are discussed and deliberated upon. This cultural sensitivity can enhance the effectiveness of CSR initiatives by ensuring that they are perceived as legitimate and respectful of local values.

Moreover, the role of intermediaries, such as industry associations and third-party auditors, is crucial in bridging the gap between micro and macro challenges. These intermediaries can provide valuable support by translating broad CSR expectations into actionable guidelines for suppliers and facilitating communication between different stakeholders. Their involvement can help ensure that CSR initiatives are both practical and aligned with broader societal goals.

Technology also offers significant potential for addressing both micro and macro challenges in upstream CSR. Digital platforms can facilitate real-time information sharing and monitoring, making it easier for companies to track compliance and progress. Technology can also enhance transparency and accountability, which are critical for building trust with stakeholders and demonstrating a commitment to CSR.

Finally, the commitment of top management is essential for successfully navigating the complexities of upstream CSR. Leadership plays a pivotal role in setting the tone for CSR efforts and ensuring that both micro and macro challenges are addressed. Strong leadership commitment can drive a culture of responsibility and accountability throughout the supply chain, ultimately leading to more effective and sustainable CSR outcomes.

In conclusion, addressing the challenges of upstream CSR requires a comprehensive approach that integrates both micro and macro perspectives. By understanding and managing the interplay between these levels, companies can enhance their CSR strategies, build stronger relationships with stakeholders, and achieve meaningful progress towards sustainability.

CHAPTER 5:

CASE STUDY DISCUSSION

This chapter delves into the intricate narrative of how H&M, a Swedish-based multinational apparel retailer, tackled four distinct Corporate Social Responsibility (CSR) issues within its upstream supply chain operations. H&M has a longstanding commitment to addressing upstream CSR challenges, demonstrating proactive engagement over many years. Among the initiatives examined in this study, two had been operational for over five years, while the other two were in the nascent stages of implementation at the time of this research.

H&M's substantial market presence, characterized by significant purchasing volumes and extensive internal resources, sets it apart from other companies. The scale of H&M, coupled with the complexity of its supply chain, presents unique challenges and opportunities in managing CSR initiatives. This case study, therefore, offers valuable insights into how the size and complexity of a focal company and its supply chain influence its CSR actions and outcomes.

The embedded case study design employed in this research focuses on specific programs or projects initiated by H&M to address particular CSR-related issues within its supply chain. Each embedded case represents a distinct initiative aimed at mitigating one of the following concerns: harmful chemical residues in finished products, labor conditions and environmental aspects in the operations of first-tier suppliers and their subcontractors, environmental impacts associated with wet-processing, and environmental impacts related to cotton farming.

The first initiative examined in this study addresses the issue of harmful chemical residues in finished products. H&M has implemented stringent measures to ensure that its products meet high safety standards, thereby protecting consumers and the environment from potential hazards. This initiative reflects H&M's commitment to product safety and environmental stewardship.

The second initiative focuses on improving labor conditions and addressing environmental aspects in the operations of first-tier suppliers and their subcontractors. H&M has established comprehensive guidelines and monitoring systems to ensure that its suppliers adhere to ethical labor practices and minimize their environmental footprint. This initiative underscores H&M's dedication to promoting fair labor practices and environmental sustainability throughout its supply chain.

The third initiative targets the environmental impacts associated with wet-processing, a critical stage in textile production that involves significant water and chemical usage. H&M has invested in innovative technologies and processes to reduce the environmental footprint of wet-processing activities. This

initiative highlights H&M's efforts to mitigate the environmental impact of its production processes and promote sustainable practices within the industry.

The fourth initiative addresses the environmental impacts associated with cotton farming, a key raw material in H&M's product line. H&M has partnered with various stakeholders to promote sustainable cotton farming practices, aiming to reduce the environmental impact of cotton cultivation. This initiative demonstrates H&M's commitment to sustainable sourcing and its efforts to drive positive change in the agricultural sector.

In combination with the previous case study, this research provides a comprehensive understanding of how the size and complexity of a focal company and its supply chain influence its CSR actions and outcomes. The findings from this study offer valuable insights for other companies seeking to implement effective CSR initiatives in their supply chains.

Overall, this chapter highlights the multifaceted approach H&M has taken to address CSR-related issues within its upstream supply chain operations. By examining specific initiatives and their outcomes, this study sheds light on the challenges and opportunities associated with managing CSR in a large and complex supply chain. The insights gained from this research can inform the development of more effective CSR strategies for other companies in the apparel industry and beyond. H&M's proactive engagement in addressing CSR issues within its upstream supply chain operations serves as a model for other companies. The initiatives examined in this study demonstrate H&M's commitment to ethical and sustainable practices, highlighting the importance of corporate responsibility in today's globalized economy. This case study contributes to the broader understanding of CSR in supply chain management and offers practical insights for companies striving to achieve sustainable and ethical supply chain operations.

The overarching goal of this case study was to gain a comprehensive understanding of how H&M has tackled each of the specific CSR issues identified earlier. This investigation particularly focused on how H&M has managed to exert influence over relevant actors within its supply chain and how it has ensured that suppliers comply with the established criteria. The study aimed to dissect the strategies and mechanisms employed by H&M to achieve these objectives.

To delve into these aspects, I formulated two primary research questions for each of the initiatives under study. The first question sought to uncover the actions taken by H&M to influence actors within its supply chain. Specifically, it aimed to understand how H&M persuaded these actors to align their operations with H&M’s environmental or social agenda. Additionally, this question explored the methods H&M used to control and verify that the relevant aspects of the supply chain were in compliance with the criteria or objectives set by the company.

The second research question focused on the implications of addressing each specific issue for H&M. It examined the consequences of these actions for the focal company, other affected actors within the supply chain, and the overall structure, processes, and flows within the supply chain. This question aimed to provide a holistic view of the impact of H&M's CSR initiatives on its supply chain dynamics.

In addressing the first research question, the study found that H&M employed a combination of direct and indirect influence strategies. Direct strategies included setting clear expectations and requirements for suppliers, providing training and support to help suppliers meet these expectations, and implementing robust monitoring and auditing processes. Indirect strategies involved leveraging industry standards and collaborating with other stakeholders to create a broader environment of compliance and sustainability.

The study also revealed that H&M's approach to controlling and verifying compliance involved a multi-tiered system of checks and balances. This system included regular audits, third-party certifications, and continuous engagement with suppliers to ensure ongoing adherence to the set criteria. H&M's commitment to transparency and accountability was evident in its detailed reporting and communication practices, which helped build trust and cooperation within the supply chain.

Addressing the second research question, the study highlighted several key consequences of H&M's CSR initiatives. For H&M, these initiatives reinforced its reputation as a leader in sustainable fashion and strengthened its relationships with key stakeholders. However, they also required significant investment in terms of time, resources, and organizational change. For suppliers, compliance with H&M's criteria often necessitated substantial adjustments to their operations, which could be challenging but also led to improvements in efficiency and sustainability.

The impact on the supply chain structure and processes was also notable. H&M's initiatives prompted a shift towards more collaborative and transparent supply chain relationships. This shift facilitated better communication and coordination among supply chain actors, leading to more efficient and sustainable supply chain operations. However, it also introduced new complexities and challenges, particularly in terms of managing and integrating diverse supplier practices and standards.

The study further found that H&M's efforts to address harmful chemical residues in finished products involved rigorous testing and certification processes. These efforts not only ensured product safety but also drove innovation in safer and more sustainable production methods. Similarly, initiatives aimed at improving labor conditions and environmental aspects in first-tier suppliers' operations led to the adoption of more ethical and sustainable practices across the supply chain.

In the context of wet-processing, H&M's investments in innovative technologies and processes significantly reduced the environmental impact of this critical production stage. These investments

demonstrated H&M's commitment to minimizing its environmental footprint and promoting sustainable practices within the industry. The initiatives related to sustainable cotton farming also had far-reaching implications, fostering more sustainable agricultural practices and contributing to the overall sustainability of the supply chain.

This case study also provides valuable insights into the strategies and mechanisms employed by H&M to address CSR issues within its upstream supply chain operations. The findings highlight the importance of a comprehensive and integrated approach to CSR, which involves not only setting and enforcing standards but also fostering collaboration and innovation across the supply chain. H&M's proactive engagement in addressing CSR issues within its upstream supply chain operations serves as a model for other companies. The initiatives examined in this study demonstrate H&M's commitment to ethical and sustainable practices, highlighting the importance of corporate responsibility in today's globalized economy. This case study contributes to the broader understanding of CSR in supply chain management and offers practical insights for companies striving to achieve sustainable and ethical supply chain operations.

5.1 Contextual Background of H&M's Upstream CSR Initiatives

Hennes & Mauritz AB (hereafter referred to as H&M) is a prominent multinational fashion retailer headquartered in Sweden. Established in 1947, H&M has grown from a single store in Västerås, Sweden, to a global enterprise. By 2008, the company was operating approximately 1,600 stores across 29 countries, including regions in Europe, North America, Asia, and the Middle East. This expansion underscores H&M's significant presence in the global fashion industry.

In 2007, H&M reported a total turnover of 92,123 million SEK, equivalent to nearly 10 billion EUR. This substantial revenue highlights the company's robust financial performance and its ability to maintain a competitive edge in the fast-paced fashion retail sector. By the end of 2007, H&M employed approximately 68,000 individuals, with the majority working in its retail stores. This extensive workforce is indicative of the company's operational scale and its role as a major employer in the retail industry.

The company's headquarters are strategically located in Stockholm, Sweden. This central hub houses the corporate management team and the main departments responsible for various critical functions. These departments include design, procurement, finance, accounts, expansion, interior design and display, advertising, communications, investor relations, human resources, logistics, security, IT, and Corporate Social Responsibility (CSR). The concentration of these functions at the headquarters facilitates streamlined decision-making and cohesive strategic planning.

In addition to its headquarters, H&M operates 15 country offices. These offices provide essential support functions tailored to the specific needs of H&M stores within their respective regions. The decentralized structure of these country offices enables H&M to effectively manage its diverse and geographically dispersed operations. This organizational model ensures that the company can respond swiftly to regional market demands and operational challenges.

H&M's production network is equally extensive, with 19 production offices located in various countries across Asia and Europe. These production offices serve as vital links between H&M's central buying office and its suppliers. The strategic placement of these offices in key production regions allows H&M to maintain close relationships with its suppliers, ensuring efficient supply chain management and quality control. This network is crucial for the company's ability to deliver fashionable and affordable products to its global customer base.

The company's commitment to CSR is evident in its organizational structure and operational practices. H&M's CSR initiatives are integrated into its core business functions, reflecting the company's dedication to sustainable and ethical business practices. The CSR department at the headquarters plays a pivotal role in developing and implementing policies that promote environmental sustainability, fair labor practices, and community engagement. These initiatives are critical for enhancing the company's reputation and ensuring long-term business sustainability.

H&M's approach to CSR extends beyond its internal operations to include its supply chain. The company collaborates with suppliers to promote sustainable practices and improve working conditions in production facilities. This collaborative approach is essential for addressing the complex social and environmental challenges associated with the fashion industry. By working closely with suppliers, H&M aims to create a more sustainable and ethical supply chain.

The company's expansion strategy is driven by a combination of organic growth and strategic acquisitions. H&M continuously seeks opportunities to enter new markets and expand its product offerings. This strategy has enabled the company to diversify its revenue streams and mitigate risks associated with market fluctuations. The expansion into new regions also allows H&M to tap into emerging markets with high growth potential, further strengthening its global presence.

H&M's focus on innovation and customer experience is central to its business model. The company invests in technology and digital platforms to enhance the shopping experience for its customers. This includes the development of online sales channels and the integration of digital tools in physical stores. By leveraging technology, H&M aims to provide a seamless and personalized shopping experience, catering to the evolving preferences of modern consumers. H&M's growth from a single store in Sweden to a global fashion retailer is a testament to its strategic vision and operational excellence. The

company's robust financial performance, extensive global presence, and commitment to CSR underscore its position as a leader in the fashion industry. As H&M continues to expand and innovate, its focus on sustainability and ethical practices will be crucial for maintaining its competitive edge and ensuring long-term success.

