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INTEGRATION OF SUSTAINABILITY INTO CORPORATE STRATEGY: A CASE STUDY OF THE TEXTILE AND CLOTHING INDUSTRY

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Abstract

More and more Textile and Clothing (T&C) companies decide to integrate sustainability into their corporate strategy. Although the T&C industry linked to sustainability has been the subject of various studies, to the best of our knowledge, little research exists, which focuses on the integration of sustainability into corporate strategy in special regards to European T&C companies with global value chains. This dissertation explores a set of institutional, organizational and individual drivers, barriers and success factors for the integration of sustainability into corporate strategy of a European T&C company. The results are based on a case study of the exemplary VAUDE – a family-owned, sustainable outdoor outfitter company and stand in accordance with Institutional Theory and Stakeholder Theory as theoretical frameworks explaining why companies deal with sustainability. The determined drivers are dependent on a coherence of all levels of analysis, i.e. institutional, organizational and individual. The barriers are of institutional and organizational nature only and the success factors are predominantly found on the institutional level. The findings present significant suggestions for other T&C companies that seek to integrate sustainability into their corporate strategy and for the T&C industry to create a sustainability friendly environment to drive more T&C companies to become sustainable. It further supports T&C companies in identifying potential barriers, how to overcome them and successfully integrate sustainability into their corporate strategy. The results reveal, that it only works, if sustainability is strongly integrated into one's corporate strategy and deeply anchored in all departments and daily tasks of a T&C company.

Keywords: Sustainability, Textiles, Clothing, Corporate Strategy

JEL Classification System:

L67 - Industry Studies: Manufacturing: Other Consumer Nondurables: Clothing, Textiles, Shoes and Leather Goods; Household Goods; Sport Equipment

M14 - Business Administration: Corporate Culture; Diversity; Social Responsibility

Resumo

Cada vez mais empresas de Têxteis e Vestuário (T&V) decidem integrar sustentabilidade na sua estratégia empresarial. Embora a ligação entre a indústria de T&V e sustentabilidade tenha sido objeto de vários estudos, pouca pesquisa existe, focada na integração de sustentabilidade na estratégia empresarial, nomeadamente em empresas europeias de T&V com cadeias de valor globais. Esta dissertação explora os incentivos, obstáculos e fatores de sucesso institucionais, organizacionais e individuais para a integração de sustentabilidade como estratégia empresarial. Os resultados são baseados no *Case Study* da exemplar VAUDE, uma empresa familiar e sustentável de fornecimento de indumentária para o exterior e estão de acordo com a *Institutional Theory* e a *Stakeholder Theory*, enquadramentos teóricos que explicam porque é que as empresas lidam com sustentabilidade. O estudo mostra que os incentivos estão dependentes de uma coerência coletiva a três níveis - institucional, organizacional e individual. As barreiras são apenas de natureza institucional e organizacional e os fatores de sucesso são predominantemente a nível institucional. Os resultados constituem sugestões para outras empresas de T&V que procurem integrar sustentabilidade na sua estratégia empresarial, bem como para a própria indústria de T&V para criação de um ambiente que promova sustentabilidade, incentivando empresas a tornarem-se sustentáveis. Apoia ainda empresas de T&V a identificar potenciais barreiras, define como devem ser ultrapassadas e como integrar com sucesso sustentabilidade na estratégia empresarial. Os resultados revelam que tal apenas funciona se sustentabilidade estiver fortemente integrada na estratégia empresarial e refletida profundamente em todos os departamentos e tarefas diárias da empresa de T&V.

Palavras-chave: Sustentabilidade, Têxteis, Vestuário, Estratégia Empresarial

Sistema de classificação JEL:

L67 - Estudos de Indústria: Manufaturação: Outros perecíveis de consumidor: Vestuário, Têxteis, Sapatos e Bens de Pele; Bens Domésticos; Equipamento Desportivo

M14 - Administração Empresarial: Cultura Empresarial; Diversidade; Responsabilidade Social

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List of Abbreviations

BAT:	Best Available Technology
CEO:	Chief Executive Officer
CDPH:	California Department of Public Health Standard Method
CPO:	Chief Product Officer
CR:	Corporate Responsibility
CSR:	Corporate Social Responsibility
DGNB:	Deutsche Gesellschaft für Nachhaltiges Bauen
ECG:	Economy for the Common Good
EMAS:	Eco Management and Audit Scheme
EU:	European Union
FWF:	Fair Wear Foundation
GOTS:	Global Organic Textile Standard
GRI:	Global Reporting Initiative
IT:	Information Technology
KPI:	Key Performance Indicator
MRSL:	Manufacturing Restricted Substances List
NGO:	Non-Governmental Organization
QCM:	Quality and Chemical Management
RBV:	Resource-Based View
RQ:	Research Question
RSL:	Restricted Substances List
SDG:	Sustainable Development Goals
TBL:	Triple Bottom Line
T&C:	Textile and Clothing
UK:	United Kingdom

1. Introduction

The Textile and Clothing (T&C) industry presents an essential part of human beings' everyday life and its goods are considered as the second most substantial human desire (Madhav et al., 2018). The industry itself has experienced extensive growth and success in the last decades, making it to one of the largest, but also most polluting global industries (Allwood et al., 2006; Boström and Micheletti, 2016). Its large size, variety of processes and complex global production network cause major environmental and social impacts. In 2015, 79 billion cubic meters of water, 1715 million tons of CO_2 emissions and 92 million tons of waste were produced globally by the T&C industry. By 2030, the numbers are estimated to increase by at least 50% (Seara et al., 2017). Moreover, the T&C industry regularly receives negative attention because of poor working conditions, low wages and exploitation of workers - especially in low-cost countries, where the majority of T&C production is outsourced to (Pedersen and Gwozdz, 2014; Shen et al., 2017). The ever-increasing consumption of T&C goods intensifies the present social and environmental issues (Goworek, 2011).
Meanwhile, a rising awareness for fair and environmental-friendly business practices is emerging in the wider population, creating growing demands for companies to prevent and counteract social as well as environmental issues and to act sustainable (Seidel et al., 2010). In consequence, a growing dialogue in regards of sustainability aroused within the T&C community. T&C companies across all industry segments have started to implement sustainable approaches and to align economic, social and environmental responsibilities through their corporate strategy, taking into consideration not only the increase of profits and decrease of costs, but also the sustainable development of the company itself and its environment (Leibowitz, 2019; Bansal and Song, 2017).

Prior research has analyzed cross-industry drivers, barriers and related success factors for the integration of sustainability into a company (e.g. Cici and D'Isanto, 2017; Murthy, 2012; Rezaee, 2016; Renukappa et al., 2013). Nevertheless, we argue, that sustainability issues, practices, drivers and barriers are industry-specific and therefore industry-focused research is appropriate (Desore and Narula, 2018). Studies about different industries in regard to sustainability such as hotel (Wan et al., 2017; Kasim, 2007; Jones et al., 2016; Shanti, 2016), food and beverages (Emamisaleh and Rahmani, 2017; Govindan, 2018; Dodds et al., 2013), cosmetics (Connelly, 2013; Chen, 2016) and automotive (Berkeley et al., 2017; Balon et al., 2016; Agyemang et al., 2019) exist in plenty.

The T&C industry linked with sustainability has also been in focus of a variety of researchers in the past (e.g. Hopkins et al., 2009; Boström and Micheletti, 2016; Beard, 2008; Thiry, 2011; Madhav et al., 2018) as well as the industry-specific sustainable consumption behavior (e.g. Hutter et al., 2010; Hiller Connell, 2010; Hill and Lee, 2012; Gardetti and Torres, 2017; Eder-Hansen et al., 2012; Dickson, 2000; Belz and Peattie, 2011; Vermeir and Verbeke, 2006; Thøgersen, 2005) and sustainable supply chain implementation (Ganesan et al., 2009; Diabat et al., 2014; Oelze, 2017). Although it can be observed, that a growing interest of research in the drivers, barriers and success factors of sustainability in the T&C industry exists, to the best of our knowledge, there is little literature with special reference to European T&C companies with global value chains, which successfully integrated sustainability into their corporate strategy, creating a significant literature gap in that context (Pedersen and Andersen, 2015). Existing literature, which aims attention at sustainability in T&C companies often only focuses on T&C consumers as drivers and/or barriers (Desore and Narula, 2018) as well as the implementation of sustainable business models or an industry-wide system (Todeschini et al., 2017; Ozdamar Ertekin and Atik, 2015). Moreover, recent literature, that can be found in regard to drivers, barriers and success factors of the integration of sustainability into corporate strategy in both cross-industry and industry-specific cases is typically studied at one level of analysis at a time or mainly at the macro level (i.e. institutional or organizational level) not taking into consideration the micro level (i.e. individual level). Respectively, it presents a fragmented overview and there is a need for a multilevel review, in which the diverse literature can be integrated into a coherent approach (Aguinis and Glavas, 2012). A welcome exception is the work of Pedersen and Andersen (2015), who analyzed current challenges and opportunities in sustainable fashion and based their results on fashion experts from different sectors and geographies. However, there is still a lack of convergent theoretical understanding on the specific drivers, barriers and related success factors for the integration of sustainability into the corporate strategy of an individual European T&C company. The objective of this research is to close that gap and create a better understanding of the topic. Therefore, we aim to answer the following research questions (RQ):

- *RQ1: What are the drivers of the integration of sustainability into the corporate strategy of a European T&C company?*
- *RQ2: What are the barriers of the integration of sustainability into the corporate strategy of a European T&C company?*
- *RQ3: What are the success factors for the integration of sustainability into the corporate strategy of a European T&C company?*

This dissertation summarizes results of a case study of the family-owned outdoor outfitter company VAUDE. The case study analysis seeks to shed light on the research questions. The company is particularly appropriate for this research and provides interesting insights as it is considered an exemplary and sustainability pioneer in its industry and has sustainability integrated into its corporate strategy and all business activities.

