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Advancing voluntary chemical governance? The case of the Swedish textile industry dialogue

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Voluntary environmental governance is a widely used policy approach that has been criticized for its lack of effectiveness. This raises fundamental questions about how to design processes that can advance voluntary programmes in a way that makes them more successful. In this paper, we analyse a government-initiated dialogue process to phase out hazardous chemicals through voluntary action by the Swedish textile industry. The analysis shows that information transfer primarily motivated business participation, while consumer pressure, regulatory threats and traditions of government–business cooperation played minor roles. The institutional design of the dialogue ensured close interaction within a homogeneous group, but collective actions were limited by disagreement about the problems to be addressed, prior unilateral environmental commitments by leading companies, and ambivalent engagement. This case provides valuable insights into the effect of institutional design on the actual interplay between business and government and its effects on voluntary governance.

Keywords: voluntary environmental action; industry dialogue; chemical policy; textile industry; institutional design

1. Introduction

Faced with a globalized economy, persistent environmental problems and a globally diffused ideology promoting soft governance and stakeholder collaboration in environmental matters, governments are increasingly attempting to encourage businesses to assume environmental responsibilities voluntarily. Voluntary action can take the form of unilateral environmental commitments by individual firms or sectors (e.g. CSR) or negotiated agreements where businesses bargain with a public authority on environmental commitments that extend beyond legal requirements (Jordan, Wurzel, and Zito 2005). While these practices have increased in recent decades, and are argued to be more flexible and cost-effective, and less confrontational than government regulations, and thus more easily implemented, serious doubts have been raised regarding the effectiveness of such voluntary initiatives (De Vries, Nentjes, and Odam 2012; Gunningham 2009; Khanna and Brouhle 2009; Lyon and Maxwell 2007; Rivera, de Leon, and Koerber 2006; Segerson 2013). For instance, many fear that voluntary commitment is a form of greenwashing used to divert public attention and delay strict and legally binding regulations (Gunningham 2009; Lyon and Maxwell 2007). Governments, environmental activists and environmentally minded businesses alike

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continue to ponder how, and to what extent, businesses can be encouraged to take greater environmental responsibility (Boström and Micheletti 2016).

Scholars have primarily given attention to either the implementation of voluntary initiatives, assessing their effectiveness and efficiency, or incentives for business participation, often highlighting the importance of government actions (Delmas and Montes-Sancho 2010; Locke 2013; Rivera, de Leon, and Koerber 2006). However, the success of voluntary schemes begins with the institutional design of the programme-initiation process (cf. Ostrom 1990; Segerson 2013). We still know relatively little about the actual process of initiating and forming voluntary programmes or how the institutional design of this process influences its output.

The aim of this paper is to further our understanding of the initiation of voluntary programmes and how the institutional design, in terms of both establishing incentives for participation and facilitating the initiation process, may stimulate voluntary actions by businesses. To achieve this we conduct an in-depth case study of a government-initiated dialogue process to phase out hazardous chemicals through voluntary action by the highly globalized textile industry. Organized and managed by the Swedish Chemicals Agency, this process took place during 2011–2015 and engaged key actors from the Swedish textile and clothing industry.

This case has the potential to offer new and interesting insights about the initiation of voluntary programmes for two main reasons. First, Sweden, as a state with a neo-corporatist heritage, should provide a favourable context for policy collaboration between government and industry; in a comparative study of national policy bureaucracies, Page (2012) singles out Sweden as exceptional in terms of its ability to win support for policy proposals among NGOs and industries. Some of the advantages listed by Page are a comparatively small Government Office, relatively autonomous agencies, and the constitutional requirement to submit proposals for public consultation by concerned interests (see also Hall 2016). Such an institutional tradition may motivate industry to participate proactively in policy-making activities beyond mere compliance (Khanna and Brouhle 2009; Kim and Darnall 2016; Moffet and Bregha 1999).

Second, by following the process through direct observations of the dialogue meetings and interviews with participants, as well as analysis of email correspondence and documents produced during the process, we were able to follow this attempt to initiate voluntary action from inside the process and over time. Thus, this case offers a unique opportunity to unpack the incentives, behaviour and interplay between government and business actors during this critical stage.

This paper has the following guiding research questions: What were the incentives for business participation? How was the dialogue institutionally designed? To what extent did the dialogue increase voluntary action by the textile industry?

This paper is organized as follows. In Section 2, we present the Swedish governance of chemicals in textiles and the Swedish textile industry dialogue. In Section 3, we present a two-part theoretical framework drawing on previous research on the incentives and institutional design for voluntary action. In Section 4 we present the methods and materials used. In Section 5, we present an analysis of the Swedish textile industry dialogue. Finally, Section 6 concludes the paper and discusses key lessons on how to advance voluntary environmental action.

