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20 Strategic Drivers of Corporate Environmental Sustainability

Abstract: The fashion industry has a significant environmental impact on a global scale; it employs a large proportion of the world's workers and accounts for a large share of global exports. Based on our findings, proactive and reactive environmental strategies, sustainability orientation, green entrepreneurial orientation, green innovation and circular economy strategies are crucial strategic drivers for the corporate environmental sustainability of the fashion industry. Some recommendations to overcome these challenges are also proposed in this chapter.

Keywords: environmental sustainability, fashion industry, strategic drivers, sustainable development

Context

Negative environmental consequences, such as climate change, underline the need for firms to address these problems since they are significant contributors to them. In recent times, this has presented the relevance of business sectors in formulating a dependable strategy for reducing the pollution they cause. This discussion also applies to the fashion industry since it has considered resources as a “bottomless pit” in recent decades, and manufacturing procedures are mostly about “make and dump.” Such an orientation incentivises sustainability-focused behaviour and necessitates an organisation-wide emphasis on circularity in the manufacturing process (Thorisdottir & Johannsdottir, 2019). However, the fashion industry is one of the most challenging fields to work in when it comes to protecting the environment. It is characterised by short lead times, with global and segmented supply chains (Bruce & Daly, 2011). In 2013, 1,200 people died when a garment factory collapsed in Dhaka. That incident hurt fashion firms and made people more aware of issues related to safety and working conditions. Furthermore, the initiatives initiated by non-governmental organisations (NGOs) like Greenpeace have uncovered numerous violations of environmental and

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human rights by fashion firms and boosted customers' and businesses' concern for sustainability (Macchion et al., 2018).

The strategic approaches concerning sustainability rely, first and foremost, on improving the forces that push organisations toward sustainable programs or minimising the barriers that prevent them from being implemented. Firms may be compelled to embrace sustainability due to past incidents that harmed their brand image among customers and their intent to integrate sustainability principles into their business strategy. In the fashion sector, where customer awareness of environmental and social concerns has expanded dramatically, determining how organisational strategies may integrate sustainability principles into operational procedures has become increasingly crucial (Gazzola et al., 2020). Moreover, from a social perspective, the necessity to adopt corporate social responsibility in an organised manner is becoming an essential competitive aspect, particularly for fashion firms with industrial plants in impoverished regions (Macchion et al., 2018).

Many firms take environmental concerns proactively beyond just adhering to environmental regulations. Specific strategies can assist businesses in addressing sustainability concerns in their production processes and supply chains. Globally increasing demand and interest in the environmental sustainability necessitate a deeper understanding of the numerous drivers of organisational actions. In the past few years, environmental literature has documented several technological, financial, human-related and green drivers of environmental sustainability. However, little emphasis has been given to the strategic drivers of sustainability in the fashion industry context. A few studies reported that environmental strategies such as proactive and reactive environmental strategies, sustainability orientation, green entrepreneurial orientation, green innovation, and circular economy strategies are a few crucial strategic drivers for corporate environmental sustainability. However, fashion firms encounter several challenges in implementing these strategies. Although these drivers and challenges are crucial to effective implementation, researchers have provided them with limited specific attention. In addition, earlier research findings are widely dispersed throughout the several domains and settings where environmental sustainability has been studied. These fragmented findings pose difficulties for researchers and practitioners attempting to advance the existing corpus of literature. Thus, this study identifies key strategic drivers of fashion firms' actions aiming at improved environmental sustainability practice. Consequently, in relation to the objective of the chapter, we propose the following two questions:

1. What are the possible strategic drivers encouraging environmental sustainability in the fashion industry?
2. What challenges do apparel firms face while implementing sustainability initiatives, and how can they mitigate them?

Methodology

This chapter is based on a literature review (Kumar et al., 2022; Salamzadeh & Dana, 2022) and is focused on the current publications relevant to strategic drivers of corporate environmental sustainability in the fashion industry. A method for doing a literature review devised by Mascarenhas et al. (2018) is illustrated in Figure 20.1. We have applied this method to complete this chapter.