The dissertation is organized as it follows. First, a Literature Review (Chapter 2) of sustainability in context to corporate strategy, its interpretation from an institutional and stakeholder theory perspective, the T&C industry as well as drivers, barriers and success factors for the integration of sustainability into corporate strategy will be conducted. The drivers, barriers and success factors will be analyzed for both cross-industry and industry-specific cases as well as fragmented regarding on levels of analysis (i.e. institutional, organizational, individual). Chapter 3 provides the Research Methodology. Chapter 4 will present the case of VAUDE and discuss evidence from the case study analysis. Finally, in Chapter 5, a conclusion will be drawn, discussing the main findings, limitations and potential future research as well as managerial implications.

2. Literature Review

The question of what drives and hinders T&C companies to successfully integrate sustainability into their corporate strategy can only be answered if there is previous knowledge and understanding of sustainability, the T&C industry and the current status of sustainability in this specific industry. Accordingly, this literature review is focused on the concept of sustainability in context of corporate strategy as well as institutional theory and stakeholder theory, cross-industry drivers, barriers and success factors for the integration of sustainability into corporate strategy, the T&C industry and industry-specific drivers, barriers and success factors for the integration of sustainability into T&C companies.

2.1. Sustainability in the Context of Corporate Strategy

Sustainability is of increasing importance in today's socio-conscious economies. The term sustainability as we know it derived from the concept of "sustainable development". In the Brundtland report, the World Commission on Environment and Development (1987:5) states, that a development is sustainable, when it *"...meets the needs of the present without compromising the ability of future generations to meet their own needs."* In this definition, sustainability is rooted in the efficient management of environmental and ecological factors to

maximize the productive potential of ecosystems in the long-term and match earth's capacity to regenerate a future supply accordingly.
However, the first idea of sustainability can already be found 300 years ago and was formulated by Hans-Carl von Carlowitz in 1713. Von Carlowitz (1713) refers to sustainability in regard to forestry and hypothesizes, that the conservation of wood in the long-term can only be achieved, when it is consumed in a continuous resistant and sustainable way. Only then, the Christian culture and nature can be preserved and strengthened. Accordingly, the author does not only consider the interdependencies between economics and environment, like in the definition of sustainable development, but also includes society - a concept, which gained attention in the late 20th and early 21st century and is recurring until today under the "Triple Bottom Line" (TBL) (Bansal and Song, 2017; Vehkamäki, 2005).
The TBL focuses on a company's management of economic, environmental and social responsibilities and attempts to coordinate them for a complete view of business performance (Elkington, 1997; Renukappa et al., 2013). Although the TBL nowadays provides the foundation for many companies to develop a sustainable business model (Wilson, 2015; Bansal and Song, 2017), Elkington (2018 [a]), who initially coined the term, criticizes, that the TBL is often used as a balancing actor to adopt a trade-off mentality. He further argues, that profit is still put first and only then people and planet are considered, when in fact the original aim was a system change towards a transformation of capitalism, which focuses on disruption, asymmetric growth and the scaling of next-generation market solutions (Elkington, 2018 [b]). Based on the failure to bury the single bottom line paradigm, profit, the author recalled the TBL in 2018 and appeals for a more comprehensive approach, that "*... involves a wide range of stakeholders and coordinates across many areas of government policy, including tax policy, technology policy, economic development policy, labor policy, security policy, corporate reporting policy and so on."* (Elkington, 2018 [b]).

While sustainability is grounded in science, the concept of "responsibility" deals with moral obligations, claims and duties. Initially, responsibility described the expectation to respond to stakeholder demands and use corporate profits to serve the general needs of society and did not take environmental responsibility into account. Only when sustainability was connected to the newly emerging TBL in the late 20th and early 21st century, responsibility also started to take a strategic orientation and integrated all three aspects - economics, society and environment. During that time, the terms sustainability and responsibility started to blur and be used interchangeably by companies as well as researchers (Bansal and Song, 2017).

Even though sustainability and responsibility started to converge in the strategic management of economics, society and environment, distinctions in the research of both can be made. On the one hand, sustainability researchers aim to examine connections and interdependencies of economics, society and environment in order to explain how a system can be sustained in the long-term. On the other hand, responsibility researchers have the goal to understand moral obligations of managers and companies and examine their relationships to society and environment. Through this understanding, responsibility researchers help to prescribe certain actions (Bansal and Song, 2017). Therefore, companies decide to implement responsible approaches into their businesses, which mostly fall under "Corporate Social Responsibility" (CSR) or "Corporate Responsibility" (CR) practices. CSR is defined *"... as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis."* (European Commission, 2001:4). Thus, CSR practices are proactively integrated into top management level, marketing campaigns and considered to be an important aspect for the company's corporate strategy. On the other hand, some companies decide to make use of CR approaches, which refer to adopting respectful business practices, but neither creating any "good" or "bad" for the society or environment (Corporate Social Marketing, 2013).
International alliances have been established to support the integration process of sustainability and CSR initiatives for companies and achieve an overall sustainable development in global industries. The United Nation's "Sustainable Development Goals" (SDGs) present a significant example as they are a set of comprehensive goals for governments, businesses, civil society and the general public to act in collaborative partnership to focus on economic, social and environmental dimensions of sustainable development. The SDGs are a set of 17 specific goals adapted by 193 countries worldwide and are made up of 169 sub goals, reflecting current sustainability challenges and risks. They are to be met by participating countries until 2030 (Textile Exchange).

Whereas in the past it was most common to implement isolated CSR practices, currently, companies choose a more holistic and strategic approach, which integrates sustainability and responsibility with all its aspects and stakeholders into corporate strategy and make use of alliances for support (Kiron et al., 2015). Bansal and Song (2017) argue, that both responsibility and sustainability assume, that economic, social and environmental responsibilities of a company can be aligned through corporate strategy. In the following, although only the term "sustainability" will be used, both concepts will be considered.

2.1.1. Integrating Sustainability into Corporate Strategy

An increasing number of companies have decided to integrate sustainability into their business through their corporate strategy (Petrini and Pozzebon, 2010). Porter and Kramer (2006) argue, that in order to understand competition in the market and develop a successful business strategy, companies have to integrate a social perspective into their existing core framework, hence their corporate strategy. The authors further claim, that any sustainable approach, which is fragmented or disconnected from corporate strategy and business operations will prevent a company to make use of opportunities to benefit society. Cici and D'Isanto (2017:54) define the integration of sustainability as *"...redesigning and redefining strategy and operative processes to face the changes and meet the needs and expectations of the market and society alike, with the ultimate goal of increasing competitiveness and supporting durable profitability".* Accordingly, sustainability is seen as a capability of a company to exist in the long-term, sufficiently adapt to changes in the industry and predict trends to exploit them to a maximum (Cici and D'Isanto, 2017). It becomes clear, that integrating sustainability into corporate strategy does not only create value and a sustainable competitive advantage, but also responds to stakeholders' demands concerning environmental and social issues (Murthy, 2012). A study conducted by Cici and D'Isanto (2017) identified current leaders in sustainability on the market. Of them, 97.7% agree on the above presented definition either "very much" or "sufficiently", making it a useful representation of sustainability integration into corporate strategy. The same study examined the meaning of integrating sustainability into corporate strategy for companies in terms of business activities, which is illustrated in Diagram 1. According to 56.4% of interviewed companies, the integration of sustainability means to measure and monitor economic, social and environmental impacts on business. In addition, creating a sustainable product (38.3%), adopting a social and environmental management system (37.8%) and managing sustainably the value chain (34.8%) are business activities, that are commonly put in connection with the integration of sustainability. Further business activities are satisfying unmet social needs (12%) and reporting on financial and non-financial performances (8%) (Cici and D'Isanto, 2017).