2. Background

The management of hazardous chemicals has been described as one of the most pressing environmental challenges (Eriksson, Gilek, and Rudén 2010; Selin 2010), especially in

relation to textiles (Assmuth *et al.* 2011; Boström and Micheletti 2016; UNEP 2011). The textile industry uses chemicals extensively in both the production process and in the dyeing of fibres, as well as to meet performance requirements such as weather protection and flame retardancy (Boström and Karlsson 2013). The many chemicals added to textiles (many of which are poorly understood), the constant development and rapid turnover of products due to changing fashion, and the fact that the textile industry is among the most globalized industries in the world make it extremely challenging for individual governments to design and implement effective policy instruments (Assmuth *et al.* 2011). National regulations are further restricted by free-trade rules upheld by the World Trade Organization. As a result, voluntary environmental initiatives have become a key government strategy around the world (Boström and Karlsson 2013).

2.1. *Swedish governing of chemicals in textiles*

As the Swedish textile industry has undergone substantial structural changes and relocated most production abroad, chemical policy has shifted from production to textile import and retailing. The global nature of supply chains means that many environmental and health problems have been relocated to other countries (primarily in Asia), but it also presents a new set of policy challenges regarding health and environmental impacts resulting from consumption (Lindén and Carlsson-Kanyama 2007). In the 1990s, alarmed by reports from employees and consumers, and pressured by media reporting, the national authorities and certain large retailers increasingly recognized the problems with hazardous chemicals in imported goods. Companies have a legal responsibility to ensure that their products and services are safe (see EC 2001; Swedish Government Offices 2004), but knowledge about the use of chemicals is often limited (due to complex production chains in particular) and existing regulations that were adopted for national production have been largely insufficient. Dialogues between the textile industry and public authorities have developed in response to this situation (Carlsson-Kanyama, Lindén, and Lundell 2006; Lindén and Carlsson-Kanyama 2007; SCA 2015a).

The overall aim of the Swedish chemical policy is to prevent chemicals from harming human health and the environment (Swedish Government 2013). The policy emanates from the Environmental Code, and the overall objective of a non-toxic environment is one of 16 national environmental quality objectives. The Swedish Chemicals Agency (henceforth SCA) is responsible for implementing this policy, which also includes increasing knowledge and working towards the replacement of hazardous chemicals with non-toxic alternatives. The regulation of chemicals (substances and in products) largely takes place within the EU. As this falls under Article 114 of the Treaty on the Functioning of the European Union, regulations are to be harmonized across member states. National provisions may be used in situations of 'major needs' or for protecting the environment, but the Swedish government has concluded that such provisions may only be used in exceptional cases (Swedish Government 2013). The most important pieces of legislation are the EU regulation on the classification, labelling and packaging of chemicals (EC 2008) and REACH (EC 2006), which regulates the registration, evaluation, authorization and restriction of chemicals. The regulations are not primarily developed for chemicals in products such as textiles, and its implementation has proved slow and complex (Boström and Karlsson 2013; SCA 2013). Additional EU regulations have been developed in relation to specific product groups (e.g. toys), but this is not the case for textiles (SCA 2015a).

The Swedish Government has deemed it necessary to promote voluntary actions to restrict and replace hazardous chemicals in textiles beyond compliance with legal

requirements. The government has also concluded that textile importers have difficulty living up to their legal responsibility to ensure the safety of their products, and that existing voluntary schemes are insufficient (Swedish Government 2013).

2.2.   *The Swedish textile industry dialogue*

In December 2010, the Government instructed the SCA to.

> establish dialogues with prioritized industries with the purpose of strengthening the industries' knowledge about chemicals and follow up their commitments to identify and reduce risks, and to replace harmful chemical substances. The SCA shall see to it that the industries formulate measurable targets for these efforts. (Swedish Government 2010)

According to the then Minister for the Environment, the dialogues represented a concerted government effort to reduce harmful chemicals, with textiles being a prioritized area (e-mail). A former state secretary in the Ministry of Environment described dialogues as an attempt at soft governance or 'nudging' on the part of the government.

> You can express it like this: 'hard' power, legislation, takes a very long time. You must find ways to combine hard and soft power., /…/ Soft power is generating knowledge, stimulating knowledge, shaping opinion, and other things, which push, point and nudge the companies to proceed in a certain direction. (interview)

In the national action plan against hazardous chemicals, the SCA stated that companies are responsible for ensuring that their products are safe for humans and the environment, and that it is important that companies take action to phase out hazardous chemicals beyond what the current detailed regulations stipulate. The dialogues were presented as a way to help the companies mantle this responsibility (SCA 2011). The operational targets for the dialogues were decided jointly by the participants in the form of a signed declaration of intent in 2012. The three targets decided upon were to increase knowledge among participating companies, to facilitate input from the companies to the SCA's work to develop principles and proposals for EU regulation on chemicals in textiles, and to develop a common Restricted Substance List (RSL) (SCA 2015a).

   During the period 2011–2015, the SCA held a series of meetings (13 in total) with representatives of Swedish textile and clothing companies (17 companies participated over the years), trade associations (e.g. the Swedish Textile and Clothing Industries Association, TEKO, and the Textile Importers), and industrial research actors (e.g. Swerea, one of the leading Swedish industrial research institutes). The SCA headed the dialogues, while other state agencies (e.g. the Swedish Environmental Protection Agency and the Swedish Competition Authority) and government representatives participated in individual meetings. The dialogue can be categorized as a *public voluntary programme* (Lyon and Maxwell 2007) in which government officials invited selected actors and facilitated a process aimed at phasing out hazardous chemicals.