5.2 H&M's Supply Chain Structure

In 2007, Hennes & Mauritz AB (H&M) maintained a comprehensive network of approximately 800 suppliers distributed across Asia, Europe, and Africa. This extensive supplier base was integral to the production of H&M's diverse range of goods, which included clothing, accessories, and footwear. The company's reliance on a broad array of suppliers underscores its global reach and the complexity of its supply chain operations.

The manufacturing of H&M products involved around 2,500 factories, a figure significantly higher than the number of suppliers. This discrepancy can be attributed to the fact that individual suppliers often operate multiple factories or engage subcontractors to fulfill production demands. This multi-tiered production structure is a common practice in the textile industry, allowing for greater flexibility and scalability in manufacturing processes.

A substantial portion of H&M's production, approximately two-thirds, was concentrated in Asia, with the remaining production primarily taking place in Europe. This geographical distribution reflects the strategic advantages offered by Asian manufacturing hubs, including cost efficiencies and access to a skilled labor force. European production, while smaller in scale, likely provided benefits in terms of proximity to key markets and adherence to stringent regulatory standards.

To illustrate the complexity of H&M's supply chain, consider the operations of the company's production office in Turkey in 2004. At that time, the Turkish office collaborated with approximately 60 large suppliers. These suppliers, in turn, utilized around 8-10 subcontractors each to meet production requirements. This example highlights the layered nature of H&M's supply chain, where primary suppliers delegate specific production tasks to subcontractors, thereby enhancing operational efficiency and capacity.

The dynamic nature of H&M's supplier base is evident in the continuous process of adding new suppliers and phasing out existing ones. This ongoing evaluation and adjustment of the supplier network are driven by the need to identify better alternatives and maintain high standards of quality and efficiency. For instance, in 2004, the manager of H&M's production office in Istanbul estimated that

approximately 2-3 suppliers were replaced annually. This turnover was attributed to various factors, including performance issues and strategic realignments.

The decision to replace suppliers is influenced by a range of considerations, such as cost competitiveness, compliance with H&M's CSR policies, and the ability to meet production timelines. By regularly reassessing its supplier relationships, H&M ensures that it collaborates with partners who align with its operational and ethical standards. This proactive approach to supplier management is crucial for sustaining the company's reputation and operational effectiveness.

H&M's engagement with a diverse supplier base across multiple regions also reflects its commitment to mitigating risks associated with supply chain disruptions. By diversifying its production sources, the company can better navigate challenges such as geopolitical instability, natural disasters, and fluctuations in labor markets. This risk management strategy is essential for maintaining a steady flow of products to meet consumer demand.

The role of H&M's production offices extends beyond mere coordination of manufacturing activities. These offices serve as critical links between the central buying office and the suppliers, facilitating communication, quality control, and compliance monitoring. The production offices are instrumental in ensuring that suppliers adhere to H&M's stringent standards for product quality, labor practices, and environmental sustainability.

H&M's approach to supply chain management is characterized by a balance between centralized oversight and decentralized execution. While strategic decisions and policy frameworks are established at the headquarters, the implementation and day-to-day management are delegated to regional production offices. This hybrid model allows H&M to leverage global efficiencies while remaining responsive to local market conditions and supplier capabilities. H&M's extensive and dynamic supplier network is a testament to its strategic acumen and operational complexity. The company's ability to manage a vast array of suppliers and factories across different regions is central to its success in the competitive fashion industry. By continuously refining its supplier relationships and production processes, H&M not only enhances its operational efficiency but also upholds its commitment to ethical and sustainable business practices

H&M collaborates with a diverse array of suppliers, some of which are vertically integrated. Vertically integrated suppliers possess the capability to perform multiple stages of the production process within their own facilities. This includes not only garment making but also textile production and, in some cases, yarn production. Such integration can enhance efficiency and streamline the supply chain by reducing the need for intermediary processes and transportation.

However, it is crucial to acknowledge that vertical integration is not a ubiquitous characteristic among H&M's suppliers. The company does not mandate vertical integration as a prerequisite for its suppliers, nor does it adopt an explicit strategy to exclusively source from vertically integrated factories. This flexibility allows H&M to engage with a broader range of suppliers, each offering unique capabilities and advantages.

H&M's approach to fabric sourcing further illustrates this flexibility. The company generally refrains from nominating specific fabric suppliers. Consequently, when garments are produced in factories that are not vertically integrated, meaning they do not produce their own fabric, H&M does not establish direct contractual relationships with the fabric mills. This practice underscores H&M's focus on the garment production stage, rather than the upstream processes of fabric manufacturing.

The absence of direct contractual relationships with fabric mills implies that H&M does not require garment manufacturers to disclose the origins of the fabrics used. This approach can simplify procurement processes and reduce administrative burdens. However, it also means that H&M's direct control over its supply chain is primarily limited to the first tier, encompassing the garment manufacturing stage.

Beyond the first tier, H&M's ability to exert control over the supply chain diminishes. The company relies on final product inspections and, in some cases, extraordinary measures to ensure compliance with its standards. This reliance on end-product checks highlights the challenges associated with managing a complex and multi-tiered supply chain, where visibility and control decrease with each successive tier.

The decision not to nominate fabric suppliers and the consequent lack of direct oversight over fabric mills can have implications for H&M's CSR initiatives. Ensuring compliance with environmental and social standards becomes more challenging when the company does not have direct relationships with all entities involved in the production process. This necessitates robust monitoring mechanisms and collaboration with suppliers to uphold H&M's CSR commitments.

Despite these challenges, H&M's flexible sourcing strategy allows it to leverage the strengths of a diverse supplier base. By not restricting itself to vertically integrated suppliers, H&M can benefit from the specialized capabilities of different suppliers, whether in garment making, textile production, or other stages of the supply chain. This diversity can enhance the company's resilience and adaptability in a dynamic global market.

Moreover, H&M's approach reflects a pragmatic understanding of the complexities inherent in global supply chains. The company's focus on the first tier of the supply chain, where it has the most direct control, allows it to implement and enforce its standards more effectively. At the same time, H&M recognizes the need for collaboration and continuous improvement to address challenges beyond the

first tier. H&M's supplier network is characterized by a mix of vertically integrated and non-vertically integrated entities. This diversity enables the company to maintain flexibility and leverage a wide range of capabilities within its supply chain. While the lack of direct control over fabric mills presents challenges, H&M's strategic focus on the first tier and its commitment to CSR principles guide its efforts to manage and improve its supply chain operations. This approach underscores the importance of adaptability and collaboration in navigating the complexities of global supply chains.

A pertinent question in the analysis of H&M's supply chain is the extent of overlap in the second and third tiers upstream. Specifically, this inquiry focuses on the degree to which H&M's apparel suppliers source their fabrics from the same textile mills. Understanding this overlap is crucial for assessing the interconnectedness and potential vulnerabilities within the supply chain.

To investigate this, H&M conducted a survey targeting its large suppliers in China and India. The survey aimed to uncover patterns in fabric sourcing practices among these suppliers. The findings revealed a notable difference between the two countries. In China, it was observed that it is quite rare for different apparel suppliers to source their fabrics from the same textile mill. This suggests a more fragmented and diversified fabric sourcing landscape in China, which could be attributed to the vast number of textile mills and the competitive nature of the industry.

Conversely, the survey results indicated that in India, it is more common for different apparel suppliers to source their fabrics from the same textile mills. This higher degree of overlap in India may be due to a more consolidated textile industry, where a few large mills dominate the market. Such consolidation can lead to increased interdependencies among suppliers, which might pose risks in terms of supply chain disruptions if any of these key mills face operational challenges.

The implications of these findings are significant for H&M's supply chain management. In regions with low overlap, such as China, the risk of supply chain disruptions due to issues at a single textile mill is minimized. However, this also means that H&M must manage relationships with a larger number of mills, which can increase the complexity of supply chain coordination. In contrast, the higher overlap in India suggests that H&M can benefit from economies of scale and potentially stronger relationships with fewer mills, but it also faces greater risk if any of these mills encounter problems.

The survey conducted by H&M highlights the varying degrees of overlap in fabric sourcing among its suppliers in China and India. These differences underscore the importance of region-specific strategies in supply chain management. By understanding and addressing the unique characteristics of each region's textile industry, H&M can better mitigate risks and optimize its supply chain operations. This nuanced approach is essential for maintaining the resilience and efficiency of H&M's global supply chain.

5.3 Social and Environmental Aspect in H&M's Procurement

While all garments are meticulously designed in-house by H&M, the company strategically opts not to own any production facilities. This decision aligns with H&M's business model, which emphasizes flexibility and scalability in its supply chain operations. Instead, H&M relies on a network of 19 production offices, which serve as crucial intermediaries between the design and buying department located in Stockholm and the company's extensive array of suppliers.

The primary function of these production offices is to ensure that H&M's supply base can consistently meet the company's stringent requirements regarding quality, price, lead-time, and social and environmental performance. By situating production offices in the countries where garments are manufactured, H&M can closely monitor and manage the production process, ensuring adherence to its high standards.

Each production office is staffed with a diverse team of professionals, including merchandisers, technicians, quality assurance personnel, and Code of Conduct auditors. These individuals play pivotal roles in maintaining the integrity and efficiency of H&M's supply chain. Merchandisers are responsible for liaising with suppliers to obtain price quotations and samples, while technicians oversee the technical aspects of production, ensuring that designs are accurately translated into finished products.

Quality assurance staff are tasked with conducting rigorous inspections to verify that products meet H&M's quality standards. This includes evaluating the workmanship, fabric, and trims used in the garments. Code of Conduct auditors, on the other hand, focus on ensuring that suppliers comply with H&M's ethical guidelines, which encompass fair labor practices and environmental sustainability.

In addition to these roles, production offices also employ staff dedicated to research and development. These individuals work on innovating new materials and production techniques that can enhance the quality and sustainability of H&M's products. Furthermore, logistics and shipping personnel manage the practicalities associated with transporting finished goods from production sites to retail locations, ensuring timely delivery and efficient distribution.

The workflow process begins once an item has been designed at H&M's headquarters. The central HQ sends out the design and technical specifications to one or several production offices. Merchandisers at these offices then contact appropriate suppliers to obtain price quotations and samples. This initial stage is critical for determining the feasibility and cost-effectiveness of producing the new design.

If a supplier is selected based on the quotations and samples provided, the technical staff at the production office will closely monitor the development of the style. This involves overseeing the production process to ensure that all aspects of the garment, including fabric, workmanship, and trims, meet H&M's standards. The final counter sample must be approved before full-scale production can commence.

Once the final counter sample is approved, the supplier receives the go-ahead to start production. During the production run, quality controllers from the production office are present in the factory to conduct ongoing inspections. This hands-on approach allows H&M to maintain high levels of quality control and promptly address any issues that may arise during manufacturing.

The strategic placement of production offices in key manufacturing regions enables H&M to maintain a robust and responsive supply chain. By having a local presence, the company can foster closer relationships with suppliers, facilitate better communication, and ensure that production processes align with its standards and expectations. This localized approach also allows H&M to adapt to regional market conditions and regulatory environments more effectively.

H&M's decision to design garments in-house while outsourcing production to a network of suppliers, managed through strategically located production offices, exemplifies its commitment to maintaining high standards of quality, efficiency, and ethical practices. This organizational structure not only supports H&M's business objectives but also reinforces its dedication to social and environmental responsibility in the global fashion industry.

In each of H&M production offices, the company employs a diverse team of professionals, each playing a critical role in the supply chain management process. These teams include merchandisers, technicians, quality assurance staff, and Code of Conduct (CoC) auditors. Additionally, there are staff members dedicated to research and development, as well as those handling the practicalities associated with shipping and logistics. This multifaceted workforce ensures that H&M's operations run smoothly and efficiently, maintaining high standards across all aspects of production.

