



## Retailer Involvement in Sustainability and Demand for Sustainable Apparel and Textiles from South Africa

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South Africa's textile and apparel industries are struggling to rebuild after a period of weak investment during Apartheid and increasing competition from imports that spilled in after China joined the World Trade Organization. One outcome was vertical *disintegration* where suppliers that had previously operated plants handling spinning through made-ups, dropped some operations to specialize in those that remained. Additionally, many firms closed. Resulting job losses have been devastating because of already high unemployment levels (Roberts & Thoburn, 2004). While the industries account for 14% of manufacturing employment, currently only 60,000-80,000 workers are employed, down from 120,000 in 2002 (The South, 2014).

South Africa's government introduced the Clothing & Textile Competitiveness Programme in 2010. This program aims to expand general and technical business skills and operations (Industrial Development Corporation, 2016). A recent investment of the program is a Sustainable Cotton Cluster (SCC) that aims to *reintegrate* a supply chain that includes all nodes of the chain from cotton farmers through retail. In the 18 months after its creation, the SCC introduced 5,000 new jobs, increasing cotton production by 240% and contributing to the rebirth of the South African cotton industry in a sustainable manner (Wise, 2015).

Retailers are lead firms that make most decisions in buyer-driven supply chains, such as in the apparel industry (Gereffi & Frederick, 2010); thus, retailers in South Africa are critical for the SCC's success. The purpose of this research was to understand the extent of retailer involvement in sustainability and their demand for sustainable apparel and textile products from South Africa. The Sustainable Apparel Coalition's Higg 2.0 Brand Modules (environment and social/labor) were used as a foundational framework. These modules measure sustainability performance based on a company's efforts on environmental and social/labor challenges.

Comparative case study research included four retailers: an international retailer that operates retail stores in South Africa (Retailer A), two South Africa-based fashion retailers (Retailers B and C), and a South Africa-based discount retailer (Retailer D). Content analysis was conducted on publicly available information about the retailers' sustainability efforts. Interviews conducted in South Africa with eight corporate employees in sustainability and sourcing filled in gaps that remained after the content analysis and identified retailer sourcing strategies that could support the SCC. A deductive approach was used to analyze the qualitative data in relationship to key themes in the Higg 2.0. Observations in the retailers' stores in South Africa focused on product content, country of manufacture, and store signage related to sustainability, and confirmed retailer sourcing patterns and focus on sustainability. Retailer A's most significant environmental work involved materials, manufacturing, product care and repair,

and end of use. Its most significant social/labor efforts related to strong systems for managing social/labor performance, engagement and collaboration, and transparency and public reporting. Retailer B's strengths were in transportation, end of use, and community impact, with very good efforts in materials, packaging, social/labor performance management, and external engagement and collaboration. Retailer C's sustainability program was in a start-up stage with strong efforts in manufacturing, packaging, and transportation; strength was in end of use and community impact. Retailer D's environmental program had made the greatest strides in transportation and end of use. Its strength in social/labor was with community impact. Retailer D articulated the challenges involved in sourcing through the SCC's integrated supply chain; longer term planning and earlier payment would be required as compared to typical sourcing. There are also risks of failure due to small and large businesses not understanding one another's needs

An important difference between the international retailer and the South Africa-based retailers was the commitment those based in South Africa placed on socio-economic development and job creation under a government initiative for Broad-Based Black Economic Empowerment (B-BBEE). Additionally, all three South Africa-based retailers sourced at least some of their apparel and textile products locally, whereas the international retailer used a global sourcing strategy that did not include South Africa. South Africa-based retailers are, therefore, potentially strong contributors to the SCC, especially if this work aligns with B-BBEE criteria. Initial demand for sustainable apparel and textiles from the SCC may be limited to small amounts that reduce risk if shipments are missed or quality is lower than expected. However, with proven ability to deliver quality merchandise on time, demand should grow. Future research should analyze the benefits and challenges that retailers experience when participating in a pilot program with the SCC, and address whether sourcing products through an integrated and sustainable South African supply chain create competitive advantages for retailers.

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