   The final meeting under the formal auspices of the SCA took place in February 2015. SCA's evaluation of the dialogue (based on documents, interviews and a web survey to the participants) concluded that it had fulfilled the goals of increasing awareness and knowledge of hazardous substances among the participating companies and had constituted a valuable arena for discussions and network formation. The participating companies had also contributed insight into their experiences to SCA, and the dialogue

had given public authorities a better understanding of companies' conditions. However, it was more doubtful whether the work done had actually resulted in a phasing out of hazardous chemicals. Half of the participants reported a limited, or very limited, impact in this regard, largely because such work was perceived as constantly ongoing within the companies regardless of the dialogue. Nonetheless, SCA concluded that dialogues were cost-effective and an important complement to legislation (SCA 2015a, 2015b). Although the SCA perceived a continuation of the dialogue as important (a conclusion shared by the majority of participants), in spring 2015 the SCA announced that the dialogues had entered a new phase with less involvement by the agency.

3. Theoretical framework

What can make businesses agree to voluntary environmental commitments beyond the regulatory requirements? Business behaviour is typically predicted by rational self-interest; i.e. they participate in voluntary programmes if, and only if, it yields a net payoff (or at least no net loss) compared to business-as-usual (Segerson 2013). However, as shown by Elinor Ostrom (1990; 2000), with the right incentives and within the right institutional structures, short-term economic self-interest may be sacrificed to promote cooperation and collective action (in this case, voluntary environmental action). Following this line of reasoning, two important analytical dimensions for understanding how a voluntary programme can successfully stimulate voluntary action can be discerned. First, to be willing to engage in voluntary action, businesses need to have incentives and be attracted to participate in the specific programme (Section 3.1). Business incentives are a necessary, but not sufficient, condition for successfully establishing a voluntary programme. The development of a programme also hinges on the institutional design of the process being able to successfully facilitate cooperation and promote collective action. This second dimension will be addressed in Section 3.2.

3.1. Business incentives

Based on Segerson (2013) we identify four broad categories of incentives for business self-regulation.

Consumer/market pressure. For many businesses, environmental responsibility makes good business sense. The rationales may vary, from cutting costs by reducing waste and minimizing legal liabilities, to attracting employees and increasing market shares by 'going green'. The growing importance of 'green consumerism', supported by concerted NGO efforts to name and shame unsustainable corporate actions, as well as to offer cooperation through eco-labelling schemes, has made it sensible (and potentially profitable) for companies to go beyond legal compliance and take voluntary environmental action (Segerson 2013). Engaging in voluntary environmental action may thus be a way to improve sales or market access and strengthen the company's legitimacy and image among consumers, shareholders and investors (Gunningham 2009; Lyon and Maxwell 2007; Segerson 2013). However, the strength of these incentives largely depends on the structure of the sector and the companies in question. Large, branded companies are more reputation-sensitive and thus more likely to participate in voluntary programmes (Gunningham 2009; Khanna and Brouhle 2009).

Regulatory threat. The 'shadow of hierarchy', that is, threats of government regulations or other interventions (e.g. subsidies) (Héritier and Lehmkuhl 2008), can induce businesses to take part in voluntary self-regulation. Concerned that environmental

regulations will impose economic burdens that threaten profitability and competitiveness, self-regulation may be attempted to pre-empt stricter regulations or more extensive government oversight. Similarly, when anticipating strong resistance (and/or high enforcement costs) to legislation, government officials may also opt for voluntary approaches. The more credible the threat, the more likely it is that businesses will resort to voluntary action (Delmas and Montes-Sancho 2010; Lyon and Maxwell 2007; Rivera, de Leon, and Koerber 2006). However, in sectors characterized by global supply chains and a dominant free-trade regime, national regulatory threats are often deemed weak (Vogel 2008).

Information. Firms may participate in voluntary programmes if participation is expected to yield important information and knowledge. This can include technical assistance by government, sharing of 'best practice' and new technology amongst companies as well as keeping themselves updated about new regulations or government initiatives (Segerson 2013). Here, participation can be strategic and purposeful, but also more *ad-hoc,* motivated by a fear of 'missing something important'. The future is uncertain and actions are taken under conditions of bounded rationality (Ostrom 1998), making it difficult for companies to foresee the arenas in which important policy initiatives may be formulated. Important to note, however, is that companies are reluctant to share information that potentially gives them a competitive advantage (De Vries, Nentjes, and Odam 2012).

Government cooperation. Incentives to cooperate with government may include opportunities to get public endorsement (i.e. reputational value) and to influence public policy and shape future government initiatives. The strength of these incentives is influenced by distinct institutional histories (Moffet and Bregha 1999; Rivera, de Leon, and Koerber 2006). In neo-corporative political cultures, building and maintaining trustful relations and collaborations with government is generally important. Institutionalized collaboration may also be important beyond the specific issue at stake, by paving the way for future action (Moffet and Bregha 1999) and granting social legitimacy (Khanna and Brouhle 2009). The impact of such nationally based political cultures on the decisions of businesses is likely to vary across sectors, but is probably weakened in an increasingly globalized economy.