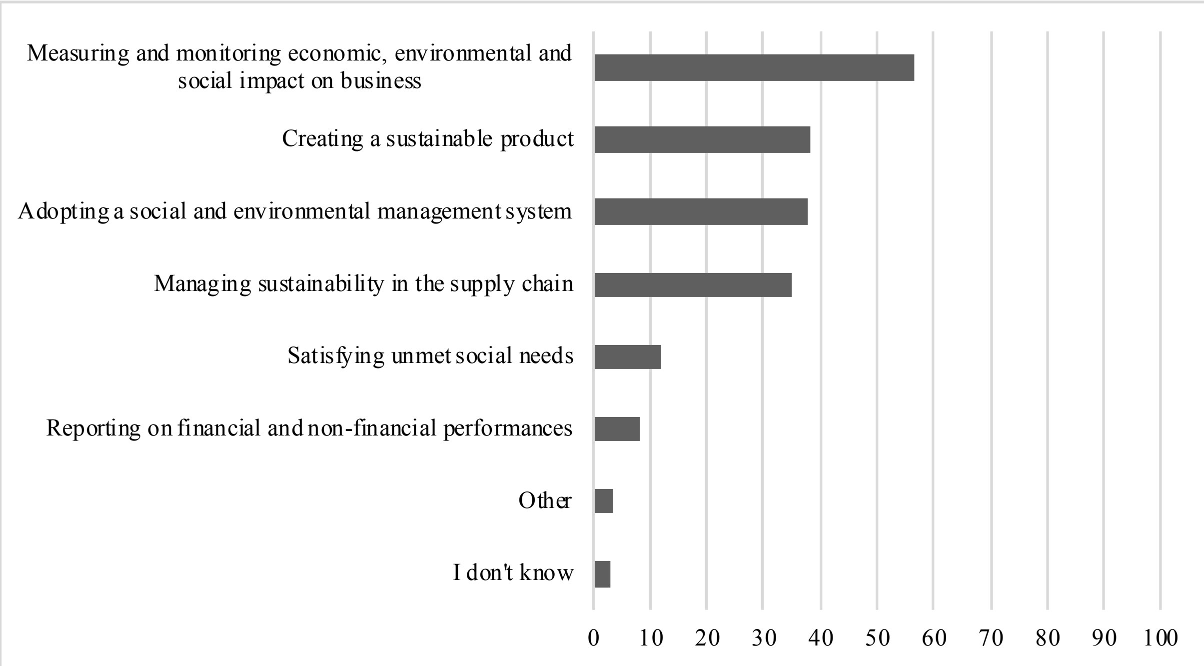


Diagram 1: The meaning of integrating sustainability into corporate strategy for companies in terms of business activities (represented in %)
Source: Own representation based on Cici and D'Isanto (2017)

Around half of these companies already have a policy to integrate sustainability and such business activities as well as have identified measurable objectives for the integration. It shows the understanding of companies, that in order to be successful and conclusively gain competitive advantage, sustainability initiatives do not only have to be carried out, but rather have to be fully integrated into their corporate strategy. Moreover, for sustainability initiatives to be effective and taken seriously inside a company, it is suggested, that they should be linked with corporate strategy right from the beginning and continually addressed in planning and decision-making (Folmer and Tietenberg, 2005; Bonn and Fisher, 2011). Hosmer (1994) even suggests a more specific approach. According to him, an ethical analysis is the only way to resolve conflicts in values and goals and therefore an essential aspect of corporate strategy.
Leaders in sustainability, who have already integrated sustainability into their corporate strategy, support these assumptions - currently, they are overall more successful in their markets than companies, who do not have sustainability integrated yet (Cici and D'Isanto, 2017).

2.1.2. Theoretical Frameworks linking Sustainability to Corporate Strategy

"Stakeholder Theory" and "Institutional Theory" are considered to be two of the most frequently applied theories to explain why companies deal with sustainability and, more specifically, decide to integrate sustainability into their corporate strategy (Perrini and Tencati, 2006; Matten and Moon, 2008; Rezaee, 2016). Accordingly, the next paragraphs will present these theories linked to the integration of sustainability into corporate strategy.

Institutional Theory

According to Institutional Theory, society's institutions serve as a set of working rules and provide a decision-making framework for companies. In order for a company to earn the legitimacy to survive, it has to conform to its institutional environment, which is comprised of normative, regulatory and cognitive elements (Connelly et al., 2011; DiMaggio and Powell, 1983). Normative elements include values, norms and roles set by stakeholders, which define the "rules of the game". Cognitive elements emphasize shared ideologies and cultural values, that set the framework to form responsible corporate behavior. Regulative elements are legal rules and regulations, which influence corporate behavior (Muthuri and Gilbert, 2011). All elements together provide stability and meaning to social life (Scott, 2008).

By conforming to the forces of the institutional environment, companies within an industry become more homogenous in process and structure over time. This homogeneity process is shaped by the following three mechanisms:

- *Coercive isomorphism:* Regulators, on whom the company is dependent on for resources, put pressures on companies.
- *Mimetic isomorphism:* Companies imitate other market players to reduce cognitive uncertainty.
- *Normative isomorphism:* Social factors as media and trade associations put pressure on companies (Connelly et al., 2011).

Additionally, it is observed that conforming to the institutional environment is resulting from a conscious decision process of the company. In the case of sustainability, a company can therefore succeed in the market if they are aware of sustainability trends and policy changes in the industry and conform to them (Connelly et al., 2011). The institutional environment supports a common understanding and definition of sustainable behavior in an industry, which companies can then use to formulate their own sustainable strategies (Muthuri and Gilbert, 2011). Institutional theory further suggests, that especially in uncertain and rapidly changing environments companies have the pressure to mimic the behavior of the other market players. Through this behavior, companies can develop sustainable strategies quickly and cheaply. Moreover, normative pressures from institutions like the stock exchange market may lead to more companies investing into sustainability initiatives (Dawkins and Ngunjiri, 2008). Institutional theory has been used to investigate the relationship between institutions and strategic choices of companies (Perez-Batres et al., 2010). It has been observed, that a company's formulation of an environmental plan is positively influenced by pressures inserted by stakeholders and a positive relationship between normative elements and the adoption of environmental management standards exists (Henriques and Sadorsky, 1996; Delmas and Montes-Sancho, 2011). As institutions alter from nation to nation and consists of different norms, regulations and communal factors, drivers of integrating sustainability into corporate strategy can vary among countries (Campbell, 2007).

Stakeholder Theory

Freeman's (1984:46) stakeholder theory suggests, that stakeholders are *"...any group or individual who can affect or is affected by the achievement of a corporation's purpose."* Moreover, it states, that most, if not all, companies have a set of integrated stakeholders, they are responsible and obliged to (Spence et al., 2001). Freeman et al. (2004) further argue, that values are an inevitable part of doing business and the value creation for these stakeholders is the main objective of a company (Freeman et al., 2004). Mitchell et al. (1997) point out, that stakeholders, who are considered important by managers concerning their power, legitimacy and urgency influence a company's strategies. Based on the dependence of the resources, a stakeholder can directly or indirectly influence a company. On the one hand, direct influence takes place, if a stakeholder is able to manipulate the flow of resources to the company. On the other hand, stakeholders that neither control resources nor are considered primary for the company, mainly exert indirect influences through other stakeholders (Frooman, 1999). According to Cooper et al. (2001), stakeholder theory used as a managerial tool is particularly concerned to detect the kind of influence stakeholders exert on the company and to identify which stakeholders are more important and should receive a greater management attention. Clearly, different stakeholders can present different or even conflicting needs and interests (Neville and Menguc, 2006).

Conclusively, stakeholders can directly and indirectly as well as to different extents influence sustainability practices of a company (Sharma and Henriques, 2005). For example, consumer concerns about sustainable business practices have a significant impact on how businesses operate (Hopkins et al., 2009). Nevertheless, a company, that aims to create sustainable value by integrating sustainability into their corporate strategy, has to consider a wider set of internal and external stakeholders than a company with a conventional business model puts focus on. The conventional perspective of creating value for customers and shareholders must be expanded for example to NGOs (Non-Governmental Organization), the environment and local communities (Schaltegger et al., 2016). The study by Cici and D'Isanto (2017) shows, that by integrating sustainability, relationships with a wider set of internal and external stakeholders can be effectively developed or improved. This extended group of stakeholders puts a greater pressure on companies to react to their demands. The majority of them is aware of environmental and social impacts caused by global industries, that water scarcity and water pollution are considered global concerns, many natural resources are endangered and natural resource supply is becoming more expensive (Greenpeace, 2011; Hutter et al., 2010). Moreover, their interests go beyond traditional ideas of corporate generosity and companies' counteraction of negative social and environmental impacts. As Renukappa et al. (2013:64) state, stakeholders nowadays require companies *"... to be a positive force, to contribute to broader societal development goals and to work in partnership with others to solve humanitarian crises and endemic problems facing the world such as disease and poverty, climate change and environmental stewardship."*

2.1.3. Drivers for the Integration of Sustainability into Corporate Strategy

The drivers for integrating sustainability into corporate strategy of a company have become a common area of research in the last years. The following paragraph will present the drivers, that have been identified in recent literature.

a) Standards and Regulations

In recent years, the integration of sustainability into business and corporate strategy has become popular as an increasing amount of obligatory and voluntary standards as well as new governmental regulations regarding sustainability were released (Montabon et al., 2007). Developments like the introduction of certifications or waste reduction standards from external or governmental agencies have led to an increased awareness of acting sustainable in a company (Handfield et al., 2002). Especially governmental legislation concerning sustainable business practices is considered to have significant impact, when deciding to become sustainable (Hopkins et al., 2009; Giunipero et al., 2012). More and more governmental laws are approved to encourage companies to develop sustainable approaches and to support stakeholders in the evaluation of sustainability performance of large companies. For instance, large European public-interest companies with over 500 employees are now obliged to disclose non-financial statements about their social and environmental impacts in their annual reports (European Commission [a]). The rising penalties, fines and legal costs for non-compliance to governmental laws like that increases companies' focus on sustainability (Cordano, 1993 as cited in Giunipero et al., 2012). As governments increasingly support sustainability, companies may also introduce sustainable business practices proactively to react to be less exposed to changes in the regulatory environment and market pressures (Rondinelli and Vastag, 1996; Hopkins et al., 2009).

