



**The Model of Corporate Social Responsibility: A Case Study in the
Sportswear Industry**

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Abstract

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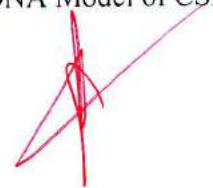

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(Asst.Prof.Dr Om Huvanand)

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Corporate social responsibility (CSR) is a topic that companies cannot ignore. Consumers as well as employees are more and more interested about CSR. They want to make purchases from companies that are socially and environmentally responsible and they want to work in a company that pays attention to CSR. The aim of this thesis is to find out if the case companies are fulfilling CSR responsibilities what consumers expect them to fulfill. This thesis uses two existing CSR models: the Pyramid of Corporate Social Responsibility and the DNA Model of CSR 2.0 to investigate how chosen case companies in the sportswear industry take in to account CSR. The thesis also investigates if the CSR activities of these companies are in line what consumers are expecting from companies to do regarding CSR. The case companies are analyzed based on the two CSR models and a consumer survey is conducted to gain knowledge about consumers' expectations towards companies CSR responsibilities. The results were positive. Companies follow the two CSR models in their strategy and the CSR activities companies do are in line what consumers are expecting form companies. Based on the two CSR models used in this thesis a new CSR model "The New Pyramid of CSR" was created. It aims to fill the gaps that were found when using the two other CSR models.

Keywords: corporate social responsibility, CSR, Pyramid of CSR, DNA Model of CSR



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Chapter 1

1. Introduction

Globalization demands companies to show greater environmental and social responsibility, with the result that nowadays environmental and social initiatives are increasingly a part of companies' core business rather than being considered as side projects or charity. (Visser, and Matten, 2010; Wheeland, 2016). The most recent financial crisis, which began at the end of 2007, also caused companies to lose some of their credibility in the market and brought more attention on corporate social responsibility (CSR). Consequently, companies started to focus more on CSR to show their ethical and moral standards. (Werther and Chandler, 2011; Pérez and del Bosque, 2015). In today's world, where information moves quickly, it is essential for companies to act responsibly and transparently to keep their success and grow it. According to Kotler and Lee the focus of CSR is changing "from giving as an obligation to giving as a strategy." (2005, p. 4).

CSR has an important role to attract future and current employees and consumers (McPherson, 2017). Employees, especially millennials, are looking for a purpose for their work and they prefer working with a socially responsible company. Companies that invest in CSR are more effective at attracting employees and retaining them. Nielsen's (2014) research study shows that 67% of respondents favor socially responsible companies as a workplace. Consumers in turn expect companies to act responsibly towards environment and society. According to Cone Communications (2015) research study 71% of respondents are ready to pay more for products and services, if they are provided by a company that has a positive impact in environment and society. This raises the question whether companies and consumers see companies' responsibilities in the same way.

The purpose of this thesis is to investigate what consumers expect from a responsibly behaving company, and how companies try to fulfill these expectations. Furthermore, this research will investigate whether case companies' CSR activities equate with consumers' anticipations about companies' responsibilities towards society and the environment. This creates knowledge of how well companies perform in this matter, and it shows in general what responsibilities are important for consumers. Companies from the sportswear industry were chosen for analysis,

since the industry has been increasing now for some years and this trend is expected to continue due to increasing interest of well-being, fitness and active lifestyle (Morgan Stanley, 2015). Three popular sportswear companies, adidas, ASICS, and Nike were chosen as case companies for this study. They represent companies from the sportswear industry and the industry's perspective to CSR in this thesis.

1.1 Research questions and objectives

This thesis will examine how well case companies' CSR activities and consumer expectations equate with each other. Companies' CSR activities might differ from what consumers think that are companies' responsibilities. This leads to the following research questions:

- What do CSR activities in the sportswear industry look like?
- What are consumers' expectations regarding companies' responsibilities?
- Do consumer expectations match with companies CSR activities?

There are four research objectives for this case study to be obtained:

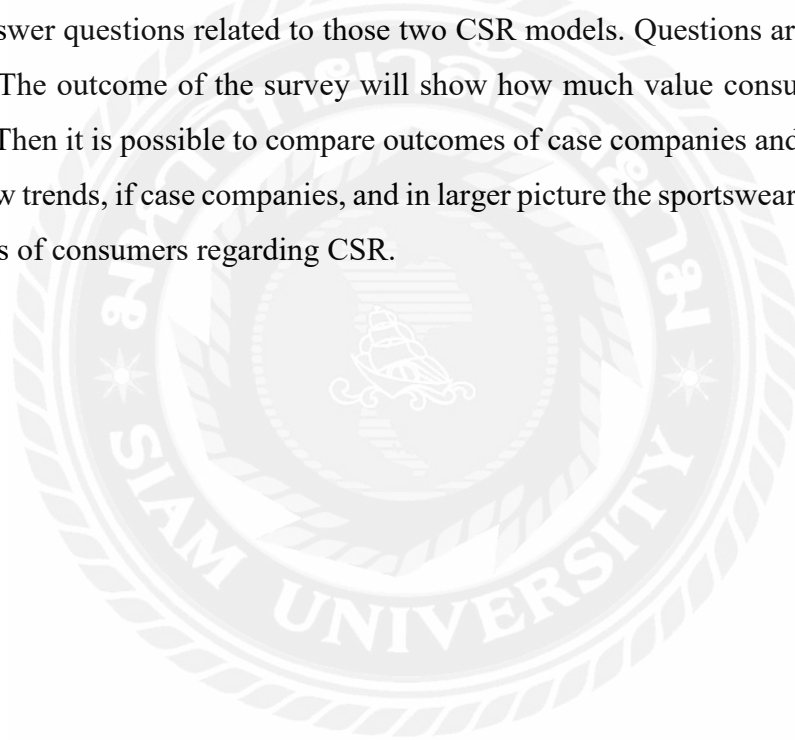
- Find relevant theoretical models of CSR
- Investigate to what extent chosen companies engage in CSR
- Create a new improved model of CSR
- Discover if consumers' opinions towards companies' CSR responsibilities match to the CSR activities the case companies do

To compare and evaluate CSR activities of three case companies it is necessary to find some appropriate models to perform comparison and evaluation. After appropriate CSR models are found the theory of CSR models is tested in practice with case companies. As a result of testing, it is possible to create a new improved CSR model. After this follows a consumer survey. The survey asks questions which are related to those CSR models and aims this way to find out what consumers think that are companies' responsibilities towards society and environment. After this phase, it is possible to compare if companies' CSR activities meet consumers' expectations.

1.2 Conceptual framework

Case companies and consumers are examined with two different research methods, qualitative and quantitative. The methodological choices are described more closely in the chapter 3. The extent of case companies' CSR activities is evaluated based on how well each company fulfills Carroll's (1991) Pyramid of Corporate Social Responsibility model and Visser's (2012) the DNA of CSR 2.0 model. All responsibility levels of both models are compared with case companies' CSR activities by using qualitative approach. Results will show which responsibility levels each company fulfills.

A qualitative survey was made to gather consumers' expectations. Participants of the survey are asked to answer questions related to those two CSR models. Questions are made by using a Likert scale. The outcome of the survey will show how much value consumers allocate to each question. Then it is possible to compare outcomes of case companies and the survey. The results will show trends, if case companies, and in larger picture the sportswear industry, follow the expectations of consumers regarding CSR.



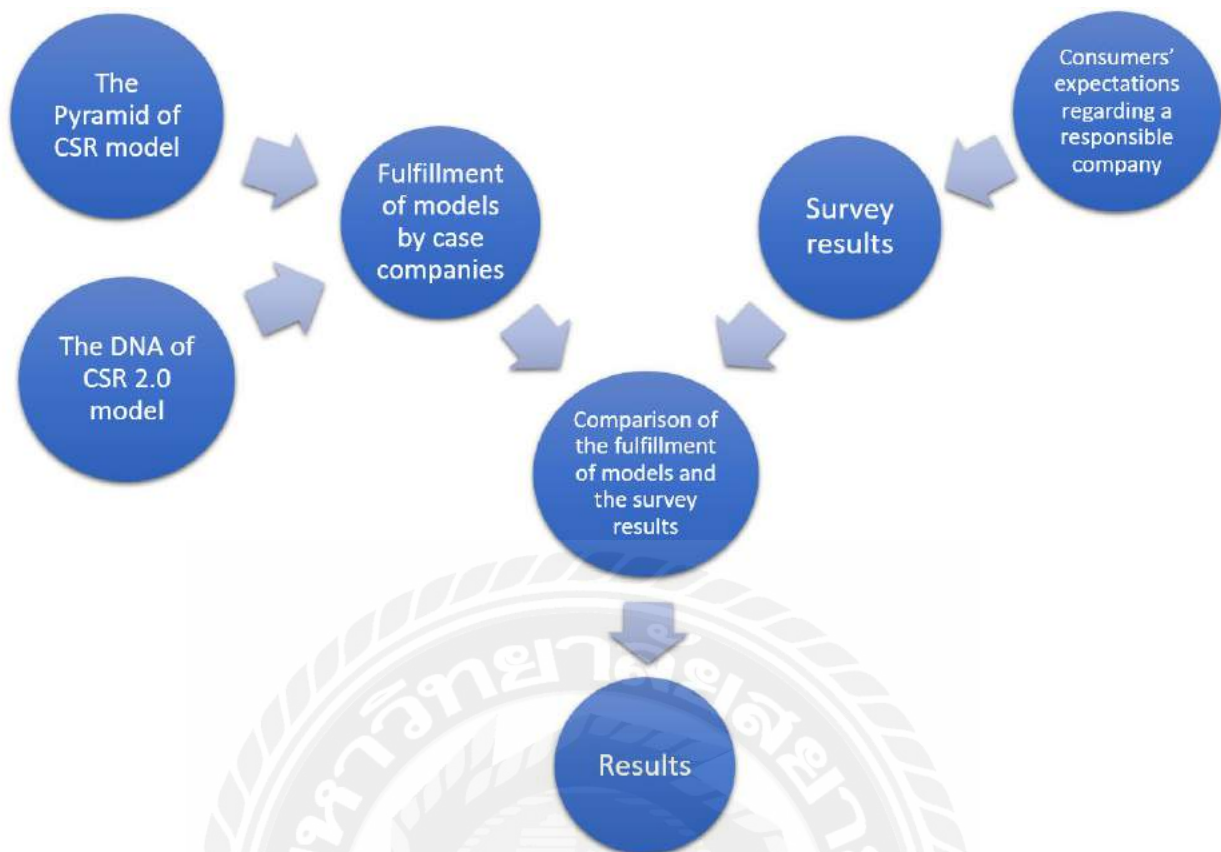


Figure 1 Conceptual Framework

1.3 Scope of study and limitations

Despite the 2009 financial crisis, the fashion industry has been a success with 5.5 percent annual growth in the past decade. The industry's worth is estimated \$2.4 trillion. Inside the industry sportswear companies are performing the best. They had more than double growth compared to other categories in fashion in 2016, and the growth is expected to continue in 2017. Amed, Berg, Brantberg, and Hedrich (2016). The sportswear industry was selected for the study, because sales at the industry have been rising for the past several years, and the trend is expected to continue (Morgan Stanley, 2015). Furthermore, the market size of this industry sector is huge, and is estimated \$348.51 billion in 2017. (Statista).

This thesis focuses on three globally recognized sportswear companies: adidas, ASICS, and Nike. Those three companies were chosen, since they are globally known, large companies, and they publish sustainability reports. The study is limited to consider only those case companies, and it reflects the views of only those companies. Choosing these three big players in the sportswear industry the study attempts to represent a good view regarding how CSR is

taken in to consideration. However, all three companies are large multinational companies, so what they do and how they benefit from CSR does not necessarily apply to small and medium-sized companies. This study also does not benefit from case companies' internal data and CSR tools, which means all the information about the companies' CSR practices comes from the companies themselves in the form of their public reports and webpages.

It would be sensible to examine more than three companies from the sportswear industry, but limitations in time and scope regarding to the thesis preclude this. Though, instead of a single case study, a multi-source case study catches a broader representation of companies, which can help ensure more valid conclusions. However, it is arguable whether an analysis of three companies can present a proper generalization of the outcomes, but it is still able to offer a view what CSR activities large sportswear companies do.

To supplement qualitative data, a consumer survey was conducted. This was conducted through an online questionnaire. Respondents numbered some fifty participants are expected to answer to the survey from Finland. This means the results will only present views of Finnish consumers. Consumers from another country might give different answers, what can affect to the generalization of the results.

Chapter 2

2. Literature review

The aim of this chapter is to understand better the concept of CSR. Relevant literature for this study is reviewed starting with defining CSR. Furthermore, the two models, Pyramid of Corporate Social Responsibility (Carroll, 1999) and DNA of CSR 2.0 (Visser, 2012), that are used to evaluate case companies' CSR activities are presented.

2.1 Corporate Social Responsibility (CSR)

The core idea behind CSR is that companies take into consideration economic, social, and environmental responsibilities in their operations. CSR encourages a company to incorporate into its strategy, values, culture, decision making, and reporting and nowadays, understanding the concept of CSR is indispensable for effective management. (Sexty, 2011) Companies are seen to have an obligation to participate in activities that supports and contributes to society, and to diminish actions that might cause negative effects (Branco and Rodrigues, 2007).

Martinuzzi, Krumay, and Pisano (2010) created an overview of CSR topics: economic, environmental, social and global. The figure 2. below presents what kind of issues each topic can include.

CSR – ECONOMIC TOPICS	CSR – ENVIRONMENTAL TOPICS
<ul style="list-style-type: none"> • Pursue sound corporate governance practices • Ensure transparency through economic, social & environmental reporting • Engage in fair competition • Foster innovation • Combat bribery & corruption • Employ Socially Responsible Investment • Protect intellectual property rights • Offer safe and high-quality products/services • Foster sustainable consumption & production • Implement sound risk management systems 	<ul style="list-style-type: none"> • Support the protection of air and water, land biodiversity • Minimize the amount of toxic substances, emissions, sewage and waste • Conserve natural resources, apply renewable energy & avoid the usage of raw materials • Engage in climate protection • Boost innovation for improvement in efficiency • Consider the whole product life-cycle, facilitate reusability & recyclability of products
CSR – SOCIAL TOPICS	CSR – GLOBAL TOPICS
<ul style="list-style-type: none"> • Engage in fair and efficient Human Resource Management • Guarantee safety, occupational health & security • Respect freedom of association • Abandon discrimination & encourage diversity • Respect consumer interests 	<ul style="list-style-type: none"> • Raise stakeholders awareness for social & environmental topics • Practice sound stakeholder management • Facilitate sustainable supply chain • Respect Human Rights • Engage in poverty reduction • Involve in the development of public policies

Figure 1 CSR topics

Source: Martinuzzi et al. (2010, p.8)

Among scholars, the concept of CSR has increasingly been a subject of much debate since the 1950s. For example, in 1953 Bowen writes his view about companies' responsibilities in his book *Social Responsibilities of a Businessman* and Friedman explains his opinion in 1970 in the article *The Social Responsibility of Business is to Increase Profits*.

Still, what should be noticed, is that there are many terms used interchangeably when discussing CSR. The concept was referred commonly as social responsibility (SR) in the initial writings of CSR (Carroll, 1999), and nowadays terms that are used include for example corporate responsibility, corporate citizenship, sustainability, stewardship, triple-E bottom line (economical, ethical, and environmental), business ethics and corporate accountability (Carroll, 2008; Sexty, 2011).

A corporation's aim is to maximize shareholders' wealth, but from a CSR perspective the meaning of corporations' existence is to support the economic well-being in the close society. Often contributing well-being in the close society is also an effective way to maximize the shareholders' wealth. (Beal, 2014).

2.1.1 Definition of CSR

There is no single universally accepted definition for CSR (Carroll, 1991), but there have been many attempts to define the concept. The concept of CSR often means different things to different people. The meaning of CSR varies from countries to companies and individuals, because of the diversity of social values and cultures. What is common in these definitions is that companies are thought to have responsibilities on society and environment beyond legal obligations. (Frynas and Mellahi, 2015).

There have been different thoughts and attempts to define CSR over the years. Academics have tried to define CSR and this has led to various definitions of the concept. In the 1950s, generally acknowledged as the start of modern era of CSR, Bowen (1953) lays the foundation and shapes the future for the modern understanding of CSR with his book “Social Responsibilities of the Businessman” (Bowen (1953) cited in Carroll and Shabana, 2010, p.86). Within this book Bowen, defines social responsibility as follows: “It (SR) refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of society.” (Bowen, 1953 cited in Carroll, 2008, p. 25)

Carroll (1979, p. 500) defines CSR as follows” The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time.” Later he illustrated this definition as a ‘pyramid of CSR’ as described below. (Carroll, 2008, p. 25).