Merchandisers are pivotal in the procurement process. Once an item has been designed at H&M's central headquarters, the design and technical specifications are dispatched to one or several production offices. Here, merchandisers take on the responsibility of contacting appropriate suppliers to obtain price quotations and samples. This initial step is crucial for determining the feasibility and cost-effectiveness of producing the new design, ensuring that it aligns with H&M's quality and pricing standards.

Upon receiving quotations and samples, the selection of a supplier is made. If the supplier chosen by the merchandiser is awarded the final order, the technical staff at the production office steps in to oversee the development process. This involves meticulous monitoring of the style's development to ensure that

all aspects, including fabric, workmanship, and trims, meet H&M's stringent standards. The final counter sample must be approved before full-scale production can commence, ensuring that the product meets the company's quality expectations.

Once the final counter sample is approved, the supplier is given the green light to start production. During the production run, quality controllers from the production office are present in the factory to conduct ongoing inspections. This hands-on approach allows H&M to maintain high levels of quality control and promptly address any issues that may arise during manufacturing. The presence of quality controllers ensures that the final products adhere to H&M's standards, thereby maintaining the brand's reputation for quality.

In addition to overseeing current production, the production offices are also tasked with continuously identifying new potential suppliers that match H&M's evolving needs and requirements. This proactive approach ensures that H&M's supply base remains robust and capable of meeting the company's demands. When a new supplier is identified, the company first performs a technical inspection to assess the production capacity of the factory, ensuring it is suitable for H&M's needs.

Following the technical inspection, CoC auditors are sent to the factory to ensure compliance with H&M's social and environmental performance standards. These auditors play a crucial role in upholding H&M's commitment to ethical practices, ensuring that suppliers adhere to the minimum requirements stipulated in the H&M CoC for suppliers. This step is vital for maintaining the integrity of H&M's supply chain and ensuring that the company's CSR commitments are met.

Once a factory has passed both the technical inspection and the CoC audit, a first order is placed with the supplier to test and evaluate their performance in practice. This trial order allows H&M to assess the supplier's ability to meet the company's standards in a real-world production scenario. The evaluation of this initial order is critical for determining whether the supplier can be integrated into H&M's supply chain on a long-term basis.

The research and development staff within the production offices are tasked with innovating new materials and production techniques that can enhance the quality and sustainability of H&M's products. Their work is essential for keeping H&M at the forefront of the fashion industry, ensuring that the company can offer high-quality, sustainable products to its customers. This focus on innovation is a key component of H&M's strategy for maintaining its competitive edge.

Logistics and shipping staff manage the practicalities associated with transporting finished goods from production sites to retail locations. Their work ensures that products are delivered on time and in good condition, maintaining the efficiency of H&M's supply chain. Effective logistics management is crucial for meeting customer expectations and ensuring the smooth operation of H&M's global retail network.

The multifaceted roles within H&M's production offices are integral to the company's supply chain management. From initial design to final product delivery, each step is meticulously managed to ensure that H&M's high standards are maintained. This comprehensive approach not only supports H&M's business objectives but also reinforces its commitment to quality, efficiency, and ethical practices in the global fashion industry.

5.3 H&M's Strategies for Reducing Environmental Impacts

For this study, my primary focus was on projects related to the supply chain. During initial discussions, it became evident that H&M was actively addressing at least four critical issues, where the success of these initiatives was heavily reliant on the performance of upstream actors in their supply chain. These focal areas included harmful chemical residues in finished products, labor conditions and environmental aspects in the operations of first-tier suppliers and their subcontractors, environmental impacts associated with wet-processing, and environmental impacts related to cotton farming.

One of the key issues H&M was tackling involved harmful chemical residues in finished products. To address this, H&M implemented an upstream CSR program focused on the implementation and monitoring of a list of restricted substances. This program aimed to ensure that all products met stringent safety standards by eliminating the use of hazardous chemicals in the manufacturing process. The effectiveness of this initiative depended on the rigorous compliance of suppliers with these restrictions.

Another significant area of focus was the labor conditions and environmental aspects in the operations of first-tier suppliers and their subcontractors. H&M's upstream CSR program for this issue involved the implementation and monitoring of the company's Code of Conduct for suppliers. This Code of Conduct outlined the minimum requirements for fair labor practices and environmental stewardship that suppliers were expected to adhere to. Ensuring compliance with these standards was crucial for maintaining ethical and sustainable supply chain operations.

The environmental impacts associated with wet-processing were also a major concern for H&M. To mitigate these impacts, H&M launched two upstream CSR projects: the Supplier Environmental Motivation Strategy (SEMS) and the Environmental Fabric Processing Program (ENFAP). These initiatives aimed to reduce the environmental footprint of wet-processing activities by promoting sustainable practices and technologies among suppliers. The success of these projects relied on the active participation and commitment of suppliers to adopt environmentally friendly methods.

In addition to addressing wet-processing impacts, H&M was also focused on the environmental impacts associated with cotton farming. The company supported the market for organic cotton by introducing

styles made from yarn certified according to the Organic Exchange blended standard, which included 5% organic and 95% conventional cotton fiber. This upstream CSR program aimed to promote sustainable cotton farming practices and increase the availability of organic cotton in the market. The initiative's success depended on the willingness of cotton farmers to adopt organic farming methods and the market's acceptance of organic cotton products.

The implementation of these upstream CSR programs required a collaborative approach, involving continuous engagement with suppliers and other stakeholders. H&M's production offices played a crucial role in facilitating this collaboration by acting as intermediaries between the company's headquarters and its suppliers. These offices were responsible for ensuring that suppliers understood and complied with H&M's CSR requirements, conducting regular audits, and providing support and guidance to help suppliers improve their practices.

Monitoring and evaluating the performance of these CSR initiatives was essential for ensuring their effectiveness. H&M employed a range of tools and methodologies to assess compliance with its restricted substances list, Code of Conduct, and environmental programs. This included conducting regular inspections, collecting data on supplier performance, and engaging in dialogue with suppliers to address any issues or challenges that arose. The insights gained from these evaluations informed continuous improvements to H&M's CSR strategies.

The success of H&M's upstream CSR programs also depended on the company's ability to adapt to changing regulatory environments and market conditions. This required staying informed about new regulations, industry standards, and best practices related to chemical safety, labor rights, and environmental sustainability. H&M's commitment to continuous learning and adaptation was crucial for maintaining the relevance and impact of its CSR initiatives.

Furthermore, H&M's approach to CSR extended beyond compliance to include capacity-building efforts aimed at empowering suppliers to adopt sustainable practices. This involved providing training and resources to help suppliers improve their environmental and social performance, fostering a culture of continuous improvement, and encouraging innovation in sustainable production methods. By investing in the development of its supply chain partners, H&M aimed to create a more resilient and sustainable supply chain.

H&M's upstream CSR programs addressed critical issues related to chemical safety, labor conditions, and environmental sustainability in its supply chain. The success of these initiatives relied on the active participation and compliance of suppliers, as well as H&M's ability to monitor, evaluate, and continuously improve its CSR strategies. Through collaborative efforts and a commitment to

sustainability, H&M aimed to create a positive impact on its supply chain and contribute to broader industry-wide improvements.

5.4 Development and Evolution of H&M's Restricted Substances

In 1995, H&M introduced its inaugural list of restricted substances, marking a pivotal moment in the company's commitment to addressing chemical safety in textiles. This initiative emerged in response to heightened scrutiny from both the media and Swedish regulatory authorities concerning the presence of hazardous chemicals in clothing. The timing of this introduction was not coincidental but rather a strategic response to growing public and governmental concerns.

In January 1995, a prominent Swedish newspaper published an alarming article revealing that chemical residues in garments were causing health issues for both consumers and retail employees. This report catalyzed widespread media coverage throughout the spring, with numerous accounts of sales staff experiencing adverse reactions such as respiratory problems and skin irritations, which were attributed to the chemicals in the textiles. The media's focus on these health concerns significantly influenced public perception and underscored the urgency of addressing chemical safety in the textile industry.

The Swedish authorities swiftly responded to these revelations. A hearing was convened at the Ministry of the Environment, bringing together representatives from the textile industry, commercial organizations, and various public authorities. This hearing was instrumental in uncovering the extent of the industry's ignorance regarding the chemicals present in imported textiles and garments. It became evident that there was a significant knowledge gap concerning which chemicals posed risks to those handling or wearing the textiles.

The findings from the hearing highlighted a critical need for increased awareness and education within the textile industry. The lack of knowledge about chemical hazards not only posed health risks but also threatened the industry's credibility and consumer trust. This realization prompted a series of actions aimed at mitigating these risks and improving industry standards.

Later in 1995, the Swedish National Chemicals Inspectorate undertook a preliminary study to assess the scope of the chemical problem in clothing. This study was a crucial step in understanding the prevalence and impact of hazardous substances in textiles. The findings from this study provided a foundation for developing more comprehensive measures to address the issue.

In January 1996, the Swedish Government commissioned the National Chemicals Inspectorate to propose strategies to mitigate the risks associated with chemicals in textiles. This commission underscored the government's commitment to protecting public health and the environment from the

adverse effects of hazardous substances. The Inspectorate's mandate included identifying problematic chemicals, assessing their risks, and recommending regulatory measures to limit their use.

The Inspectorate's subsequent report outlined several key recommendations. These included the development of stricter regulations for chemical use in textiles, enhanced monitoring and enforcement mechanisms, and increased collaboration between industry stakeholders and regulatory bodies. The report also emphasized the importance of transparency and consumer awareness in addressing chemical safety.

H&M's response to these developments was proactive and comprehensive. The company not only introduced its restricted substances list but also implemented rigorous monitoring and compliance mechanisms to ensure adherence to these standards. H&M's approach included regular testing of products, supplier audits, and continuous improvement of chemical management practices.

The implementation of H&M's restricted substances list represented a significant advancement in the company's sustainability efforts. By prioritizing chemical safety, H&M aimed to protect both consumers and workers from potential health risks. This initiative also positioned the company as a leader in the industry, setting a benchmark for other retailers to follow. The introduction and monitoring of H&M's restricted substances list in 1995 was a critical response to growing concerns about chemical safety in textiles. The company's proactive measures, coupled with regulatory and media influences, played a vital role in addressing the knowledge gaps and health risks associated with hazardous chemicals. This case study highlights the importance of industry and governmental collaboration in promoting safer and more sustainable practices in the textile sector.

5.4.1 H&M's Strategies for Mitigating Restricted and Toxic Substances

The primary objective of H&M's chemical safety programme is to ensure that products sold through its stores are free from residues of chemical substances that could be harmful to consumers or the environment during use, care, or final disposal. This initiative underscores H&M's commitment to product safety and environmental stewardship, reflecting a proactive approach to corporate social responsibility.

H&M's chemical restrictions often exceed legal requirements, demonstrating the company's dedication to not only complying with but also surpassing regulatory standards. This proactive stance is crucial for maintaining consumer trust and ensuring the safety of H&M's products. By implementing stringent chemical restrictions, H&M aims to mitigate potential health risks associated with chemical residues in textiles.

A significant motivation for H&M's programme is product safety. Chemical residues in textiles can pose serious health risks to consumers, including allergenic reactions and other toxic effects. Ensuring that such harmful substances are absent from their products is paramount for H&M, as it directly impacts consumer health and safety. This focus on product safety is a critical component of H&M's broader commitment to quality and consumer protection.

In addition to product safety, H&M's programme also incorporates an environmental perspective. The company evaluates chemical substances not only for their potential impact on human health but also for their environmental effects. This dual focus helps reduce the environmental footprint of H&M's products throughout their lifecycle, from production to disposal.

H&M's Chemical Restrictions for textile, leather, plastic, and metal products, commonly referred to as the Restricted Substances List (RSL), outline the detailed requirements for chemical safety. These restrictions are applied uniformly across all markets where H&M operates, ensuring a consistent standard of safety and compliance globally. This comprehensive approach reflects H&M's commitment to maintaining high standards of chemical safety across its entire product range.

