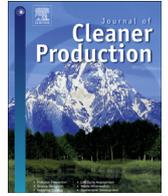




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# An empirical investigation of the drivers of CSR talk and walk in the fashion industry

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## ABSTRACT

This paper tests the effects of company size, market segment and core business, on the two dimensions of Corporate Social Responsibility (CSR), namely CSR talk and CSR walk. The study contributes to the literature on CSR offering for the first time a comprehensive explanation of why companies engage in CSR, by combining different perspectives that extant research has typically examined independently. The conceptual framework developed is empirically supported using data from a global sample of 219 small and large fashion companies, operating different businesses and serving different market segments. Results illustrate that small companies engage less in CSR talk and walk than large companies. In addition, companies targeting lower market segments or the luxury segment engage more in CSR talk, and shoe and leather companies engage most in CSR walk. This study empirically supports a novel picture of drivers of CSR engagement focusing on a context that generates a high share of the global value added, though provoking a negative social and environmental footprint.

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## 1. Introduction and background

Fashion companies have always had a strong customer orientation, given the importance of brand-customer relationship in satisfying complex and changing needs, and now they are also called to systematically address the customer-centric challenges of ethics and responsibility (Sheth et al., 2011). In response to increased consumer demand, fashion companies are considering consumers' preferences beyond style, price and quality, and are engaging in corporate social responsibility (hereafter CSR) to make their daily operations more sustainable (e.g., Amatulli et al., 2018; Kapferer and Michaut, 2015). Fashion industry is in fact known as the second largest polluter, after the oil - given its high carbon emissions, wastewater production, and large amounts of landfill waste - and for its poor working conditions (e.g. Business of Fashion and McKinsey & Company, 2019). Recognizing an increase of their negative impact, with a potential for catastrophic outcomes in the future, fashion companies need to be involved in a "change with an unprecedented degree of commitment, collaboration and innovation" (Ellen MacArthur Foundation, 2017 p. 3).

Academic literature on management has drawn attention to how companies engage in CSR "talk" (i.e., communicate about CSR) and "walk" (i.e., implement CSR) (e.g., Baumann-Pauly et al., 2013; Hawn and Ioannou, 2016; Wickert et al., 2016). Attempts to identify drivers of CSR engagement have been fragmented, because extant literature has adopted different approaches with little common ground (Aguinis and Glavas, 2012; Font et al., 2016; Young and Makhija, 2014). Recently, drawing from an organizational perspective, company size has been proposed as a driver to explain different levels of CSR engagement (Baumann-Pauly et al., 2013; Wickert et al., 2016). Researchers also use company size as a moderator or control variable when explaining CSR engagement as an outcome of strategies aimed at establishing legitimacy from an institutional perspective, or creating value from an economic perspective (Font et al., 2016; Ioannou and Serafeim, 2015; Young and Makhija, 2014; Aguinis and Glavas, 2012). While the institutional perspective emphasizes CSR as an outcome of institutional pressure or attempts to establish societal legitimacy (Nikolaeva and Bicho, 2011; Young and Makhija, 2014), the economic perspective considers CSR as an instrument to improve economic returns for the company (Campbell, 2007). Albeit typically treated independently, the two perspectives represent two sides of the same coin, being the institutional perspective concerned about the societal context and the economic perspective on value creation

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imperatives.

This paper provides empirical evidence that company size (a proxy for organizational costs, consistent with the organizational perspective), served market segment (a proxy for visibility, consistent with the institutional perspective), and core business type (a proxy for value creation, consistent with the economic perspective) are three drivers of CSR talk and CSR walk. Data from a sample of 219 global fashion companies have been used to test the framework by means of a standard Poisson approach. The dependent variables—CSR talk and CSR walk—have been originally operationalized counting the communication tools and implementation certifications, while the independent variables—company size, market segment, core business—are the outcome of a classification process based on publicly available information. The fashion industry is a particularly appropriate context for the investigation since it is a system comprised of small and large companies that target different market segments and operate different types of business.

The contribution of this study is threefold. First, the present study offers, for the first time, a comprehensive explanation of why companies engage in CSR by combining the organizational, institutional and economic perspectives. Second, introducing company size significantly adds to current literature especially on the debate on the role of company size in determining different forms of a company engagement in CSR through the comparison of small and large companies in the same sample. Third, the originality of this work also lies in the operationalization of CSR walk and CSR talk, previously conceptualized by Wickert et al. (2016), but never empirically investigated until now.