By introducing the ISO 14000 standards, additional pressures have been put on companies to become more sustainable and certified accordingly (Gordon, 2001). The ISO 14000 family supplies companies with tools to manage environmental responsibilities. Especially the ISO 14001, which focuses on introducing environmental management systems, is a key influence for companies to develop sustainably (International Organization for Standardization [a]). Many companies accomplish regulatory compliance by voluntarily certifying their management systems under this guideline (Renukappa et al., 2013). Other standards, that cannot be certified, but provide guidance towards a sustainable approach in a company, are also starting to emerge. The ISO 26000 for example aims to support companies in the translation of socially responsible principles to effective actions and provides best practice examples to ultimately reach a sustainable development (International Organization for Standardization [b]).

b) Competitive Advantage

As mentioned above, it is commonly claimed that a fully integrated sustainable approach of a company can lead to competitive advantage (e.g. Cici and D'Isanto, 2017; Porter and Kramer, 2006). The Research-Based View (RBV) is one approach, that can be used to determine the development of competitive advantage through the integration of sustainability into corporate strategy (Murthy, 2012). The RBV first identifies valuable, rare, inimitable and non-substitutable resources of a company, which then create certain capabilities. In the last step, competitive advantage is generated (Barney, 2001). Figure 1 illustrates the flow from key-sustainability related resources over capabilities to competitive advantages when integrating sustainability into corporate strategy.

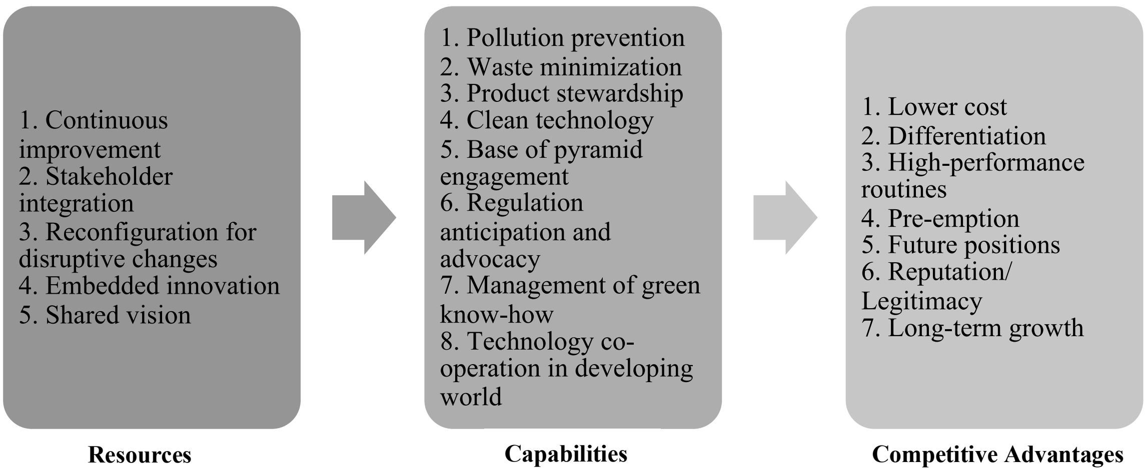


Figure 1: Creating competitive advantage through the integration of sustainability
Source: Own representation based on Murthy (2012)

Murthy (2012) considers continuous improvement, stakeholder integration, reconfiguration for disruptive changes, embedded innovation and shared vision as sustainability-related resources. Capabilities like pollution prevention, waste minimization, product stewardship, clean technology, base of pyramid engagement, regulation anticipation and advocacy, management of green know-how and technology-cooperation then arise from these resources. Ultimately, the author identifies the generation of competitive advantages as lower cost, differentiation, high performance routines, pre-emption, future competitive position in the market, reputation and legitimacy as well as long-term growth.

It is important to highlight, that first movers towards sustainability are likely to gain a commanding lead in the market, which can serve as a sustainable competitive advantage. It is believed, that over time, it is increasingly difficult to catch up with competitors and exploit the opportunities, that the integration of sustainability provides (Hopkins et al., 2009).

c) Sustainability as a Business Case

Regarding sustainability, the so-called *Business Case* describes economic and financial benefits for companies deriving from sustainable practices and initiatives. In correlation to that stands *"[a] better management of intangible assets, long-term vision, stronger relationships wi[th] all corporate stakeholders and greater attention to risk management."* (Cici and D'Isanto, 2017:54). Some authors like Carroll and Shabana (2010) or Eccles et al. (2014) suggest, that a successful sustainable approach also affects stock performance, returns on capital and investments positively and even claim, that the integration of sustainability is crucial for market competitiveness. Moreover, companies with optimized sustainability processes and initiatives are suggested to be less exposed and volatile to fluctuations in the prices of food, water, energy and other resources, that are increasingly observed nowadays (Cici and D'Isanto, 2017).
The presented aspects are especially significant as reducing operating costs is of highest importance for companies and considered a common key driver of integrating sustainability into corporate strategy (Renukappa et al., 2013). The results of the study by Cici and D'Isanto (2017) underline it - 47.2% of the interviewed companies assessed, that the benefits from integrating sustainability overweight the costs and 32.5% match benefits and costs equally. It has been further observed, that companies, who proactively integrate sustainability have less costs than the ones only reacting to social or environmental issues when they emerge (Carroll and Shabana, 2010). A useful approach to do so is to calculate an internal carbon pricing. A company voluntarily sets a value to internalize the economic cost of its greenhouse gas emissions - hence, an internal carbon price (Institute for Climate Economics, 2016). In order to

be effective, the internal carbon price should be incorporated into all business decisions, emissions across the value chain as well as operational and capital spending (Cuff, 2017). Accordingly, an internal carbon price can then be used to test and assess the profitability of projects under various scenarios to ultimately make the better long-term business decisions as well as to develop innovations on how to allocate capital to achieve higher returns in a low-carbon economy (Gold Standard, 2016). Moreover, a company can benefit from the internal carbon price as a risk-management tool, as it can protect against potentially evolving carbon pricing systems, political decisions and regulations regarding decarbonization. Already preparing for them beforehand can lead to competitive advantage in case that the political decisions and regulations influence operating conditions like costs and changes in the value chain (Institute for Climate Economics, 2016). Although the integration of sustainability initiatives like an internal carbon pricing can be first cost enhancing and even cause negative competitiveness in the industry in the short-term, innovations can be triggered in the long-term, that ultimately lower the total cost of a product or improve its total value (Renukappa et al., 2013). Additionally, sustainability initiatives can positively influence one's brand awareness and reputation and lead to an increased purchasing of customers, which in turn boosts the financial performance of the company and may attract investors and reduce financial risks (Ganesan et al., 2009; Cici and D'Isanto, 2017).

d) Corporate Reputation

Companies have detected, that the protection and enhancement of corporate reputation and one's image is essential in today's global market. Behaving irresponsibly towards society and environment could lead to a damaged reputation or even the collapse of a whole company. The sole perception, that a company's profit is gained at the expense of stakeholders, can lead to a so called 'bottom-line' backlash, which can affect corporate reputation negatively (Renukappa et al., 2013). Primark Stores Limited, an Irish clothing retailer, which on fashionable clothes and low pricing, experienced it first-hand (Fashion United). Despite of its successful retail performance, Primark has suffered from serious accusations in regard to illegal child labor and unethical partners in its supply chain (Jones et al., 2009), resulting in the election of the most unethical retailer in the UK (United Kingdom) (Whitehead, 2005). Although Primark has reacted to the accusations in the past, it still does not overcome the bad corporate reputation and the consumers' perception of it as an unethical company (Hendriksz, 2017). The Primark case shows, that especially coercive and normative isomorphisms pressure companies to build and maintain a strong corporate reputation. Therefore, companies increasingly address environmental and social concerns and particularly the ones, that build their competitive advantage on creativity, innovation, intellectual capital and service consider the integration of sustainability as critical for its corporate reputation (Renukappa et al., 2013).

e) Top Management

The top management is considered as especially influential in encouraging a company to integrate sustainability and is responsible for the leadership towards sustainable business practices (Andersson and Bateman, 2000). An interviewee from a study by Renukappa et al. (2013:65) states, that *"... sustainability initiatives are driven 80% by head office and 20% by individuals within the company ..."*. It shows, that top management like the Chief Executive Officer (CEO), a chairman of the board or senior management teams have a strong internal political force, which can foster sustainable behavior inside a company (Banerjee et al., 2003). Top management, that has expert knowledge in sustainability tends to consider it as an integral part of value-creation of the company and sets sustainability targets accordingly. In order to achieve these targets, it is believed, that sustainability has to be fully integrated into a strategy, which considers the TBL - environmental, social and economic concerns (Renukappa et al., 2013). Furthermore, a top management including a company's founder(s) is considered to be particularly committed to drive sustainability initiatives as they are personally and emotionally attached to their company and aim to promote its corporate reputation positively (Schneper et al., 2015; Eddleston and Kellermanns, 2007 as cited in Schneper et al., 2015).