The company's application of the strictest legal requirements for chemical residues highlights its adherence to the precautionary principle. This principle involves taking preventive action in the face of uncertainty, erring on the side of caution to protect human health and the environment. By adopting this principle, H&M demonstrates its commitment to proactive risk management and responsible corporate conduct.

H&M's evaluation of chemical substances considers both human health and environmental impacts. This holistic approach ensures that the company's chemical restrictions address a wide range of potential risks, promoting overall sustainability. By integrating environmental considerations into its chemical safety programme, H&M contributes to broader efforts to reduce the ecological impact of the textile industry.

The implementation of H&M's RSL involves rigorous monitoring and compliance mechanisms. These mechanisms include regular testing of products, supplier audits, and continuous improvement processes. By maintaining strict oversight of its supply chain, H&M ensures that its chemical safety standards are consistently met, thereby protecting consumers and the environment.

H&M's proactive measures in chemical safety set a benchmark for the industry. The company's commitment to exceeding legal requirements and adopting the precautionary principle serves as a model for other retailers. This leadership role underscores the importance of corporate responsibility in addressing chemical safety and environmental sustainability. H&M's chemical safety programme is a

comprehensive initiative aimed at ensuring product safety and environmental protection. By implementing stringent chemical restrictions and adopting a proactive approach to risk management, H&M demonstrates its commitment to corporate social responsibility. This programme not only protects consumers and the environment but also enhances H&M's reputation as a leader in sustainable and responsible retail practices.

5.4.2 Supplier Tiers and Compliance Responsibility

The determination of compliance within the supply chain is a multifaceted process, with the most critical stage being the wet processes associated with textile dyeing and finishing. These processes are pivotal due to their significant potential for introducing chemical residues into the final product. The complexity of the supply chain means that the entity responsible for these wet processes can vary widely, depending on the type of product and the specific supply chain structure.

In many cases, the company overseeing the wet processes may be a first-tier supplier, directly contracted by H&M. However, it is also common for these processes to be managed by subcontractors to the first-tier supplier, or even by second or third-tier suppliers. This layered structure adds complexity to the monitoring and enforcement of compliance, as each tier may have different levels of control and oversight.

For knitted products, it is more typical for knitting, dyeing, and finishing to be conducted within the same factory. This vertical integration can simplify compliance monitoring, as the entire process is contained within a single entity. However, for woven garments, vertical integration with textile mills is less prevalent. This means that different stages of production may be handled by separate entities, each with its own compliance challenges.

The variability in supply chain structures necessitates a flexible and comprehensive approach to compliance. H&M must ensure that all suppliers, regardless of their tier, adhere to the company's stringent chemical safety standards. This requires robust communication and coordination across the entire supply chain, as well as rigorous monitoring and verification processes.

It is also important to recognize that chemical residues in garments can originate from various stages of the supply chain, extending back to the original raw materials. For instance, cotton, acrylic, wool, and other fibers can be contaminated with unwanted chemicals during cultivation, processing, or storage. This highlights the need for a holistic approach to chemical safety, encompassing the entire lifecycle of the product.

Contamination can occur at multiple points in the supply chain, including during apparel production processes such as spot removal. Additionally, chemicals used during transport, such as mold treatments or biocides, can introduce further risks. These potential contamination points underscore the importance of comprehensive chemical management practices that address all stages of the supply chain.

H&M's approach to ensuring compliance involves detailed requirements outlined in their Restricted Substances List (RSL). This list specifies the permissible levels of various chemicals in textile, leather, plastic, and metal products. By applying the strictest legal requirements across all markets, H&M aims to maintain a high standard of chemical safety globally.

The company's commitment to exceeding legal requirements is guided by the precautionary principle. This principle advocates for preventive action in the face of uncertainty, prioritizing the protection of human health and the environment. By adopting this approach, H&M demonstrates its dedication to proactive risk management and responsible corporate conduct.

Monitoring compliance across a complex, multi-tiered supply chain requires sophisticated verification mechanisms. H&M employs regular testing of products, supplier audits, and continuous improvement processes to ensure adherence to their chemical safety standards. These measures are essential for maintaining the integrity of the supply chain and protecting consumer health.

The tier of the supply chain where compliance is determined is a critical factor in ensuring chemical safety in textiles. The variability in supply chain structures, coupled with the potential for contamination at multiple stages, necessitates a comprehensive and proactive approach to compliance. H&M's rigorous standards and monitoring practices serve as a model for the industry, highlighting the importance of corporate responsibility in promoting safe and sustainable textile production.

5.4.3 Addressing Compliance Challenges in a Multi-Tiered Supply Chain

The central elements of H&M's chemical safety programme are multifaceted, encompassing several critical components. Firstly, the programme includes a comprehensive list of restricted chemicals, which forms an integral part of the supplier agreement. This list specifies the chemicals that are prohibited or restricted in the production of H&M products, ensuring that suppliers are fully aware of the standards they must adhere to.

Verification of compliance is another cornerstone of the programme. H&M conducts rigorous testing of product samples to ensure adherence to the restricted substances list. While some testing is performed in H&M's internal laboratories, the majority is outsourced to third-party laboratories. This approach

leverages external expertise and ensures impartiality in the verification process, thereby enhancing the credibility of the compliance checks.

In cases of non-compliance, H&M has established clear contractual provisions that allow the company to sanction suppliers. These provisions enable H&M to require suppliers to rectify any issues and to claim financial compensation for any losses incurred due to the presence of restricted substances in concentrations exceeding the specified limits. This mechanism serves as a strong deterrent against non-compliance and underscores the seriousness with which H&M approaches chemical safety.

Although the Corporate Social Responsibility (CSR) department is responsible for reporting on how H&M manages chemical safety in its annual CSR report, the operational responsibility for establishing and maintaining chemical standards lies with the quality department. This department plays a crucial role in ensuring that the standards are not only met but continuously updated in response to new laws and emerging knowledge about harmful chemicals.

H&M employs a team of chemists who are tasked with the ongoing update of the company's Restricted Substances List (RSL). These updates are essential to keep pace with evolving regulatory requirements and scientific advancements. The chemists' work is supported by collaborations with external experts, relevant authorities, and even competitors within the textile industry. This collaborative approach ensures that H&M's chemical safety standards are both comprehensive and current.

In the Turkish production office, H&M has established an internal laboratory staffed by nine employees. The primary focus of this lab is on testing various quality aspects of the products, such as washing durability and colorfastness. However, the lab is also equipped to perform specific tests for chemical content, such as checking for formaldehyde. This dual focus on quality and chemical safety ensures that products meet both performance and safety standards.

Despite the capabilities of the internal lab, many tests are still conducted in

external laboratories. This is particularly important for more complex or specialized tests that require advanced equipment or expertise not available in-house. The use of external labs also provides an additional layer of verification, ensuring that the results are accurate and reliable.

The lab staff in H&M's internal labs are responsible for determining the specific tests that need to be performed for each product style. This involves a detailed assessment of the potential risks associated with different materials and production processes. In addition to these targeted tests, some tests are performed randomly to ensure ongoing compliance and to identify any potential issues that may not have been anticipated.

Random testing is a critical component of H&M's compliance strategy. It serves as a safeguard against complacency and ensures that all products, regardless of their origin or production method, meet the company's stringent chemical safety standards. This approach helps to maintain high levels of quality and safety across the entire product range.

H&M's operational approach to chemical safety is comprehensive and robust, involving detailed supplier agreements, rigorous verification processes, and clear mechanisms for addressing non-compliance. The collaboration between the quality department, internal and external laboratories, and external experts ensures that H&M's standards are continuously updated and rigorously enforced. This multifaceted approach not only protects consumer health and the environment but also reinforces H&M's commitment to corporate social responsibility and sustainable business practices.

5.4.4 Resource Allocation in Compliance Consequenses & Monitoring

One significant consequence from H&M's perspective is the development of robust internal expertise in the area of chemicals in textiles. This internal competence is crucial for the effective management of chemical safety and compliance. H&M has also established a comprehensive network of contacts with external experts and relevant authorities. This network enables the company to stay informed about the latest developments and regulatory changes, ensuring that their practices remain up-to-date and effective.

The inclusion of chemical restrictions in the standard supplier agreement is a fundamental aspect of H&M's compliance strategy. This contractual clause ensures that suppliers are legally bound to adhere to the specified chemical safety standards. If a supplier delivers a product that does not comply with these restrictions, they are in breach of contract. Consequently, H&M has the right to cancel the order and/or claim financial compensation for any losses incurred due to non-compliance. This process is similar to addressing other types of product faults, such as failing to meet quality criteria.

Despite the addition of chemical restrictions, H&M's sourcing process and organizational structure have not required significant adjustments. The integration of chemical safety tests into the existing quality assurance framework has allowed the company to manage this aspect without major disruptions. This seamless integration highlights the efficiency of H&M's operational approach to chemical safety.

However, ensuring compliance with chemical restrictions does necessitate the allocation of organizational resources. Unlike the implementation of the Code of Conduct (CoC), which involves a dedicated team, the monitoring of chemicals in products is integrated with other quality assurance activities. This includes monitoring aspects such as shrinkage, pilling, and color fastness. By embedding

chemical monitoring within the broader quality assurance framework, H&M can optimize resource utilization and maintain high standards across multiple dimensions.

Verification of compliance with chemical restrictions does not typically require on-site inspections at suppliers' factories. This reduces the organizational resources needed for monitoring. For example, while the CoC team in Turkey had five full-time employees, the lab responsible for chemical residue testing had only one person dedicating part of their time to this task. This streamlined approach to verification underscores the efficiency of H&M's compliance strategy.

It is important to note that H&M subcontracts the majority of chemical residue tests to external textile laboratories. These external labs are also utilized for certain quality tests, making them an integral part of the supply chain structure. The use of external laboratories ensures that testing is conducted with the necessary expertise and impartiality, enhancing the reliability of the results.

The reliance on external laboratories for chemical testing is not a new addition to H&M's supply chain structure. This practice has been in place for quality testing as well, demonstrating the company's long-standing commitment to leveraging external expertise. By outsourcing these tests, H&M can ensure that their products meet the highest standards of safety and quality.

The lab staff at H&M's internal laboratories play a crucial role in determining the specific tests required for each product style. They provide detailed instructions on the necessary tests, ensuring that all potential risks are addressed. In addition to these targeted tests, random tests are also conducted to ensure ongoing compliance and identify any unforeseen issues. This comprehensive testing strategy is essential for maintaining high standards of chemical safety.

Random testing is a critical component of H&M's compliance strategy. It serves as a safeguard against complacency and ensures that all products, regardless of their origin or production method, meet the company's stringent chemical safety standards. This approach helps to maintain high levels of quality and safety across the entire product range. H&M's operational approach to chemical safety is characterized by strong internal competence, strategic use of external expertise, and efficient integration of chemical monitoring within the broader quality assurance framework. The company's robust supplier agreements and streamlined verification processes ensure that chemical safety standards are consistently met. This comprehensive approach not only protects consumer health and the environment but also reinforces H&M's commitment to corporate social responsibility and sustainable business practices.

5.5. Implementation and monitoring of H&M's Code of Conduct for suppliers

H&M initiated the development and implementation of their Code of Conduct (CoC) for suppliers in

1997, with the first inspections conducted in 1998. This strategic move was not isolated but rather part of a broader industry response to increasing scrutiny from non-governmental organizations (NGOs) and negative media coverage concerning substandard working conditions in factories. During this period, several prominent retail and sportswear brands faced similar pressures, highlighting a sector-wide challenge.

The impetus for H&M's CoC was multifaceted. Primarily, the company sought to mitigate the adverse effects of negative publicity on its brand image. Over the years, H&M has repeatedly encountered media criticism regarding labor conditions within its supply chain. This recurring negative attention underscored the necessity for a robust framework to safeguard the company's reputation and ensure compliance with ethical standards.