3.2.   Institutional design features

Drawing on the typology of rules developed by Ostrom and Crawford (2005) and how it has been applied in network research (Newell, Sandström, and Söderholm 2017), a first important institutional design feature concerns the actors that have access to the process and their respective roles (*boundary and position rules*). A small number of largely homogeneous participants that share basic norms and the presence of a strong leader are beneficial for collective action (Ostrom 1998) while low or asymmetrical interests, resources and power can make such actions more difficult.

A second important design feature concerns whether there is a common understanding of what issues can and should be dealt with within the process (*scope rules*), that is, the content and desired outcome of the process.

A third critical feature relates to *procedural rules*, such as what actions and behaviours that are required, permitted or forbidden by the participants (choice rules), how decisions should be made (aggregation rules), and how communication should be handled (information rules). For example, processes characterized by repeated face-to-face interaction have proved beneficial for collective action (Ostrom 1998).

Finally, a set of features focuses on the output of the process in terms of assigning benefits and costs (*pay-off rules*). Successfully connecting a specific scheme to one or more of the incentives presented above is of fundamental importance for its success; especially in a situation with competing voluntary programmes. However, benefits and costs likely vary across participants, as can level of engagement (Kim and Darnall 2016). For example, larger companies may have the necessary resources to participate whereas smaller companies do not. Key questions also regard 'the excludability of the resulting benefits' (Segerson 2013, p. 167) and the ability to limit 'free-riding', for example, by making the output a 'club good' rather than a 'public good' (Prakash and Potoski 2007).

4. Methods and materials

This research draws on a single case study – the Swedish textile industry dialogue – to enable in-depth and contextual understanding of motivations, behaviours and dynamics within the process. While these benefits are strengths of a single-case study, it is also important to recognize the shortcomings of this design, in particular the limited ability to make empirical generalizations of the findings. We base our analysis on three types of empirical materials: observations, interviews, and email correspondence and other documentation. This mixed-methods approach offers the benefits of collecting complementary data, as well as being able to verify results across materials (Yin 2009).

Observations were made at seven out of thirteen full-day dialogue meetings, beginning in September 2012 and ending in February 2015. Access was easily obtained since the research programme in which we participated – MISTRA future fashion – was collaborating with the SCA and other actors involved in the dialogue. Our primary formula for deciding what meetings to attend was a combination of available resources, timing (that the meeting fit into the schedule of the researchers) and the longitudinal design of the study, which made it important to attend meetings throughout the period. Meeting agendas were distributed beforehand, but neither the content nor the attendance of specific actors influenced the decisions to attend. The participants were aware that we were researchers, and the organizers at the SCA were informed in detail. We remained passive observers during the meetings, not participating actively in discussions or making comments on the subjects presented. While the fact of our presence may have affected the other participants, for example by making them less inclined to state controversial ideas, we did not notice any such influence. The meetings were continuously documented by taking notes during discussions and presentations as well as talking with participants during breaks. The purpose of these 'mini-interviews' was to elicit individual actors' views on some of the themes discussed at the meetings.

Interviews (in Swedish) were conducted with 12 individuals, including SCA officials, representatives of trade associations, company representatives, and others (see Appendix). This was a strategic sample, intended to recruit actors who were particularly active and/or influential in the dialogue across the various actor categories involved. This sample was then complemented with additional interviews with government officials and representatives of consumer and environmental organizations that had been involved in establishing the dialogue or were likely to be affected by the results of the dialogue. A first round of interviews, conducted as part of a Bachelor's thesis, was carried out in spring 2012 and comprised eight telephone interviews. A second round of interviews was conducted in spring 2014 and comprised eight face-to-face interviews. Four of these were follow-up interviews with people from the first round, the point being for them to reflect upon their earlier responses and comment on how they thought the dialogue had

proceeded during the intervening two years. All interviews were semi-structured, using an interview guide to provide a topical framework within which an open interview was able to take place, and questions were adapted depending on the interviewee. The interviews focused on the actors' views on the dialogue process from their organizational angle, why they participated, and their thoughts about what it would lead to, as well as specific issues raised during dialogue meetings, such as eco-labelling. All the interviews were recorded and transcribed.

Email correspondence between the participants was collected using an active mailing list set up for the dialogue. The list was used to organize meetings, communicate background material and agendas, and deliver presentations and the official minutes of the meetings. It was also used to receive input from the participants on specific issues in between meetings. This email correspondence gave additional insights into the reasoning of individual actors.

By being part of the dialogue throughout its duration, we gained an understanding of the process and outcome of the dialogue, as well as of the participants, that would not have been possible otherwise. The comparatively long time span of our study and the opportunity it gave us to interact with participants at different points in time and in different situations (and in some cases to re-interview them) proved particularly beneficial. After the completion of the study, a more structured analysis was carried out. We used qualitative thematic analysis (Bryman 2012), constructing key themes based on our theoretical framework. This resulted in four categories of incentives and four categories of institutional design features. Observation notes, interview transcripts, e-mail conversations and documents were then analysed together and coded based on these themes. All citations were transcribed and translated by the authors.