### 1.1. The fashion industry

The fashion industry generates a high share of global economic value and it is often under the spotlight which in turn has created an intense pressure from stakeholders to engage in CSR (Caniato et al., 2012; Kapferer and Michaut, 2015). For example, in the early 1990s, Nike faced an extensive consumer boycott after media reports of abusive labor practices at Indonesian suppliers (Porter and Kramer, 2006). In addition to appealing to environmentally conscious consumers, CSR is believed to strengthen a company's brand reputation and image throughout the supply chain. As in other industries, fashion consumption paradigms are changing radically; emotional factors, such as consumers' attitudes towards companies' social and environmental engagement are becoming increasingly important (Caniato et al., 2012; Ciasullo et al., 2017). Similarly, companies have begun to realize that many business models (e.g., high style—low price), although highly profitable, are raising sustainability concerns. Thus, companies are integrating activities aimed at achieving short-term economic goals with ethical activities aimed at generating non-economic value that support the environment, society, institutions, art and culture (Rinaldi and Testa, 2014). In fashion companies, sustainability involves striking a balance between environmental and business goals, given the industry's role in driving a culture of consumption—that is, stimulating the constant consumption of the “new” and disposal of the “old” (Joy et al., 2012; Kozłowski et al., 2015).

It is well acknowledged that the fashion industry has a substantial negative social and environmental footprint, mainly due to high product volume, worker exploitation and massive use of natural resources and hazardous products (Pedersen et al., 2018). Together the textiles, clothing, leather and footwear sectors generated between 5 and 10% of global pollution impacts in 2016. Leather and footwear alone represent approximately one-fifth the impact of the apparel industry, about 1.4% of global climate impacts

(700 million metric tons CO<sub>2</sub>eq), while apparel represents 6.7% of global climate impacts (3290 million metric tons CO<sub>2</sub>eq). Combined, they account for an estimated 8.1% of global climate impacts (3990 million metric tons CO<sub>2</sub>eq), with a huge contribution from the fast fashion segment (Quantis, 2018). Clothing underutilization and the lack of recycling, with an estimated USD 500 billion of value, also adds to the negative footprint of the fashion industry (Ellen MacArthur Foundation, 2017). Furthermore, the extreme complexity of fashion supply chains characterized by highly complex global subcontracting relationships makes fashion companies responsible not only for their behaviors, but also for those of their partners (Caniato et al., 2012; Perry and Towers, 2009).

### 1.2. Drivers of CSR talk and CSR walk: hypotheses development

CSR comprises all voluntary activities that may benefit a firm, groups of stakeholders and/or society (Carroll, 1979; Young and Makhija, 2014). One recent debate in the growing CSR literature emphasizes that pure communication without implementation or pure implementation without communication ideally represent the two key dimensions of CSR engagement (e.g., Baumann-Pauly et al., 2013; Wickert et al., 2016).

CSR talk encompasses the external communication tools instrumentally used by a company to inform stakeholders about environmental and social initiatives (Balmer and Greyser, 2006; Du et al., 2010; Seele and Lock, 2015) such as CSR reports, corporate websites, advertising and product labelling. Among the main CSR communication tools, CSR reports are becoming increasingly popular (Tschopp and Huefner, 2015). Starting from disclosing the CSR initiatives in annual reports in the 1970s (Fifka, 2013), in more recent years companies have developed standalone CSR reports. Websites also serve as important CSR communication tools; in particular, they enable small companies to inexpensively disclose their CSR commitments.

CSR walk, differently, encompasses substantive “actions within the firm, such as changing methods of production to reduce environmental impacts or changing labor relationships both within the firm and across the firm's value chain” (Aguilera et al., 2007, p. 836). Usually companies adopt certifications to reduce information asymmetries between suppliers and potential buyers and to provide credible information about hard-to-observe organizational attributes (King et al., 2005), such as ISO 14001, ISO 26000 and B Corp certification. Among certifications, the GRI is the world's most widespread voluntary framework for CSR reporting (Nikolaeva and Bicho, 2011) that encompasses the three dimensions of CSR—social, environmental and economic—addressing specific issues like human rights, energy, water, waste and raw materials (Perrini, 2005). Companies that voluntarily adopt the GRI framework demonstrate to external stakeholders that they adhere to social norms and expectations (Carroll and Shabana, 2010). It is worth noting that the mainstream CSR literature focuses primarily on large firms for which such information is widely available (Spence et al., 2003).