In addition to brand protection, the decision to implement the CoC was influenced by H&M's strategic expansion into direct production operations. The establishment of production offices in various sourcing countries marked a significant shift in the company's operational approach. This proximity to production sites provided H&M with a more granular understanding of the working conditions faced by factory employees, thereby reinforcing the urgency to address these issues comprehensively.

The awareness of suboptimal working conditions among H&M staff played a crucial role in driving the CoC initiative. As employees became more cognizant of the realities within the supply chain, there was an internal push to take corrective actions. This internal advocacy was pivotal in shaping the company's commitment to ethical sourcing practices and improving labor standards.

The CoC development process involved extensive consultations and collaborations with various stakeholders, including suppliers, industry experts, and labor rights organizations. This collaborative approach ensured that the CoC was not only comprehensive but also practical and enforceable. The inclusion of diverse perspectives helped H&M to create a balanced and effective framework for supplier compliance.

H&M's CoC is grounded in internationally recognized standards, such as the United Nations Convention on the Rights of the Child and the International Labour Organization's conventions on working conditions and employment rights. These foundational principles provided a robust basis for the CoC, ensuring alignment with global best practices and enhancing the credibility of H&M's efforts.

The implementation of the CoC was accompanied by a rigorous inspection and monitoring regime. Regular audits and assessments were conducted to evaluate supplier compliance with the stipulated

standards. These inspections were critical in identifying non-compliance issues and facilitating timely interventions to rectify any deviations from the CoC requirements.

Over time, H&M has continuously refined and updated its CoC to address emerging challenges and evolving industry standards. The company's commitment to continuous improvement is evident in its proactive approach to incorporating feedback and lessons learned from past experiences. This iterative process has enabled H&M to maintain the relevance and effectiveness of its CoC in a dynamic global supply chain environment.

The impact of H&M's CoC extends beyond the company's immediate supply chain. By setting high standards and enforcing compliance, H&M has contributed to broader industry efforts to enhance labor conditions and promote ethical sourcing practices. The company's leadership in this area has also influenced other brands to adopt similar measures, thereby amplifying the positive impact on workers' rights and welfare. H&M's development and implementation of its CoC for suppliers represent a significant milestone in the company's journey towards ethical and sustainable business practices. The CoC has not only helped to protect H&M's brand image but also fostered a culture of accountability and continuous improvement within the supply chain. As H&M continues to evolve its CoC, the company remains committed to upholding the highest standards of labor rights and environmental stewardship.

5.5.1 Environmental & Social Management in H&M's Code of Conduct: Standards and Implementation

The primary objective of H&M's Code of Conduct (CoC) and the accompanying supplier audit program is to ensure that the working conditions in the factories producing H&M products are fair and humane. This initiative serves a dual purpose: safeguarding the welfare of the workers and protecting the H&M brand from the reputational damage associated with poor labor practices. By implementing these measures, H&M aims to uphold ethical standards and foster a responsible supply chain.

H&M's CoC encompasses a comprehensive set of regulations that govern supplier performance in several critical areas. These areas include human rights, labor rights, and environmental management. The CoC is structured under specific headings, each addressing a distinct aspect of supplier operations. This structured approach ensures that all relevant issues are systematically addressed and monitored.

One of the fundamental components of the CoC is adherence to legal requirements. Suppliers are mandated to comply with all applicable laws and regulations in the countries where they operate. This legal compliance forms the baseline for ethical operations and is crucial for maintaining the integrity of

the supply chain. By enforcing legal standards, H&M ensures that its suppliers operate within the bounds of national and international laws.

Child labor is a critical area regulated by H&M's Code of Conduct (CoC). The company enforces a zero-tolerance policy towards child labor, mandating that suppliers implement stringent measures to prevent the employment of underage workers. This policy is in alignment with international conventions on child rights, reflecting H&M's commitment to protecting vulnerable populations. To ensure adherence to this policy, regular audits and inspections are conducted. These audits are designed to verify compliance and identify any instances of non-compliance, thereby reinforcing the company's dedication to ethical labor practices.

Safety standards in supplier factories are also a key focus of the CoC. H&M requires suppliers to provide a safe and healthy working environment for their employees. This includes implementing measures to prevent workplace accidents and ensuring that workers have access to necessary safety equipment and training. By prioritizing safety, H&M aims to reduce the risk of injuries and create a secure workplace for all employees.

Workers' rights are central to H&M's CoC. The company mandates that suppliers respect the rights of workers, including the right to fair wages, reasonable working hours, and freedom of association. These provisions are designed to promote fair labor practices and enhance the overall well-being of workers. H&M's commitment to workers' rights is reflected in its rigorous monitoring and enforcement mechanisms.

Factory conditions are another critical aspect regulated by the CoC. H&M requires suppliers to maintain clean and hygienic factory environments. This includes ensuring adequate ventilation, lighting, and sanitation facilities. By setting high standards for factory conditions, H&M aims to improve the quality of life for workers and promote a healthy working environment.

Housing conditions for workers are also addressed in the CoC. In cases where suppliers provide housing for their employees, H&M mandates that these accommodations meet specific standards of safety and hygiene. This includes providing adequate living space, access to clean water, and proper sanitation facilities. By regulating housing conditions, H&M ensures that workers have a decent and dignified living environment.

Environmental management is a crucial component of H&M's CoC. The company requires suppliers to implement environmentally sustainable practices in their operations. This includes reducing waste, minimizing energy consumption, and preventing pollution. By promoting environmental stewardship,

H&M aims to mitigate the environmental impact of its supply chain and contribute to global sustainability efforts.

The implementation of H&M's CoC is supported by a robust auditing program. Regular audits and inspections are conducted to assess supplier compliance with the CoC standards. These audits are carried out by both internal and external auditors to ensure objectivity and transparency. Non-compliance issues are addressed through corrective action plans, and suppliers are required to make necessary improvements within specified timeframes.

H&M's CoC and supplier audit program represent a comprehensive approach to ensuring ethical and sustainable practices in the supply chain. By regulating supplier performance in areas such as legal compliance, child labor, safety, workers' rights, factory conditions, housing conditions, and environmental management, H&M demonstrates its commitment to corporate social responsibility. The CoC not only protects the welfare of workers but also safeguards the H&M brand from reputational risks associated with unethical practices. Through continuous monitoring and improvement, H&M strives to uphold the highest standards of labor rights and environmental stewardship.

It is important to note that H&M does not explicitly claim that all suppliers will achieve full compliance with the CoC. The company refrains from setting an overarching ambition level regarding the extent of compliance among its suppliers. Instead, H&M adopts a more pragmatic approach, recognizing the complexities and variances inherent in global supply chains.

At the production country level, H&M formulates specific objectives to guide its auditing processes. These objectives are typically quantified in terms of the number of audits to be conducted annually. Additionally, a certain percentage of these audits are designated to be unannounced, ensuring a more accurate and unfiltered assessment of supplier practices. This strategy underscores H&M's commitment to transparency and accountability in its supply chain operations.

The company also sets annual objectives aimed at achieving improvements on particular issues. These issues are prioritized based on their relevance and urgency, which may vary significantly from one country to another. This localized approach allows H&M to address the unique challenges and stakeholder priorities present in different production regions. By tailoring its objectives to the specific context of each country, H&M enhances the effectiveness of its CoC implementation.

The prioritization of issues is informed by a thorough analysis of local conditions and stakeholder feedback. H&M engages with a diverse range of stakeholders, including local NGOs, labor unions, and community groups, to identify the most pressing concerns in each production country. This collaborative

approach ensures that the company's efforts are aligned with the needs and expectations of the communities in which it operates.

H&M's auditing program is designed to be both rigorous and adaptive. The company employs a combination of internal and external auditors to conduct comprehensive assessments of supplier compliance. These audits cover a wide range of criteria, including legal requirements, labor rights, safety standards, and environmental management. The use of both announced and unannounced audits helps to provide a balanced and accurate picture of supplier performance.

The results of these audits are meticulously documented and analyzed to identify patterns of non-compliance and areas for improvement. H&M uses this data to develop targeted action plans aimed at addressing specific issues. Suppliers are required to implement corrective measures within a specified timeframe, and follow-up audits are conducted to ensure that these measures have been effectively implemented.

H&M's approach to supplier compliance is characterized by continuous improvement. The company regularly reviews and updates its CoC and auditing processes to reflect evolving industry standards and best practices. This iterative process allows H&M to stay ahead of emerging challenges and maintain the relevance and effectiveness of its CoC.

The company also places a strong emphasis on capacity building among its suppliers. H&M provides training and support to help suppliers understand and comply with the CoC requirements. This includes workshops, seminars, and on-site training sessions, which are designed to enhance suppliers' knowledge and skills in areas such as labor rights, safety management, and environmental sustainability.

H&M's commitment to ethical sourcing is further reinforced by its engagement in multi-stakeholder initiatives and industry collaborations. The company actively participates in forums and working groups that aim to promote responsible business practices and improve labor conditions in global supply chains. By collaborating with other brands, NGOs, and industry bodies, H&M contributes to the development of collective solutions to common challenges. While H&M does not explicitly state that all suppliers will be in full compliance with the CoC, the company has established a robust framework to monitor and improve supplier performance. Through a combination of rigorous audits, targeted action plans, capacity building, and stakeholder engagement, H&M strives to uphold high standards of labor rights and environmental management in its supply chain. This comprehensive approach reflects the company's commitment to ethical and sustainable business practices.

5.5.2 Collaborative Approaches to Code of Conduct Development

H&M's approach to verifying compliance with its Code of Conduct (CoC) is strategically focused on specific tiers within its supply chain. According to corporate policy, H&M ensures that all suppliers with whom it has direct contractual relationships, as well as the subcontractors utilized by these suppliers for the production of H&M products, adhere to the CoC standards. This policy underscores H&M's commitment to maintaining ethical practices throughout its supply chain.

The primary focus of H&M's CoC program is on tier one suppliers. These are the producers directly engaged in the manufacturing of H&M products. By concentrating on tier one, H&M can exert greater control and oversight over the production processes, ensuring that the CoC standards are rigorously applied and monitored. This tier-specific focus is crucial for maintaining the integrity and effectiveness of the CoC program.

However, the distinction between subcontractors and second-tier suppliers is not always clear-cut. To address this ambiguity, H&M has established a guiding principle: "After the fabric is cut, every piece, wherever they go, we call that place a production unit." This definition helps to delineate the scope of the CoC's applicability, ensuring that all relevant production units are subject to compliance checks. This principle is pivotal in maintaining clarity and consistency in the application of the CoC.

The CoC's applicability extends to vertically integrated factories where fabric mills and apparel production are located on the same premises. In such cases, H&M's inspection processes encompass both the fabric mill and the apparel production units. This comprehensive approach ensures that all aspects of the production process, from fabric creation to garment assembly, adhere to the CoC standards. This holistic inspection strategy is essential for identifying and addressing potential compliance issues at all stages of production.

H&M's decision to focus on tier one suppliers and their subcontractors is informed by the need to manage and mitigate risks effectively. By concentrating on the most immediate and controllable aspects of the supply chain, H&M can implement corrective actions more swiftly and efficiently. This risk management strategy is integral to maintaining high standards of labor rights and environmental practices within the supply chain.

The auditing process for tier one suppliers involves both announced and unannounced inspections. Announced audits allow suppliers to prepare and ensure that all necessary documentation and practices are in place. Unannounced audits, on the other hand, provide a more accurate and unfiltered view of the supplier's operations. This dual approach enhances the reliability and credibility of the auditing process, ensuring that compliance is consistently maintained.

H&M's CoC program also emphasizes the importance of continuous improvement. Suppliers are encouraged to not only meet the minimum standards but to strive for ongoing enhancements in their practices. This commitment to continuous improvement is supported by regular training and capacity-building initiatives provided by H&M. These initiatives help suppliers to better understand the CoC requirements and implement best practices in their operations.