The European Union determines CSR as “the responsibility of enterprises for their impacts on society” and continues: “to fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of:

- maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large;
- identifying, preventing and mitigating their possible adverse impacts.” (EU, 2011).

The ASEAN CSR Network defines CSR as follows “CSR is not about how money is spent but more about how money is made. It is beyond charity and philanthropy.” (ASEAN CSR Network, 2015).

The International Organization for Standardization’s Guidance Standard on Social Responsibility, ISO 26000, describes CSR as:

“Social responsibility is the responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that:

- contributes to sustainable development, including the health and the welfare of society
- takes into account the expectations of stakeholders
- is in compliance with applicable law and consistent with international norms of behavior, and
- is integrated throughout the organization and practiced in its relationships.”

(International Organization for Standardization, 2010).

The vagueness of the definitions has been also noticed. Votaw (1972, p.25) described CSR as “The term [corporate social responsibility] is a brilliant one; it means something, but not always the same thing, to everybody.” Okoye (2009, p. 614) argued that “CSR as a concept is sometimes perceived as fuzzy, unclear and contested”.

Dahlsrud (2008, p. 5) made an analysis of 37 existing definitions of CSR to dispel confusions of the definition. Analysis showed five dimension of CSR that are environmental, social, economic, stakeholder and voluntariness dimension. These dimensions were consistently included in different CSR definitions, what makes absence of one globally ratified definition a little less problematic.

In this thesis, the following definition from the European Union is used as a guideline.

“The responsibility of enterprises for their impacts on society to fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of:

- maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large;
- identifying, preventing and mitigating their possible adverse impacts.” (EU, 2011).

This definition advises companies to integrate issues into business operations and core strategy. It might be that when CSR is rooted in a company's core strategy, it might be more effective.

2.1.2 A History of CSR

CSR is not a new idea. The core concept of CSR, that a company has responsibilities to society besides making maximum profits, goes back to the late 19th century. (Center for Ethical Business Cultures, 2005). British confectionery company Cadbury was a pioneer at taking into account its employees' welfare. In 1879, the company built a new factory with houses for its employees and a garden and sports facilities to encourage its employees and their families to do sports activities. The company also held morning prayers and negotiated special train fares for its employees, who didn't live near the factory. (Cadbury, 2015).

Murphy (1978) divided CSR evolution into four eras. The first era up to the 1950s focused on philanthropic activities. Individual and business philanthropy was made by philanthropists and business men such as Cornelius Vanderbilt and John D. Rockefeller. At that time companies were also particularly concerned about their employees and how to increase their productivity. Back then, just like today, it was difficult to differentiate if the companies had in mind only business reasons, making employees as productive as possible, or if they wanted to promote social reasons, so their employees can fulfill their needs and be contributing members of society. (Murphy, 1978 cited in Carroll, 2008).

The second era, according to Murphy, was 1953-67 and it was the era of 'awareness'. It is also said, that the modern era of CSR started in the 1950s (Carroll, 1999; Murphy, 1978 cited in Carroll, 2008). Responsibilities of businesses were more recognized and discussed and the idea that companies do not exist only to make profits, but they also owe something to society appeared (Frederick, 2006; Murphy, 1978 cited in Carroll, 2008). In 1953, Bowen published his work on social responsibility that embodies an important truth that guides business in the future. Later Carroll suggested that Bowen should be called the "Father of Corporate Social Responsibility" based on his thoughts. (Carroll, 1999).

The third era included years 1968-73 and was classified by Murphy as the 'issue' era. At that time companies started to focus on specific issues, including pollution and racial

discrimination. The fourth era, 'responsiveness' began in 1974. In this era companies started to take serious organizational and management actions. Corporate ethics were examined and use of social performance statements became more common. (Murphy 1978 cited in Carroll, 2008).

Still it was not until 1990s, when CSR become popular around the world. Then the use of CSR tools, language, practices, and strategies started to clearly increase. (Visser and Matten, 2010).

2.1.3 CSR today and in the future

The European Commission stated, "that CSR is the responsibility of every company for its impacts on the environment and society". Hence, CSR can't be anymore something only motivated frontrunners do, but an issue for every company, no matter of their size, location or sector. (Martinuzzi, et al, 2011) In 2017, CSR has reached industries from food and beverage to chemicals and non-governmental organizations, and more than 12,000 participants from companies and non-businesses in 170 countries have signed United Nations Global Compact. The compact is an initiative to "companies to align strategies and operations with universal principles on human rights, labour, environment and anti-corruption, and take actions that advance societal goals." (UN Global Compact, 2017).

CSR plays an important role of attracting both consumers and future and current employees (McPherson, 2017). Governments are also involved more and more in supporting and contributing CSR, and it is equally seen as a topic for companies, governments and non-governmental organizations (NGOs). Companies CSR actions are also seen to bring hope against poverty and endorsing economic development in poorly governed societies. (Visser and Matten, 2010; Wheeland, 2016).

The increasing interest by companies in conducting CSR activities has not been totally voluntary, because companies had to start taking actions after their negative actions came to light. Several organizations have started to encourage public pressure, and especially on most visible ones, to draw attention to environmental or social problems, even if those companies do not really have much impact on the problems. A number of organizations also rank

companies based on their CSR activities and this makes CSR compulsory for companies. (Porter and Kramer, 2006).

In recent decades, companies have faced reduction levels of public trust, as mentioned earlier. Scandals like Volkswagen's attempt to cover up emissions and Exxon's climate change misinformation have encouraged stakeholders to demand transparency. To shine their image, CSR concept has become constantly more important for companies, and they have started to improve their environmental and social initiatives to rebuild publics' trust (Martinuzzi, et al, 2011).

Later in this literature review, Visser's (2012) the DNA Model of CSR 2.0 is presented. It is about changing CSR direction to more macro level approach, which presents the future of CSR (Visser, 2012).

2.1.4 Different views towards CSR

There have been different thoughts on whether companies need to be responsible towards society or the environment. In the 1970s Friedman based his opinion in lessons from Adam Smith and argued that "there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud." Friedman (1970, p. 124) states that companies' only purpose is to make profit. If employees, customers and other stakeholders want to use their resources on social issues, they can, but not with the company's resources. (Friedman, 1970, p.124)

Drucker (1974, p.61) has an opposite opinion at the same decade, and he argued that "There is only one valid definition of business purpose: to create a customer". Business people convert customers' felt or unfelt wants into demand. (Drucker, 1974, p. 61).

In the 1980s, Freeman developed a stakeholder approach to this matter. According to him, social activities cannot be differentiated from economic activities, since social activities have an effect on economic activities. The community, the public, and employees' needs to be satisfied, not only the owners and stakeholders. (Falkenberg and Brunsæl, 2012).

Drucker's (1974) argument become more effective after the internet and globalization reached people. Customers have access to dependable information and have opportunities to communicate fast and easy with people around the world. The economic power has shifted from sellers to buyers, and buyers increasingly want companies to be socially and environmentally responsible. (Denning, 2013).

Friedman says that companies only responsibility is to make profit, but CSR can be one way to increase profit, as this thesis will later describe.

Arguments against CSR are often based on a claim that there are other organizations, such as government, who are responsible from social actions. Furthermore, managers are not seen to have time or abilities to execute those actions, nor to be held accountable, since they are not democratically elected. From a property rights perspective maximizing shareholder value is the only obligation that managers have. (Branco and Rodrigues, 2007).

Arguments that support companies' participation in CSR are often tending to be a balance between ethical or instrumental causes. Companies are seen to have to act responsibly, because it is a morally correct way. Instrumental arguments in turn emphasizes that CSR actions will benefit a company as a whole, based on calculative assumptions. (Branco and Rodrigues, 2007).

2.1.5 Motivation to engage in CSR

According to a multilevel theoretical model companies have three types of motivation that motivates companies to engage in CSR. The first type of motive is instrumental, what often focuses on short-term value creation. The second type of motive is relational. This focuses on increasing a company's legitimacy and performance. The third type of motive relates to morals, companies engage in CSR with a higher purpose to support humanity. Companies can feel pressured to engage in CSR by internal and external stakeholders. For example, investors may want more attention to CSR to boost consumer loyalty and minimize risk of their investment. (Dare, 2016)

Benefits of CSR can motivate companies to take actions. Kotler and Lee wrote that taking part into CSR activities makes a company look good in the eyes of potential customers, investors, financial analysts, business colleagues, in annual reports, in the news and possibly even in the court room. Benefits of CSR go further, and are said to feel good to employees, current customers, stockholders, and board members and it benefits the company's brand, the bottom line and for the community. CSR can even help companies with a strong reputation to exist longer. (Kotler and Lee, 2005).

2.2 Carroll's Pyramid of Corporate Social Responsibility

Carroll's Pyramid of Corporate Social Responsibility is a leading model of CSR and a significant reference of numerous relevant theoretical studies (Geva, 2008; Gomez-Carcasso, Guillamon-Saorin and Osma, 2016). It is a four-level pyramid where economic responsibilities form a foundation for other responsibilities, or levels. Making profit is necessary for companies, as well as a strong competitive position, what makes economic responsibilities to form the foundation. Legal responsibilities form the second level, meaning that companies have to fulfill their legal obligations, and make products or services that fulfill at least minimum legal requirements. At the third level there are ethical responsibilities. The level includes performing ethically or morally, and the actions companies take, go beyond law and regulations when protecting the interests of stakeholders. At the top level of the pyramid are philanthropic responsibilities. They are "icing on the cake", what means that philanthropy is a supplement on companies' ethical behavior and is also the most visible layer of a company. Philanthropic activities can be promoting community's welfare and making contributions for example to education or arts. (Carroll, 1991).

The pyramid shows different kinds of obligations that companies should take into consideration. A company "should strive to make a profit, obey the law, be ethical and be a good corporate citizen." (Carroll, 1991, p. 40; Gomez-Carcasso, Guillamon-Saorin, and Osma, 2016).



Figure 2 The Pyramid of Corporate Social Responsibility

Source: Carroll (1991, p. 40)

The Pyramid of Corporate Social Responsibility has also faced some criticism, even from Carroll himself. Schwartz and Carroll (2003) criticised that the model doesn't give enough explanation how all four responsibilities are linked together. Geva (2008) on the other hand criticises that the levels have too clear-cut separation of each other, what makes levels' integration a problem. Despite these critics the author sees the Pyramid as an easy to understand model for everybody. It gives a foundation for a person to get understanding of CSR.

Often there is a thought that the economic element is what a company does for itself, whereas the legal, ethical and philanthropic elements are what a company does for others. Carroll argues

differently. He sees economic viability as something that a company does for society as well, in sustaining the business system. (Carroll, 2008). Frequently CSR is also seen as “doing good”, when companies give donations to societies or environmental organizations, are part of sponsoring projects in developing countries or spend voluntarily money on employees’ benefit. Comparably CSR can be seen as “not doing bad”. This is when companies for example doesn’t use child labor or contribute with their actions environmental disasters. (Martinuzzi et al., 2011).

2.3 Visser’s DNA Model of CSR 2.0

Visser (2012) writes that critics of CSR suggest the concept has failed. He argues that there has been success and improvement when examining social, environmental and ethical indicators at micro level, but at macro level they have been on decline.

Visser (2012) calls “old” CSR as CSR 1.0 and “new” CSR as CSR 2.0. He has divided companies’ CSR development into five different ages and stages of CSR. They are presented in the table 1. below. The stages from the age of greed to the age of management belong to so called CSR 1.0, whereas the age of responsibility presents the new CSR 2.0. Companies have a tendency to move through these ages and stages over time, and they can be at several of them at once.

Table 1 “ The Ages and Stages of CSR ”

	Economic Age	Stage of CSR	Modus Operandi	Key Enabler	Stakeholder Target
1.	Greed	Defensive	Ad hoc Interventions	Investments	Shareholders, government & employees
2.	Philanthropy	Charitable	Charitable <u>programmes</u>	Projects	Communities
3.	Marketing	Promotional	Public relations	Media	General public
4.	Management	Strategic	Management systems	Codes	Shareholders & NGOs/CSOs
5.	Responsibility	Systematic	Business models	Products	Regulators & customers

Source: Visser (2012, p. 2)

The first economic age “greed” includes CSR practices only, if shareholder value is protected. CSR practices are limited to employee voluntary programs, and expenditures, like pollution controls, what can avoid regulation or fines and penalties. The second economic age “philanthropy” is about giving support in the form of donations and sponsorships to social and

environmental causes. The third age “marketing” describes the stage where sustainability and responsibility are seen as a way to promote company’s reputation and brand image. The fourth age “management” relates a company’s CSR activities to its core business, and includes CSR policy development, reporting and target setting. This strategic CSR focuses supporting CSR issues, which are in the line with a company’s strategy, at the micro level. (Visser, 2012).

As mentioned earlier, these four first economic ages are still in the CSR 1.0. Visser argues that companies should move to the fifth age “responsibility”, which represents CSR 2.0, if we want to move the world into sustainable and responsible direction. This economic age encourages companies to focus and solve the root causes of today’s unsustainability and irresponsibility issues. This means understanding the interconnections in the macro level and shifting a company’s strategy to focus on larger environmental and social issues. (Visser, 2012).

Visser (2012) presents three factors that have contributed the failure of CSR 1.0: peripheral CSR, incremental CSR and uneconomic CSR. Peripheral CSR has failed because “CSR has remained largely restricted to the largest companies, and mostly confined to PR, or other departments, rather than being integrated across the business” (p. 3). Incremental CSR has failed because “CSR has adopted the quality management model, which results in incremental improvements that do not match the scale and urgency of the problems” (p.3). Uneconomic CSR in turn has failed because “CSR does not always make economic sense, as the short-term markets still reward companies that externalize their costs to society” (p.3).

Principles of CSR 2.0

Due to these failure factors, described above, Visser (2012) created a new approach, CSR 2.0, to develop CSR (or CSR 1.0). CSR 2.0 includes five principles: creativity (C), scalability (S), responsiveness (R), glocality (2) and circularity (0).

The first principle is creativity. Innovation and creativity should “be directed to solving the world’s social and environmental problems”. The second principle is scalability. It is not enough from companies to do CSR as PR and focus on organic products or fair trade. Companies should also focus on big scale problems, like climate change and poverty. The third principle responsiveness demands that companies go far beyond easy check writing in their actions. “CSR 2.0 requires uncomfortable, transformative responsiveness, which questions whether the industry or the business model itself is part of the solution or part of the problem.”

Greater transparency is required, as well as sharing critical intellectual resources, like technology patents without royalties. The fourth principle glocality means, that companies should “think global, act local”. It is necessary to understand local contexts, and find solutions that are appropriate to local demand, without giving up universal principles. The last principle, circularity, means that for example buildings “produce more energy than they consume and purify their own waste water; or factories that produce drinking water as effluent”, and “business should be constantly feeding and replenishing its social and human capital, not only through education and training, but also by nourishing community and employee wellbeing”. (Visser, 2012).

The DNA Model of CSR 2.0

Visser integrated previous CSR models from Carroll’s Pyramid of CSR to Porter and Kramer’s Strategic CSR, and presented a holistic model of CSR, which is called “The DNA Model of CSR 2.0”. Table 2. presents this model. Visser proposes that this new CSR 2.0 stands for corporate sustainability and responsibility. “Sustainability can be conceived as the destination - the challenges, vision, strategy and goals, i.e. what we are aiming for – while responsibility is more about the journey – our solutions, responses, management and actions, i.e. how we get there.” He states that “ultimately, the purpose of business is to serve society, through the provision of safe, high quality products and services that enhance our wellbeing, without eroding our ecological and community life-support systems.” (2012, p.15).

Table 2 "The DNA Model of CSR 2.0

DNA Code	Strategic Goals	Key Indicators
Value creation	Economic development	Capital investment (financial, manufacturing, social, human & natural capital) Beneficial products (sustainable & responsible goods & services) Inclusive business (wealth distribution, bottom of the pyramid markets)
Good governance	Institutional effectiveness	Leadership (strategic commitment to sustainability & responsibility) Transparency (sustainable & responsibility reporting, government payments) Ethical practices (bribery & corruption prevention, values in business)
Societal contribution	Stakeholder orientation	Philanthropy (charitable donations, provision of public goods & services) Fair labour practices (working conditions, employee rights, health & safety) Supply chain integrity (SME empowerment, labour & environmental standards)
Environmental integrity	Sustainable ecosystems	Ecosystem protection (biodiversity conservation & ecosystem restoration) Renewable resources (tackling climate change, renewable energy & materials) Zero waste production (cradle-to-cradle processes waste elimination)

Source: Visser (2012, p.14)

Value creation not only means financial profitability, but also economic development. A company can be responsible and improve its economic context by, for example, investing in infrastructure and creating jobs, besides contributing shareholders' and executives' wealth. As an example, and of some relevance, are a company's products and services improving quality of life or are they more qualityless junk what cause more harm than good for society. (Visser, 2012).