2.1.4. Barriers for the Integration of Sustainability into Corporate Strategy

While there are on the one hand drivers for companies to integrate sustainability into corporate strategy, on the other hand, there are barriers for a successful integration, which are discussed in the upcoming paragraphs.

a) Standards and Regulations

Although more and more standards and regulations start to exist globally, compliance is still perceived as difficult and considered a key barrier for the integration of sustainability. Companies are demotivated by the lack of support of government and feel, that its regulations to achieve sustainability are neither industry-friendly nor does it give special benefits to implementing sustainability initiatives (Balasubramanian, 2012).

As value chains often cross borders of continents and countries, standards and regulations might vary by country, state, region or city (Nidumolu et al., 2009). Due to globalization, working with various suppliers from different countries in the value chain is common. These suppliers often depend on a multi-level supply chain production themselves, which makes it difficult for a company to gain an overview over the whole supplier network and presents a huge complexity of purchasing. The cooperation with suppliers in other countries concerning sustainability standards and regulations can therefore be difficult and not all will agree to a company's "code of conduct" - a formal document, which consists of moral standards and explicitly specifies a company's commitment to sustainability (Stevens, 1994; Collins, 2006). Thus, companies are concerned, that an integration of sustainability into their corporate strategy may limit the number of potential suppliers (Koplin et al., 2007). Additionally, the existence of competing and overlapping sustainability standards, which address the same issues, creates uncertainties for companies. Due to diverse foreign customers requiring different certifications on the same topic, as well as frequent changes in requirements and unpredictability about future evolutions of standards, companies are less likely to obtain any standard certification and therefore to integrate sustainability into corporate strategy (Montiel et al., 2019).

b) Consumer Behavior

According to Mathiyazhagan et al. (2013), consumer demands are critical for any kind of company. A common barrier for the integration of sustainability initiatives is therefore the currently observed consumer behavior, which includes a lack of awareness of sustainable products and their benefits (Luthra et al., 2011). This topic will be further discussed in the chapter "Barriers for the Integration of Sustainability in Corporate Strategy in T&C Companies", as the T&C industry is characterized as consumer-driven and therefore a particular useful representation.

c) Sustainability as a Business Case

In a yearlong survey conducted by Hopkins et al. (2009), almost 70% of the respondents stated, that their company does not have a strong business case for sustainability. Of those, 22% claim, that the lack of business case is a fundamental barrier to integrate sustainability into corporate strategy. It is a common perception by companies, that the process of becoming sustainable will deteriorate their competitiveness by creating high costs and no immediate financial advantages (Nidumolu et al., 2009). Companies confirm, that the integration of sustainability can be expensive and even causes negative competitiveness in the industry in the short-term (Renukappa et al., 2013). Initial investments, that are required to e.g. adopt the latest technology, train employees in sustainability, implement green design, develop an IT infrastructure and recycle inside the company as well as direct and transaction cost in managing and maintaining sustainability issues are main financial pressures, that are hindering an integration of sustainability in a company (Al Khidir and Zailani, 2009; Luthra et al., 2011; Mathiyazhagan et al., 2013). In addition, sustainable materials are often more expensive than conventional ones and may raise a product's total cost (Koplin et al., 2007), which in turn can increase the buyers' and suppliers' cost as well (Giunipero et al., 2012).

Moreover, the study by Hopkins et al. (2009) further observed three main challenges to build a business case for sustainability in the companies. First, companies have difficulties to forecast and plan beyond the typical investment time framework of one-to-five years. Sustainability investments are long-term investments, in which the cost and benefit calculations can even stretch over generations. Traditional economic business models present a challenge for companies to do so. The second challenge is assessing the company wide effects of sustainability investments. Companies already have difficulties identifying, measuring and controlling tangible aspects of their business. Often, they still do not attempt to model aspects like a before presented internal carbon price into their current business activities (Hopkins et al., 2009). Under the supposition, that real costs like a carbon price will evolve in the future, the current approach to only predict where the market is going and design and execute strategies based on that, may lead to a prospective unprofitable business case for a company. Only, if sustainability drivers are considered, a realistic image of a company's business case can be drawn and it can be avoided to become locked into unprofitable investments and 'stranded assets' (Gillingham et al., 2017). Third, decisions in regard to sustainability have to be made under high uncertainty. Factors like government legislation, customer and employee demands as well as geopolitical events have unknown impacts and could change any time. It makes it especially challenging to manage and address sustainability effectively (Hopkins et al., 2009).

d) Top Management

A key barrier of the integration of sustainability into corporate strategy is the lack of competence to manage the alleged paradox of improving environmental, social and economic goals at the same time, which consecutively blocks the translation of sustainability into corporate strategy and executive operations (Cici and D'Isanto, 2017; Renukappa et al., 2013). The lack of competence is often rooted in the lack of clarity regarding sustainability among the top management level of companies. No common definition to discuss sustainability exists - some define it narrowly, some broadly and others do not know a definition at all (Hopkins et al., 2009). More than half of the managers taking part in a survey by Hopkins et al. (2009) state, that they are in urgent need for better frameworks to understand sustainability and discuss it accordingly. Moreover, outdated mental models and perspectives, which shape a certain skepticism in a company towards sustainability, are often still to be found. This lack of clarity leads to an incoherent institutionalization of sustainability in the company and a loose definition of sustainability goals. Hence, in a lot of companies, there is still no common understanding of sustainability. Ultimately, it leads to a poor measuring, tracking and reporting of sustainability efforts, which can then often be perceived as unsuccessful (Hopkins et al., 2009).

Moreover, the balance between sustainable development and conventional development can be a big challenge (Du et al., 2012). Especially in hypercompetitive markets, which are characterized by aggressive competitors and shareholders demanding rapid financial returns, a conflict of aims between sustainability and profitability can arise (Volberda, 1996). The management of companies often still react to this conflict of aims by prioritizing business operations, which strengthen the economic rather than the social or ecological value (Giunipero et al., 2012). Especially in a recession, companies are pressured by market competition and stakeholders to prioritize short-term results like the reduction of costs instead of long-term strategic goals (Cici and D'Isanto, 2017; Giunipero et al., 2012).

2.1.5. Success Factors for the Integration of Sustainability into Corporate Strategy

No unique recipe for a successful integration of sustainability into corporate strategy exists. Often, many actions and tools are combined to act as frameworks (Cici and D'Isanto, 2017). However, certain success factors have been identified by recent literature, which will be presented in the following paragraphs.

a) Standards and Regulations

According to Chen and Chambers (1999), a sole effort from companies is not enough to achieve a sustainable development, but additionally, a comprehensive policy framework and realistic implementation methods are needed. Policy frameworks are a set of principles and long-term goals, which form the foundation of legislation and regulations and give a general direction to the planning and the development of a country or specific sector. They are considered highly influential for the enabling or limiting of a sustainable environment and therefore, for the successful integration of sustainability into a company. An enabling policy environment for sustainability is able to provide structures of incentives and sanctions to align interests of individuals or companies with the common good (Kanuri et al., 2016). Moreover, it enables progressive social and economic development by achieving climate protection goals and global energy demand (UN-Habitat, 2014). Although policy frameworks are typically on the national level, local governments often have the authority for policy-making in certain sectors as environmental protection and economic development. Especially local governments should be committed and strengthen their competencies to build up strong alliances aiming for sustainable development and by implementing climate change plans, minimum wage laws, energy ordinances, local governments can actively support a sustainable development and facilitate a successful integration of sustainability into companies (Kanuri et al., 2016).

b) Organizational Structure

Researchers have suggested, that the adaption of organizational structure and the organization of numerous activities and resources, often in different locations, are critical for a successful integration of sustainability into corporate strategy (Epstein and Roy, 2001; Petrini and Pozzebon, 2010). A company's governance structure should be adapted to the inclusion of governance tools like directive councils, committees and commissions. They are responsible to manage sustainability discussions by defining policies and guidelines and implementing them into all levels of the company. However, sustainability initiatives may still remain detached from corporate strategy if exclusively the governance structure of a company is adapted. In order to officially integrate sustainability into corporate strategy, a formalization of a sustainability department or area in the company's organizational chart has been revealed to be effective. Thus, sustainability managers can be included into the executive board of a company and directly connect sustainability to strategic objectives (Petrini and Pozzebon, 2010). It is further observed, that the total composition of the board of directors is important for a company's commitment to sustainability. The presence of directors, who have ties to sustainable companies as well as directors from no business organizations like NGOs may have a positive effect on sustainable performance inside a company (Schneper et al., 2015).