The effectiveness of H&M's CoC program is further reinforced by its collaborative approach. H&M works closely with suppliers, industry experts, and other stakeholders to develop and refine its CoC standards. This collaboration ensures that the CoC remains relevant and responsive to emerging challenges and industry trends. By engaging with a broad range of stakeholders, H&M can leverage diverse perspectives and expertise to enhance the robustness of its CoC program.

H&M also recognizes the importance of transparency in its CoC program. The company regularly publishes reports on its auditing activities and compliance outcomes. These reports provide valuable insights into the performance of suppliers and the effectiveness of the CoC program. Transparency in reporting helps to build trust with stakeholders and demonstrates H&M's commitment to accountability and ethical practices.

H&M's strategic focus on tier one suppliers and their subcontractors, guided by clear principles and comprehensive inspection processes, underscores the company's commitment to ethical sourcing and supply chain management. By maintaining rigorous standards and fostering continuous improvement, H&M ensures that its CoC program effectively addresses the complexities and challenges of global supply chains. This approach not only protects the welfare of workers but also safeguards the integrity of the H&M brand.

5.5.3 Capacity Building and Supplier Development Initiatives

During the course of this study, I inquired whether H&M was interested in collaborating with other companies regarding the development and verification of their Code of Conduct (CoC). At that time, H&M had initiated discussions with competitors within the industry. However, there was a noticeable hesitancy towards adopting a collaborative approach with competitors. This reluctance stemmed from concerns about sharing proprietary practices and the potential risks associated with collaboration in a competitive market.

Despite initial reservations, H&M soon joined the Fair Labour Association (FLA). The FLA does not mandate its members to harmonize their codes or adhere to a specific implementation model. Instead,

the organization facilitates the sharing of audit information and experiences related to auditing and supplier development among its members. This platform for knowledge exchange proved beneficial for H&M, allowing the company to gain insights from other industry players and improve its own practices.

The participation in the FLA marked a significant shift in H&M's approach to CoC implementation. By engaging with the FLA, H&M was able to leverage the collective expertise of its members, thereby enhancing the effectiveness of its CoC program. The FLA's emphasis on collaboration and shared learning aligned well with H&M's evolving strategy towards more cooperative and transparent supply chain management.

Today, several organizations offer web-based services for the exchange of audit information, such as Fair Factories Clearing House and Sedex. These platforms facilitate data sharing between buyers and suppliers, reducing the need for repetitive audits and the administrative burden associated with auditing and self-evaluation forms. This streamlined approach benefits both parties by enhancing efficiency and fostering a more collaborative relationship.

It is important to note that since the initial study, H&M has significantly developed its approach to CoC implementation. While the fundamental components of the program, such as the CoC and the team of internal auditors, remain consistent, the methods and tools used by auditors, as well as the policies and guidelines for assessing compliance, have evolved. These changes reflect H&M's commitment to continuous improvement and adaptation to emerging challenges and industry standards.

In line with the FLA 3.0 program, H&M has transitioned towards a more collaborative approach in its CoC implementation. This shift emphasizes coaching rather than policing, focusing on finding solutions to persistent problems in partnership with suppliers. Issues such as excessive overtime and inadequate grievance procedures are addressed through collaborative efforts, fostering a more supportive and constructive relationship between H&M and its suppliers.

The move towards a coaching-oriented approach is indicative of H&M's broader strategy to enhance supplier development and compliance. By providing guidance and support, H&M helps suppliers to better understand and meet the CoC requirements. This approach not only improves compliance but also builds the capacity of suppliers to sustain ethical practices independently.

H&M's collaborative efforts extend beyond individual supplier relationships. The company actively participates in multi-stakeholder initiatives and industry forums that promote responsible business practices. These engagements enable H&M to contribute to the development of industry-wide standards and solutions, further reinforcing its commitment to ethical supply chain management.

The evolution of H&M's CoC program is also characterized by increased transparency and accountability. The company regularly publishes reports on its auditing activities and compliance outcomes, providing stakeholders with insights into the effectiveness of the CoC program. This transparency builds trust and demonstrates H&M's dedication to ethical practices and continuous improvement.

H&M's journey from initial hesitancy towards collaboration to active participation in the FLA and other collaborative platforms highlights the company's commitment to ethical supply chain management. By embracing a more cooperative and transparent approach, H&M has enhanced the effectiveness of its CoC program and fostered stronger relationships with suppliers. This evolution reflects H&M's ongoing efforts to uphold high standards of labor rights and environmental stewardship in its global supply chain.

5.6 SEMS and ENFAP: Cleaner production for wet processing mills

The SEMS (Supplier Environmental Motivation Strategy) and the ENFAP (Environmental Fabric Processing Programme) projects, while differing slightly in their methodologies, converge on the central objective of mitigating the environmental impacts associated with textile wet processing through the implementation of cleaner production measures. The SEMS initiative, launched in 2002, was succeeded by the ENFAP project in 2004. H&M has acknowledged that during this period, the environmental repercussions of textile wet processing were a topic of discussion within the industry across various forums. However, the primary impetus for H&M's involvement in these projects stemmed from an internal recognition that significant environmental impacts were attributable to this stage of the product lifecycle. The company perceived it as their responsibility to address these issues, despite acknowledging the challenges posed by their limited influence further upstream in the supply chain, where direct business relationships with suppliers were less prevalent.

The initiation of the SEMS project in 2002 marked a pivotal moment in H&M's environmental strategy. This project aimed to motivate suppliers to adopt environmentally sustainable practices, particularly in the wet processing phase of textile production. The subsequent ENFAP project, introduced in 2004, built upon the foundations laid by SEMS, further emphasizing the importance of cleaner production techniques. H&M's proactive stance in these initiatives underscores their commitment to environmental stewardship, even in the absence of direct external pressures.

H&M's engagement with SEMS and ENFAP was not driven by immediate external stakeholder pressure or media scrutiny. In fact, the company reported minimal external pressure regarding these

environmental issues at the time. By 2004, there was a slight increase in external pressure, but it remained relatively insignificant.This observation highlights that the company's decision to pursue these projects was primarily rooted in their internal environmental policy rather than external compulsion.

The company's environmental policy played a crucial role in shaping its approach to addressing the environmental impacts of textile wet processing. H&M recognized that the wet processing stage was a significant contributor to environmental degradation, and they felt a moral obligation to mitigate these impacts. This sense of responsibility was a driving force behind their involvement in SEMS and ENFAP, reflecting a proactive rather than reactive approach to environmental management.

Despite the lack of immediate external pressure, H&M's decision to engage in SEMS and ENFAP can also be seen as a strategic move to anticipate and prepare for potential future pressures. The company understood that environmental issues were gaining prominence globally, and there was a growing expectation for corporations to adopt sustainable practices. By taking early action, H&M positioned itself as a leader in environmental sustainability within the textile industry, potentially mitigating future risks associated with regulatory changes or increased stakeholder scrutiny.

The SEMS and ENFAP projects also provided H&M with valuable insights into the environmental challenges associated with textile wet processing. Through these initiatives, the company was able to identify specific areas where improvements could be made and develop targeted strategies to address these issues. This knowledge not only enhanced H&M's environmental performance but also contributed to the broader industry discourse on sustainable textile production.

H&M's involvement in SEMS and ENFAP exemplifies the company's commitment to integrating sustainability into its supply chain management practices. By focusing on cleaner production measures, H&M aimed to reduce the environmental footprint of its products and promote sustainable practices among its suppliers. This approach aligns with the broader trend of corporate social responsibility (CSR) in the fashion industry, where companies are increasingly expected to address environmental and social issues throughout their supply chains.

The company's proactive engagement in these projects also reflects a broader shift in corporate attitudes towards environmental sustainability. Rather than waiting for external pressures to dictate their actions, H&M took the initiative to address environmental issues head-on. This proactive approach not only demonstrates the company's commitment to sustainability but also positions it as a forward-thinking leader in the industry.

Furthermore, H&M's experience with SEMS and ENFAP highlights the importance of collaboration and partnership in achieving environmental goals. By working closely with suppliers and other stakeholders, H&M was able to implement effective cleaner production measures and drive positive change within the industry. This collaborative approach is essential for addressing complex environmental challenges that require coordinated efforts across the supply chain.

SEMS and ENFAP projects represent significant milestones in H&M's journey towards environmental sustainability. These initiatives underscore the company's commitment to addressing the environmental impacts of textile wet processing through cleaner production measures. By taking a proactive approach and anticipating future pressures, H&M has positioned itself as a leader in sustainable textile production, setting a benchmark for the industry. The lessons learned from these projects continue to inform H&M's environmental strategy and contribute to the ongoing discourse on sustainable supply chain management.

5.7 Strategic Implications and Industry Leadership in Sustainability

In conducting my research and subsequently drafting the case descriptions for this thesis, I have intentionally concentrated on elucidating the practical intricacies associated with upstream Corporate Social Responsibility (CSR). It is my contention that a granular examination at this level is essential for a comprehensive understanding of the practices and challenges inherent in this phenomenon from the perspective of the focal company. By delving into these practical details, we can uncover the nuanced dynamics that shape upstream CSR initiatives and their implementation.

The research questions that guided this case study are now revisited to provide a structured analysis of H&M’s strategies. Specifically, this section will address the following inquiries: a) What measures did H&M undertake to influence actors within its supply chain to align their operations with H&M’s environmental or social agenda? and b) How did H&M control and verify that relevant aspects were in compliance with the criteria or objectives it prescribed? These questions are pivotal in understanding the dual challenges of influence and verification in the context of upstream CSR.

H&M’s approach to influencing its supply chain actors involved a multifaceted strategy aimed at encouraging suppliers to adopt environmentally and socially responsible practices. This strategy encompassed a range of initiatives designed to align supplier operations with H&M’s sustainability goals. The company employed both direct and indirect methods to exert influence, including setting

clear expectations, providing support and resources, and fostering a culture of sustainability among its suppliers.

One of the primary methods H&M used to influence its suppliers was through the establishment of stringent environmental and social criteria. These criteria were communicated to suppliers as part of H&M's broader sustainability agenda. By setting high standards, H&M aimed to drive improvements in supplier practices and ensure that their operations were in line with the company's environmental and social objectives. This approach required suppliers to make significant adjustments to their processes, often necessitating investments in new technologies and practices.

In addition to setting criteria, H&M provided various forms of support to help suppliers meet these standards. This support included training programs, technical assistance, and access to resources that facilitated the adoption of sustainable practices. By offering this support, H&M aimed to reduce the barriers to compliance and encourage suppliers to embrace the company's sustainability goals. This collaborative approach helped to build stronger relationships with suppliers and foster a shared commitment to environmental and social responsibility.

Verification of supplier compliance was another critical aspect of H&M's strategy. The company implemented robust monitoring and auditing processes to ensure that suppliers adhered to the prescribed criteria. These processes involved regular inspections, third-party audits, and the use of performance metrics to assess compliance. By maintaining a rigorous verification system, H&M was able to identify areas of non-compliance and take corrective actions as needed. This ensured that suppliers remained accountable and that the company's sustainability objectives were met.

The process of verification, while essential, also presented its own set of challenges. Ensuring accurate and consistent assessments required significant resources and coordination. H&M had to balance the need for thorough verification with the practical constraints of time and cost. Despite these challenges, the company recognized that effective verification was crucial for maintaining the integrity of its sustainability initiatives and for driving continuous improvement in supplier practices.

The dual challenges of influencing supplier performance and verifying compliance are inherently linked yet distinct. Influencing suppliers involves motivating and enabling them to meet specific criteria, while verification ensures that these criteria are consistently met. Both aspects are critical for the successful implementation of upstream CSR initiatives. H&M's experience highlights the importance of addressing both challenges in a coordinated manner to achieve meaningful and lasting improvements in supply chain sustainability.

H&M's efforts to influence and verify supplier performance were not solely reactive but also proactive. The company anticipated future regulatory and market pressures and sought to position itself as a leader in sustainability. By taking early and decisive action, H&M aimed to mitigate potential risks and capitalize on emerging opportunities related to environmental and social responsibility. This forward-thinking approach underscores the strategic importance of upstream CSR in enhancing corporate resilience and competitiveness.