CSR talk and CSR walk can be motivated by different drivers related to an organizational perspective (Wickert et al., 2016), an institutional perspective (Hawn and Ioannou, 2016) and an economic perspective (Campbell, 2007). From an organizational perspective, the role of organizational costs has been highlighted in a bid to determine different commitments to CSR talk and walk, using company size as a proxy (Baumann-Pauly et al., 2013; Wickert et al., 2016). From an institutional perspective, CSR actions are considered as responses to institutional pressure (e.g., political, economic, cultural) resulting from embeddedness in political and economic institutions that affect corporate behavior (Campbell, 2007). From an economic perspective, CSR actions are profit maximization instruments, considering trade-offs between

economic gains and costs, as “CSR involves costs that must be offset by economic gains for the firm or otherwise not undertaken” (Young and Makhija, 2014, p. 671). While extant literature has typically examined these drivers independently, in this paper we propose an integration of the three perspectives mentioned.

### 1.2.1. The role of company size

From an organizational perspective, the link between company size and organizational costs has been traditionally discussed in the managerial literature (e.g., Williamson, 1967). In the CSR literature, researchers have focused on either small companies or large companies (Font et al., 2016), and considered company size as either a control variable or a moderator (López-Pérez et al., 2017; Young and Makhija, 2014). In one exception, Perrini et al. (2007) provided evidence on both small and large companies, but in a single country. Using company size to explain different levels of CSR engagement still lacks empirical support. In fact, collecting information about actual CSR implementation and communication of small companies is even more difficult given their personalized and informal approach (e.g., Morsing and Spence, 2019; Russo and Tencati, 2009; Yu and Bell, 2007). Moreover, findings for small companies are based mainly on case studies or ethnographic analyses which limit their generalizability. The prevailing underlying assumption is that small companies are “small big companies” that can scale down CSR strategies designed for large companies. Nevertheless, this assumption has been questioned (Font et al., 2016; Perrini et al., 2007). Indeed literature suggests that the “relative costs of organizing CSR vary significantly depending on company size and may therefore critically impact how the implementation of CSR is approached” (Baumann-Pauly et al., 2013, p. 701). In particular, small and large firms differ in three ways: first, the integration of CSR commitment into policy documents such as codes of conducts or human rights policies; second, the organizational integration of CSR into concrete internal structures and procedures; third, the way they interact with external actors. In smaller firms, in fact, resource constraints may limit CSR engagement, whereas the opposite is true for larger firms. Therefore:

**H1.** Small companies are less likely to engage in CSR (a) talk and (b) walk compared to large companies.

### 1.2.2. The role of market segment

From an institutional perspective, companies are asked to account for the institutional pressures of stakeholders and may use CSR to gain recognition and support (Aguinis and Glavas, 2012; Hawn and Ioannou, 2016; Young and Makhija, 2014). One important stakeholder group, the consumers, can influence companies through their evaluations, monitoring activities and expected sanctions, as well as through their purchasing decisions. Consumers ultimately affect companies' reputation pushing them to adopt sustainable behaviors in their daily operations (Sen and Bhattacharya, 2001; Aguinis and Glavas, 2012). A company's market segment largely determines the types of products offered, the retail format, and modes of communication, as well as the type of CSR engagement in order to account for the institutional pressure from its consumers.

Fashion businesses target different market segments, from mass market to luxury (Cillo and Verona, 2008; Corbellini and Saviolo, 2009). Segments are usually identified using the price criterion, and in the fashion context five price segments are commonly recognized: luxury (that comprises also *haute couture*), ready-to-wear, diffusion, bridge, mass. In detail, the luxury segment refers to extremely expensive, beyond the standard products, realized as unique or scarce pieces (e.g., high level of craftsmanship) reflecting a high content of creativity and innovation. In the ready-to-wear

segment the business is seasonal i.e., a seasonal product strongly related to its time (e.g., spring/summer, autumn/winter collections), with high quality and a price value from 3 to 5 times higher than the average price. In the diffusion segment, companies offer the second or third lines (e.g., young lines) of the designers as well as collections of industrial brands. Products are inspired from ready-to-wear, but realized with wider volumes of production, and offered to the market with an affordable price (price value from 2 to 3 times higher than the average price). For companies serving the bridge segment (price value from 1 and a half to 2 times higher than the average price), image and time-to-market are more important than creativity. This segment is indeed a “bridge” between the mass market and the first and second lines of brands/designers. Finally, products in the mass segment (price value between the average and below the average market price) are basic and less differentiated, offered with a good price/quality ratio and high volumes.