c) Corporate Vision

A coherent corporate vision, that describes what the company pursues regarding sustainability, is important for a successful integration of the same (Petrini and Pozzebon, 2010). A sustainability focused corporate vision should be long-term oriented, include economic, environmental and social aspects as well as strong corporate norms and principles (Shrivastava and Hart, 1995). Then, it can provide knowledge and best-practices to develop an overall sustainable approach inside the company (Petrini and Pozzebon, 2010). For managers, a clearly defined corporate vision can function as a guide to make strategic decisions about sustainability initiatives and develop specific actions. For employees, it can provide a common understanding of sustainability initiatives and enables them to translate them into their daily work life (Marshall and Brown, 2003; Petrini and Pozzebon, 2010)

d) Corporate Culture

According to Cameron and Quinn (2006), corporate culture is the primary reason for the failure of integrating change programs into a company. Regardless of existing tools, techniques and change strategies in a company, the integration of change programs can only succeed if also the corporate culture adapts. Therefore, a successful integration of sustainability is largely influenced by shared values and beliefs held by managers and employees - hence, the corporate culture of a company (Bonn and Fisher, 2011; Linnenluecke and Griffiths, 2010). Sustainability managers should be aware of the existing corporate culture and determine how it needs to change in the future in order to support sustainability initiatives. A corporate culture, which is considered favorable to sustainability, is based on environmental and social values representing the sustainability expectations of employees and managers (Bonn and Fisher, 2011). It therefore can inspire employees to take sustainability initiatives seriously and a common passion and commitment can be created (Epstein et al., 2010). A sustainability friendly corporate culture should already be included in the formulation of job descriptions, the recruitment process and training sessions (Bonn and Fisher, 2011). This leads to a win-win situation in form of contributions from the company, that are good for the environment, society and the company's bottom line (Epstein et al., 2010).

e) Training and Communication

Well defined feedback, training and communication plans are considered as effective organizational mechanisms to integrate sustainability into daily business practices (Petrini and Pozzebon, 2010). Sharing feedback is considered a significant mechanism for continuous learning and the implementation of new systems to improve sustainable approaches. Here, the development of tools like an employee network to access and share good practices and advertise responsible management principles can be supportive (Epstein and Roy, 2001). Moreover, the cross-functional advertisement of responsible management principles, sustainability campaigns and regular corporate reports promoting sustainability can enable a successful integration of sustainability in a company (Petrini and Pozzebon, 2010). Particularly corporate reports, that aim to understand the integration process, are considered supportive as they can eliminate the belief, that sustainability and a positive business case are contradictory to each other (Tregidga and Milne, 2006).

f) Compensation and Reward System

According to Finkelstein and Boyd (1998), compensation is likely to influence employees' behavior and therefore has important consequences for a company's strategy. In the case of sustainability integration, the compensation and reward system should reflect its importance to the company. For example, long-term oriented performance measures could be included into a remuneration package to encourage a focus on long-term goals; individuals or teams, who achieved outstanding results in sustainability initiatives could receive a special reward (Bonn and Fisher, 2011); and vacation days could be increased for employees, who take part in voluntary programs (Petrini and Pozzebon, 2010).

g) Sustainability Initiatives

Goleman and Lueneburger (2010) suggest, that an unsuccessful integration of sustainability often roots in the equal management of sustainability initiatives as any other corporate initiative. In fact, it is essential to highlight the differences, that sustainability initiatives bring. First, sustainability initiatives have the primarily goal to focus on operational realities rather than on public perceptions. In case a company markets their external image beyond their actual accomplishments, its reputation can be severely damaged. Second, sustainability initiatives are often unclear in the beginning and potential commercial impacts cannot be immediately predicted. Other corporate initiatives tend to be unambiguous from the beginning. Last, sustainability initiatives require operational and cultural changes in each function of a company (Goleman and Lueneburger, 2010). Whereas other corporate initiatives often only focus on a specific function, the integration of sustainability initiatives is a cross-functional task (Shrivastava and Hart, 1995; Hoffman, 2001). In order to succeed, sustainability managers should be aware of the differences and accordingly generate the integration of sustainability into corporate strategy.

h) Top Management

As mentioned before, sustainability managers aim to influence key characters and decision-makers of a company. As the top management of a company is a main decision-maker and influencer on all levels of the company, its commitment is considered as one of the main success factors for the integration of sustainability. A committed top management encourages a clear vision of sustainability in all levels of the company, empowers other stakeholders to commit as well and promotes an adoption of sustainable business practices (Petrini and Pozzebon, 2010; Renukappa et al., 2013). It is observed, that companies advanced in sustainability usually have a committed top management, which is proactively involved in social and environmental aspects (Epstein et al., 2010; Esty and Simmons, 2011).

Moreover, strategic decisions, which are taken by top management, should incorporate sustainability concerns. Especially if conflicts between economic, environmental and social aspects arise, it is crucial for the top management to commit to a sustainable approach. Finding long-term oriented solutions for conflicts rather than short-term solutions, that might bring immediate financial benefits, will provide a clear message throughout the company, that sustainability is an important part of corporate strategy (Bonn and Fisher, 2011).

i) Employees

Although the commitment of top management is essential for sustainability to take root in a company and is important to define targets and drive long-term commitments, it is not a sufficient condition by itself. The top management should create a context in which sustainability managers can emerge and spread sustainability initiatives into lower levels of a company, so employees can begin to operate in new ways (Petrini and Pozzebon, 2010; Mohrman and Worley, 2010). The bottom-up support from employees is considered equally important to the top management support and significant for the development of new capabilities as well as ideas and innovation from within (Seidel et al., 2010; Mohrman and Worley, 2010). Only if a certain bottom-up support exists, negative social and environmental impacts of daily business activities can be decreased and sustainable approaches integrated into day-to-day business (Seidel et al., 2010).

j) Leadership Competencies

Effective sustainability leadership is seen as fundamental to translate sustainability visions into actions. A successful sustainability manager should be skilled in collaborating and influencing others in order to move through a full integration process and build a persuasive mandate for sustainability inside a company (Goleman and Lueneburger, 2010). It is significant, that the sustainability manager(s) and operations executives work closely together during decision-making processes in order to align operations strategies with a company's sustainability goals (Russo and Harrison, 2005). Moreover, the sustainability manager(s) should approach sustainability initiatives on a cross-functional level to successfully integrate them company-wide (Hanna et al., 2000; Mohrman and Worley, 2010). Mohrman and Worley (2010) further argue, that a company's core work processes like supply chain management, product design and development, operations as well as channel and market management are cross-functional and therefore, much of the internal change toward sustainability happens in there. Other departments like finance, communications, strategic planning, public relations, legal, marketing and human resources should work closely with them to support sustainability decisions based on broader goals, metrics, sources of information and new levels of connections to various stakeholders.

Goleman and Lueneburger (2010) present a three phases model, that describes the integration process of sustainability into corporate strategy. In a successful integration, sustainability typically develops from a non-issue to a core value of a company. Sustainability managers typically guide a company through the process and certain competencies have been identified as especially effective to do so. Figure 2 displays the integration process including the corresponding competencies needed by sustainability managers.

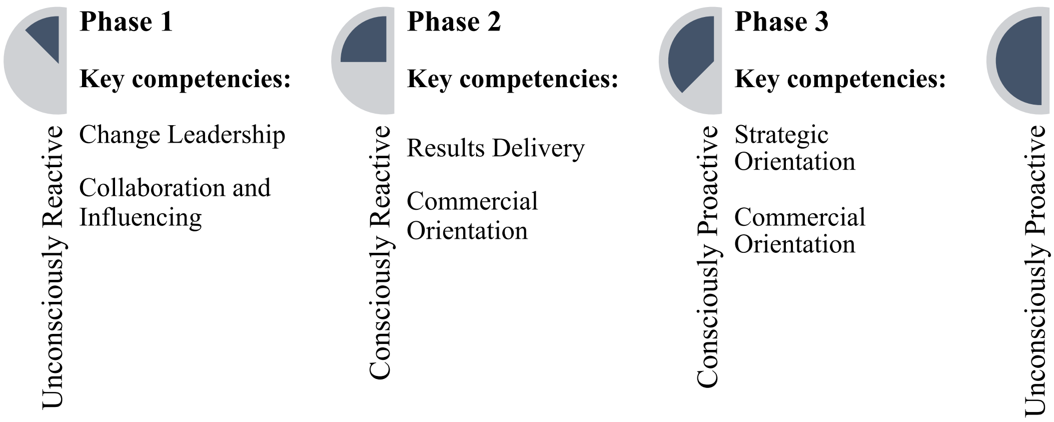


Figure 2: Three phases model of the integration of sustainability into corporate strategy
Source: Own representation based on Goleman and Lueneburger (2010)

Phase 1

In the first phase, a company usually moves from an unconscious reaction to sustainability issues towards the conscious engagement with them. As mentioned in the previous chapter, a key barrier of integrating sustainability into corporate strategy is the lack of common understanding of sustainability. Therefore, it is important to identify sustainability risks and opportunities in this early stage. Then, clear and coherent business processes to manage the opportunities and risks can be coherently defined for everyone. During this phase, sustainability managers should be skilled in collaborating with key characters and decision-makers of a company and influence them to transition to a conscious sustainable behavior. In the end of Phase 1, sustainability should emerge as an omnipresent part of the company.