Good governance and its goal institutional effectiveness are significant, since if the institution is not transparent and fair, it damages other goals of CSR. (Visser, 2012).

Societal contribution is about philanthropy, but also fair labor practices and supply chain integrity. Visser (2012) points out high-brand companies revealed use of child labor as well as slavery conditions all in all, which are not acceptable but still happening today.

Environmental integrity aims at retaining and improving ecosystem sustainability. Renewable energy and zero waste production are needed if biodiversity of the Earth is wanted to conserve and climate change stopped. (Visser, 2012).

.4 CSR and strategy

It is suggested that there is a link between CSR and financial success, and CSR can lead to long-term shareholder value. Multiple organizations rank companies based on their CSR performance, and majority of global chief executives say that CSR is vital for a company's profitability. Based on these statements CSR can be said to have evolved into a core business function, which is central in a company's overall strategy, and also quite inescapable priority. (Porter and Kramer, 2006; Carroll and Shabana, 2010).

Companies and societies depend on each other, since a successful company needs a healthy society and vice versa. The decisions of companies and social policies need to benefit both sides ergo they need to follow the principle of shared value. From a company's perspective, it means that a social perspective must be integrated into its strategies. (Porter and Kramer, 2006). According to Rangan, Chase, and Karim (2012) companies often don't have a clear, single CSR strategy. Instead a single CSR strategy companies have several CSR programs and initiatives. However, for a company the best way to develop its CSR programs is a clear CSR strategy. This way a company's values can be reflected with environmental, social and humanitarian challenges.

Strategic CSR can be built up with four components: CSR perspective, core operations, stakeholder perspective, and medium to long term perspective. Combination of these four components enables integrating CSR with a company's strategic planning and its daily

operations. Strategic CSR allows a company to decide what issues and stakeholders it has a possibility to influence. Strategic CSR takes place when a company's operations have a direct effect on society and conversely. (Werther and Chandler, 2011).

Companies' strategic planning process contain a CSR perspective, describing how incorporation of social dimension is connected to the strategic decision making. Porter and Kramer offer a three-stage framework, which guides companies how to assess and prioritize social concerns they are expected to deal with. It is divided into three levels of relations: 1) generic social issues, which are not directly related to a company's operations value chain 2) value chain social impacts, what is the extent to which a company's operations affect society, and 3) social dimensions of competitive context, what is the extent to which the environment constrains a company's operations. (Porter and Kramer (2006) cited in Werther and Chandler, 2011).

As an example, a U.S. sportswear company, which has outsourced its production to a low-cost destination, generic social issue would be a livable wage in the U.S., but the same livable wage issue in the production country is a value chain social impact, because the company's operations affect directly to the local people. Any legislation from government on the other hand represents a social dimension of competitive context for the company, since it has the option to restrain the company's operations. (Werther and Chandler, 2011).

Sometimes CSR can be a strategic necessity. Companies need to evaluate if some CSR activities are necessary at their industry, environment or stakeholders. For example, a company can evaluate if it should join in UN Global Compact, if its competitors joined. These strategic necessity activities may not lead to a competitive advantage, but not having those activities may turn out to be a strategic disadvantage. (Falkenberg and Brunsæl, 2012).

In order to find out if a company's CSR activities add value to the company, those activities should be evaluated. If a CSR activity does not add any value for the company, it is just a cost. As Porter and Kramer have proposed, CSR activities should be related to the company's strategy and operations. (Porter and Kramer (2006) cited in Falkenberg and Brunsæl, 2012).

Strategic advantage occurs, when a company is a "first mover" in its CSR activities. If the activities create value to the company, but the activities cannot be instantly copied, then the

company has created strategic advantage. Of course, there can be disadvantages too, if the company is a first mover. For example, educating consumers might take time and resources. (Falkenberg and Brunsæl, 2012).

2.5 CSR and competitive advantage

Competitive advantage is one desired outcome of CSR, but CSR is only one way how companies can try to achieve competitive advantage. One traditional way to measure competitive advantage is to examine a company's financial performance. A company can increase its financial returns with CSR activities, but only if it can transform the activities into improved stakeholder relations. Otherwise investing in social issues only produces losses for the company. (Barnett and Salomon, 2012; Henisz et al, 2014). CSR issues can also affect negatively in a company's or brand's market value, because negative issues can weaken a company's legitimacy and ruin brand franchise. (Werther and Chandler, 2005).

CSR factors that contribute a company's profits are often qualitative, like corporate image, reputation, employee morale, and public relations, which makes them hard to measure and quantify (Lantos, 2001). Hereby the effectiveness of CSR programs is difficult to prove, and it causes critics (Rangan et al., 2012). However, Porter, and Kramer (2006) believes that importance of CSR will increase when pursuing competitive success.

A company should consider how a CSR activity can be leveraged. Instead of just to be good, a company should think how reputation for good can increase sustainable competitive advantage. Since a reputation is a valued and recognized intangible strength, it is hard to imitate. This suggests that a reputation is not grounded on a one single CSR activity, but several activities. Companies whose CSR activities have reached a good reputation, and have leveraged that resource, can presume to obtain sustainable competitive advantage. (Falkenberg and Brunsæl, 2012).

Porter and Kramer introduced the concept of creating shared value. The idea behind shared value is, that a company and a society around it are dependent on each other. Competitiveness of a company and health of a society go hand in hand. A company needs to integrate society into its business strategy by indicating key points of intersection, which are both "inside-out"

linkages and “outside-in” linkages. “Inside-out” linkages are internal activities, such as hiring practices and waste control that affect external environment. “Outside-in” linkages are “external social conditions” that affects how a company can conduct business, such as rules, regulations and local education. (2006). According to Rangan et al (2012) the idea of shared value is today emphasized at the discussion about CSR. “The role of business, according to this model, is to create value for its shareholders but in such a way that it also creates value for society, manifesting itself as a win-win proposition “(Rangan et al, 2012, p.1). Moore (2014) explains that CSR is essentially about investing a company’s resources in being a good corporate citizen by donating to social causes, recycling, and reporting environmental and social impacts, but shared value aspires to affect a company’s strategy, structure, processes, people and rewards, which are a company’s core business operations.

Porter and Kramer (2006, p.92) states that “Companies are called on to address hundreds of social issues, but only a few represent opportunities to make a real difference to society or to confer a competitive advantage. Organizations that make the right choices and build focused, proactive, and integrated social initiatives in concert with their core strategies will distance themselves from the pack.”

After all CSR doesn’t need to be a cost, a limitation or a charitable act. Instead it can be competitive advantage, innovation, and a source of social progress, as a company endows its resources, expertise and insights to society benefiting activities. (Porter and Kramer, 2006).

Creating strategic and competitive advantage out of CSR activities can be also questionable. If a company finds a new way to reuse recycled plastic, for instance, is it really ethical to keep the secret for the process inside the company? According to CSR 2.0 (chapter 2.3) critical intellectual information should be shared.

2.6 CSR ranking

Porter and Kramer (2006) have been criticizing CSR ranking systems. There are several organizations measuring and ranking companies’ social performance, but the criteria used and weighted varies broadly between the ranking systems. The data used also tend to be easily and inexpensively accessed and is used even if it is not good representative for the environmental

and social effects organizations are meant to reflect. Media, NGOs, and investment advisory organizations, who make these rankings, have access to only limited sources of data, which is usually self-reported company data. Also, a question arises how they can judge and decide if some criteria have been met by a company or not. This measuring and publishing social performance rankings is a powerful way to influence corporate behavior. They say they are also a bunch of generally meaningless rankings, which allow almost any company to brag about how it is socially responsible.

2.7 CSR in the sportswear industry

The textile and apparel industry, in which sportswear also belongs, is the world's second most polluting industry, after the oil industry. The industry is also noted the second-most clean water polluter, after the agriculture industry. (Ditty, 2015). The pollution footprint what textile and apparel industry, but especially fast fashion, leaves has potential to generate environmental and also occupational threats. (Claudio, 2007). It would be reasonable if companies at this industry would do something to prevent the threats. Especially taking action regarding environmental aspect is important because of pollution.

In the past two decades, there has been a major increase in interest worldwide in both indoor and outdoor sports and leisure pursuits. This has caused increased consumption of fabrics and textile fibers in the sportswear industry, but also innovations in technology and fabrics have been made. (Shishoo, 2015). Adidas has created Futurecraft Biofabric which is 100% biodegradable. Currently the fabric is used in shoes. (Adidas-group/newsarchive, 2016).

Environmental challenges have made companies aim to sustainable production and find solutions for recycling. For example, recycled PET bottles have been used to product eco-sustainable polyester yarn, and Patagonia and The North Face repair their clothes for free or with fair price, to prevent clothes ending up in a landfill. (Shishoo, 2015).

The whole textile and apparel industry, not just the sportswear industry, has been strongly on display in human rights, because of sweatshop conditions in some manufacturing sites. One concern has been that laborers have been paid below a living wage, and labor conditions have been inhuman. In 1990s such poor sweatshop conditions for workers started to get more public

attention. In the U.S. in 1996 the Apparel Industry Partnership was formed, aiming to eliminate human rights abuses in the industry. The Partnership introduced a plan how to accomplish the goal, and it included a “workplace code of conduct”. (Emmelhainz and Adams, 1999).

There have been improvements and today CSR in the global textile and apparel industry focuses greatly in issues related to people and society. Consumers have been taken into consideration in product affordability, quality and design. Workers’ rights, labor conditions, safety and health have been also considered important in manufacturing sites. Media coverage of labor issues in the past few decades is undoubtedly one reason why workers’ conditions of employment are seen as an important issue. (Dickson and Eckman, 2006).

In today’s globalized world, companies have production sites abroad and they buy products and raw material from abroad. It is companies’ responsibility to produce their products responsibly, but also to make sure that merchandise is produced and distributed in a responsible manner. By the late 1990s growing number of companies had codes of conduct, including important issues such as working conditions, employee rights, and prohibition of child labor. Although, the codes were not detailed enough nor unified. (Emmelhainz and Adams, 1999).

2.8 CSR and consumers

There is evidence that consumers increasingly demand and value CSR. Consumers have more knowledge about CSR, and they regard it is companies’ responsibility to make a social and environmental change. Consumers believe that companies’ responsibilities go beyond profit making, and a company’s CSR practices can affect to consumers buying behavior. 71% of consumers are ready to pay more for a socially and environmentally responsible product. (Cone Communications, 2015, p.7, 19). On the other hand, as much as 90% of consumers say they would stop buying products from a company, if they find out that the company has irresponsible or deceptive business practices. 53% of respondents says that they have already boycotted a company due to its irresponsible behavior. (Cone Communications, 2015, pp. 20-21)

CSR is also a factor when people choose desirable companies to work for. It can help to attract potential employees of the highest quality to the company. According to Cone Communications

over half, 62%, of consumers would prefer to work for a socially responsible company even if they would receive lower salaries than in other companies. (Cone Communications, 2015, p.19)

A 2014 Nielsen study found out that the millennial generation is most likely to pay extra for a socially and environmentally responsible product as well to work for a sustainable company (Nielsen, 2014, pp. 7-8). Since these people are young they have time to create and demand more sustainable society.

The 2015 Cone Communications study found out that 88% of consumers would like to receive information on what companies are actually doing when they say that they operate in a responsible manner. However, 87% of consumers say that a company does not need to be perfect regarding CSR as long as the company is honest about its CSR. (Cone Communications, 2015, p. 29)

The results of these reports give good reasons for companies to engage in CSR activities. Besides these results, Chernev and Blair (2015) found out that investing in CSR not only affects in a company's image in the eyes of consumers. It can also enhance consumers' positive opinions about a company's products' performance. Consumers believe that a company that has committed to CSR also produces good quality products.

Chapter 3

3. Methodology

In this chapter, the methodological choices of this study will be discussed. The thesis is conducted as a combination of a multi-company case study and a quantitative survey. A case study approach investigates chosen case companies' CSR activities and to what extent CSR is done by those companies. The quantitative survey examines customers' opinions regarding companies' social and environmental responsibilities.

CSR activities of chosen companies are analyzed based on Carroll's (1991) Pyramid of Corporate Social Responsibility model and Visser's (2012) DNA of CSR 2.0 model. The Pyramid of Corporate Social Responsibility model is a well-known and much used model in the academic literature, and the DNA of CSR 2.0 model presents the new way for CSR.

The Pyramid of Corporate Social Responsibility model presents four levels of responsibility: economic, legal, ethical, and philanthropic. Each case company's CSR activities will be compared to these four levels and analyzed. The DNA of CSR 2.0 model contains four responsibility bases: value creation, good governance, societal contribution, and environmental integrity. These responsibility bases will be also compared to case companies' CSR activities and analyzed.

The survey is used to measure how much consumers value responsibilities what the Pyramid of Corporate Social Responsibility model and the DNA of CSR 2.0 model are demanding from companies.

This chapter is divided into five parts. The first part classifies the qualitative and quantitative methods and explains how methods are used in this study. The second part discusses case study method following presentation of the survey. Next, there is a discussion of sample groups are presented. Lastly validity and reliability are addressed.

3.1 Qualitative and quantitative research

Qualitative and quantitative research methods are two main approaches of empirical research. Since this study uses both methods, it is helpful to understand differences of these two methods. A qualitative methodology studies a subject in its natural surroundings and attempts to produce a descriptive or narrative description of the phenomena. The method provides a more in-depth understanding of the subject than quantitative methodology. A weakness of qualitative method is that sample sizes are often non-random and small, so the results may not be generalized. A quantitative method specifies more in numbers and measurements of specific aspects of phenomena. Sample sizes are usually large and reflect more the overall subject of study. Therefore, the results of a quantitative research can be generalized. On the other hand, quantitative method doesn't give as deep data as qualitative method. (Vanderstoep and Johnston, 2008; Thomas, 2003) Table 3. lists the main differences and characteristics of quantitative and qualitative research.

Table 1 Quantitative and qualitative research

Method	Quantitative	Qualitative
Type of data	Phenomena are described numerically	Phenomena are described in a narrative fashion
Analysis	Descriptive and inferential statistics	Identification of major themes
Scope of study	Specific questions or hypothesis	Broad, thematic concerns
Primary advantage	Large sample, statistical validity, accurately reflects the population	Rich, in-depth, narrative description of sample
Primary disadvantage	Superficial understanding of participants' thoughts and feelings	Small sample, not generalizable to the population at large

Source: Vanderstoep and Johnston (2008, p. 7)

3.2 Case study research

A case study is a part of qualitative methods and is chosen for this thesis to gain information of case companies. Yin (2013) writes that a case study has been a common method in many fields in research, including business, political science, and education. It is used when the aim is to contribute knowledge of individual, group, organizational, social, political, and associated phenomena. A case study lets a researcher to focus on a "case" and keep a comprehensive and real-world perspective in the study.

Woodside (2010, p. 1) defines a case study as follows: “A case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident.”

A case study can be conducted as a single case study or a multiple case study. (Yin, 2009). A multi-source case study includes two or more cases, that a researcher studies. Compared to a single case study this makes it possible to test a theory more than once and give more explanatory power. (Mustafa, 2008).

A research question of a case study is often “how” or “why” type of question. It examines contemporary events with direct observations, interviews of persons involved in the events, with documents and with artifacts. (Yin, 2009). The method studies a phenomenon within a context, so in a given situation it can tell how the phenomenon takes place. (Farquhar, 2012). A case study does not look so much for causality, instead it looks for descriptive elements. An advantage this method has is, that it has more depth than other methods. (Blatter, 2008).

There are of course critics against a case study too. It is said to lack objectivity. Surveys and experiments typically belong to objective research, because they separate the researcher from the unity of study, which creates objectivity. Lack of large sample sizes also causes criticism, what comes from generalizability, which is preferred in quantitative studies. However, in a case study research, the aim is not to seek total objectivity. It is about gaining deeper understanding of a contemporary phenomenon, and the attempt is not to generalize the findings. (Farquhar, 2012).

In this thesis, the aim is to contribute knowledge of case companies' CSR activities. Use of qualitative case study method makes it possible to focus on words rather than on numbers, what is required in this thesis. The purpose of this thesis is not to prove or disprove any hypothesis. The aim is to explain and understand a real-life phenomenon in depth and pay attention to details, what cannot be studied with controlled and specific measurements. The research design used, is going to be exploratory research, because the study will investigate a current phenomenon. The thesis investigates each case company individually and gains in-depth knowledge of each company.