Since the shift to offshore production almost 30 years ago, companies targeting the mass market have undergone a dramatic reorganization: lower costs, lower prices and higher product volumes have facilitated the emergence of so-called throwaway fashion, or low-cost fast fashion, driving a culture of consumption which unquestionably leads to negative social and environmental impacts (Pedersen et al., 2018; Kozłowski et al., 2015). As a consequence, companies serving lower market segments - characterized by a greater market presence (Young and Makhija, 2014) - may be keen to implement and communicate about CSR activities to compensate for their irresponsible practices in attempts to create positive images and obtain consumer endorsements (Zavyalova et al., 2012). Similarly, companies serving luxury segments are even more pressured by stakeholder criticism, given their high visibility in the market driven by exclusivity and distinctiveness of their image. Luxury companies may implement CSR and communicate about these activities to consumers to preserve their exclusive reputations and social licenses to operate. Although researchers have pointed out that luxury and CSR are associated with two different paradigms—excess vs. minimalism—evidence shows that CSR and luxury are two sides of the same coin, demonstrating successful CSR strategies in the luxury market (Amatulli et al., 2018; Kapferer and Michaut, 2015).

Drawing from the institutional perspective, this study suggests that more visible served market segments - lower segments and/or high-end niches - may lead companies to show stakeholders that their operations are environmentally or socially responsible, whereas companies targeting middle segments can *fly under the radar*: Therefore:

**H2.** The less visible served market segments are, the less likely companies engage in CSR (a) talk and (b) walk.

### 1.2.3. The role of core business

Research suggests that managerial decision making has to combine issues of social responsibility with economic indicators (Campbell, 2007; Maroušek et al., 2014). CSR may be beneficial when actions can improve company performance through value maximization effects, such as increased consumer loyalty, decreased employee turnover, and increased value for shareholders (e.g., Ioannou and Serafeim, 2015). A company business represents how companies create value for their markets through product offerings. Literature acknowledges that the market may reward companies that demonstrate responsible behavior: fashion consumers, given their increased interest in social and environmental issues, are inclined to pay premium prices for sustainable products (Ciasullo et al., 2017; Joy et al., 2012). Companies therefore may decide to embody CSR values in their businesses to enhance profits.

Fashion companies can have core and “peripheral” businesses.

Core businesses are those related to the two main supply chains within the fashion industry, textile-clothing and leather-accessories, while peripheral businesses include an ever-increasing range of product categories, like perfume & cosmetic, eyewear, furniture, hotel and SPA, food and wine (e.g., [Saviolo and Testa, 2002](#)), typically pursued as brand extensions. Among the different fashion businesses, clothing companies have developed many logics (including CSR) that have been adopted by other types of business ([Corbellini and Saviolo, 2009](#)). Clothing has a long and extremely complicated lifecycle, and a fragmented supply chain with major environmental impacts associated with significant depletion of water, minerals, fossil fuels and energy (e.g., [Kozłowski et al., 2015](#); [Pedersen and Andersen, 2015](#)). Similarly, the sportswear business has been criticized for poor working conditions and the environmental impacts of its global supply chain ([Brennan et al., 2013](#); [Frenkel and Scott, 2002](#)). As for textile-clothing, leather-accessories businesses have significant environmental impacts due to manufacturing processes that produce waste from hides and residual chemicals ([Ciasullo et al., 2017](#)). In general, clothing and leather businesses are implicated in many complex social and environmental issues such as energy use, the use of toxic chemicals, chemical disposal, solid waste, CO<sub>2</sub> emissions, and poor working conditions (e.g., [Maroušek et al., 2017](#); [Pedersen and Andersen, 2015](#)). Although evidence shows that levels of CSR talk and walk may vary by business type (e.g., [Perrini et al., 2007](#)), literature lacks in comparing businesses in this regard.

Based on the previous discussion, fashion companies may engage in CSR talk and walk to different extents, depending on the types of core business. Therefore:

**H3.** Different types of core business affect the companies' likelihood to engage in CSR (a) talk and (b) walk.

## 2. Data and methods

### 2.1. Sample

The sample includes fashion brands or groups with global reputations, operations and supply chains that target at least one of the five common fashion segments: mass market, bridge, diffusion, ready-to-wear and luxury ([Corbellini and Saviolo, 2009](#)). Since a systematic account of fashion companies does not exist, this study relies on the most reputable sources of information within the fashion industry, complemented with acknowledged sources that monitor the sustainable initiatives of fashion companies. In detail companies have been selected from: BoF500 list (The Business of Fashion, 2017) (133 brands); Sustainable Apparel Coalition (72 brands); Clean Clothes Campaign (71 brands); Fur Free Retailer (29 brands); Digital IQ index Fashion (L2, 2010) and Digital IQ index Luxury (L2, 2016) (118 brands); Greenpeace Toxic Threats reports (2012–2016) (47 brands). Other brands not appearing on these lists, though well-known, have been considered as well. Overall, this study relies on 287 brands (some of which appeared multiple

times in different sources) and consolidated brands belonging to the same fashion group that employed the exact same CSR approach. The final sample includes 219 companies, 107 small companies and 112 large companies, covering all the five segments of the fashion market, and operating in the four main businesses of fashion. This process lead to companies that are representative of all the possible CSR-related strategies, namely talk, walk, talk and walk, neither talk nor walk, avoiding selection biases. These companies are headquartered in Europe (133), USA (65), Japan (11), Canada (3), China (3), Australia (1), Singapore (1), South Korea (1), and Switzerland (1). Data refer to year 2017. Descriptive statistics about the sample are presented in [Table 1](#).