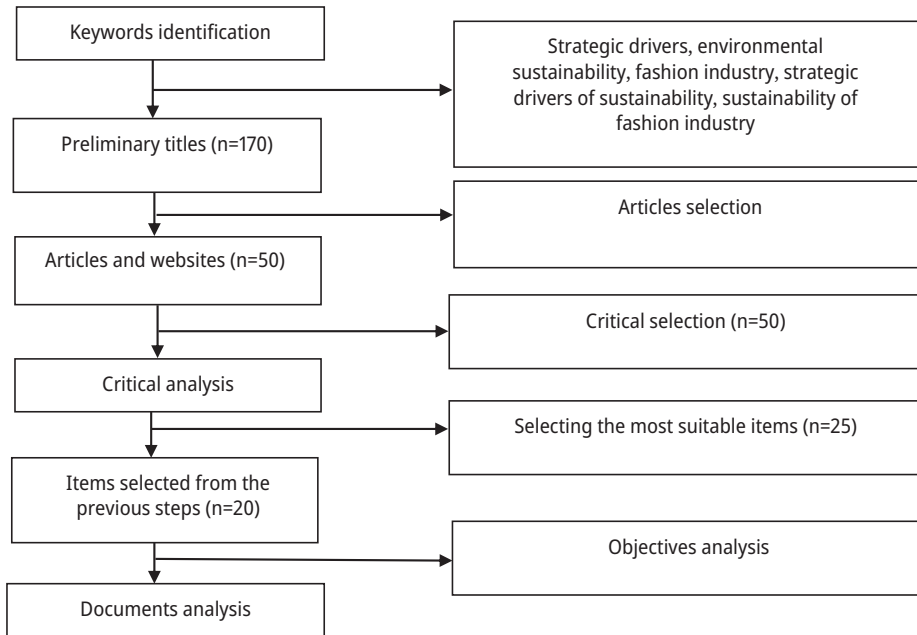


Figure 20.1: Authors' creation inspired by Hoque et al. (2020) and Mascarenhas et al. (2018).

After considering the characteristics and purpose of this review chapter, the researchers used keywords to search for relevant papers in several databases. These databases included Scopus, Web of Science, Google Scholar, DOAJ, JSTOR and other websites and online resources pertinent to the research. Among the most often used keywords were “strategic drivers,” “environmental sustainability,” “fashion industry,” “strategic drivers of sustainability” and “sustainability of fashion industry”. The initial search for titles using the keywords resulted in the discovery of over 17,000 articles, book chapters and conference papers. Then, the researchers tried to find 170 preliminary articles. After critically analysing these articles, we selected 50 based on individual keywords. After that, based on the combination of all keywords, “strategic drivers of corporate environmental sustainability of the fashion industry,” we selected the most

relevant and suitable 20 articles. After a comprehensive assessment of those 50 articles and websites, we concluded that 20 should be used for the content analysis.

The Rationale for the Chapter

The fashion industry has a substantial environmental impact, especially in comparison to its global scale; it employs a significant proportion of the world's workforce and accounts for a significant share of global exports (Wong & Ngai, 2021). The manufacturing processes, including the dying and polishing stages, require a substantial amount of the use of chemicals and natural resources, and they also have a significant impact on the surrounding environment (De Brito et al., 2008).

Several fashion firms have embraced green by re-configuring their business operations and implementing formal sustainability plans to accomplish 5R (reduce, reuse, recycle, redesign, re-image) (Ho & Choi, 2012). It is worth noting that even fast-fashion businesses, which are infamous for promoting “disposable apparel”, are nowadays more “sustainable” and ecologically sensitive than in the past (Choi & Li, 2015). However, there is a limited understanding of the strategic drivers of the fashion industry's sustainability performance.

Strategic Drivers of Environmental Sustainability in the Fashion Industry

The fashion industry is subject to various pressures to address environmental sustainability challenges. It is vital to understand how businesses incorporate ecological concerns into their corporate agendas and how these assimilation strategies affect corporate success. Today's enterprises adopt various environmental strategies to reduce their environmental impact and improve their sustainability performance. The environmental strategy entails the scope of an organisation's environmental protection measures within its strategic planning (Chan, 2010). Enterprises' strategic approaches to implementing ecological practices vary from reactive to proactive (Adomako et al., 2021; Chan et al., 2022). Extant literature defines a proactive environmental strategy (PES) as a firm's environmental goals, plans and actions that go beyond just following the law (Ateş et al., 2012, p. 1081). PES is envisioned as a prevention-oriented approach to ecological management since it focuses on implementing proactive environmental measures to avoid pollution (Chan et al., 2022). Proactive fashion firms are usually driven by a sustainable long-term vision and top management commitment allowing the adoption of green product technologies, green building solutions, green logistics management and other sustainability efforts to improve organisations' environmental sustainability (Macchion et al., 2018).

Reactive environmental sustainability (RES) entails business initiatives that depend on end-of-pipe measures (e.g., recycling, waste recovery) to mitigate adverse environmental impacts resulting from the firm's operating processes and products (Baah et al., 2020). It is considered a control-oriented strategy for ecological sustainability since it focuses on correctly treating and disposing of pollutants following their generation using various pollution-control methods (Chan et al., 2022). Prior studies on PES and RES argue that production procedures that solely aim to satisfy environmental standards exhibit a reactive strategy. In contrast, those incorporating additional voluntary sustainable initiatives not required for manufacturing enterprises exhibit a proactive strategy for greening manufacturing procedures and processes (Baah et al., 2020). In the fashion industry, reactive firms are devoting less effort to sustainability in their supply chain (Macchion et al., 2018).