Investigating three companies instead of one makes it possible to make a generalization of what the CSR situation is in the sportswear industry after the results are clear. For this reason, a multiple case study was chosen.

The research question related to the case study part of this thesis was “What does CSR activities in the sportswear industry look like?”, which answers to a “how” question. To get the answer case companies webpages and reports are investigated. Information found from these sources are compared to the Pyramid of Corporate Social Responsibility model (Carroll, 1999) and to the DNA of CSR 2.0 model (Visser, 2012). Both models have four responsibility levels and the purpose is to investigate if case companies fulfill these levels.

3.3 Survey research

A quantitative survey is conducted in addition to the case study. The research question of this quantitative part of the thesis was “What are consumer’s expectations regarding companies’ responsibilities?”. To find out the answer a consumer survey is conducted. The survey is conducted as an online questionnaire using Google Docs. Respondents are from Finland and they will complete the questionnaire independently. Using an online questionnaire has an advantage that a respondent can answer the survey any time convenient to the respondent.

Independent variables gender, age and education are asked from respondents to get background information of them. These variables make it possible to analyze and handle answers coherently.

The survey measures consumers’ expectations regarding companies’ responsibilities towards society and environment. Questions are based on responsibilities of the Pyramid of Corporate Social Responsibility model (Carroll, 1999) and the DNA of CSR 2.0 model (Visser, 2012). In the questionnaire a Likert scale is used. Respondents are asked to answer in a scale from 1 to 5 (1 being strongly disagree and 5 being strongly agree) their opinions about companies’ responsibilities towards society and environment.

The questionnaire is structured in the order, that at first the respondent answers three questions about his or her background. After that questions about companies’ responsibilities are asked. Question number 4 is related to economic responsibilities of a company. Question number 5 is related to legal responsibilities and question number 6 is related to ethical responsibilities of a company. Question number 7 is related to both philanthropic responsibilities and societal contribution. Questions number 8 and 10 are related to value creation. Question number 9 is

related to environmental integrity. Questions number 11 and 12 are related to good governance and questions 13 to 15 are related to societal contribution.

The questionnaire is intentionally kept short with 15 questions to keep respondents' interest to answer. Also, simple English is used in the survey, so Finnish respondents have minimum difficulties completing the questionnaire. This reduces the possibility for misunderstandings. It was meaningful to make the survey in English instead of Finnish, since this thesis is in English.

The survey was tested with three persons before opening the online survey. The aim was to identify any errors in the design and parts where misunderstandings may occur.

The online survey was open from June 21. to June 24. 2017. It was enough time to achieve target of 50 respondents, total number of respondents being 52. The questionnaire can be found in Appendix 1.

The survey can give somewhat generalizable information about consumers' expectations regarding companies' responsibilities. Because the aim of this thesis was not to only study consumers, targeting minimum 50 respondents was kept enough. Results will show a trend what consumers' opinions are, but for more generalizable results it would be helpful to increase the number of respondents and in addition to do the survey in another country or countries.

3.4 Selection of sample groups

Nonprobability sampling is used to choose case companies, and more accurate purposive sampling. This means that sampling does not involve random selection of respondents. There is a purpose for this, when sampling, because a specific group of respondents is wanted. In this case three large multinational companies from the sportswear industry, adidas, ASICS, and Nike, were chosen. Companies were chosen, because they all have sustainability reports, their products are sold worldwide, and they are among the biggest sportswear brands by market size.

Snowball sampling is used in the survey to gather respondents. This method means that participants of the survey are asked to spread the survey for other random people. (Research

Methods, 2016). In this case via online tools, such as email and Facebook. This way the survey can gather many respondents fast.

3.5 Validity and reliability

Bell (2015, p. 117) describes validity as follows: “Usual definitions of validity are that it tells us whether an item or instrument measures or describes what it is supposed to measure or describe”.

What is important for this study is validity of documents that are used to gather data for analysis, as well as validity of the survey. According to Denscombe (2010, p. 222), validity of documentary sources should be evaluated based on four criteria: authenticity, representativeness, meaning and credibility.

“Authenticity – Is the article genuine? Can we be satisfied that the document is what it purports to be- not fake or forgery?

Representativeness – Is the document typical of its type? Does it represent a typical instance of the thing it portrays? Is the document complete? Has it been edited? Is the extract treated ‘in context’?

Meaning – Is the meaning of the words clear and unambiguous? Are there hidden meanings? Carry the document contain argot and subtle codes? Are there meaning which involve ‘what is left unsaid’ or ‘reading between the lines’?

Credibility – Is it accurate? Is it free from bias and errors?” (Denscombe, 2010, p.222).

In this research study case companies’ webpages and reports are used to collect data of the companies. The information companies offer is most likely genuine, therefore the validity is fulfilled. However, it needs to be kept in mind that the data is provided by the companies and this makes it difficult to assess whether corporate statements are accurate and truthful or if corporate statements omit something relevant for this research.

Validity of the survey is tested using a pilot questionnaire. This will give suggestions if something needs to be changed in the questionnaire. The test respondents said that questions were easy to understand, and questions did not mislead them. The survey was assessed as

having a high level of validity, since the target of 50 respondents was fulfilled, and the survey gave answers to the questions.

The pilot questionnaire was given to three respondents as a Word file on June 19, 2017, a Master of Administrative Science graduate, a Master of Business Administration graduate and a Master of Business Administration student. The respondents were asked to give any comments about the questionnaire via email or Facebook during the same day. They gave no negative comments. All the respondents said that the questionnaire was fast to do and easy or simple. One of the respondents commented that the questionnaire made her think critically her consumption habits.

Reliability alludes to “the extent to which your data collection techniques or analysis procedures will yield consistent findings” (Saunders et al, 2007, p. 149). It is possible to evaluate reliability of a study with three questions: 1) “Will the measures yield the same results on other occasions?” 2) “Will similar observations be reached by other observers?” 3) “Is there transparency in how sense was made from the raw data?” (Saunders, Lewis, and Thornhill, 2007, p. 156).

The sources used for gathering data of case companies allows other observers to gather data from the same source and reach similar conclusions of the results, given that companies don't delete or change data from their webpages. The use of data is transparent, since sources of data are cited. However, objectivity of a researcher can affect to the results. It is important for any researcher to keep objectivity in mind to ensure best possible results regarding validity and reliability.

The survey could be replicated with close to similar results, when conducting it in Finland. In this thesis answers for each question are presented, which makes the conclusions of the results transparent. Respondents were also able to complete the questionnaire at their own pace. This prevents social pressure of respondents to answer how they feel they should answer, and they can answer how they really think. Results of the survey emphasized the importance of CSR for consumers. Results of Cone Communications CSR study, which were presented in chapter 2.8, showed similar results that CSR is valued among consumers. This shows that the survey was able to catch similarity in results with previous consumer studies.

Chapter 4

4. Data collection and analysis

As primary data collection method, observation of written sources is used to acquire answers to the research questions. Companies' webpages and sustainability reports are used to gather data of the case companies to answer how well they fulfill the Pyramid of Corporate Social Responsibility model and the DNA Model of CSR 2.0.

As a secondary data collection method, an online questionnaire is conducted with Finnish respondents. The survey is based on responsibilities of the Pyramid of CSR model and DNA codes of the DNA Model of CSR 2.0. In the questionnaire respondents are asked to answer in a scale from 1 to 5, 1 being strongly disagree and 5 being strongly agree, their opinions about companies' responsibilities towards society. The questionnaire is kept short with 15 questions to keep respondents' interest to answer. Also, simple English is used in the survey, so Finnish respondents do not face troubles filling it. This reduces the possibility for misunderstandings. It was meaningful to make the survey in English instead of Finnish, since this thesis is in English. The online survey was open from June 21. to June 24. 2017. It was enough time to achieve aim of 50 respondents, total number of respondents being 52. The questionnaire can be found in Appendix 1.

4.1 Data analysis of the companies

In this part the data collected from adidas, ASICS, and Nike will be analyzed and compared with the theory. First there is a presentation of a company, then the responsibilities of the Pyramid of Corporate Social Responsibility are go through and last bases of the DNA of CSR 2.0 model are similarly go through.

It is possible to gather the same information about the case companies under both models, the Pyramid of Corporate Social Responsibility and the DNA of CSR 2.0 and their responsibilities. However, to avoid repeating too much the same information, the analysis describes some matters more precisely under the Pyramid of Corporate Social Responsibility model and some matters more precisely under the DNA of CSR 2.0 model. Companies use the term

sustainability, when describing their responsibilities activities towards environment, society and employees. As mentioned in the chapter 2.1, many terms are in use when talking about CSR. This analysis uses the term sustainability besides CSR, since the companies do so in their reports and websites.

1 Adidas

Adidas is a German multinational corporation, which was founded in 1949. Today it operates in over 160 countries, employing more than 55,000 employees worldwide.

The company's mission is "to be the best sports company in the world. Best means that we design, build and sell the best sports and fitness products in the world, with the best service and experience. Best is what our consumers, athletes, teams, partners and media will say about us. Once people are saying that we are the best, market share, leadership and profitability will follow.". Focusing on sustainability is one way to achieve their mission. (adidas-group.com/corporatestrategy).

Adidas published its first sustainability report in 2001. Before that, the company was already a founding member of Fair Labor Association (FLA), which was founded in 1999. FLA focuses on creating long-lasting solutions for sustainable supply chains. Adidas was also founding Better Cotton Initiative (BCI) in 2004, which aim is to address the negative social and environmental impacts of cotton farming, and Zero Discharge of Hazardous Chemicals (ZDHC) in 2011, which focuses on responsible chemical management. The company started environmental audits in 2008 for its suppliers, and in 2012 conducted nearly 200 audits for its suppliers, mills and dye houses. (adidas-group/sustainabilityhistory; adidas-group/sustainabilityhistory).

Adidas presents a sustainability strategy called "Sports needs a space" and it is a direct outcome of its business strategy. Adidas has clearly integrated sustainability into its strategies and core business. The company has identified six strategic priorities for the year 2020 it aims to accomplish. They are: 1) saving water and using it more efficient, 2) innovating and using sustainable materials, what will lead to waste reduction, 3) reducing energy consumption as well as CO2 emissions, 4) empowering employees and supply chain workers, 5) educating employees about health and work-life balance, and 6) inspiring, rewarding and encouraging

employees. All these goals can be found in more detail from adidas website. (adidas-group/generalapproach)

4.1.1 The Pyramid of Corporate Social Responsibility model – adidas

Economic Responsibilities – Be profitable

In 2016 the company was able to grow its net sales 20% in Western Europe, 24% in North America and 28% in Greater China. Adidas names reputation as one of its key business assets and a foundation for long-term success. For adidas it means more than following rules, it is recognizing ethical obstacles and dealing with them in a right way. Adidas is dedicated to work ethically both internally and externally. Adidas also believes that commitment to respect human right will contribute lasting economic success. (adidas-group.com; adidas-group/codesofconduct; adidas-group/generalapproach).

The net sales worldwide of adidas were numbered to about 19.29 billion euros in the year 2016. The sales of adidas are divided in three different categories of products: apparel, footwear and hardware. Compared to the year 2001, when the first sustainability report was published, the net sales and the net profits worldwide increased considerably. The net sales worldwide were amounted to about 6.11 billion euros in the year 2001. Adidas increased their net sales worldwide about more than 300 percent between the years 2001 and 2016. However, the net sales worldwide do not give direct information about the profitability of adidas. Therefore, the net profits of the company are considered in the following. The net profits worldwide of adidas were numbered about 208 million euros in the year 2001. 15 years later adidas increased their net profits worldwide up to an amount about 1.02 billion euros in the year 2016. During the considered period between 2001 and 2016 adidas increased their net profits worldwide around 490 percent. (adidas-group/annualreport2016; adidas-group/annualreport2001; Statista Adidas).

Based on these facts it can be said that adidas's economic responsibility to be profitable is fulfilled.

Legal Responsibilities – Obey the law

Adidas has created policies and standards that covers supply chain, environmental approach, product safety, and employees and communities. They are all available in the company's website and some of them even in several languages beside English. (adidas-group/policiesandstandards).

The Workplace Standards guideline is for adidas' own workers and suppliers. The standards follow international law, International Labour Organization agreements and code of conduct of the World Federation of Sporting Good Industry. The Workplace Standards also include nine supporting guidelines that give more detailed information about adidas' expectations regarding fair, healthy and safe workplace conditions and environmentally friendly operations. (adidas-group/policiesandstandards).

Integrated Management System Policy for Health, Safety Environment and Energy guides business entities to operate in a safe, healthy, energy-efficient and environmentally responsible manner. Product Safety requirements lists all substances that are forbidden to ensure product and environment safety. The company works against bribery and corruption and educates its employees about the topic in adidas Code of Conducts. (adidas-group/policiesandstandards).

There are three guidelines for employees and communities, including labour rights, code of conduct and corporate giving guidelines. Adidas also offers a Fair Play Hotline, where employees can contact and report anonymously, if they notice violation or have some complaints. (adidas-group/policiesandstandards).

All these guidelines are very clear and detailed. It shows that the company has made an effort to explain for its workers, suppliers and other stakeholders how seriously it takes its legal responsibilities. However, there have been claims of bad labour practices in adidas' factories. In 2014 even 118 employees have been said to pass out in a factory in Cambodia. Employees had been complaining about strong chemicals and poor ventilation, but food poisoning had been suspected to cause the fainting epidemic. Also, sweatshop conditions have been said to exist in Indonesian factories in 2012, when adidas produced the Olympics sportswear. (The New York Times, 2014; Urquhart, 2012). These claims do not necessary mean, that adidas doesn't care deeply enough about the labour practices of its factories. It can be hard to control and supervise the conditions of factories overseas, especially if good labour practices are not common in a culture.

Ethical Responsibilities – Be ethical

The sustainability strategy, which was mentioned earlier, describes well adidas' activities to be a responsible and ethical company. Adidas takes into consideration its employees, supply chain workers and environment and works towards to become even more ethical company. All without forgetting shareholders and making profit. Adidas makes effort to work transparently and it shares lists of its factories and subcontractors on its website.

The company makes an effort to stop the climate change through its own operations, supply chain and various partnerships. Adidas has a certified Environmental Management System to reduce its environmental footprint and a Green Company program. They succeed for example to reduce the company's absolute emissions about 16% between the years 2012 and 2014 and achieved water savings 28% per employee. The company also encourages its workers to use public transportation and low-carbon vehicles. However, most of the company's carbon emissions comes from manufacturing their products, so they are co-operating and training their suppliers to work energy efficient. Adidas also uses innovative manufacturing techniques to produce more sustainable products. One example is in 2012 launched adizero Primeknit shoes, which production causes zero textile waste. The company has also stopped providing plastic bags in their stores. (adidas-group/sustainability).

Adidas is part of several environmental collaborations, for example UN Climate Neutral Now and Business for Innovative Climate and Energy Policy (BICEP). They have also signed a 'Climate Declaration' urging U.S. to respond in climate change. (adidas-group/sustainability). In 2015 adidas announced a partnership with Parley for the Oceans. Their aim is to raise awareness of beauty and fragility of the oceans, and to stop ocean plastic pollution. At the same year, the company already presented a footwear made of ocean plastic. The company also helps adidas to use more recycled material in its products. (adidas-group/sustainabilityhistory).

Adidas respects human rights and it has created several policies and guidance to manage this area. The company manufactures its products in 61 countries and for that reason they have developed a due diligence approach to target high-risk locations regarding to human rights. They established a third-party complaints mechanism in 2014 for labour and human rights violations, and since then the company has released yearly an overview of the complaints in their website. (adidas-group/sustainability).

Adidas has a Work-Life Integration Department. The duty of the department is to develop concepts regarding balance of work and leisure time. Flexible working hours, remote working, and daycare centers in some of company locations, are examples of many benefits adidas offers for its employees. The company continuously seeks to improve working conditions of its employees and offers support in challenging times of their employees' lives. (adidas-group/sustainability).

Philanthropic Responsibilities – Be a good corporate citizen

Adidas implements several projects in countries it operates and involves NGOs to evaluate the impact of the projects. They also support their suppliers' communities and provide financial aid and donate products through international aid organizations in case of natural disasters. (adidas-group/communities).

The company supports refugees in refugee camps in Syria and Turkey with monetary and product donations. Adidas also established an integration initiative for refugees in Germany to help the refugees to find their place in the new society. They offer short-term internships and offer workshops including job application training, intercultural communication and sport courses. (adidas-group/communities).

Adidas works together with Save the Children, an organization that helps children and their families after disasters. The company is quickly able to donate money, so the organization can also act fast when help is needed. (adidas-group/communities).