5.   Analysis

5.1.   *Why did businesses participate?*

Consumer/market pressure. Consumer power was referred to repeatedly during a joint meeting of three different dialogues in 2012. In the official minutes of the meeting, the Director General of SCA pointed to the potential for business to "strengthen their brand and their competitive advantage by going ahead of legislation". At the meeting, arguments were deployed about the interest shown by the younger generations in buying green and its potential for rapid change in the market. The meeting was also attended by the Minister for the Environment who strongly embraced this view of consumers as powerful agents for change. Only a representative of the Asthma and Allergy Association opposed this view. She argued that consumers actually feel quite powerless in effecting change or influencing product norms on the market. This was an unusually bold challenge to perceived wisdom about the role of consumers within the dialogue, and the individual (and organization) making it did not play any further part in the dialogue, as far as we are aware.

In the scholarly literature, consumer pressure is often expected to motivate eco-labelling. Although SCA officials (as well as interviewed NGOs) favoured labelling, it rarely came up in the discussions during the meetings. In fact, the official minutes from the first meeting in 2011 stated that labelling is complex and problematic, and that "a very small proportion of consumers are demanding this". Many of the business representatives were critical about eco-labelling, arguing both in interviews and during meetings that it would be too confusing for consumers. One interviewed company representative stated that "the consumers do not see the differences between labels".

Another described labelling as too local, too expensive, and too limited for their worldwide market. She further claimed, "our restrictions are as good if not better, and by showing how good our restrictions are, we do not need any other labelling". A trade association representative said during a meeting that "there are far too many labels" and in later interviews talked about problems of a heavy administration and hundreds of different demands forwarded by different organizations.

Consumer pressure was probably an important factor in the company's work to phase out hazardous chemicals, but, as will be discussed more fully below (see information sharing), the large retailers, which are especially sensitive to green criticism, had already responded through company-specific commitments that were now seen as giving a competitive advantage (cf. Delmas and Montes-Sancho 2010). Joint commitments, either in the dialogue or through more general eco-labelling schemes, threatened such an advantage. In this way, consumer pressure proved a disincentive to further collective action within the dialogue. This behaviour highlights the need for nuanced claims about large, branded and reputation-sensitive companies being more prone to participate in voluntary public programmes (cf. Gunningham 2009).

Regulatory threats. In the national action plan that preceded the dialogue, the SCA described voluntary commitments as a way for businesses to fulfil their (legal) responsibility to ensure the safety of their products (SCA 2011). The Director General of the SCA reiterated this message during the above-mentioned joint meeting. At this meeting, we observed hints that additional regulations could be forthcoming if the industry did not make such commitments. Both the minister and the DG clearly stated that a coherent EU regulation was preferable but that this did not rule out the possibility of national regulations. Company representatives present at this meeting argued that they were already acting voluntarily and that the politicians should be clearer about what else was needed.

At several meetings throughout the dialogue process, the SCA tried to involve industry in practical discussions about different proposals for voluntary restrictions on the use of chemicals, most explicitly by persuading them to set up a common Restricted Substance List (RSL), something that initially interested the companies but was eventually abandoned. At a meeting in 2013, SCA officials also raised the issue of taxation of chemicals in textiles, which after substantial resistance from the participating companies was dropped from the agenda. This also corresponds to results in SCA's evaluation of the dialogue, where economic instruments were the measure least preferred by the companies (SCA 2015a).

The minister's view that a coherent regulation within the EU is to be preferred was strongly embraced by participating companies at several of the meetings (see also SCA 2015a). The participants in the dialogue gave input to SCA on developing proposals and principles for a coherent EU legislation on hazardous substances in textiles (SCA 2013). However, at a late stage, when SCA asked the participating companies to sign a joint statement to the European Commission, the companies refused. Although leading Swedish companies voiced their support for EU-wide, textile-specific regulations regarding chemicals, in the end it was only the industry association, TEKO, and the Swedish Trade Federation that signed the call-for-action sent to the European Commission in February 2015.

While the government initially tried to put pressure on the companies to voluntarily phase out hazardous chemicals, citing their legal responsibility to ensure safe products, the shadow of hierarchy did not loom large over the process. The Swedish government conceded that national regulations would be of less worth than EU regulations. While the

participants professed their support for tough EU regulations, they were not prepared to act on these policy preferences. Participants did, however, act to pre-empt unwanted government interventions, as seen in the case of taxation.

Information sharing. According to an interviewed representative of TEKO:

> I think this dialogue has been of extreme utility; There's been a great build-up of knowledge. Also within SCA, I would say. How does a company think? How do you replace a substance? Where are the difficulties? I mean, you simply have to be in contact with the companies, otherwise you won't understand it. /…/ And I think that after these meetings, everybody realizes that you have to do something – among those who participate in the dialogues, that is. I feel certain that this will speed up their efforts to improve quite considerably.

However, company representatives were more ambivalent about how much the dialogue would strengthen their knowledge. Early interviews with representatives gave the impression that it was the companies who were knowledgeable (see also SCA 2015a), while the SCA and the government displayed an almost embarrassing lack of knowledge. During meetings and in interviews, company representatives generally gave the impression that they knew what they were doing, that they were the proactive companies, while those who needed additional knowledge were the small- and medium-sized companies not represented in the dialogue. When being interviewed, the SCA official in charge of the dialogue expressed surprise that the companies always claimed to be knowledgeable and in control. She argued the opposite, partly because most companies employed few chemists.