H&M's strategies for influencing and verifying supplier performance illustrate the complexities and challenges of implementing upstream CSR initiatives. The company's experience demonstrates that a comprehensive approach, encompassing both influence and verification, is essential for achieving sustainable supply chain practices. By addressing these challenges head-on, H&M has made significant strides in promoting environmental and social responsibility within its supply chain, setting a benchmark for the industry.

5.8 The Multifaceted Nature of Upstream CSR: Proactive Adaptation to Evolving CSR Challenges.

The narrative of H&M and the four distinct initiatives delineated in this chapter exemplifies the multifaceted nature of upstream CSR. The complexity of upstream CSR manifests on several levels, each presenting unique challenges and considerations. This section will explore three primary dimensions of this complexity: context, issues, and phenomena.

Firstly, the context within which H&M operates is inherently complex. The extensive network of actors involved in the production of H&M products is formidable. This network includes a myriad of suppliers, subcontractors, and other stakeholders, each playing a crucial role in the supply chain. The dynamic nature of the supply chain further complicates this context, as continuous changes occur within each participating company and the supply chain as a whole. These changes can be driven by various factors, including market demands, regulatory shifts, and technological advancements, all of which H&M must navigate to maintain effective CSR practices.

Secondly, the issues that H&M faces in defining and achieving good performance are equally complex. One of the significant challenges lies in interpreting the often broadly expressed expectations of diverse stakeholders. Terms such as "environmentally friendly," "sustainable," and "ethical" are frequently used but can be nebulous and open to interpretation. H&M must translate these abstract concepts into concrete requirements and actionable suggestions for its supply chain actors. This translation process is critical

for ensuring that the company's environmental and social goals are understood and implemented effectively by all parties involved.

The third dimension of complexity pertains to the phenomenon of upstream CSR itself. One of the key insights from H&M's experience is the recognition that there is no singular approach to addressing all issues within the supply chain. H&M employs a variety of strategies to manage different challenges, and these strategies are continually evolving based on the company's experiences and learnings. This adaptive approach underscores the necessity of flexibility and responsiveness in CSR practices, as rigid methodologies may not be effective in addressing the diverse and changing nature of supply chain issues.

Given these complexities, it becomes evident that there is no universal "best way" to manage all environmental and social issues in the supply chain. The study of H&M reveals that success or failure in upstream CSR can hinge on seemingly minor details, such as the quality and format of an initial environmental review report or the specific methods used for audits. These details can significantly impact the effectiveness of CSR initiatives and the overall performance of the supply chain.

The development of upstream CSR, therefore, must be viewed as a continuous learning process characterized by trial and error. H&M's journey in this domain illustrates the importance of iterative improvement and the willingness to adapt strategies based on real-world experiences. Since the inception of this study, H&M has consistently refined its approach in various areas, particularly concerning supplier compliance with the company's Code of Conduct (CoC). This ongoing development reflects the company's commitment to enhancing its CSR practices and addressing emerging challenges.

It is reasonable to anticipate that even companies like H&M, which are widely recognized as leaders in CSR, will continue to adjust their approaches in response to new insights and evolving circumstances. The dynamic nature of the supply chain and the broader environmental and social landscape necessitates a proactive and adaptive stance. Companies must remain vigilant and responsive to changes, continuously seeking ways to improve their CSR practices and outcomes.

H&M's experience also highlights the critical role of detailed and precise reporting in the success of CSR initiatives. The quality of environmental reviews, audit methods, and other evaluative processes can significantly influence the effectiveness of CSR strategies. Accurate and comprehensive reporting provides a solid foundation for informed decision-making and facilitates the identification of areas for improvement.

Moreover, the case of H&M underscores the importance of collaboration and communication within the supply chain. Effective upstream CSR requires coordinated efforts and shared understanding among all actors involved. H&M's ability to influence and verify supplier performance is enhanced by strong

relationships and open channels of communication with its suppliers. This collaborative approach fosters a culture of mutual accountability and continuous improvement.

In conclusion, the story of H&M and its upstream CSR initiatives illustrates the intricate and multifaceted nature of managing environmental and social issues within the supply chain. The complexities of context, issues, and phenomena necessitate a flexible, adaptive, and collaborative approach. H&M's ongoing efforts to refine its CSR practices demonstrate the importance of continuous learning and iterative improvement in achieving sustainable supply chain management.

CHAPTER 6:

CONCLUSION

6.1 Concluding remarks – key learnings to take away

Corporate Social Responsibility (CSR) presents a multifaceted array of challenges for corporate decision-makers and practitioners. These challenges encompass the identification of negative environmental or social impacts associated with a company, prioritizing the diverse needs and wants of stakeholders, defining responsible behavior, and effectively communicating corporate responsibility to key stakeholders. Each of these dilemmas requires a nuanced approach, balancing efficiency and effectiveness.

Identifying negative impacts is a foundational step in CSR. Companies must develop robust mechanisms to detect and assess environmental and social issues linked to their operations. This process often involves comprehensive audits, stakeholder consultations, and the integration of advanced monitoring technologies. The complexity of this task is heightened by the dynamic nature of environmental and social landscapes, necessitating continuous vigilance and adaptability.

Prioritizing stakeholder needs is another critical challenge. Stakeholders, including employees, customers, investors, and local communities, often have conflicting interests and expectations. Companies must navigate these complexities by engaging in transparent dialogue and employing frameworks such as stakeholder mapping and materiality assessments. These tools help in identifying and prioritizing the most pressing issues, ensuring that the company's CSR efforts are aligned with stakeholder expectations.

Defining responsible behavior is inherently subjective and context-dependent. Companies must establish clear ethical guidelines and standards that reflect their core values and the expectations of their stakeholders. This involves not only adhering to legal requirements but also going beyond compliance to embrace best practices in sustainability and social responsibility. The development of such standards requires input from a diverse range of stakeholders and experts to ensure they are comprehensive and relevant.

Effective communication of corporate responsibility is essential for building trust and credibility. Companies must adopt transparent and consistent communication strategies to convey their CSR initiatives and achievements. This includes regular reporting through sustainability reports, social media

updates, and stakeholder meetings. Clear communication helps in managing stakeholder perceptions and expectations, thereby enhancing the company's reputation and fostering long-term relationships.

Beyond these challenges, companies must also focus on the implementation and monitoring of CSR initiatives. Implementation involves translating CSR policies into actionable strategies that mitigate negative impacts and promote positive outcomes. This may require changes in product design, production processes, and management practices. For instance, adopting eco-friendly materials, improving energy efficiency, and ensuring fair labor practices are common strategies to enhance CSR performance.

Monitoring CSR initiatives is crucial for ensuring compliance and measuring progress. Companies need to establish systematic approaches for tracking and verifying that their CSR commitments are being met. This often involves setting up internal audit systems, third-party assessments, and performance metrics. Effective monitoring provides the necessary assurance to both the company and its stakeholders that CSR goals are being achieved.

The dynamic nature of CSR requires companies to be proactive and forward-thinking. Anticipating future challenges and opportunities is essential for sustaining CSR efforts. This involves staying informed about emerging trends, regulatory changes, and stakeholder expectations. Companies must be willing to innovate and adapt their strategies to remain relevant and effective in their CSR endeavors.

CSR is a complex and evolving field that demands a strategic and integrated approach. Companies must navigate a myriad of challenges, from identifying and mitigating negative impacts to engaging stakeholders and communicating their efforts. The successful implementation and monitoring of CSR initiatives require a commitment to continuous improvement and a willingness to embrace change. By doing so, companies can not only fulfill their ethical obligations but also enhance their competitiveness and contribute to a more sustainable and equitable world.

In this dissertation, I have concentrated on CSR initiatives that target upstream aspects of a company's supply chain. The literature review provided a comprehensive exploration of the phenomenon, while the case studies illustrated various upstream CSR initiatives. These case studies highlighted how companies tackle the challenges associated with upstream CSR, particularly the complexities of exerting influence and verifying environmental and social aspects within the supply chain.

It is crucial to acknowledge that this study did not aim to evaluate the environmental or social improvements resulting from these initiatives. Such an assessment was beyond the scope of this research. Similarly, the intention was not to offer a prescriptive formula for practitioners on how to implement upstream CSR. Instead, the goal was to enhance our understanding of what it entails for

companies to address environmental and social issues in the supply chain, the types of tasks involved, the challenges encountered, and the generic approaches employed to address these tasks.

One key insight from this research is the complexity of exercising influence within the supply chain. Both small and large companies face significant challenges in this regard. The availability of desired qualities in products, components, or supplier processes and performance on the market can greatly impact a company's ability to exert influence. This underscores the importance of strategic supplier selection and the development of strong supplier relationships.

Verification of compliance with set objectives or criteria presents another substantial challenge, particularly when process monitoring is required. The availability of external, generally accepted systems or methods of verification, along with an appropriate verification infrastructure, can significantly ease this burden. Companies must invest in robust verification mechanisms to ensure that their CSR commitments are met and to maintain credibility with stakeholders.

The findings also emphasize the importance of a systematic approach to addressing upstream CSR challenges. Companies need to adopt comprehensive frameworks that integrate environmental and social considerations into their supply chain management practices. This involves not only setting clear objectives and criteria but also developing effective strategies for implementation and monitoring.

Moreover, the research highlights the role of continuous improvement in CSR practices. Companies must remain proactive in identifying and addressing new challenges as they arise. This requires a commitment to ongoing learning and adaptation, as well as the willingness to innovate and embrace new approaches to CSR.

Another significant learning is the necessity of stakeholder engagement in upstream CSR initiatives. Effective communication and collaboration with stakeholders, including suppliers, customers, and regulatory bodies, are essential for the successful implementation of CSR strategies. Companies must foster transparent and open dialogues to build trust and ensure alignment with stakeholder expectations.

The study also underscores the importance of leadership and organizational culture in driving CSR initiatives. Strong leadership commitment and a supportive organizational culture are critical for embedding CSR into the core operations of a company. This involves fostering a culture of responsibility and accountability at all levels of the organization.

Addressing upstream CSR challenges requires a multifaceted and integrated approach. Companies must navigate a complex landscape of environmental and social issues, stakeholder expectations, and verification requirements. By adopting comprehensive frameworks, engaging stakeholders, and

fostering a culture of continuous improvement, companies can effectively address these challenges and contribute to a more sustainable and responsible supply chain.

The case studies presented in this dissertation underscore that the size of the focal company does not necessarily correlate with the degree of coercive power it holds over its suppliers. This observation is particularly pertinent as we examine multiple tiers within the supply chain. Both large and small focal companies possess distinct advantages and disadvantages in this context.

For large focal companies, the primary advantage lies in the substantial purchasing volume, which can serve as a significant incentive for suppliers. Additionally, large organizations often have greater capacity to absorb costs associated with specialist competencies and functions. However, the disadvantages include reduced flexibility and agility in transitioning to more progressive suppliers due to the extensive size of their supply base. Furthermore, aligning internal management systems and procedures to achieve goal congruency can be a time-consuming process for larger companies.

Conversely, small focal companies benefit from a higher degree of flexibility, owing to a smaller supply base and a more streamlined internal organization. This can facilitate quicker changes in achieving internal goal congruency. Nevertheless, small companies may struggle to bear the costs of required competencies and specialist functions in-house. They may also find it challenging to persuade suppliers to accommodate their requirements, given the comparatively lower order volumes they place.

The ability of a focal company to administer rewards and sanctions to influence suppliers is linked to its size. However, the exercise of influence in the supply chain extends beyond mere sanctions and rewards. It often involves contributing to the development of relevant competencies and fostering changes in attitudes among suppliers. This highlights the importance of capacity-building initiatives and collaborative efforts to enhance supplier performance.

Different issues within the supply chain are managed differently, depending on various factors. The availability of products or suppliers that meet the focal company’s needs and the ease of verifying aspects through commonly accepted certification or labeling schemes are critical determinants. However, other factors also play a significant role in shaping the approaches focal companies adopt.