In Germany, the company supports financially deprived and disable people with its partner Lebenshilfe Erlangen-Höchstadt e.V., to enable the people to participate in learning opportunities and leisure activities. This way the people can discover their potential and develop their talents. (adidas-group/communities).

4.1.2 The DNA of CSR 2.0 model - adidas

Value Creation

Adidas has several operations regarding value creation. The company employs tens of thousands of people worldwide and offers training and development chances for them. One example is online Learning Campus, which includes video content and group learning possibilities for all the employees. (adidas-group/employees). Also, factory workers are supported and educated. The company started Women's Empowerment Programme to educate women in Pakistan, so women can find new jobs, since the factory they worked at reduced workers due to new machines that replaced workers. (adidas-group/communities).

Adidas states that "The ultimate goal is to have a product that delivers high performance, but which is also made in a sustainable way." The products the company makes are made so people can do sports, which is part of healthy lifestyle. Also, the company does and aims to do more products in a sustainable way. (adidas-group/sustainabilityinnovation). It can be seen that the company makes products that improve people's quality of life, but there is also a question are they making too much and too often new products. It cannot be environmentally sustainable, but on the other hand it offers jobs and gives change to make profits.

Good Governance

Adidas is committed to sustainability and responsibility in its business. The company publishes a Sustainability Report and a Green Company report yearly, following Global Reporting Initiative (GRI) reporting standards in its reporting. The reports describe company goals in this area and presents results. For example, Green Company report from 2016 tells that the company's target of carbon savings was -3% in its administration offices, own production sites and distribution centers in 2016, but only administration offices and distribution centers achieved the goal. (adidas-group/sustainability; adidas-group/reportingapproach).

The company has published list of its suppliers since 2007 and the company offers a summary of third party complaints (adidas-group/sustainability). As mentioned earlier adidas follows great and advanced transparency by publishing names of its factories and summaries of third party complaints and is against bribery and corruption.

Societal Contribution

Adidas does philanthropic activities, such as donations. They also follow fair labor practices on paper, but as mentioned, some issues regarding labor practices have occurred in its production sites.

The company values its employees' wellbeing and offers flexible working hours, so employees can go for example to gym whenever they feel the best for that. Adidas has gym at several cities. (adidas-group/employees).

Environmental Integrity

Adidas makes great, innovative work trying to invent ways how to use recycled materials and use less water and energy in the production. They have a way of thinking that old products are resources for new products, not waste anymore. In Brazil, the company has launched a recycling program "Sustainable Footprint", where people can leave their old sports shoes to adidas stores and get a little discount when purchasing their new adidas shoes. (adidas-group/endlife).

Adidas has found a way to dye its polyester clothing without using water with DRYDYE technology. The technique also uses 50% less chemicals and 50% less energy than traditional dyeing process. (adidas-group/sustainabilityinnovation).

This with earlier mentioned Primkeknit shoes are great examples of how adidas makes effort regarding environmental integrity. Long-term impacts towards the Earth are considered in the activities.

4.2 ASICS

ASICS is a Japanese multinational corporation, which was founded in 1949. It has more than 7,000 employees around the world in 26 countries. The company's mission is "to become the number one brand for the sports enthusiast. To accomplish this, we pledge to continue to make the best product; striving to build upon our technological advances and pushing the limits on what we can learn from the body and its needs in athletic gear. We pledge to bring harmony to the body and soul." (ASICS/aboutasics).

The company aims to include social and environmental aspects in all of their business decisions and integrate sustainability to their designing. ASICS have had a CSR and Sustainability department since 2004. The company has created “ASICS policy of engagement” where it sets out the minimum requirements for its business partners concerning labor standards, human rights, occupational health and safety, and environmental practices. They also have created a global code of conduct and global environmental policy. (ASICS/CSR and Sustainability)

ASICS has built up a materiality matrix to show how it weights importance of different materiality topics. The company has divided its sustainability activities into three groups: 1) creating products and services, 2) partnering with suppliers and workers, and 3) investing in people and communities. (ASICS Sustainability Report 2015).

4.2.1 The Pyramid of Corporate Social Responsibility model – ASICS

Economic Responsibilities – Be Profitable

ASICS net sales were about 399.11 billion YEN in the year 2016. Compared to the year 2001 the net sales and the net profits worldwide increased rapidly. The net sales worldwide were amounted to about 126.45 billion YEN in the year 2001. ASICS increased their net sales worldwide about more than 300 percent between the years 2001 and 2016. However, the net sales worldwide do not give direct information about the profitability of ASICS. Therefore, the net profits of the company are considered in the following. The net profits worldwide of ASICS were about 1.74 billion YEN in 2001. 15 years later ASICS increased their net profits worldwide up to an amount about 15.57 billion YEN in the year 2016. During the considered period between 2001 and 2016 ASICS increased their net profits worldwide around 890 percent. (ASICS Financial Summary, 2017; ASICS Annual Report, 2002). Based on net sales and net profit growth, it can be said, that ASICS has been a profitable company for its shareholders.

Legal Responsibilities – Obey the law

ASICS follows the laws and regulations of countries it operates in. In addition to the laws ASICS has its own code of conduct to guide all level of employees to work in a manner ASICS

wishes. The code of conduct applies to ASICS Corporation, its subsidiaries and affiliates, and ASICS have a zero tolerance of any actions against the code. (ASICS Global Code of Conduct).

ASICS respects human rights and supports International Labor Organization (ILO) standards. The company is also committed to providing a workplace, what is safe and has a healthy environment. ASICS guides that employees should only take tasks, they are trained for. Violent behavior and use of alcohol and drugs are forbidden, and smoking is only allowed in specific designated areas. Bribery and corruption are forbidden, and the company also has guidelines for insider trading and conflict of interest. (ASICS Global Code of Conduct).

Ethical Responsibilities – Be ethical

ASICS wants to make products that are better for society and the environment. To achieve that, the company manages impacts of its products from the sourcing from materials to terminal disposal of products. ASICS co-operates with Goodwill charity in the U.S. with Give Back Box initiative. Online customers can send shoes, clothes and other unwanted items for free to Goodwill in the box, they got from ASICS while purchasing their new product. This way unused products end up to new users. (ASICS Sustainability Highlights 2015).

ASICS makes great effort trying to understand social impacts of their products. They made a life cycle analysis of Gel-Kayano 21 running shoe, to find out what they did correct and what needed improvement. The results help to work better with suppliers and reduces social risks in their supply chain. ASICS aims to build long-term relationships with their suppliers, so they can have a chance to train them in labor rights, and health and safety in a workplace. (ASICS Sustainability Highlights 2015).

The company has presented sustainability targets to achieve between 2011 and 2015. Most of the targets were achieved by 2015, like use of eco-friendly materials. Now recycled materials are incorporated in 42 items. ASICS has also shifted to use recycled polyester in some of its products. Reduction of absolute emissions is important for ASICS. The company did not achieve its ambitious target to reduce emissions by 10% excluding retail operations, instead the achievement was 3% reduction. This led to a stronger strategy to achieve the goal by 2020. (ASICS Sustainability Report 2015).

The company is a member of Apparel and Footwear International RSL Management (AFIRM) Group. The group is about building and sharing knowledge about managing chemicals, and ASICS was part of creating AFIRM Restricted Substances List (RSL). (ASICS Sustainability Report 2015).

Philanthropic Responsibilities – Be a good corporate citizen

The company has several initiatives to invest in people and communities. They for example sponsor Girls on the Run, a non-profit organization in the U.S., providing affordable footwear and health and fitness programs for the members. In Japan, they support older people to improve their motor skills in new Tryus day-care facilities. In South-Africa the company sponsors primary schools in Tag Rugby Association's Adopt-a-School program. (ASICS Sustainability Highlights 2015).

ASICS contributes community involvement in many ways. These include sponsoring marathons and other sports events around the world, volunteer work, philanthropic donations, and offering disaster support. (ASICS/communityinvolvement).

4.2.2 The DNA of CSR 2.0 model – ASICS

Value Creation

ASICS aims" to make sports gear that not only performs better for athletes, but is also better for society and the environment. "Products the company offers are made for people, so they get out more of their training and can enjoy of healthy lifestyle, what makes their products beneficial. The company is dedicated to understanding their social impacts and aims to reduce social risks in their supply chain. ASICS also invests in communities via financial donations and has employee volunteering activities. The company is committed to reduce environmental harm in their product design, production and other activities. (ASICS Sustainability Report 2015).

At ASICS they believe that corporate culture what supports personal development of their employees can also lead to company growth. The company invests in sports-related startups through its wholly-owned subsidiary ASICS Ventures Corporation. The aim is to develop

innovative products and solutions for the market. (ASICS Investing in People and Communities; ASICS press article).

Good Governance

ASICS follows the indicators of good governance. It publishes sustainability reports and is against bribery, corruption and insider trading. The company follows Global Reporting Initiative (GRI) guidelines in its sustainability reporting. (ASICS Global Code of Conduct, 2014). ASICS follows California laws what demands transparency and forbids slavery and human trafficking in companies' direct supply chain. (ASICS/californialaws).

Societal Contribution

ASICS does philanthropy as mentioned earlier in philanthropic responsibilities. The company follows fair labor practices and it supports its employees and suppliers by training them. ASICS also offers gym and other sports possibilities to its employees and offers healthy food options at workplace canteens. (ASICS Sustainability Report 2015).

The company has shown responsible behavior, when one of its supplier factory's roof collapsed in Cambodia, killing two workers in 2013. ASICS paid compensation of loss of earnings and pain and suffering, for the families of two killed workers. Twelve other workers injured in the accident and ASICS paid compensation for them too. (Clean Clothes, 2013).

Environmental Integrity

ASICS conducts scientific research to produce more sustainable products, uses recycled materials like recycled polyester and aims to reduce carbon emissions. The company demands its locations to report regularly about their environmental performance to ASICS Headquarters. This way the company can improve its environmental performance. The company has published a guideline for chemical safety. It gives information how to control and use chemicals and is mainly directed to ASICS suppliers. (ASICS Sustainability Report 2015).

4.3 Nike

Nike was founded in the United States of America in 1964 and was founded as Blue Ribbon Sports. Today the company has more than 62,000 employees worldwide in 42 countries (Nike Annual Report on Form 10-K, 2015). Nike's mission is to "to bring inspiration and innovation to every athlete in the world". By athlete the company means everyone who has a body. (Nike Sustainable Business Report 14/15, 2016) Nike published its first corporate responsibility report in 2001 and has a habit to publish the report in every second year. (Nike Sustainable Business Report 14/15).

The company is committed to sustainability and it is seen in their ambition to "double our business, with half the impact". (Nike Sustainable Innovation). Nike's ambitious target for 2020 is "zero waste from contract footwear manufacturing going to landfill or incineration without energy recovery". As an industry leader Nike uses its position to influence systems change to make a low-carbon growth economy possible. The company cooperates with Massachusetts Institute of Technology (MIT) Climate CoLab to find ideas how industries, designers and consumers can be getting to participate in the use of low-impact materials. Nike is committed to transform the industry's traditional low-tech and low-skilled image. Nike's aim is leaner, more sustainable and technology driven manufacturing, what also requires new skills from workers. (Nike Sustainable Business Report FY14/15).

4.3.1 The Pyramid of Corporate Social Responsibility model – Nike

Economic Responsibilities – Be Profitable

The net sales worldwide of Nike amounted to about 32.38 billion dollars in the year 2016. Compared to the year 2001 the net sales and the net profits worldwide increased largely. The net sales worldwide from Nike were about 9.49 billion dollars in the year 2001. Nike increased their net sales worldwide about more than 300 percent between the years 2001 and 2016. However, the net sales worldwide do not give direct information about the profitability of Nike. To get to know more about the profitability from Nike the net profits of the company are considered in the following. The net profits worldwide of Nike were numbered about 589.7 million dollars in the year 2001. 15 years later Nike increased their net profits worldwide up to an amount about 3.76 billion dollars in the year 2016. During the considered period between

2001 and 2016 Nike increased their net profits worldwide more than 600 percent. Based on these facts it can be said that Nike fulfills its economic responsibility to be profitable. (Statista Nike; Nike Letter to Shareholders 10-K; Nike Consolidated Statements of Income).

Legal Responsibilities – Obey the law

Nike works within the laws of each country it operates, but also the company has a code of conduct which describes minimum standards and requirements for its factory suppliers. It includes for example demand not to use forced labor, such as indentured labor or prison labor. Child labor is also forbidden. Working hours and compensation are described, and requirements for workplace safe and healthy. (Nike Resources and FAQ Code of Conduct).

Nike is against bribery and corruption. The company has an Alertline where employees can call if they notice something suspicious or have concerns relating Nike's code of ethics. (Nike Resources and FAQ Code of Ethics).

Ethical Responsibilities – Be ethical

Nike is committed to conduct its business in ethical way and expects the same from its business partners. The company has a code of ethics what all employees are expected to follow. The code of ethics includes topics on ethical behavior, legal compliance, employee activity, product safety and use of resources. [\(Nike Resources and FAQ Code of Ethics\)](#).

The company has three core strategic aims for 2020: minimize environmental footprint, transform manufacturing and unleash human potential. Nike's President and CEO Parker states at the company webpage that "if all we do is create a single line of green products, we will have failed, sustainability must be a design ethos across all our products." (Nike Sustainable Business Report 14/15; Nike Environmental Impact).

Philanthropic Responsibilities – Be a good corporate citizen

Nike joined a variety of expert organizations to evolve and launch a framework called "Designed to Move ". This framework emphasizes to provide a positive experience in physical experience for children and to help them to include physical activity into their everyday life. (Nike Sustainable Business Report 14/15).

In the fiscal years 2013 to 2015 Nike reached their annual target to invest at least 1.5 percent of their pre-tax income to support specific strategic programs. The agenda of these specific strategic programs is among others to create a sustained and target-oriented impact on local communities or to provide positive experience in physical activity and sports. All in all, Nike invested in the fiscal years 2012 to 2015 around 235.6 million USD. (Nike Sustainable Business Report 14/15).

Furthermore, employees of Nike donated almost 48.000 hours of volunteer time in the fiscal year 2014/ 2015. In that time Nike's employees made financial contributions together with Nike matching funds about 6.2 million USD. (Nike Sustainable Business Report 14/15).

4.3.2 The DNA of CSR 2.0 model – Nike

Value Creation

Nike makes beneficial products, because inspiring people to have a healthy lifestyle and giving tools for people to do sports are good and responsible matters. The products are continuously attempted to be made in more and more sustainably way. (Nike Sustainable Business Report 14/15).

Good Governance

Nike is committed to act transparently and the company publishes sustainability report every two years. Nike was the first company at the industry to reveal their factory base. The company offers an online manufacturing map, which shows all of its factories with details like number of employees, are there migrant working and what type of products Nike produces there. Everyone interested can use it to find information about the factories Nike uses. (Nike Sustainable Business Report 14/15, 2016; Nike Manufacturingmap).

The company is against bribery and corruption. The company has published code of ethics guideline, so anyone can read about Nike's ethical values and practices. (Nike Resources and FAQ Code of Ethics).

Societal Contribution

Societal contributions show in Nike's CSR practices for example in global cooperation with several organizations that supports children's and youth people's sports. Nike is also a partner with Special Olympics and provides volunteers and hosts events. (Nike Community Impact, n.d.).

Investing in employees is important for Nike. The company supports employees' wellbeing by giving access or discounts to wellness centers, courses are held to train and inspiring employees with their careers and safety in the workplace is taken seriously. (Nike Sustainable Business Report 14/15).

Environmental Integrity

At Nike climate change is seen as unavoidable matter so the company has started to do its own part to stop the change. The company is committed to reduce its environmental footprint and has started to invest in sustainable innovation. Materials used in Nike's products are measured and evaluated based on its sustainability. This makes it possible to use the most sustainable materials possible. Nike focuses on using more organic cotton, recycled polyester, only certified leather and environmentally preferred rubber in its products. Nike has transformed plastic bottles into recycled polyester since 2012 to use it in its products. The design of its products also focuses to create as less waste as possible. (Nike Sustainable Business Report 14/15).

Besides focusing on using as sustainable material as possible Nike is committed to reduce its emissions and to use less energy and better energy sources. Their aim is to use only renewable energy in the facilities they own at the end of the year 2025. The company sees that understanding their environmental impacts and integrating gained knowledge into decision-making can help to reduce environmental footprint. Nike started to calculate their environmental footprint already in 2002. (Nike Sustainable Business Report 14/15).

Nike innovates to make its products sustainable. One example is Flyknit shoes, which production abels to reduce waste about 60% compared to traditional production. Since 2012 the production has saved almost 2 million pounds of waste. The company also uses colordry technique, which has abled to save 20 million liters of water in fiscal year 2015. (Nike Sustainable Business Report 14/15).