Phase 2

In the next phase, the key competency to align sustainability initiatives with value creation is the commercial orientation. Sustainability managers now should translate the sustainability vision and commitment into clearly defined change programs and commercial targets. Accordingly, sustainability managers should excel in delivering results and have a strong commercial awareness. The end of this phase is defined by a conscious and proactive integration of sustainability into all functions and the tracking of economic, social and environmental metrics.

Phase 3

In the last phase, sustainability managers should combine their commercial orientation with a strong strategic orientation. The company should continuously improve their social and environmental initiatives to create competitive advantage - sustainability is typically viewed as an increasing strategic opportunity for the company. The sustainability progress is now measured by long-term metrics. Therefore, sustainability managers should predict and evaluate long-term sustainability trends, new opportunities and develop strategies to reposition the company to advance from them. The overall goal of Phase 3 is to fully integrate sustainability into corporate strategy and make it a core value, so that conclusively all levels of the company are unconsciously proactive about it (Goleman and Lueneburger, 2010).

As the aim of this dissertation is to examine the drivers, barriers and success factors of integrating sustainability into corporate strategy of textile and clothing companies, the following chapter will take a more detailed look on the T&C industry and identify industry-specific drivers, barriers and success factors.

2.2. The Textile and Clothing Industry

When talking about the T&C industry in this dissertation, the focus lays on the European T&C industry with its variety of processes. However, as the processes inside the industry's value chain are typically spread out globally, certain global data, statistics and facts will be highlighted as well. The upstream and downstream processes of both the textile and clothing industry, which range from the production of raw material to the disposal or reuse, will be from now on called the T&C industry's value chain. The T&C industry's value chain starts with the following processes from the "textile industry":

- Production of textile fibers
- Natural fibers (e.g. cotton, silk, wool)
- Man-made fibers (e.g. viscose, polyester, nylon)
- Manufacturing of yarns (spinning, in some cases the dyeing of the yarn)
- Production of woven and/or knitted fabrics
- Finishing of the fabrics (e.g. bleaching, printing, dyeing, impregnating, coating)

The second part of the value chain derives from processes of the "clothing industry":

- Transformation of fabrics into garments (can be fashion or non-fashion garments) like
- Clothes, technical/industrial textiles, household textiles, textile floor coverings
- Transportation of garments to retail (including packaging and distribution)

- Retail and Sales
- Use of consumers
- Disposal of the garment or reuse (Gardetti and Torres, 2017; European Commission [b])

Figure 3 summarizes the T&C industry's value chain graphically. It becomes clear, that the variety of processes and the global layout of the value chain are signs for a large and significant industry.

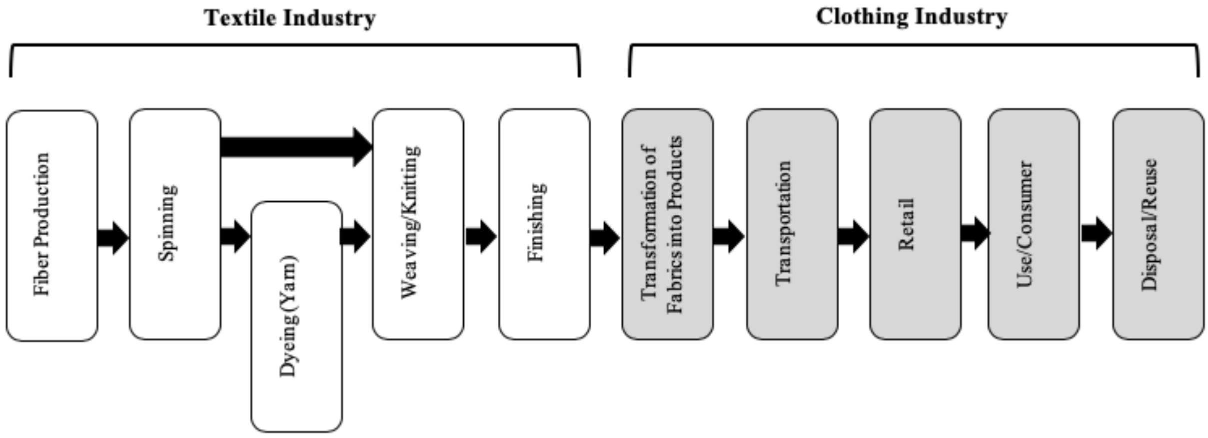


Figure 3: Value chain of the textile and clothing industry
Source: Own representation based on Gardetti and Torres (2017) and European Commission (b)

According to Euratex (2017), the European T&C industry has a turnover of €181 billion and is made up of 176 354 companies, which employ around 1.7 million people. It is estimated, that the T&C industry has a 5% share of employment and a 2% share of value added in total manufacturing in Europe (Eurostat, 2015). Due to the big size of the industry, its intense competition and therefore the need of cheap labor, the T&C industry has been a growing subject to international trading agreements and globalization (Gardetti and Torres, 2017). It resolves, that the production of T&C goods has one of the most complex global value chains. Most of the goods are manufactured in low-cost countries with low labor and environmental standards. Diagrams 2 and 3 show, that China is the top global exporter in T&C goods in 2017 with 34.9% of exports in clothing and 37.1% in textiles. In both categories, the EU (European Union) ranks second with a share of 23.4% in textile exports and 28.6% in clothing. Consolidating the results of the two diagrams, it becomes clear that Asian developing countries are the dominant players of global T&C exports and that most of the goods are manufactured in low-cost countries with low labor and environmental standards. Interestingly, although the EU is ranked second in exports of T&C goods, it is also the top importer of T&C goods (World Trade Organization, 2018).

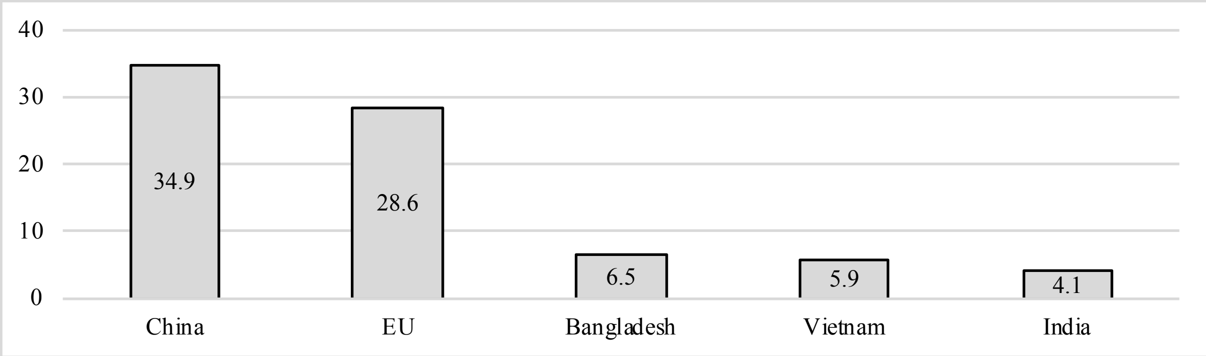


Diagram 2: Top 5 exporters of clothing in 2017 (represented in %)
Source: Own representation based on World Trade Organization (2018)

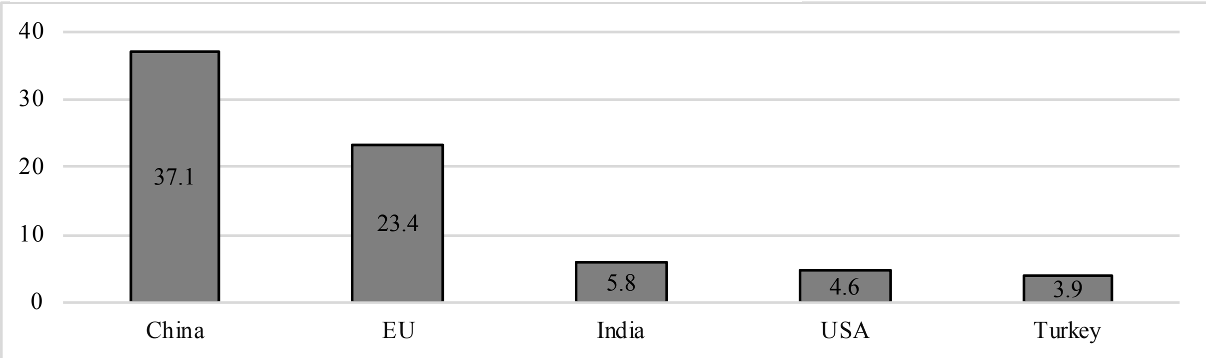


Diagram 3: Top 5 exporters of textiles in 2017 (represented in %)
Source: Own representation based on World Trade Organization (2018)

Due to its big size and significance, the T&C industry's processes have huge environmental and social impacts, which put it into the responsibility to develop sustainably.
The following chapter will further discuss the current situation regarding sustainability in the industry, typical consumption behaviors and the environmental and social impacts it causes globally.