### 2.2. Dependent variables

Two dependent variables have been defined, *CSRTalk* and *CSRWalk*, to measure what is objectively observable about communication and implementation activities in the realm of CSR. This study relies on original data in order to capture CSR communication and implementation with a greater granularity compared to processed composite measurements used in previous research (e.g., [Testa et al., 2018](#)).

*CSRTalk*: Since CSR talk involves various external communication channels ([Du et al., 2010](#); [Seele and Lock, 2015](#)), this variable was measured by checking the presence (1) versus the absence (0) of the following CSR communication tools: (a) standalone CSR reports; (b) code of conducts; (c) specific section on annual reports; (d) specific section on company websites. Values for this count variable range from 0 (no CSR disclosure) to 4 (extensive CSR disclosure).

*CSRWalk*: Although it is virtually impossible to comprehensively represent the actual extent to which companies implemented CSR, several proxies for CSR walk have been used: (a) adoption of GRI standards ([Nikolaeva and Bicho, 2011](#)); (b) ISO14001 certification, an international standard that specifies requirements for an effective environmental management system, to improve resource efficiency, reduce waste, and reduce costs ([King et al., 2005](#)); (c) ISO26000 certification, a standard which aims to encourage business and other organizations to practice social responsibility to improve their impacts on their workers, their natural environments and their communities ([Helms et al., 2012](#)); (d) B Corp certification, that is gained by companies that meet the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose ([Hiller, 2013](#); [bcorporation.net](#)); and (e) adoption of the Modern Slavery Act designed to combat modern slavery and to consolidate previous offences related to trafficking and slavery ([Crane, 2013](#)). Values for this count variable range from 0 (no CSR implementation) to 5 (extensive CSR implementation).

### 2.3. Independent variables

Three independent variables, *company size*, *market segment* and

**Table 1**  
Sample descriptive statistics.

Market segment	Company size			Core business				
	Small	Large	Total	Apparel	Shoes and Leather	Sportswear	Underwear	Total
Mass market	14	52	66	44	4	15	3	66
Bridge	34	23	57	39	8	10	0	57
Diffusion	32	18	50	37	13	0	0	50
Ready to wear	22	10	32	27	5	0	0	32
Luxury	5	9	14	12	1	0	1	14
Total	107	112	219	159	31	25	4	219

core business, measure the drivers of CSR talk and CSR walk.

**Company size:** Companies with less than 250 employees were classified as *small*, and companies with more than 250 employees as *large* (OECD, 2005). Information about number of employees was available for 138 companies only. For the remaining companies, publicly-traded companies or companies listed in the Bureau Van Dijk were classified as *large*, the rest as *small*. Ex-post consistency of this classification was checked. Final dataset comprises 112 *large* companies and 107 *small* companies.

**Market segment:** The price criterion (previously explained in section 1.2.2) was used to classify companies as serving the *mass market* (66), *bridge* (57), *ready-to-wear* (32), *diffusion* (50), and *luxury* (14).

**Core business:** The dominant business of a company was used to classify companies as operating in: *apparel* (159), *sportswear* (25), *shoes and leather* (31), and *underwear* (4).

The variables *market segment* and *core business* were defined based on a classification procedure. With instruction and coordination from the authors, three assistant researchers with knowledge of the context independently classified companies. The three researchers discussed the classifications in several meetings; when they disagreed on a classification, they based it on a majority decision. This procedure ensures a reliable measure of variables (Morse et al., 2002).

#### 2.4. Method

The hypotheses developed in this paper argue on the effects of three independent variables (*size*, *market segment*, *core business*) on two dependent variables (*CSRTalk*, *CSRwalk*). A Poisson model tests the effects of *size* (H1), *market segment* (H2) and *core business* (H3) on *CSRTalk* and *CSRwalk* respectively. The dependent variables are, in fact, count variables and they are not over-dispersed (*CSRTalk*:  $p(\alpha = 1.64; z = 3.80) = 7.25e-05$ ; *CSRwalk*:  $p(\alpha = 1.26; z = 3.82) = 6.87e-05$ ).