The most significant example of an information-sharing activity during the dialogue was the ambition to create a common Swedish RSL. Many of the participants expressed, in both meetings and interviews, that such a list could greatly reduce costs and administrative burden, as well as send a strong and effective message to suppliers, compared to company-specific lists. A comparison of company-specific RSLs presented during a meeting also showed great differences (only 73 of 457 substances were on all lists). However, everyone conceded that for such a list to work, it was important that the leading companies commit to its use as the Swedish standard. However, it was at this point that the companies became reluctant. They were unwilling to commit to a joint list, because they viewed their RSL as part of their brand. In an interview, the responsible official from SCA acknowledged, "They have problems with standing behind a common list; they want their own. That is how they work – they want their own". An expert at the Swedish Society for Nature Conservation, who was closely involved when SCA set up the dialogue, expressed in an interview that companies wanted to develop their brands as quality marks in their own right, and thus believed that any additional labelling, such as "This garment meets common Swedish RSL guidelines", would subtly undermine the credibility of the brand. It is also important to notice that under such a Swedish standard, the benefit of participation would not be excludable; that is, the branding benefits would be a public good rather than a club good (cf. Prakash and Potoski 2007).

Government cooperation. The dialogue falls in line with Sweden's institutional history of collaboration and negotiation in central policy-making (i.e. the 'Swedish model' of consensus politics) (Page 2012). Although the formal neo-corporatist system has eroded, the various informal modes of consultation and dialogue that have replaced it similarly aim for the goal of reaching consensus (Hall 2016). However, distinctly different bargaining cultures exist within different sectors. For instance, important policy sectors such as forestry, agriculture and labour relations have an institutional history of

government-business negotiations (Jacobsson, Pierre, and Sundström 2015). The government's directive to the SCA to set up the dialogue as a forum to interact with industry and to further policy goals in a consensus-seeking manner can be understood as part of a Swedish political culture that is supportive of consensual, sector-based industry–government collaboration. The government and SCA were intended to form a trustful and mutually beneficial relationship with industry. For this purpose, the government and its agency went quite far to satisfy the demands of industry, for example, concerning the representative makeup of the dialogue (discussed further below).

The Swedish textile retail sector does not seem to be accustomed to this way of working. Although dialogues between SCA and the textile industry had been conducted since the early 2000s (SCA 2015a), the interviewed representative of a leading Swedish textile company claimed that the present government contact was something new. She further stated that the company preferred direct government contact to what she described as slow and ineffective dialogue. Whereas the neo-corporatist tradition is likely to have influenced government actors, it seems to have had less of an effect on the large retail company's relationship to government. In addition, the characteristics of the sector – especially its global supply chains and markets – probably further undermine the importance ascribed to cooperation with a national government.

Participants attempted to partly reframe the purpose of the dialogue to be about confirming corporate greening, thereby attempting to utilize the governmental authority of the SCA to validate their self-declared green leadership. The industry actors were united in a 'best in class' attitude, presenting themselves as the environmentally proactive and knowledgeable companies (this was also noticed by SCA 2015a). A substantial number of participants argued that rather than pushing for additional voluntary actions on the part of industry, as demanded by government, the SCA should communicate the companies' good corporate behaviour to the general public and the media; i.e. they sought the reputational effect of participation through a government-sanctioned 'naming and faming' strategy (cf. Taylor *et al.* 2012).

5.2.   *How did the dialogue facilitate voluntary action?*

Boundary and position rules. When setting up the dialogue, SCA officials selected participants to invite based on an already existing list used by a group led by the research institute Swerea to disseminate new knowledge and information in the chemical area. This selection procedure may have affected what representatives the companies, and other actors, decided to send. During the dialogue, the participants were experts rather than managers (SCA 2015a). It seems that the ministry was concerned about this. At one meeting in 2012, a government official complained (in a conversation with one of the researchers) that she was surprised about the limited results so far, and during the preparation of another meeting to be attended by the minister of environment in 2013, the minister explicitly asked the companies to be represented by 'higher-level managers' as well. The companies did not heed this latter request.

The dialogue was only one of several forums in which this relatively homogeneous set of actors interacted. The participants clearly all viewed themselves as environmentally proactive, compared to other actors. However, they seldom presented themselves as actors in the policy process. Instead, they referred to certain absent actors – the media, consumers, the EU, the chemical industries in China and Germany – as the actors with power and influence. Political proposals, initiatives for EU regulations, and pressure on the SCA to investigate potentially harmful chemicals were presented at meetings, but the

role of the dialogue in these political developments remained unclear. This made it often appear that the real actions were happening elsewhere, giving the meetings a largely technical, non-political and reactive character.