The company has developed The NIKE Materials Sustainability Index (MSI) to help their production creation team to choose the best possible materials regarding sustainability. The company's aim is to reduce carbon footprint of their products 10% by the fiscal year 2020. This can be done with carefully selected materials. Nike has a clear plan to use organic cotton, recycled polyester, certified leather and environmentally preferred rubber in their products. (Nike Sustainable Business Report 14/15).

Nike cooperates with NASA, the U.S. Agency for International Development and the U.S. Department of State in LAUNCH program, an open innovation platform where sustainable innovation ideas can get a breakthrough. (Nike Sustainable Business Report 14/15).

Nike has shown plenty of positive results in reducing waste, water, carbon emission and improving the use of chemicals. The company has an ambitious plan to use 100% renewable energy at the end of fiscal year 2025. Other aim is to eliminate footwear waste from manufacturing by fiscal year 2020. (Nike Sustainable Business Report 14/15).

4.4 Conclusion - Case Companies

Adidas, ASICS and Nike did all exemplary work regarding CSR. All of them seemed to focus on similar CSR activities and in big picture there are not much differences what they do. Environmental aspect and employees' wellbeing seemed to be the most important matters for all the companies whereas adidas and Nike give impression that they are a bit ahead of ASICS in innovations. Obviously, all companies follow laws and they have created their own code of conducts and other codes they think their company needs. Human rights are respected by all companies and they are strictly against bribery and corruption. All the companies have also been able to be profitable.

All the companies demand their suppliers to follow the company directions whether they concern working conditions, over hours, wages or chemicals used in production for example. Every now and then news arises that there have been some kind of violations in textile and apparel factories. Wages are not good enough or working conditions are not safe. Especially Nike and Adidas have had their part of these accusations. This leaves some possibility for interpretation if companies are truly ethical. However, more specific examination of this ethical matter is not a part of this thesis but investigating how companies fulfill the Pyramid of

Corporate Social Responsibility model and the DNA of CSR 2.0 model. Decisions if a company fulfills responsibility levels of the two CSR models are done purely based on the data companies offer. The author needs to trust the validity of data the case companies offer. In the author's opinion, it would decrease the validity of data if reports and news that are published by others than the case companies would be taken into consideration. Also, then this thesis would not stay in its limits.

After studying the case companies' CSR activities, it would have been interesting to put the companies in order based on how much money and other resources they use in CSR. However, there was no numbers presented that could be compared between the companies. Instead based on the authors own judgement it seems that adidas and Nike use most money and resources in CSR and ASICS a bit less than these two. Obviously these three companies are different size ASICS being smallest based on its sales and market value, so it can explain why ASICS seem to do less CSR.

It can be said that all the case companies fulfill the two models of CSR. Besides making profits these companies aim to make a better world to live in by offering a safe and inspiring place to work for their employees, doing philanthropy and attempting to stop climate change. The figures 4. and 5. show how case companies fulfill the Pyramid of Corporate Social Responsibility model and the DNA Model of CSR 2.0.

	Economic Responsibility	Legal Responsibility	Ethical Responsibility	Philanthropic Responsibility
adidas Group	Yes	Yes	Yes	Yes
ASICS	Yes	Yes	Yes	Yes
Nike	Yes	Yes	Yes	Yes

Figure 1 The Pyramid of CSR responsibilities met by companies

	Value Creation	Good Governance	Societal Contribution	Environmental Integrity
adidas Group	Yes	Yes	Yes	Yes
ASICS	Yes	Yes	Yes	Yes
Nike	Yes	Yes	Yes	Yes

Figure 2 The DNA Model of CSR 2.0 met by companies

4.5 Survey

The results of the questionnaire are presented and analyzed in this part. In total, 52 respondents answered the online questionnaire. Demographic information of the respondents shows that 30 (57.7%) of the respondents were women and 22 (42.3%) men. Almost half of the respondents were 20-29 years old (46.2%), but respondents age was distributed between 19 or under and 60-69 years old. The education level of respondents was relatively high. 23 (44.2%) of the respondents had a Masters degree and 15 (28.8%) had a Bachelor degree.

Table 1. Gender

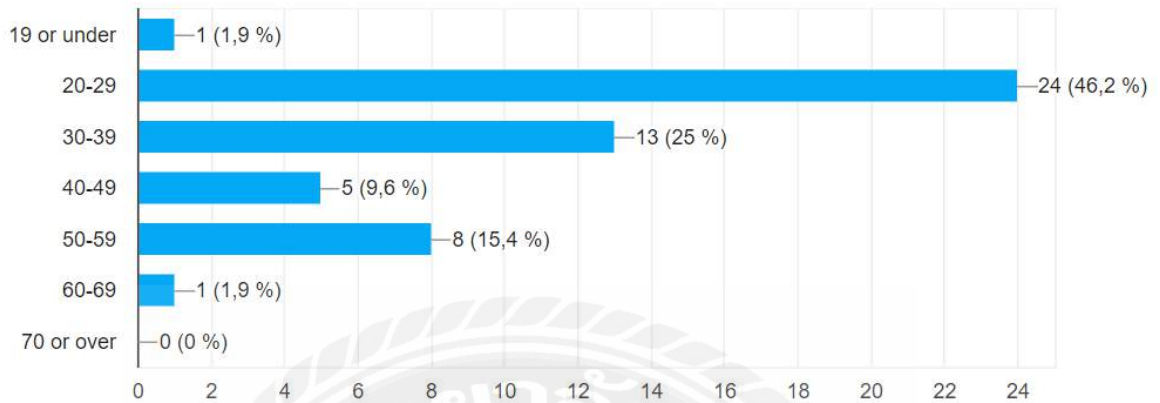
1. Gender

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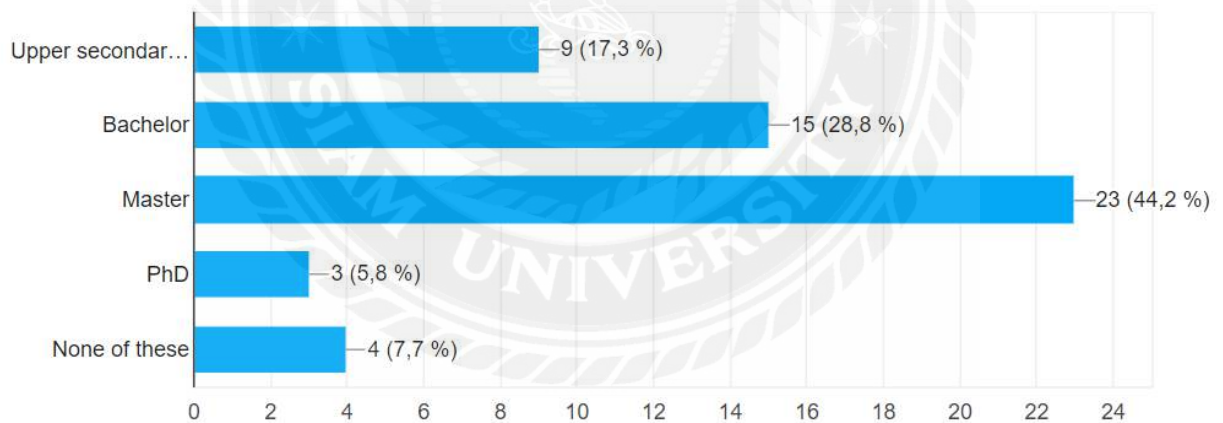


Table 2 Age**2. Age**

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**Table 3 Education****3. Education**

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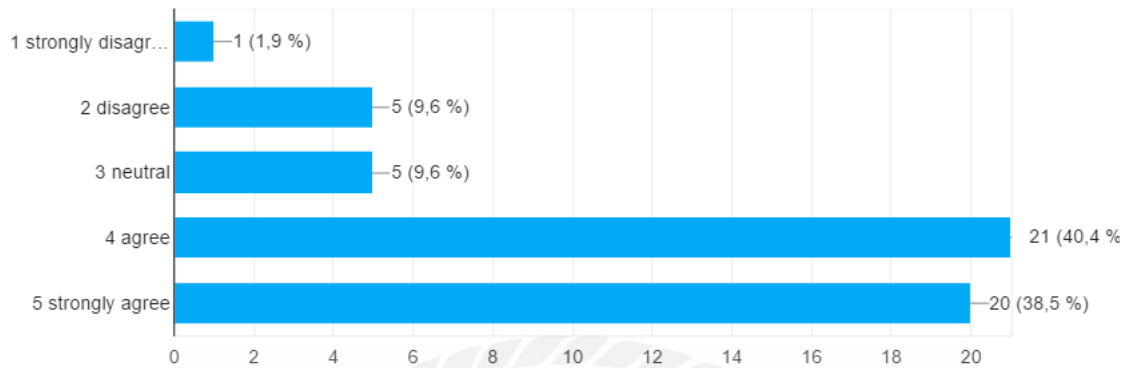
In the questionnaire all the questions 4-15 started with “*In my opinion companies task is to..*”. Questions 4-7 were adapted from the Pyramid of CSR and questions 8-15 were adapted from the DNA Model of CSR 2.0.

Question 4 asked respondents’ opinion to companies’ task to maximize profits. 78.9% of respondents agreed or strongly agreed with this. 9.6% had a neutral opinion, 9.6% disagreed and 1,9% strongly disagreed.

Table 4 Maximize profits

4. Maximize profits.

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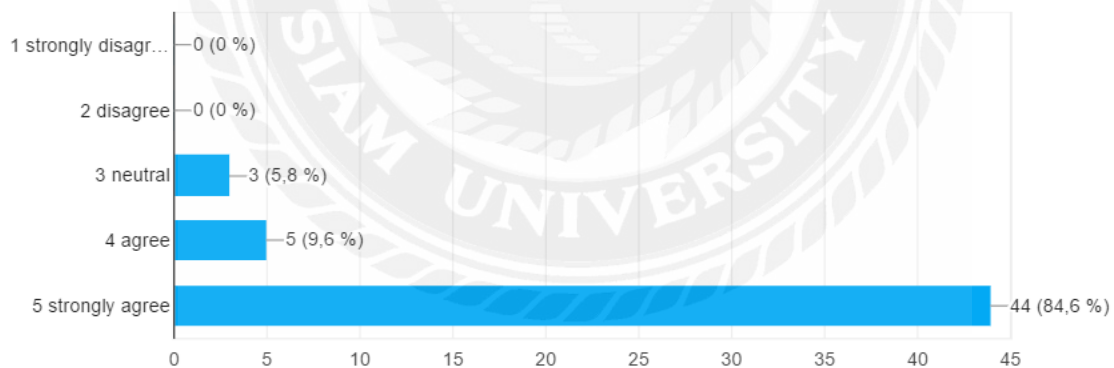


Question 5 asked respondents' opinion about companies' task to follow laws. Majority, 84.6%, of respondents strongly agreed with this. 9.6% agreed and 5.8% had a neutral opinion.

Table 5 Follow laws

5. Follow laws.

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Questions 6 and 7 asked about companies' ethical behavior and philanthropy. Majority (71.2%) of respondents answered that they strongly agree that companies' task is to behave ethically. 21.2% agreed with this, 9.6% were neutral and 1.9% disagreed. Majority also had an opinion that companies should do philanthropy. 34.6% strongly agreed with this, 30.8% agreed and 28.8% were neutral. Only 5.8% thought that companies' task is not to do philanthropy.

Table 6 Behave ethically

6. Behave ethically.

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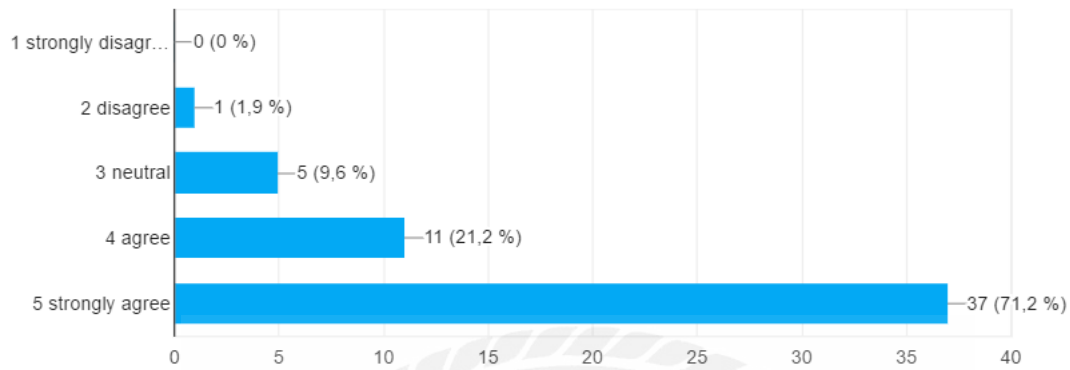
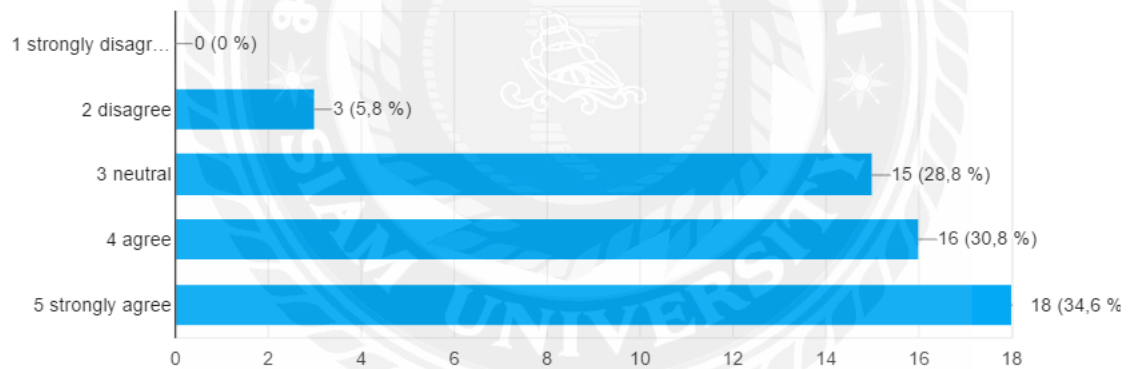


Table 7 Do philanthropy

7. Do philanthropy.

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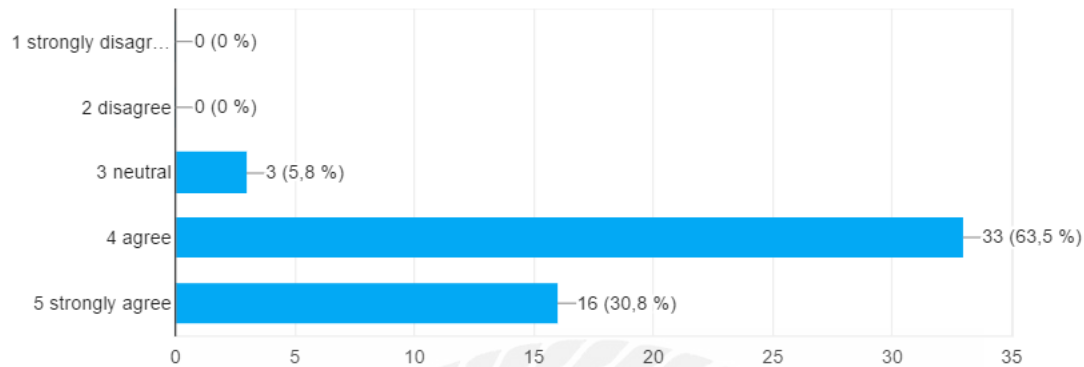


Next questions were adapted from the DNA Model of CSR 2.0. Questions 8, 9 and 10 presented value creation and environmental integrity. Question 8 asked respondents' opinion to companies' task to make sustainable products. Clear majority with 94.3% answered that they strongly agree (30.8%) or agree (63.5%) with this. 5.8% had a neutral opinion.

Table 8 Make sustainable products

8. Make sustainable products.

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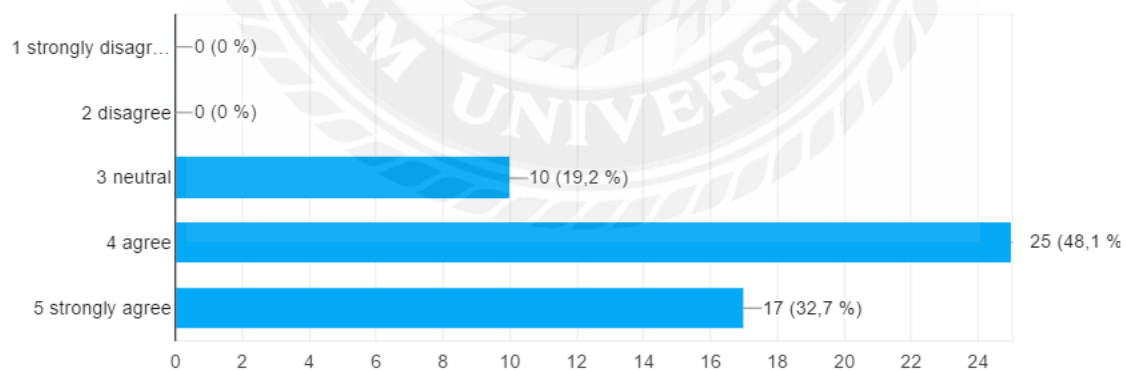


Question 9 was about companies' usage of recycled materials in their products. Again, majority 80.8%, answered that they strongly agree (32.7%) or agree (48.1%). 19.2% had neutral opinion to this matter.