For each dependent variable, 6 models were estimated independently. In detail, partial model estimates (Models 1–5) were calculated prior to running the full model (Model 6). Partial models include the intercept model taken as a base model for further comparisons (Model 1), and models using *company size* (Model 2), *market segment* (Model 3), *core business* (Model 4), *market segment* and *core business* (Model 5) as independent variables. The full model includes all three independent variables (Model 6). Models

assumed *large*, *mass market*, and *apparel* as base factors for *company size*, *market segment* and *core business*, respectively.

### 3. Analyses and results

Following the methodology described above, all analyses are performed using standard libraries implemented in R (R Core Team, 2018). Overall, data support the conceptual framework of this paper. Results on *CSRTalk* (hypotheses H1a, H2a, H3a) are reported in Table 2 and results on *CSRwalk* (hypotheses H1b, H2b, H3b) are reported in Table 3.

#### 3.1. CSR talk

All models using *CSRTalk* as dependent variable are significantly different from the intercept model (Model 1), as the likelihood ratio tests indicate. Model 6 also differs significantly from sub-models 2–5 (all  $P(\chi^2) < 1e-04$ ), indicating that the model with three independent variables better explains *CSRTalk* than partial models (see Table 2).

In the full model (Model 6), the coefficient of *company size* is significant and negative, supporting H1a. This result is consistent with data: a  $\chi^2$  test on *CSRTalk* versus *company size* reveals a significant difference ( $P(\chi^2 = 63.60; df = 4) = 5.07e-13$ ) in the extent to which large and small companies engage in CSR communication. Overall, results suggest that small companies communicate less about CSR than large companies. Model 6 also reveals a significant effect of *market segment*, which is consistent with data (*CSRTalk*  $P(\chi^2 = 67.55, df = 16) = 2.67e-08$ ). The estimates of the coefficients of each segment confirm that the more visible the market segment is (*mass market*, *bridge* and *luxury*), the greater its CSR communication. Thus, results support H2a. Finally, Model 6 reveals a significant effect of *core business*, which is consistent with data (*CSRTalk*  $P(\chi^2 = 33.69, df = 12) = 7.54e-04$ ) and supports H3a.

#### 3.2. CSR walk

All models using *CSRwalk* as dependent variable differ significantly from the intercept model (Model 1), as the likelihood ratio tests indicate (see Table 3). Model 6 is also significantly different from sub-models 2–5 (all  $P(\chi^2) < 1e-04$ ), indicating that the model with three independent variables better explains *CSRwalk* than partial models.

**Table 2**  
CSR talk.

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Constant	0.175**(0.062)	0.604***(0.070)	0.614***(0.090)	0.006(0.079)	0.464***(0.107)	0.666***(0.109)
Company size		-1.252***(0.150)				-1.071***(0.160)
Market segment						
Bridge			-0.275 (0.144)		-0.286 (0.146)	0.052 (0.151)
Diffusion			-1.307*** (0.219)		-1.288*** (0.229)	-0.923*** (0.233)
Ready to wear			-1.136*** (0.247)		-1.066*** (0.253)	-0.673** (0.258)
Luxury			-0.545* (0.273)		-0.435 (0.278)	-0.354 (0.278)
Core business						
Shoes and leather				0.223 (0.178)	0.429* (0.182)	0.361* (0.182)
Sportswear				0.800*** (0.155)	0.44** (0.161)	0.295 (0.162)
Underwear				0.399 (0.416)	0.034 (0.421)	-0.183 (0.421)
Observations	219	219	219	219	219	219
Log Likelihood		-290.70	-302.49	-319.93	-297.08	-271.54
AIC	667.16	585.40	614.99	649.63	610.17	561.99
Difference from null model (LR)		<2.2e-16	<2.684e-12	<3.146e-05	<9.35e-13	<2.2e-16
$\chi^2$		83.748	60.16	23.52	70.983	121.16
Df		1	4	3	7	8

\*\*\* $p = 0$ ; \*\* $p < 0.001$ ; \* $p < 0.01$ ;  $p < 0.05$ .