The dialogue exclusively targeted business and industry representatives. A representative of the Swedish Society for Nature Conservation said in an interview "it's a bit surprising that we haven't been invited to these dialogue meetings". While the government's directive to the SCA may be read as saying that consumer organizations, environmental organizations and businesses should all take part in the dialogue, an interviewed SCA official suggested that companies "would perhaps not dare to speak openly" if NGOs were full participants in the dialogue (cf. Moffet and Bregha 1999). Seemingly as a compromise, representatives from environmental and consumer organizations were invited to give presentations. Even this, however, was a sensitive matter. When inviting Greenpeace was proposed, one company sent the following email response:

> We will gladly participate in a factual and scientific discussion of new EU regulations of chemicals in textiles together with companies, trade associations, relevant agencies, and labs with strong experience in textiles. /.../ However, we cannot see that NGOs have anything to contribute in this area (regulation or a joint RSL) as they lack real experience and specific knowledge. If NGOs such as Greenpeace are invited, we will not participate, because we cannot see that it would be possible to conduct a factual and scientific discussion (email 2012).

Scope rules. Chemistry issues and terminology dominated the meetings. The leading expert in the dialogue was a globally renowned chemical expert. If we accept the image of the dialogue as a knowledge-enhancing arena, then he was the main educator. While the central place accorded to chemistry competence eased information transfer, it may also have been an exclusionary factor, making it more difficult to bring forward oppositional views and narrowing the range of issues discussed; also (as seen in the quote above) it was used to restrict access to the process.

In interviews and in conversations during meetings, participants often seemed unclear about the added value and status of the dialogue, as compared to the Swerea chemicals group. One interviewed company representative stated in 2012: "I wonder what they really want us to do"; and in 2014: "I'm still confused. What do they want us to do that we aren't doing already? We, the companies, feel that we're doing much more than what is required by law".

The question *What is the problem?* was raised throughout the dialogue. Are hazardous chemicals in textiles a real problem, or is the problem rather constructed by the media and politicians? While participating experts often emphasized that the dangers of hazardous chemicals were real, and that the knowledge was far too limited, several company representatives viewed the problems as exaggerated: "We don't put any clothes on the market which contain hazardous chemicals" (interview, company representative). Hence, there were widely varying points of view regarding the severity of the problem. During the interviews, company and trade association representatives also showed irritation about the politicization of the issue. A common view that came up in the dialogue was that the media were almost hysterical about the issue of chemicals. Thus, one problem to be solved from a business perspective was negative publicity, which may be connected to the incentive of getting public endorsement for their environmental work. These different views on the purpose of the dialogue point to an important institutional design feature: the extent to which the companies accepted the scope and role of the dialogue.

Procedural rules. The dialogue was structured around physical meetings (enabling face-to-face communication) during a four-year period, with an active mailing list for preparation and communication in between meetings. Even though most invited companies found it important to participate continuously (i.e. repeated interaction), the attendance varied over the course of the dialogue process, as there was a continuous arrival of new representatives as well as new companies. At one of the last meetings, the organizer from the SCA complained to one of the authors that there had been a steady stream of new faces during the four years.

This was especially the case with the leading Swedish clothing retailer. According to the interviewed representative, the global company she represented needed to prioritize their involvement in other forums, which is why they officially left the dialogue in 2012. However, they continued to attend some meetings. This led, during a meeting in 2014, to a discussion among the other participants about whether they were in or not. One company representative asked, "Are they (the leading company) participating in the dialogue or not?" The responsible official at SCA answered, "No, but they want to remain on the mailing list". Another company representative then commented, "They want to keep themselves informed without having to participate", after which the first representative joked, "I want to do that too!" This was later confirmed in an interview where a representative of the leading company stated: "I'm on this mailing list in order to see if something is about to happen". This conversation between participants can be interpreted as concerning what behaviours are acceptable within the dialogue, and raising questions of 'shirking'; i.e. the company joined the dialogue but violated appropriate norms of behaviour (Prakash and Potoski 2007). One way of interpreting this behaviour is that the leading company exploited the power asymmetries between companies as well as in relation to the government. For dialogues aimed at advancing voluntary governance, a failure to attract the leading company obviously poses a severe threat to the entire initiative.

Pay-off rules. The government wanted the dialogue to produce concrete effects on the phasing out of harmful chemicals (Swedish Government 2013, p. 27). The SCA was clearly concerned about the government instructing the industry to formulate measurable goals for this work. According to one interviewed SCA official, the companies resisted setting up measurable targets for their work, as this would make it possible to hold them accountable. In the end, targets were set following a demand from the Ministry of the Environment for signed commitments from the participants as a condition for continuing the dialogues. However, it became clear that these goals were a result of government pressure, rather than of mutual agreement, because the companies did not refer to them, either at the meetings, or in the interviews. In hindsight, the official from SCA who chaired most of the meetings was also critical of the goals, stating that they were hard to measure and had been agreed on in haste (interview). Instead, the main pay-off from the dialogue was increased awareness and knowledge of hazardous substances among the participating companies, and giving public authorities a better understanding of company conditions (SCA 2015a).

6.   Concluding discussion

The Swedish textile industry dialogue was launched by the government to prompt industry to take further voluntary actions to phase out hazardous chemicals in textiles. The primary output was information transfer, while additional efforts on the part of government to stimulate voluntary actions were resisted by the participants and largely

unsuccessful. Thus, the dialogue seems – at least in the short term – to have had a limited effect on furthering the phasing out of hazardous chemicals (SCA 2015a).

