



## **Sustainability Criteria Identified in Global Sourcing Practices : focused on Apparel Manufacturer's Supply Chain**

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**Significance:** With growing concern for the environment and the advances of communication technology, the demand for a transparent global supply chain has increased, making it more challenging to conceal unethical corporate practices (Carter & Rogers, 2008). Many retailers stress the importance of ethical behavior on the part of apparel producers. However, because producers are widely distributed geographically, economically, and culturally, it is difficult to keep them under a watchful eye in order to prevent or put a stop to violations during the production process of globally sourced products.

**Theoretical Background:** Existing studies on sustainability, CSR (Corporate Social Responsibility), and business ethics in the fashion industry have mainly focused on the corporate decision-making process based on the ethics of in-house marketing experts (Nill & Schibrowsky, 2007) and on the corporate ethics that consumers are aware of, but failed to reflect a wider scope that includes clothing production and distribution processes (Berens et al., 2005). A great amount of preceding research and studies have identified that a significant number of sustainability issues, by which consumers form favorable/unfavorable attitudes toward a certain clothing brand, stem from the production process; however, factors in the supply chain, especially those sustainability elements in global sourcing and their influence, are not actively studied (Park & Lennon, 2006). This study, therefore, seeks to examine the sustainability criteria that can be found in global sourcing practices within the actual supply chains of clothing companies. Sustainable supply chain management, with a particular focus on the sustainability criteria of global sourcing, will be analyzed. Moreover, both perspectives of the buyer—presenting the theoretical direction with a code of conduct to enforce sustainability—and the manufacturer—the one who is more involved with the production in a practical sense – will be considered.

**Research design/Method:** Among Fortune Global 500 US fashion distributors (from the 2012 list), the American fashion distributors that source globally via Korean manufacturers were selected: i) SPA, ii) a large distributor that produces low-/mid-priced casual wear, and iii) five manufacturers that act as subcontractors for the two aforementioned companies. Working-level employees and executives in the departments of social responsibility-global supply chain management for said companies were simultaneously interviewed in a single group. The interview questions were prepared based on the CPE from the study by Katja (2010) and the CSR reports of the selected companies. To select the interviewees, purposive sampling and snowball sampling were used to choose three people from seven selected companies—21 in total—upon whom FGI was conducted. The data was analyzed by open coding, the first step in the grounded theory approach proposed by Strauss and Corbin (1990). The expert interviews and CSR reports of the companies were then broken down, compared, conceptualized, and categorized (Lee & Kim, 2011)

**Results:** Total 8 theme categories, 18 sub-categories, and 37 evolved themes were extracted. The theme categories and their sub-categories are as follows: (1) Social compliance (Working conditions, Employment, Safety), (2) Environmental concern (Environmental pollution management, Eco-friendly production, Supply chain environment), (3) Energy efficiency (Energy saving programs, Store environment), (4) Consumer protection (Restricted substances management, Consumer product safety improvement), (5) Management system (Code of conduct, Triangle audit system), (6) Community social activities (Local community service, Voluntary activity, Charity activity), (7) External stakeholder engagement (Media & NGO management, Maintaining relationships with the local authorities), and (8) Brand protection (Respecting the buyer's intellectual property).

**Discussion:** Academically significant insight has been obtained on the sustainability criteria that can be encountered by companies under diverse global sourcing scenarios and it was once again made evident that global sourcing by clothing companies is not merely a means to reduce costs but can lead to additional new jobs and social contributions in developing countries. It was confirmed that investment in sustainability, such as energy saving programs, can help both manufacturers and buyers to save money over time. This highlights the necessity to invest and set up long-term strategies for sustainability in the apparel production process. It is also practically significant that a guideline has been presented for general CSR activities in the sourcing process by global sourcing and CSR experts in the field. This study is a qualitative study based on focus group interviews and CSR report analysis. Because the subject interviews cannot represent all corporate groups, subsequent corroborating studies based on these findings are necessary. It will be interesting to expand beyond American clothing brands to include a comparison for the sustainability criteria in sourcing by European and Asian clothing companies, as well as an examination of the sustainability criteria in domestic (not global) sourcing.

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