**Table 3**  
CSR walk.

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Constant	−0.784*** (0.100)	−0.264* (0.108)	−0.476* (0.156)	−1.219*** (0.146)	−0.924*** (0.200)	−0.657 (0.200)
Company size		−1.769*** (0.288)				−1.706*** (0.299)
Market segment						
Bridge			0.071 (0.225)		0.006 (0.229)	0.531* (0.234)
Diffusion			−1.133** (0.353)		−1.007** (0.375)	−0.497 (0.378)
Ready to wear			−0.792* (0.368)		−0.549 (0.385)	−0.042 (0.392)
Luxury			−1.470* (0.724)		−1.105 (0.732)	−1.020 (0.732)
Core business						
Shoes and leather				0.780 (0.267)	0.902*** (0.272)	0.800** (0.273)
Sportswear				1.466*** (0.229)	1.147*** (0.242)	0.935*** (0.241)
Underwear				−0.167 (1.011)	−0.279 (1.019)	−0.554 (1.019)
Observations	219	219	219	219	219	219
Log likelihood		−184.93	−200.07	−193.28	−186.69	−164.97
AIC	426.26	373.86	410.14	394.55	389.38	348.38
Difference from null model (LR)		<1.635e-13	<7.555e-05	<3.25e-08	<9.668e-09	<2.2e-16
$\chi^2$		54.401	24.121	37.713	50.888	93.881
df		1	4	3	7	8

\*\*\* $p = 0$ ; \*\* $p < 0.001$ ; \* $p < 0.01$ ; \* $p < 0.05$ .

In the full model (Model 6), the coefficient of *company size* is significant and negative, supporting H1b. This result is consistent with data: a  $\chi^2$  - squared test on *CSRwalk* versus *company size* shows a significant difference ( $P(\chi^2 = 31.76; df = 4) = 2.13e - 06$ ) in the extent to which large and small companies engage in CSR implementation. Overall, results suggest that small companies implement CSR less than large companies. Model 6 also indicates that, although *market segment* has a significant effect on *CSRwalk*, which is consistent with data (*CSRwalk*  $P(\chi^2 = 43.67, df = 12) = 1.74e-05$ ), the effect is not in the expected direction. The only significant relationship in the expected direction is for the *bridge* segment, providing only partial support for H2b. Finally, Model 6 also indicates a significant effect of *core business*, which is consistent with data (*CSRwalk*  $P(\chi^2 = 43.67, df = 12) = 1.74e-05$ ) and supports H3b.

#### 4. Discussion and conclusion

This study provides a comprehensive explanation of why companies engage in CSR, by combining the organizational, institutional and economic perspectives, to offer a more nuanced conceptualization and operationalization of the drivers of CSR talk and CSR walk. Overall, results show that small companies can—and do—fly under the radar, as they engage less in CSR walk and talk than large companies. Furthermore, companies targeting middle market segments engage less in CSR talk and companies serving the bridge segment are more prone to walking CSR. Finally, fashion companies are not equally likely to engage in CSR depending on their types of core business.

The results related to the first hypothesis provide empirical evidence to the ongoing theoretical debate on the role of organizational costs, proxied by company size (Baumann-Pauly et al., 2013; Wickert et al., 2016). Drawing from the organizational perspective, results in fact suggest that small companies are less likely to engage in CSR talk and CSR walk than large companies. In other words, small companies are not “little big companies” (Tilley, 2000) for which conventional CSR practices may just be scaled down to fit a smaller dimension (Jenkins, 2004). In particular, this seems to be related to resource constraints that may limit CSR engagement for small companies, while large companies may derive further legitimacy benefits from engaging in CSR talk and walk (Campbell, 2007; Hawn and Ioannou, 2016). While well-known or successful companies may be perfect targets for drawing attention to social or environmental issues (e.g., Porter and

Kramer, 2006), smaller firms have lower exposure and may face fewer pressures to engage in CSR or derive little recognition for doing so, enabling them to *fly under the radar* (Young and Makhija, 2014). Nevertheless, large companies may require their subcontractors—small firms—in their supply chain to act responsibly (Morsing and Spence, 2019; Ciliberti et al., 2011).

The results related to the second hypothesis support the effect of the served market segment on CSR talk and CSR walk, which captures direct and indirect pressure from consumers and reflects corporate visibility. As far as CSR talk is concerned, results suggest that, according to the institutional perspective, companies react under the pressure of their consumers' requirement (Aguinis and Glavas, 2012; Campbell, 2007; Öberseder et al., 2013; 2014). In particular, fashion companies in the lower segments or in the luxury segment are more eager to communicate that their operations are environmentally and socially responsible. Companies in the mass market segment are more visible to public scrutiny and to a very large base of consumers who are increasingly paying attention to CSR issues (Perry and Towers, 2009). Results also suggest that the bridge segment tends to mimic the mass market also in the CSR approach. In this segment, in fact, companies offer secondary lines of merchandise from high-end fashion brands at lower prices in attempts to reach a broader market, following mass market logics (e.g., the time-to-market). By a different token, companies in the luxury segment need to communicate their commitments to social and environmental causes too, because their consumers favorably view associations between luxury brands and CSR (De Angelis et al., 2017; Pinto et al., 2019) and have “very marked expectations with respect to the sustainable orientation of luxury brands” (Kapferer and Michaut, 2015, p. 14). Differently, companies targeting middle market segments are less engaged in talking CSR because in these segments “ordinary” people make extraordinary purchases for status reasons, and thus do not consider sustainability issues (Kapferer and Michaut, 2015). These companies target in fact the middle class with second lines of high-end brands, particularly in the diffusion segment (Corbellini and Saviolo, 2009).