How can we understand this result? We conclude that business participation was motivated by a combination of incentives. As also concluded by Lyon and Maxwell (2007), information-sharing was certainly a central motive for participation, but so was remaining informed about government initiatives. Companies used the dialogue to resist unwanted government initiatives such as taxation, but also took steps to reformulate the dialogue to promote their environmental work (i.e. they saw a reputational value in the dialogue) (Khanna and Brouhle 2009). Consumer pressure was an important factor behind individual companies' work with the chemical issue, as explicitly shown by the fact that the leading companies considered the branding benefits of their own RSL to be of such importance that they were disinclined to support collective actions. However, during the meetings, consumer pressure was mostly referred to by anecdotal evidence, for instance the opinion that consumers do not want labelling. Threats of national regulations were weak (which was also admitted by the government) due to the regulatory context, with chemicals primarily being regulated within the EU, as well as the sectoral characteristics of global supply chains and markets, free trade rules, and the limited regulatory capacity of individual countries (Vogel 2008).

The dialogue's institutional design exhibits some features that successfully facilitated participation. It targeted a homogeneous group of actors which already had an ongoing cooperation (the Swerea chemical group); the scope of the process was delimited to chemistry issues and terminology; and interaction was repeated and face to face (cf. Ostrom 1998). However, a critical design flaw was that the participants did not share a common understanding of the severity of the problems or the desired role and output of the dialogue. The company representatives were largely content with having an additional process for information transfer, whereas the government was aiming (at least in its rhetoric) to induce business to make more profound efforts to phase out hazardous chemicals. The government clearly expected that a common understanding would evolve during the process under the leadership of the SCA – exemplified by the process of jointly defining goals for the dialogue in 2012 – but different views on the scope rules of the dialogue continued to frustrate the process. While the government – adhering to a neo-corporatist way of thinking – designed the dialogue with a clear expectation that companies would support their agenda, the companies – unaccustomed to the neo-corporatist tradition of collaboration that is so prominent in other sectors in Sweden – were unwilling to do so. In the end, the dialogue was unsuccessful at providing incentives that were strong enough to extend voluntary action beyond information sharing, or to facilitate a process that could overcome such a lack of incentives, for example through the development of shared norms (Ostrom 2000).

Several important implications for scholars, as well as for practitioners interested in the institutional design of voluntary programmes, follow from this study. A first lesson is that a government-business dialogue process is, in itself, no silver bullet to stimulate voluntary action even in national contexts with long traditions of this type of collaborative policy-making (described by Moffet and Bregha (1999) as a key contextual factor for determining the effectiveness of voluntary programmes). Being able to establish strong incentives for the participating companies to take progressive environmental action is of course preferable, but it is not always possible. In this case, where a regulatory threat is non-existent and unilateral environmental commitments are already established through company brands, the

feasibility of promoting voluntary actions hinges upon the institutional design of the process. Here, more research is needed on how structural conditions play out in practice in terms of affecting the behaviour of, and interaction between, business and government, and the extent to which such institutional designs can help governments overcome the key challenges related to businesses having few real incentives for collective actions.

Second, as found in previous research, free-riding and shirking behaviours are damaging to voluntary programmes. It is important to be clear about expectations of appropriate behaviour and to be ready to sanction non-attendance and non-engagement among the participating companies (Prakash and Potoski 2007; Segerson 2013). However, getting the more powerful companies actively committed is even more crucial and requires a delicate balancing act. Government should not readily give in to powerful companies in terms of adapting the process to their agendas, but designing a process based on a one-sided government agenda without a clear understanding of the motivations and conditions of powerful companies might alienate the companies and put the success of the process at risk.

Third, information sharing may be an important output of voluntary programmes and have a transformative effect in the long run (Lyon and Maxwell 2007; Segerson 2013). However, if this is the main output sought in a dialogue, it is important to be clear about which companies should be targeted. Targeting the most environmentally progressive companies might be less effective than targeting small and medium-sized companies that (at least, according to their larger cousins represented in this study) would benefit the most from increased knowledge, awareness and collective action. Designing a process that reaches the companies most in need of information presents a key challenge for this type of process.

Finally, a homogeneous group of actors is often seen as facilitating collective actions (Ostrom 1998). However, without critical voices to challenge entrenched business perspectives, the progressive effects of dialogues may be limited (cf. van de Kerkhof 2006). The closed character of the dialogue affected what interests, perspectives and solutions were given serious consideration. Exclusive forums for business–government interaction also raise more fundamental concerns about agency capture, power asymmetry and limited legitimacy in these new modes of environmental governance. Is this the price that democratic governments must pay to get industry committed? And if so, given the rather meagre outcome illustrated by this case, is the price really worth paying?

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Appendix: List of interviewees and time of interview

Business representatives

Gudrun Sjödén (2012)
Åhléns (2012)
KappAhl (2012 and 2014)
H&M (2012 and 2014)

Government representatives

(Former) Swedish Minister of the Environment (e-mail, 2014)
Former State secretary at the Ministry of the Environment (2013)
SCA (one representative 2012; two representatives 2014)

Others

Swedish Textile and Clothing Industries Association (2012 and 2014)
Swedish Association of Local Authorities and Regions (2012)
Swedish Society for Nature Conservation (2012 and 2014)
Swedish Consumers' Association (2014)