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Drivers of Global Buyer Sourcing of Sustainable Apparel from a South African Supply Chain

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Faced with increasing imports, business failure, and sharp drops in employment, South Africa's textile and apparel industries are struggling to find a way to increase competitiveness. Recently, a Sustainable Cotton Cluster (SCC) was established with the goal of creating an integrated sustainable supply chain in South Africa that starts with cotton farmers, extends through textile and apparel manufacturing, and places strong emphasis on environmental sustainability and social responsibility at every step of production (Wise, 2015). It is possible that the integrated supply chain could be valued by global buyers (brands and retailers) that are increasingly emphasizing sustainability. The purpose of this research was to understand the potential drivers of global buyer sourcing of products produced in the integrated supply chain.

Sourcing decisions have traditionally considered product quality, reduction of costs and contribution to the company's financial performance, and dependability and reliability in delivery. A range of internal and external drivers are thought to influence sourcing of products produced under sustainable conditions (e.g., free of toxins, made in safe and healthy working conditions) and sustainable supply chain management involving transparent supply chains. These drivers include customer expectations, top management support, benefits to company reputation and brand image, support for strategic goals and competitive advantage, reduced complexity, expanded flexibility, more thorough and easier risk management, and improved communications (Hoejmose & Adrien-Kirby, 2012; Schoenherr et al., 2012; Seuring & Muller, 2008).

An online survey was conducted with industry professionals working for global brands and retailers, and a few large apparel manufacturers with their own brands. The parts of the questionnaire covered here included 26 statements related to a range of drivers of sourcing decisions, likelihood of allocating production to the South African supply chain, current sourcing in South Africa and sourcing of fiber, and descriptive information. For the drivers, respondents indicated agreement (1=strongly disagree, 5=strongly agree) that each would be met with the supply chain, e.g., would "reduce waste" or "improve my company's brand image."

A list of 177 individuals working for 69 companies that were all members of the Sustainable Apparel Coalition included personal contacts and others identified through LinkedIn as having relevant responsibilities for corporate social responsibility, sustainability, and/or sourcing/supply chain. Emails requesting participation in the study were sent three times over an approximately 3-week period. A total of 28 questionnaires were usable (16%). Sixty-five percent of respondents worked in sustainability or corporate social responsibility, and another 23% worked in sourcing. Fifty percent of respondent companies were headquartered in the United States, 35% in Europe, and 8% in Asia. Primary business activity of respondent companies was brand name marketer (40%), multi-brand retailer (24%), or supplier/manufacturer (12%). A majority worked for companies that grossed over US \$1 Billion during the last fiscal year. Only

20% of respondents' companies currently sourced from South Africa and volume sourced there was 1% or less for all but one brand name marketer that sourced 8% of volume in the country. Twenty-nine percent of respondents indicated that their companies devoted capacity at the fiber level; one sourced 80% of its current total volume in this way and three others sourced 50-60% of their volume to specific fiber.

Principle Components Analysis with Varimax Rotation identified four variables accounting for 78% of the variance in potential drivers of sourcing. Means and standard deviations for each of the four variables were analyzed. Respondents tended to agree that the integrated supply chain in South Africa would provide *Transparency & Traceability*. They indicated some agreement that products from the supply chain would meet *Customer Demand* and that the supply chain would benefit their companies' *Financial Performance*. Respondents indicated some disagreement that the supply chain would support *Risk Management*. Finally, respondents were somewhat unlikely to allocate production to this South African supply chain.

It had been hypothesized that the various drivers would be significantly related to likelihood of allocating production to the South African supply chain; however, there was only one significant correlation. Likelihood of allocating production to the supply chain in the next two years was positively correlated with beliefs that the supply chain would be useful for *Risk Management* ($r=.47$, $p=.024$). It had also been hypothesized that those individuals in sustainability/CSR jobs would be more likely than those in sourcing to allocate production to the supply chain; this hypothesis was not confirmed.

Discussion focuses on why companies that agree there are benefits related to an integrated and sustainable supply chain in terms of information provided and meeting the needs of consumers, are also skeptical about financial performance benefits and are unlikely to source from the supply chain. Clearly, traditional sourcing criteria, especially price, are exceedingly important for global buyers, even when they are presumably leaders in sustainability. At a minimum, there continues to be substantial work necessary to integrate sustainability values into the buying companies.

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