When coming to CSR walk, results also suggest that the served market segment partially affects CSR implementation. The full model (Model 6) indicates that only companies serving the bridge segment are more prone to implement CSR, even compared to companies serving the mass market segment. This result holds since some companies do not explicitly disclose their CSR implementation activities (e.g., additional certifications) because they do

not want to increase stakeholders' expectations. This does not mean that companies do not engage in CSR walk; rather, they are not prone to increase their engagement. Results also indicate that companies in the bridge segment may want to differentiate from the mass market by increasing their engagement in CSR walk.

Finally, results related to the third hypothesis on the effect of the types of core business on CSR talk and CSR walk reveal that companies with a different core business tackle CSR communication and implementation in different ways, thereby enhancing existing empirical evidence (e.g., Pedersen et al., 2018; Perrini et al., 2007). This result contributes in shedding light on the firm-level factors that give rise to CSR communication and implementation, helping to fill a gap in the literature (e.g., Young and Makhija, 2014). In particular, shoe and leather companies most likely address their negative impacts by engaging in both CSR talk and CSR walk, because they are widely recognized as major producers of wastewater with high pollution load (Raghava Rao et al., 2003). Sales of leather goods and shoes have expanded greatly during the past decade since companies have turned leather into a seasonal fashion. Many companies are indeed implementing green manufacturing practices, like the use of alternative leather chemicals, waterless tanning and in-process control measures, in response to consumer backlash and new regulations (Sathish et al., 2015). Similarly, sportswear companies have been scrutinized for poor working conditions and low wages throughout their global production chains (Frenkel and Scott, 2002), as well as for water pollution associated with suppliers' textile manufacturing processes (Brennan et al., 2013). This is reflected in the results, which suggest that these companies likely engage in CSR walk to compensate for unethical behavior. The likelihood of engaging in CSR talk and walk is lower for apparel relative to other fashion businesses. Historically, clothing companies have been subjected to intense scrutiny, as multiple scandals have plagued the textile-clothing supply chain, given that this business involves high-risk chemicals known to be hazardous to humans and the environment (Börjeson and Boström, 2018); in response, they have already engaged in CSR activities.

#### 4.1. Limitations and future directions

This paper presents some limitations and their discussion may enable a balanced appreciation of findings. The density of companies adopting CSR practices (for example in the same business and/or market segment) could have been used in order to consider an additional form of institutional pressure (i.e., isomorphic pressure). In a similar vein, other types of stakeholders' pressure could serve as catalyst for CSR initiatives such as those coming from media, activist groups, third party evaluations, local community (Aguinis and Glavas, 2012). Future directions of research can attempt to investigate vertical relationships among companies within the supply chain to understand whether SMEs are pressurized by large customer companies to make their CSR communication more explicit. It would be an interesting avenue for future research also to collect actual data about acts of corporate social irresponsibility, such as human rights violation, as the fashion industry is often called out for the exploitative working conditions in its factories, to analyze possible consequences in terms of CSR walk and talk. Additionally, the present study does not consider the system of values conveyed by the top management or by the owning family (for family firms), especially when investigating a context in which the products reflect values that are not just aesthetic. Fashion products have, in fact, a value that lays in what they convey about the people to others, helping individuals to project a desired image in their social context; therefore, as consumers are buying and consuming "the symbolic output of material inputs" (Khaire,

2017, p. 6), responsible behaviours are intertwined with the company's actions and messages that confer value to such products. Finally, beyond the scope of this investigation, a mutual impact between society and the corporations (Simões and Sebastiani, 2017) may deserve more attention in the future. In particular, CSR can have an influence on consumers' responses, that would reflect their preferences towards companies that care about sustainability, enhancing consumers' responsible behavior.

Ultimately, given that fashion affects many social aspects of life, the study suggests that the commitment of fashion companies to CSR can also have a knock-on effect to encourage people to act responsibly and make greener choices in other areas of their life (e.g., recycling, reducing waste, re-using). Overall, a commitment to CSR will help the community surrounding the corporation, but it will also have a larger impact on the world, particularly if multiple companies commit to it.

#### Declaration of competing interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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