Table 9 Use recycled materials in their products

9. Use recycled materials in their products.

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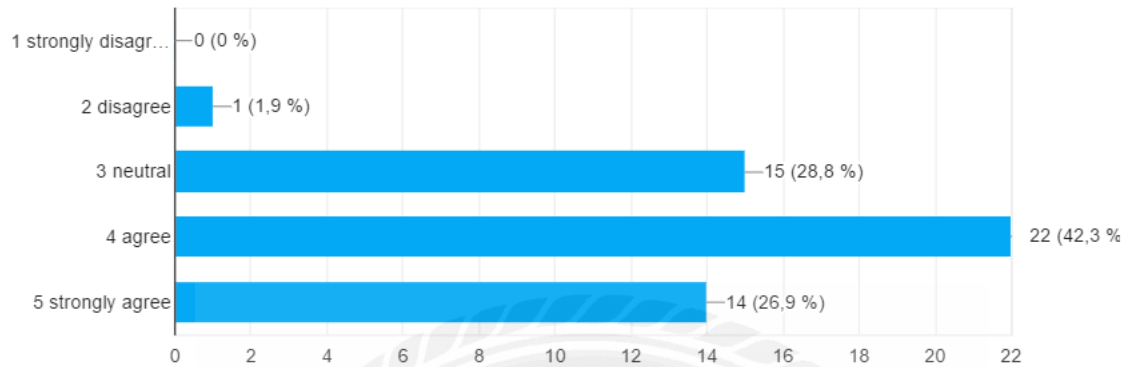


Question 10 asked opinions to companies' task to innovate and create new technologies to make more sustainable products at companies' own cost. This question divided answers more than two previous ones. 26.9% strongly agreed and 42.3% agreed with this. However, 28.8% had a neutral opinion and 1.9% disagreed.

Table 10 . Innovate and create new technologies

10. Innovate and create new technologies to make more sustainable products at their own cost.

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Questions 11 and 12 were about good governance. Question 11 asked companies' responsibility to act transparent. Clear majority, 71.2%, strongly agreed with companies' responsibility to transparency. 15.4% agreed, 11.5% had a neutral opinion and 1.9% disagreed. Question 12 was about companies' task to act against corruption and bribery. Again, clear majority, 78.8%, strongly agreed. 17.3% agreed and 1.9% had both a neutral and disagreed opinion.

Table 11 Act transparent

11. Act transparent.

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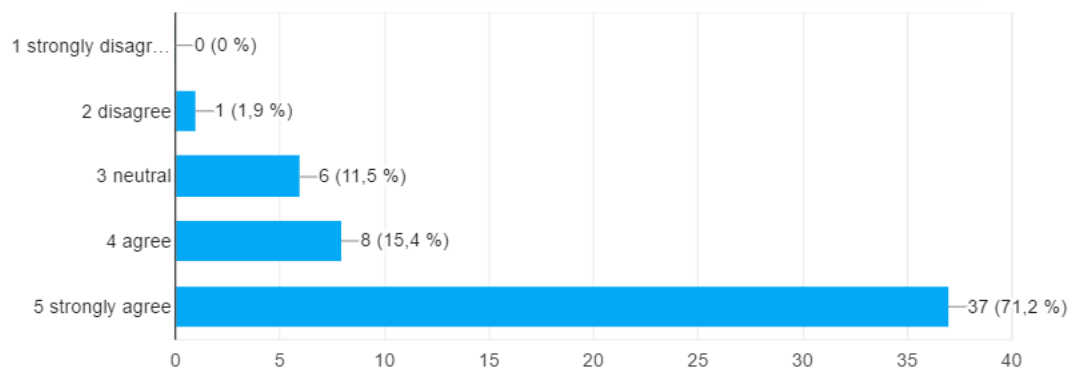
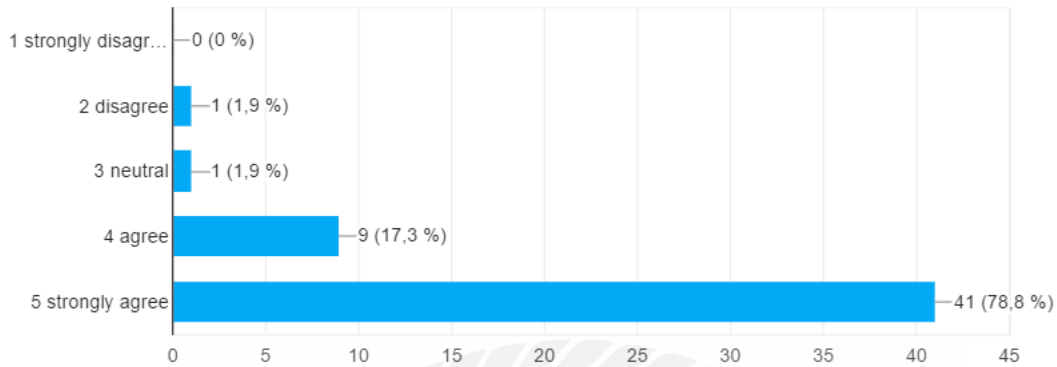


Table 12 Act against corruption and bribery

12. Act against corruption and bribery.

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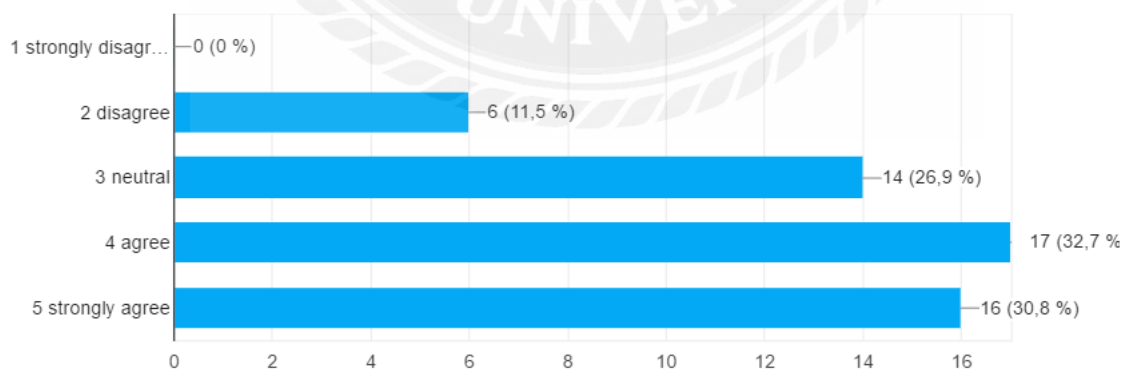


The last three questions were about companies' societal contribution. Question 13 asked respondents' opinion to companies' task to donate money or other resources. The results were in the same direction as in the question 7 about philanthropy. 30.8% answered that they strongly agree and 32.7% agreed with this. 26.9% had a neutral opinion and 11.5% answered that they disagree.

Table 13 Donate money or other resources

13. Donate money or other resources.

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Question 14 asked opinion to working conditions and question 15 to employees' rights. Clear majority answered in both questions strongly agree. To question 14 about good working conditions 82.7% strongly agreed. 15.4% agreed and 1.19% were neutral. To question 15 about

employees' rights 86.5% answered that they strongly agree and the rest 13.5% answered that they agree.

Table 14 Working conditions

14. Make sure that working conditions are good.

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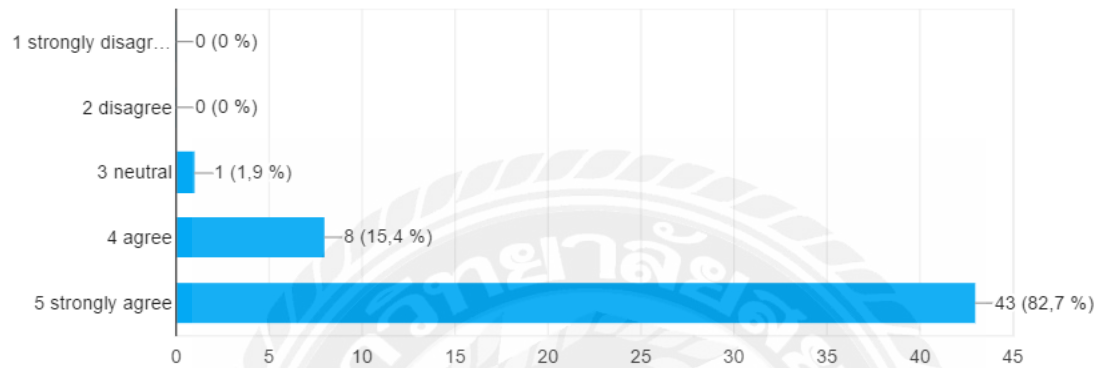
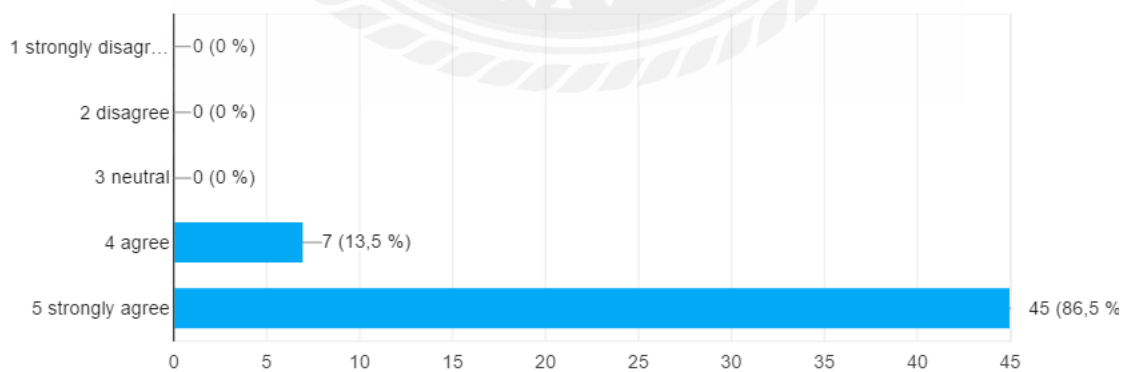


Table 15 Employees' rights

15. Take into account employees rights.

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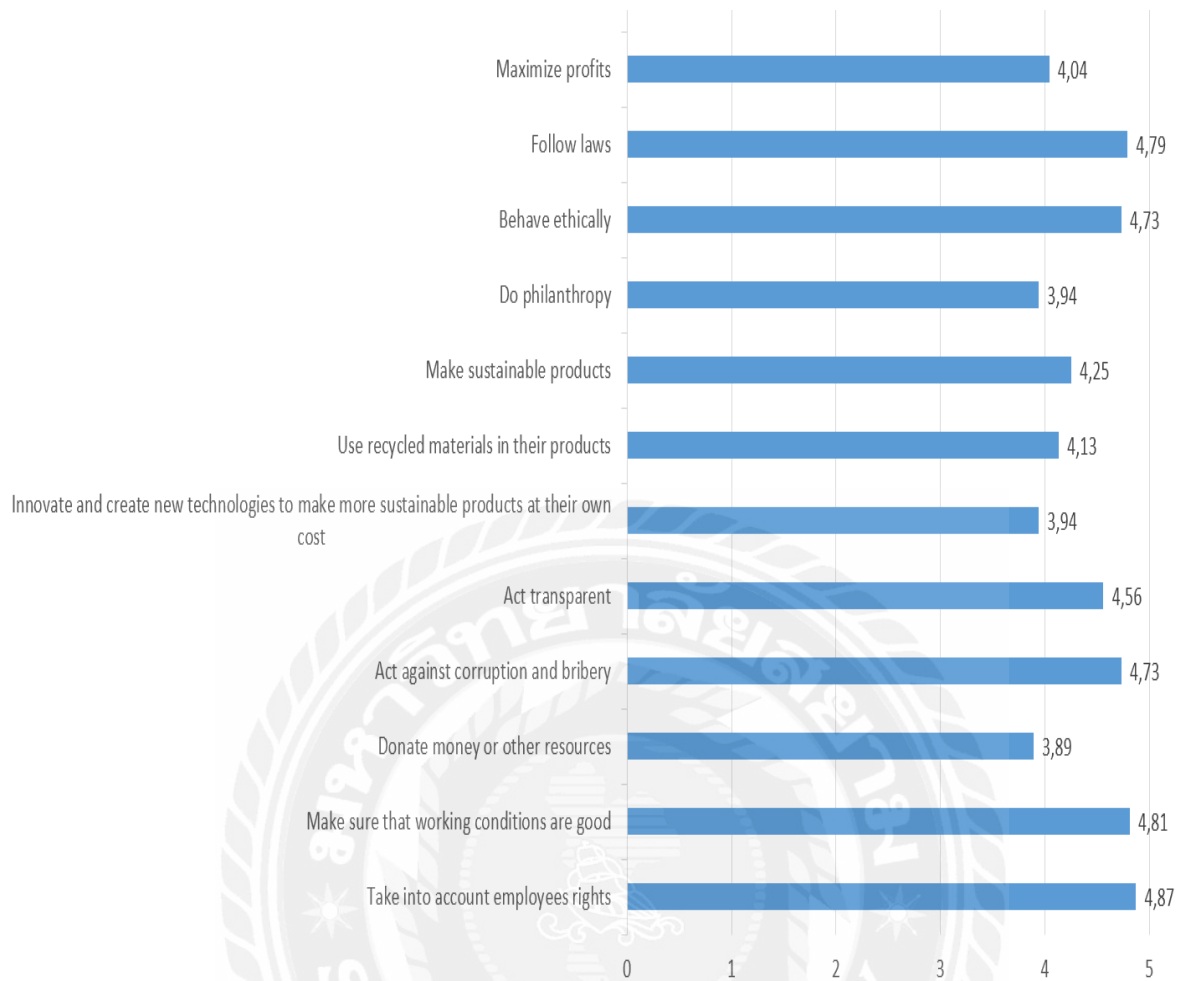


4.6 Conclusion - Survey

These results show that in all questions 4-15 majority of the answers were either strongly agree or agree. It means that respondents perceive all presented claims as companies' responsibilities. Table 16. *Average of the survey results* shows the average of questions 4-15 what respondents answered to the survey.

Question 7 companies task to do philanthropy, question 10 companies' task to innovate and create new technologies to make more sustainable products at their own cost and question 13 companies' task to donate money and other resources divided the answers the most between respondents. Based on this notion it seems that respondents think that giving others "for free" is the least important responsibility of a company. Good working conditions and employees' rights and following laws and working against corruption and bribery are among the most important responsibilities of a company. Reason for these results might be that respondents think that the resources companies invest in workplace and employees as well as in following laws and being against corruption and bribery benefit the respondents themselves. Philanthropy with donations might be seen to go for others and the respondents themselves do not benefit from those donations.

Table 16 Average of the survey results



4.7 Summary of the results

Comparison of the results of CSR responsibilities met by adidas, ASICS and Nike and the results from survey show that case companies' CSR activities are in the line with consumers' opinions about companies' tasks towards society. As it can be seen in the figures 7. and 8., which are presented earlier in this chapter, all case companies fulfilled the responsibilities of the Pyramid of Corporate Social Responsibility model and the DNA of CSR 2.0 model. Respondents of the survey evaluated companies' responsibilities in the scale from 1 to 5, and 5 meaning strongly agree. The results showed that average value of the results was lowest with 3,89 value in the question about companies' responsibility to donate money or other resources. The highest value on average 4,87 respondents gave to the question about companies' responsibility to take into account employees' rights.

These results tell that big multinational sportswear companies, adidas, ASICS and Nike, are making a lot excellent job regarding CSR. It can be even said that adidas and Nike are forerunners with their CSR activities and sustainable innovations. The survey confirms the presumption that consumers demand companies to be more and more sustainable.



Chapter 5

5. The New Pyramid of CSR

This chapter presents the New Pyramid of CSR model. It is created based on the two models of CSR used in this thesis – Carroll's the Pyramid of Corporate Social Responsibility and Visser's the DNA of CSR 2.0.