Another crucial strategic factor that drives environmental sustainability in the apparel industry is the firms' sustainability orientation. Sustainability orientation comprises deeply ingrained attitudes and ideas that offer behavioural standards that define a firm's sustainability efforts (Roxas & Coetzer, 2012, p. 464). Adopting a sustainability perspective enables businesses to commit to developing improved sustainability practices and employing the resources required to efficiently produce suitable new green products, resulting in enhanced green innovation performance (Cheng, 2018). Sustainability-oriented firms in the fast-fashion sector incorporate environmental, social and economic issues and practices into their strategy and marketing actions, enhancing their environmental sustainability performance and brand equity (Sun et al., 2014). Additionally, managers of fashion firms must have a green entrepreneurial orientation to attain a sustainable competitive advantage (Pratono et al., 2019). Green entrepreneurial orientation is the propensity to explore possibilities that provide economic and ecological benefits by creating eco-friendly goods and services. Drawing insights from the dynamic capabilities theory, the green entrepreneurial orientation of an organization can be regarded as a critical strategic capability to react to and implement strategic initiatives such as green supply chain management, boosting the firm's performance. Apparel firms with a green entrepreneurial orientation can successfully implement green supply chain practices and enjoy superior triple bottom line (environmental, economic, and social) sustainability performance (Habib et al., 2020). Several strategies allow enterprises in the fashion sector with a green entrepreneurial orientation to contribute to environmental sustainability. Green entrepreneurial orientation addresses ecological concerns by developing environmentally friendly goods and services. These firms enhance workplace safety and health while minimising harmful emissions or poisonous substances. Moreover, green entrepreneurial-oriented fashion firms prioritise customer health and safety, fostering social welfare (Jiang et al., 2018).

Also important are green innovation strategies. A green innovation strategy promotes using raw materials effectively, reducing waste and material disposal expenses (Zhang et al., 2020). Green innovation may inspire businesses to develop novel methods to recycle waste into goods that generate excess revenue. Therefore, influential

green innovation assists firms in increasing their efficiency and bolstering their core capabilities, which may lead to enhanced economic performance.

Green innovation is a valuable resource that can lead to superior sustainability performance among businesses (Wang & Juo, 2021). Business innovation is expanding, and many fashion firms focus on end-of-life management by collecting old clothes and footwear from their customers and reusing them in collaboration or cooperation with other recycling organisations. Given the features of the short fashion supply chain and the rapidly shifting customer demand in the textile and apparel sector, the significance of innovation for fashion businesses is self-evident. However, as the textile and clothing industries continue to expand, pollution issues, including excessive manufacturing emissions of apparel firms, clothing stockpiling and waste produced by fast fashion, garbage dumps, or burning of off-season clothing arise, compelling fashion brands to implement green innovation strategies as soon as possible to resolve the escalating severity of environmental issues (Chen et al., 2021). By decreasing costs and waste, green processes and product innovation reduce apparel firms' negative environmental impact and enhance their social and financial performance.

Conclusion

This industry has a significant impact on the environment, particularly on a world-wide scale. It is responsible for employing a large percentage of the world's labour force and accounts for a sizeable portion of global exports. Our findings suggest that proactive and reactive environmental strategies, sustainability orientation, green entrepreneurial orientation, green innovation and circular economy strategies are the most crucial strategic drivers for the corporate environmental sustainability of the fashion industries. Yet, research on the challenges of using sustainable practices in the fashion industry is scattered and unclear. Few authors take a systematic and in-depth look at current problems (Barbosa et al., 2020; Hofmann et al., 2022; Su et al., 2021).

Supply chain management is one of the crucial issues for the fashion industry. In the case of sustainable development, the fashion industry has numerous challenges with its supply chains (Hofmann et al., 2022). This challenge includes setting up supply chains that match the business owners' values (Mukendi et al., 2020; Todeschini et al., 2020) and finding qualified suppliers (Mukendi et al., 2020; Štefko and Steffek, 2018). It is also challenging for businesses and the fashion industry to set up and run flexible supply chains that can adapt to new trends (Hofmann et al., 2022; Mukendi et al., 2020).

The fashion industry often struggles due to a lack of resources, which has been widely documented (Beck and Demircuc-Kunt, 2006; Hofmann et al., 2022). Scarce resource endowments and the accompanying managerial concerns are acknowledged

as crucial factors impacting the competitiveness of small fashion enterprises (Vishwakarma et al., 2022; Oelze, 2017). Also, a lack of resources, knowledge and experience are also mentioned as a significant challenge for the sustainable fashion industry (Vishwakarma et al., 2022; Kozlowski et al., 2018). In addition, within this sector, there is no provision for the workforce to receive official training. Only a tiny percentage of businesses make training their staff a priority. Inadequate skills lead to lower productivity, which in turn lowers the quality of the product (Vishwakarma et al., 2022).

Developing a sustainable relationship with customers is another challenge for fashion firms (Hofmann et al., 2022). Due to the vast variations of fashion, it is hard for the fashion industry to predict and match their ideas with what consumers and other stakeholders demand (Todeschini et al., 2017).

Fast fashion is another challenge for the fashion industry (Vishwakarma et al., 2022). Consumers' lack of eco-consciousness is the initial cause of fast fashion (Bhardwaj and Fairhurst, 2010). Since the consumer can purchase a lot of the current fashion clothes for low prices, s(he) does so regardless of whether or not s(he) actually needs them. Because of this, consumers throw away outdated clothing before it can reach the end of its product life.

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