The motives of the focal company and the perceived value linked to achieving improvements are crucial considerations. Companies are more likely to invest in upstream CSR initiatives if they perceive substantial benefits in terms of reputation, compliance, or operational efficiency. The nature of the aspect being addressed, whether it requires process or product control, also influences the chosen approach.

Interorganizational relations between the focal company and its suppliers, as well as the tier of the supply chain in which the aspect arises, are important determinants. Strong, collaborative relationships can facilitate the implementation of CSR initiatives and enhance compliance. Additionally, the way the focal company formulates its objectives for an initiative—whether it prioritizes full compliance or demonstrates a commitment to addressing the issue—can significantly impact the approach taken.

The size of the focal company influences its ability to manage upstream CSR challenges, but it is not the sole determinant. Both large and small companies face unique advantages and disadvantages that shape their strategies and approaches. Effective management of upstream CSR requires a nuanced understanding of these dynamics and a commitment to continuous improvement and collaboration.

In conclusion, the intricacies of upstream Corporate Social Responsibility (CSR) reveal that the devil is indeed in the details. To provide actionable advice to corporate practitioners, it is imperative to delve into the minutiae of operational practices. This dissertation, along with other studies, underscores the importance of understanding these granular details to effectively address upstream CSR challenges.

The evidence from my research highlights the variability in the quality of audits. Good audits provide clear, actionable insights that suppliers can use to implement improvements, whereas poor audits fail to offer meaningful guidance and can be perceived as useless or unconvincing. This variability underscores the need for rigorous standards and training for auditors to ensure consistency and reliability in audit outcomes.

Similarly, the quality of Cleaner Production reports varies significantly. Effective reports are those that suppliers find comprehensible and convincing, enabling them to make tangible improvements in their practices. In contrast, poorly constructed reports can be dismissed by suppliers as impractical or irrelevant. This highlights the necessity for clear communication and practical recommendations in Cleaner Production reports.

To truly understand and address upstream CSR, it is essential to engage with the operational realities faced by suppliers. This involves not only conducting thorough audits and producing high-quality reports but also fostering a collaborative environment where suppliers feel supported and motivated to make improvements. Building strong relationships with suppliers and providing them with the necessary resources and training can significantly enhance the effectiveness of upstream CSR initiatives.

Moreover, the findings suggest that a one-size-fits-all approach is insufficient for addressing the diverse challenges of upstream CSR. Each supply chain is unique, with its own set of complexities and dynamics. Therefore, companies must adopt tailored strategies that consider the specific context and

needs of their supply chains. This requires a deep understanding of the supply chain landscape and the ability to adapt strategies as needed.

The role of continuous improvement cannot be overstated. Companies must remain vigilant and proactive in identifying areas for improvement and implementing changes. This involves regularly reviewing and updating CSR policies and practices to ensure they remain relevant and effective. Continuous improvement also requires a commitment to learning from both successes and failures, using these experiences to refine and enhance CSR strategies.

Effective upstream CSR also demands a holistic approach that integrates environmental, social, and economic considerations. Companies must balance these dimensions to achieve sustainable outcomes. This involves not only addressing immediate issues but also considering the long-term impacts of their actions on the supply chain and broader community.

The importance of stakeholder engagement is another critical takeaway. Engaging with stakeholders, including suppliers, customers, and regulatory bodies, is essential for the successful implementation of upstream CSR initiatives. Transparent communication and collaboration can help build trust and ensure that CSR efforts are aligned with stakeholder expectations.

Leadership and organizational culture play a pivotal role in driving upstream CSR. Strong leadership commitment and a supportive organizational culture are crucial for embedding CSR into the core operations of a company. This involves fostering a culture of responsibility and accountability at all levels of the organization.

In summary, addressing upstream CSR challenges requires a detailed and nuanced approach. Companies must navigate a complex landscape of operational practices, stakeholder expectations, and verification requirements. By focusing on the details, engaging stakeholders, and fostering a culture of continuous improvement, companies can effectively address these challenges and contribute to a more sustainable and responsible supply chain.

This research has provided valuable insights into the complexities of upstream CSR and the factors that influence the effectiveness of CSR initiatives. Future research could further explore these dynamics and develop more detailed guidelines for practitioners, helping companies navigate the challenges of upstream CSR and contribute to more sustainable and responsible supply chains.

6.2 Reflections of relevance for corporate practitioners.

The academic debate on whether engaging in CSR is financially beneficial for companies has always been somewhat perplexing to me. The reason for this bemusement lies in the inherent variability of such an inquiry. While it might be feasible to determine that, on average, CSR engagement either pays off or does not, this generalized conclusion offers limited utility to individual corporate decision-makers. The rewards of CSR are intrinsically tied to the specific context of each company and the strategies they employ to address CSR issues.

For instance, if a company has key stakeholders who are inclined to reward it for proactively addressing environmental and social issues in its upstream supply chain, or conversely, if there are stakeholders who would impose sanctions for inaction, it stands to reason that engaging in upstream CSR would be advantageous. This is particularly true if the cost of compliance is lower than the rewards of compliance, or if the cost of non-compliance exceeds the cost of achieving compliance. It is crucial for corporate practitioners to recognize that there are myriad ways to address upstream CSR, and some companies may achieve results more efficiently than others.

It is not my role to advocate for or against the necessity of engaging in upstream CSR. Instead, my objective is to underscore the importance of companies conducting their own assessments to determine this need. Managing environmental and social aspects in the supply chain presents a broad spectrum of challenges that companies must navigate. My research highlights these challenges and offers potential alternatives for operational action, as well as key factors to consider when determining the appropriate approach.

Practitioners should conceptualize upstream CSR as a comprehensive management challenge composed of several distinct tasks, each of which can be addressed in various ways. Rather than focusing on specific initiatives such as codes of conduct implementation or stakeholder dialogues, it is more beneficial to start with the problems at hand. Companies should design and select the appropriate approach based on the nature of the problem, their specific supply chain context, ambitions, and internal resources and competencies.

The variability in the effectiveness of CSR initiatives is evident in the quality of audits and Cleaner Production reports. Good audits provide actionable insights that suppliers can use to implement improvements, while poor audits fail to offer meaningful guidance. Similarly, effective Cleaner Production reports are those that suppliers find comprehensible and convincing, enabling them to make tangible improvements. This variability underscores the need for rigorous standards and training to ensure consistency and reliability in CSR practices.

Engaging with the operational realities faced by suppliers is essential for understanding and addressing upstream CSR. This involves conducting thorough audits, producing high-quality reports, and fostering a collaborative environment where suppliers feel supported and motivated to make improvements. Building strong relationships with suppliers and providing them with the necessary resources and training can significantly enhance the effectiveness of upstream CSR initiatives.

A one-size-fits-all approach is insufficient for addressing the diverse challenges of upstream CSR. Each supply chain is unique, with its own set of complexities and dynamics. Therefore, companies must adopt tailored strategies that consider the specific context and needs of their supply chains. This requires a deep understanding of the supply chain landscape and the ability to adapt strategies as needed.

Continuous improvement is a critical component of effective upstream CSR. Companies must remain vigilant and proactive in identifying areas for improvement and implementing changes. This involves regularly reviewing and updating CSR policies and practices to ensure they remain relevant and effective. Continuous improvement also requires a commitment to learning from both successes and failures, using these experiences to refine and enhance CSR strategies.

A holistic approach that integrates environmental, social, and economic considerations is essential for achieving sustainable outcomes in upstream CSR. Companies must balance these dimensions to address immediate issues and consider the long-term impacts of their actions on the supply chain and broader community.

Stakeholder engagement is another critical aspect of successful upstream CSR. Transparent communication and collaboration with stakeholders, including suppliers, customers, and regulatory bodies, are essential for aligning CSR efforts with stakeholder expectations and building trust.

Leadership and organizational culture play pivotal roles in driving upstream CSR. Strong leadership commitment and a supportive organizational culture are crucial for embedding CSR into the core operations of a company. This involves fostering a culture of responsibility and accountability at all levels of the organization. Addressing upstream CSR challenges requires a detailed and nuanced approach. Companies must navigate a complex landscape of operational practices, stakeholder expectations, and verification requirements. By focusing on the details, engaging stakeholders, and fostering a culture of continuous improvement, companies can effectively address these challenges and contribute to a more sustainable and responsible supply chain.

6.3 Recommendations for future research

While there remains much to understand about upstream CSR as a phenomenon, it is evident that future research must delve into the specifics of each task identified in the framework proposed in the previous chapter. This includes exploring various approaches to solving these tasks to provide useful and comparable knowledge for corporate and policy decision-makers. Understanding the operational nitty-gritty is crucial, as it is at this level that the real challenges of upstream CSR become apparent. My study suggests that differences at this granular level significantly impact the outcomes of upstream CSR initiatives.

It would be highly beneficial for future studies to focus on comparing and evaluating specific tools and methods, such as different approaches to social auditing or supplier development tools in areas like environmental management. Such comparative studies could provide valuable insights into the effectiveness of various strategies and help identify best practices that can be adopted by companies to enhance their upstream CSR efforts.

The perspective taken in research endeavors is also of paramount importance. It matters whose viewpoint is being considered, and researchers must acknowledge this when providing advice. Different stakeholders may have varying priorities and concerns, and understanding these perspectives is essential for developing effective CSR strategies.

Based on a comparison of case studies of environmental initiatives with supply chain implications in the textile sector, Seuring (2004b) argues that bringing together the right actors along the supply chain is crucial. Unlike the traditional mode of operation in the textile chain, achieving environmental objectives in integrated chain management requires close cooperation among all companies involved. However, my findings from the H&M organic exchange initiative suggest that integration is not always necessary to address impacts, even when these impacts arise several tiers upstream.

In my research, I have identified the availability and verifiability of information as critical factors in this context. It would be interesting to see more research on what distinguishes different approaches and the determinants that drive these differences. Understanding these nuances can help companies tailor their CSR strategies to their specific contexts and challenges.

Researchers interested in understanding how companies address environmental and social aspects in the supply chain need to examine the role of environmental and social standards in the operational practices of focal companies and their suppliers. Conversely, those interested in why many environmental and social standards have limited uptake in the market should consider the perspectives of individual actors in the supply chain and their operational realities related to sales, sourcing, and supply management.

The operational realities faced by companies and their suppliers play a significant role in the effectiveness of upstream CSR initiatives. By examining these realities, researchers can gain a deeper understanding of the challenges and opportunities associated with implementing CSR in the supply chain. This understanding can inform the development of more effective strategies and tools for managing upstream CSR.

Future research should also explore the role of collaboration and partnerships in upstream CSR. Building strong relationships with suppliers and other stakeholders can enhance the effectiveness of CSR initiatives and help companies achieve their environmental and social objectives. Collaborative efforts can also facilitate the sharing of best practices and resources, leading to more sustainable and responsible supply chains.

The importance of continuous improvement in upstream CSR cannot be overstated. Companies must remain proactive in identifying areas for improvement and implementing changes. This involves regularly reviewing and updating CSR policies and practices to ensure they remain relevant and effective. Continuous improvement also requires a commitment to learning from both successes and failures, using these experiences to refine and enhance CSR strategies.

A holistic approach that integrates environmental, social, and economic considerations is essential for achieving sustainable outcomes in upstream CSR. Companies must balance these dimensions to address immediate issues and consider the long-term impacts of their actions on the supply chain and broader community. Addressing upstream CSR challenges requires a detailed and nuanced approach. Companies must navigate a complex landscape of operational practices, stakeholder expectations, and verification requirements. By focusing on the details, engaging stakeholders, and fostering a culture of continuous improvement, companies can effectively address these challenges and contribute to a more sustainable and responsible supply chain. Finally, the future research could further explore these dynamics and develop more detailed guidelines for practitioners, helping companies navigate the challenges of upstream CSR and contribute to more sustainable and responsible supply chains.

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