Critics and comments about the models

The author noticed when analyzing case companies CSR activities based on the Pyramid of CSR, that today the four responsibilities are perhaps too easy to fulfill, at least for large multinational companies. This led to the conclusion that the model does not respond enough to the needs of today's society and it would need updating to work. Each of the responsibility level could include more specific demands for companies to fulfill. Also, information should be included, that how many of those demands need to be fulfilled, so a company can be said to fulfill a certain responsibility. These additions would help to analyze and compare more precisely companies CSR actions, but also they would help companies to build CSR strategy.

The DNA Model of CSR 2.0 is more detailed model with key indicators than the Pyramid of CSR model. This model demands clear actions unlike the pyramid. However, it leaves the author a question if a company should fulfill all key indicators of a DNA code. This may affect the reliability of a study, since a researcher can easily interpret findings too strict or too loose. The model directs companies to take bigger actions especially in environmental integrity. Using renewable resources and being able to do zero waste production requires companies to innovate and use their resources. The model updates the lack of details and demands what the pyramid model is missing.

Both models were in the author's opinion more descriptive than explanatory. They did not give guidance how to measure or apply the models to real life. This leaves a researcher a responsibility to interpret the models in the best she or he sees.

Presentation of a new model

Based on two models used in this study, Carroll's (1991) the Pyramid of Corporate Social Responsibility and Visser's (2012) the DNA Model of CSR 2.0, the author suggests those models should be integrated and the DNA Model of CSR 2.0 would be placed in a pyramid form. The new created model could be called as *the New Pyramid of CSR*. Key indicators of the DNA Model of CSR 2.0 give the missing details that Carroll's Pyramid model is missing. The DNA Model of CSR 2.0 doesn't make one DNA code more important than one other, but the author thinks that there should be an order between the codes and a pyramid form is suitable for that. Order gives clarity where to focus first and what needs to be in order, before it is possible to focus on a next dimension. However, one dimension doesn't need to be perfect in order before it is possible to move to a next one. It is possible continuously to move in the pyramid and fix and reinforce dimensions.

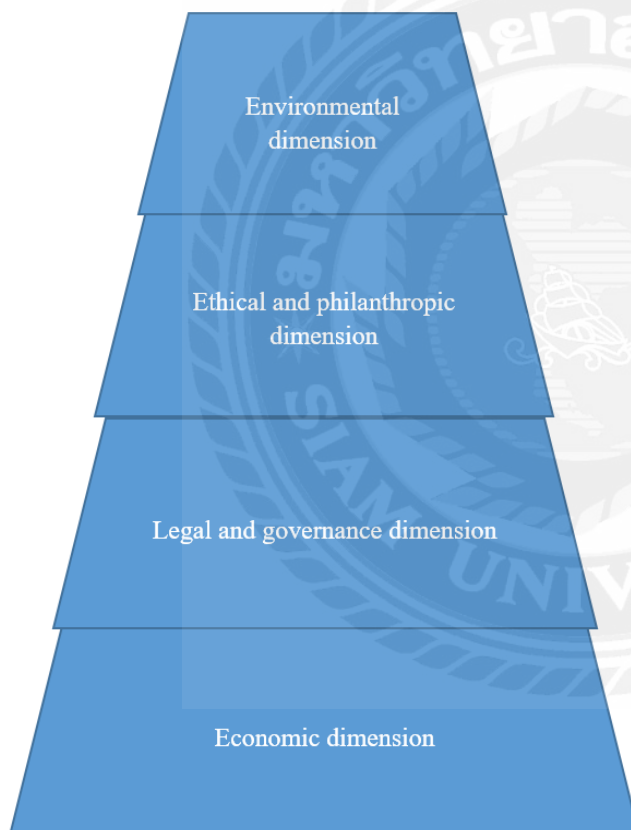


Figure 1 The New Pyramid of CSR

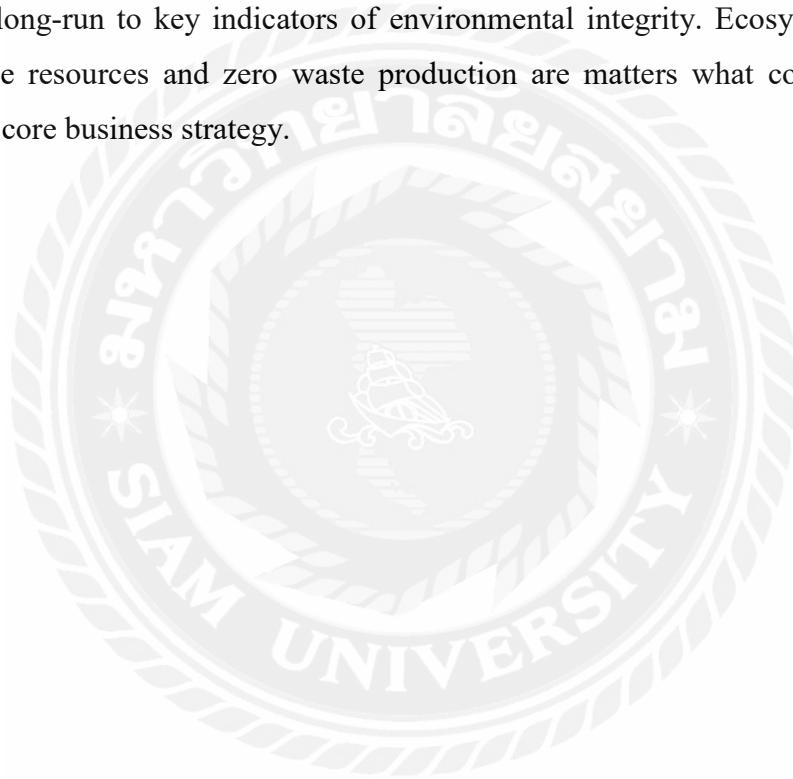
Economic dimension at the bottom forms the base for the pyramid. A company needs to be profitable to succeed and survive in a competition, but instead of blindly focusing only profits, it should create value to society. It holds the goal and key indicators of the value creation code.

Legal and governance dimension comes after economic dimension. Obviously following laws is what every company should do, but indicators of good governance needs to be part of this

dimension. Effective leadership what aims to sustainability and transparency in all reporting are matters a responsible company does.

Ethical and philanthropic dimension forms a dimension from ethical and philanthropic responsibilities and societal contribution. To do what is right and fair, and to contribute the close society are what this dimension demands. To make the dimension more detailed key indicators from societal contribution are included. Philanthropic actions with fair labor practices and supply chain integrity are targets for this dimension.

Environmental dimension is at the top of the pyramid. Taking care of the environment is what every company should do. If the planet is ruined there is no need for companies. Companies should aim in long-run to key indicators of environmental integrity. Ecosystem protection, using renewable resources and zero waste production are matters what companies should include in their core business strategy.



Chapter 6

6. Conclusions and recommendations

After concluding the analysis of the case companies, it is apparent that CSR is part of those companies' strategy. The purpose of this study was to test the two models of CSR and to examine how and at what extent CSR is practiced among case companies. The results of this study were outright positive. From each of the case company's website it was possible to find CSR activities corresponding of all responsibility levels of the Pyramid of Corporate Social Responsibility. DNA codes of the DNA Model of CSR 2.0 were also found from each of the case company's website. Employees' wellbeing was clearly important for all case companies, but innovations in production and usage of recycled materials surprised the author. It is extremely encouraging to see that companies really make effort to fulfill their responsibilities regarding CSR.

The second purpose was to find out if case companies CSR activities are in line with consumer expectations. The survey about consumers' opinions towards case companies' CSR responsibilities showed that the companies' CSR activities are what consumers are expecting from them. These results together lead to the deduction that companies from the Sportswear industry take into account their social, environmental and economic responsibilities.

The New Pyramid of CSR was created by using Carroll's and Visser's CSR models. In the author's opinion, a CSR model that combines both mentioned CSR models could be more useful than these two models alone. Basically, the New Pyramid of CSR updates Carroll's model with Visser's modern thoughts. The model can be used to evaluate companies CSR fulfillment. At the bottom there is the basic dimension - economic dimension - what needs to be fulfilled first. When this dimension is fulfilled, it is possible to aim higher. However, the writer's basic assumption is that all companies need aim to the environmental dimension. Companies need to do this in order to reduce global warming and to ensure that the Earth stays healthy.

Each case company is clearly doing a lot for CSR and showing it. This puts the companies into a position where they can educate people about sustainable choices. Globalization has given companies a chance to go to almost every country in the world. This gives companies a unique

possibility to educate people about sustainable choices and what sustainability means. Advertising sustainability and sustainability innovations might lead to increased interest of people to choose a product what is made sustainably instead of a product what is not. When people learn about sustainability, they can start to demand sustainable products in all categories, not just in sportswear. This could increase companies' transparency and efforts to act sustainable, no matter of their industry. Perhaps being first mover at educating people about sustainable choices can also be a way to create competitive advantage.

This thesis was limited to investigate three big, globally well-known companies. The material used for investigation of the companies was published by the companies. This might form an issue because the information in the material might differ from the actual CSR behavior of the companies. Investigating smaller, more local companies could have also given different results. Furthermore, conducting the survey in other country than in Finland, or gathering the participants from several different countries could have given different results since cultural factors may affect to the results. The thesis used Carroll's and Visser's CSR models to investigate the companies. However, by using other CSR standards could have emphasized other CSR dimensions. This could have led to slightly different results.

Examining how CSR is taken in to account in smaller companies or examining how cultural background can affect how CSR is viewed by consumers or by companies could be further topics of study. Also, comparing companies CSR activities to NGO reports could be an interesting topic for future. It could show if there are differences, for example regarding ethics, between the reports a company publishes and what a NGO publishes. One interesting topic is also to examine how CSR could be a competitive advantage. The writer suggests that seeing CSR as a possibility to create competitive advantage could lead to, besides educating people, to innovate new sustainable ways to run the business and create products.

The results of this thesis can be used to compare companies from the sportswear industry or from other industries with each other. More importantly the results show that big companies take CSR seriously.

The author anticipates that to attract young consumers and future employees a company needs to implement CSR in their strategy. Presented researches in this thesis as well the survey indicates consumers want companies to take responsibility about sustainable actions.

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Appendix



Survey

Dear participant,

the purpose of this survey is to gain material for corporate social responsibility (CSR) themed master thesis. By participating this survey you will help to build a view of how consumers think about companies social responsibilities. You can answer to this survey completely anonymous and your email or other information is not collected. This survey contains 15 questions and it will take about 5 minutes to fill the survey. Your help is appreciated, thank you for taking part to this survey.

Please feel free to ask, if you have any questions regarding to this survey.

1. Gender *

- female
- male

2. Age *

- 19 or under
- 20-29
- 30-39
- 40-49
- 50-59
- 60-69
- 70 or over

3. Education *

- Upper secondary school / vocational school
- Bachelor
- Master
- PhD
- None of these



In my opinion companies task is to..

1 means strongly disagree and 5 strongly agree.

4. Maximize profits. *

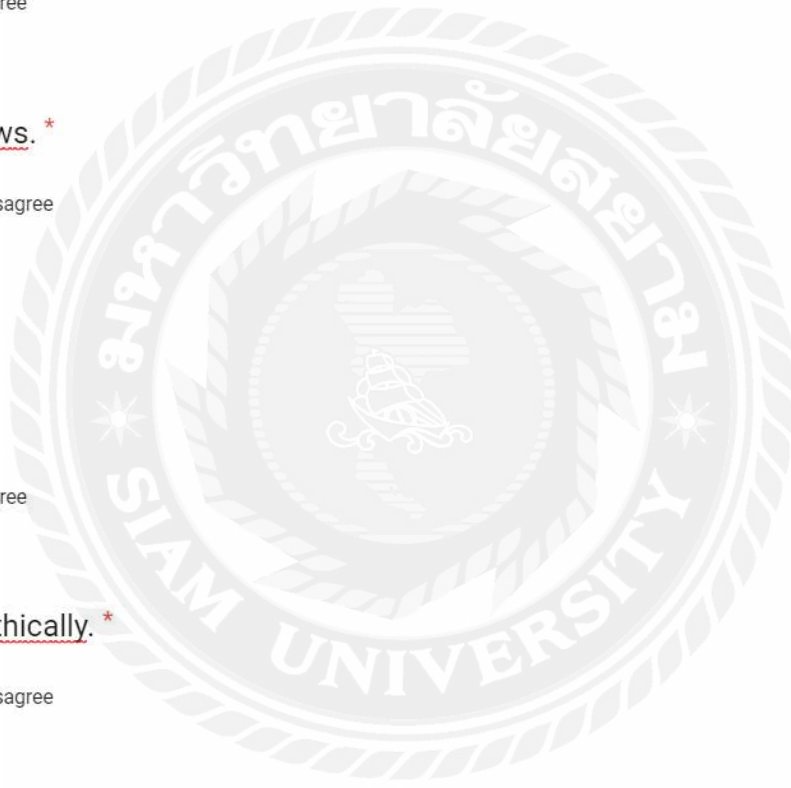
- 1 strongly disagree
- 2 disagree
- 3 neutral
- 4 agree
- 5 strongly agree

5. Follow laws. *

- 1 strongly disagree
- 2 disagree
- 3 neutral
- 4 agree
- 5 strongly agree

6. Behave ethically. *

- 1 strongly disagree
- 2 disagree
- 3 neutral
- 4 agree
- 5 strongly agree



7. Do philanthropy. *

- 1 strongly disagree
- 2 disagree
- 3 neutral
- 4 agree
- 5 strongly agree

8. Make sustainable products. *

- 1 strongly disagree
- 2 disagree
- 3 neutral
- 4 agree
- 5 strongly agree

9. Use recycled materials in their products. *

- 1 strongly disagree
- 2 disagree
- 3 neutral
- 4 agree
- 5 strongly agree

10. Innovate and create new technologies to make more sustainable products at their own cost. *

- 1 strongly disagree
- 2 disagree
- 3 neutral
- 4 agree
- 5 strongly agree

11. Act transparent. *

- 1 strongly disagree
- 2 disagree
- 3 neutral
- 4 agree
- 5 strongly agree

12. Act against corruption and bribery. *

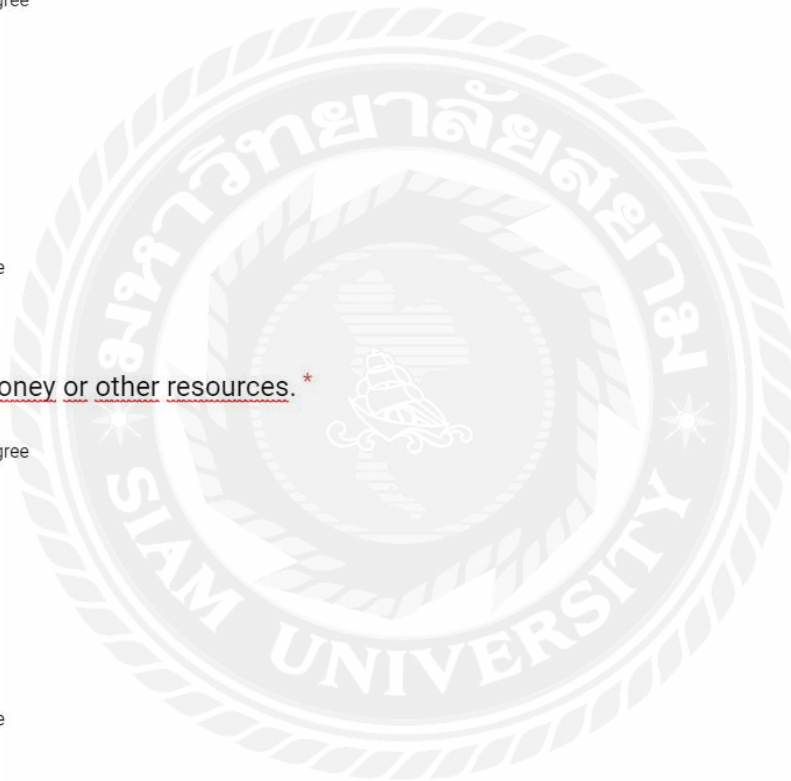
- 1 strongly disagree
- 2 disagree
- 3 neutral
- 4 agree
- 5 strongly agree

13. Donate money or other resources. *

- 1 strongly disagree
- 2 disagree
- 3 neutral
- 4 agree
- 5 strongly agree

14. Make sure that working conditions are good. *

- 1 strongly disagree
- 2 disagree
- 3 neutral
- 4 agree
- 5 strongly agree



15. Take into account employees rights. *

- 1 strongly disagree
- 2 disagree
- 3 neutral
- 4 agree
- 5 strongly agree

Thank you!