2.3. Sustainability in the Textile and Clothing Industry

The "Pulse" score, a performance measurement tool developed by the Boston Consulting Group and the Global Fashion Agenda, represents sustainability in the clothing industry. Diagram 4 shows the Pulse scores of different players in the clothing industry in 2018. The industry is divided into three segments - premium segment, mid-price segment and entry-price segment. Taking all of them into consideration, the industry scored a 38 out of 100 on the Pulse scale. In comparison to 2017, 72% of the assessed companies improved their Pulse score in 2018, leading to an overall increase of scores in all three segments. Only the giant players in sports in the mid-price segment (score: 84) and premium segment (score: 67) as well as the unregulated players in the entry-price segment (score: 0) did not improve their scores compared to the year before.

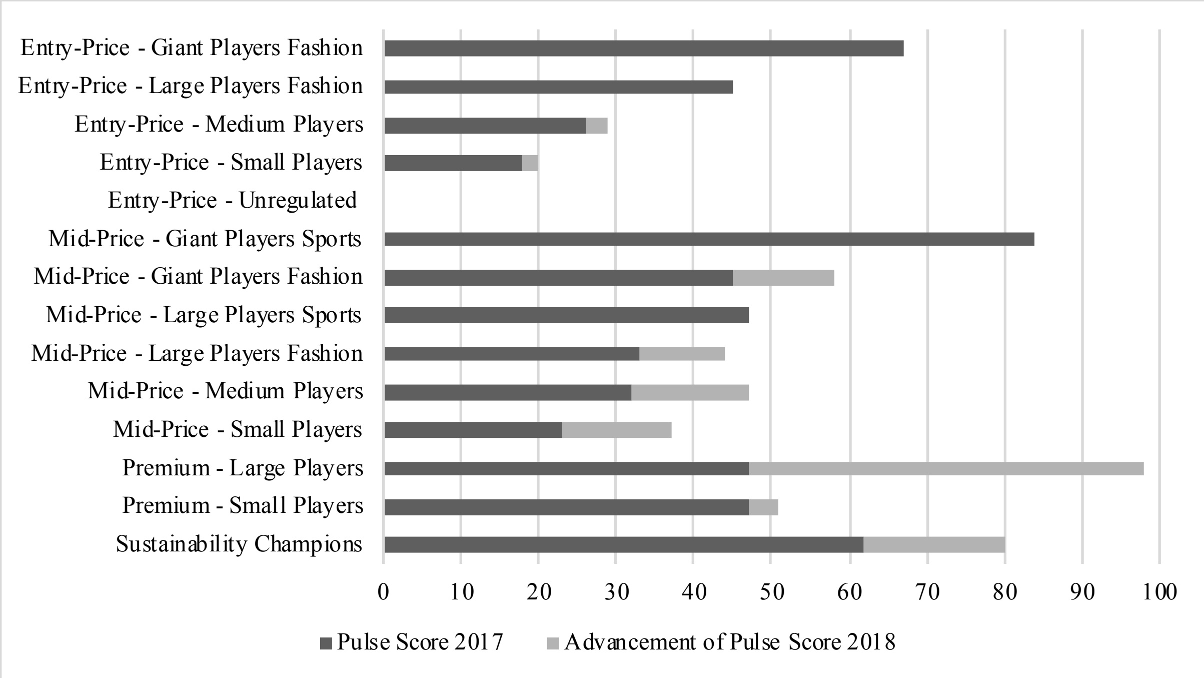


Diagram 4: Pulse scores of the market players of the clothing industry and their advancements from 2017-2018
Source: Own representation based on Lehmann et al. (2018)

The mid-price segment, which accounts for almost half of the industry in terms of revenue, is the pioneer with an average increase of plus 9 points on the Pulse scale. Furthermore, 52% of the evaluated companies reported, that sustainability is integrated in almost every strategic decision they make as a business (Lehmann et al., 2018). The so-called sustainability champions show an outstanding development. They have improved their score by plus 18 points between 2017 and 2018, reaching an average of 80 on the Pulse scale. Typically, sustainability champions are smaller companies, who integrated sustainability into their corporate strategy, strategically position themselves accordingly and understand it as a key differentiator to their competitors (Lehmann et al., 2018). However, they only amount to 3% of the global market share of the T&C industry. It accentuates the fact, that although overall progress is made, resources are still used and exploited in the industry, which exceed earth's capacity to reproduce them in time and prevent, that future needs can be met (Leibowitz, 2019). One of the reasons for the exploitation of resources is the current consumption behavior of T&C goods.

2.3.1 Consumption Behavior in the Textile and Clothing Industry

Textiles are considered as the second most substantial desire of human life (Madhav et al., 2018). A report by the European Environment Agency (2014) states, that about 5% of household expenditure in the EU is spent on clothing and footwear. In 2015, EU citizens bought 6.4 million tons of clothing, which accounts to 12.66 kg of clothing per person. Compared to the last decades, this is an increase of around 40% in clothing consumption. Two significant

trends for the growing consumption are decreasing prices for textiles as well as the so-called fast fashion business model (Šajn, 2019). "Fast fashion" is characterized by mass production, low prices, large volumes of sales and low-quality materials. Thereby, fast fashion companies are able to constantly offer new collections to customers throughout the year. The average number of collections by a typical European clothing company in 2000 used to be two per year, nowadays companies like Zara can offer up to 24 collections per year (Šajn, 2019).
Although consumers are increasingly aware about sustainability and the harms that their consumption behavior can cause, the majority of purchasing decisions are still not taken in favor to sustainability. Studies show, that the purchasing decision is firstly influenced and driven by comfort, quality and price and only then by sustainable features as no animal testing, fair labor practices, local sourcing and eco-friendly organic materials (Ryan Partnership and Mambo Sprouts Marketing, 2012). These specific consumption patterns combined with the low prices of T&C products have enhanced the overall resource demands as well as put immense pressure across the T&C industry's value chain and factories, resulting in harmful environmental and social impacts.

2.3.2. Environmental and Social Impacts of the Textile and Clothing Industry

The usage of hazardous chemicals, large quantities of water and energy as well as the production of non-biodegradable wastes are common in the T&C industry. Moreover, low wages and excessive working hours are typical and health and safety systems are regularly violated in T&C factories (Gardetti and Torres, 2017). Most of the impacts occur directly in low-cost countries, where most of the production in the T&C industry takes place and protection frameworks are comparatively lower to ones in the EU (European Environment Agency, 2014). Global brands, who are producing in these low-cost countries often put their focus on low prices and tight production time frames without accepting higher production costs or postponing delivering dates. This usually leads to "sweatshop" like working conditions and the usage of conventional buildings as factories, where labor abuse, poor quality and workmanship, disastrous ethics as well as human rights violations take place (Šajn, 2019; Smestad, 2009). These buildings are often missing required permits and host numbers of workers and machinery, which are exceeding safety capacities. Additionally, lack of protective equipment, outdated wiring at risk of short circuit and non-existent fire extinguishing facilities are commonly observed in these "factories", causing major accidents and an increasing death toll in the same. As most of the workers have no official working contracts, they or their relatives do not receive compensation in case of accidents or deaths at the workplace. Trade unions, that could proceed against the poor working conditions are often suppressed and organizers intimidated or forced to resign, resulting in little or non-existent power of workers to counteract against the poor working conditions (Šajn, 2019).

The consumption of water plays a significant role during the production and processing of T&C products. During all steps, extensive volumes of water are used and polluted. It is a particularly critical impact, as water pollution is considered to be one of the top environmental concerns and the T&C industry is one of the major sources of it (Renewable Resources Coalition, 2016). The largest quantity of water is used during the production of raw materials, specifically in the production of natural fibers (Seara et al., 2017). Additionally, the use of pesticides during production leads to soil degradation, loss of biodiversity and health problems of workers. In the production of man-made fibers, mainly non-renewable resources like oil are used (Gardetti and Torres, 2017). The usage of limited non-renewable resources especially presents a disadvantage for future generations as their needs for them might not be able to be covered. In the total production process of T&C products, more than 1900 chemicals are used of which 165 are classified as hazardous to health or environment by the EU (Šajn, 2019). Particularly the wet processing procedure of textiles, which includes dyeing, washing, printing and fabric finishing, is characterized by the immense usage of persistent and hazardous chemicals (Greenpeace, 2011). The wet processing procedure typically takes place in T&C factories, which are located in low-cost countries. Although water-pollution laws principally exist in those countries, most of the chemicals are discharged into the wastewater after usage, which is then directly released into rivers. One of the reasons, that many factories choose to act against water-pollution laws, is the high treatment cost of contaminated wastewater. The treatment costs around €0.12 per ton and by refraining from it, factories can substantially increase their profit margins (Greenpeace, 2011). Additionally, the wet processing procedure also requires high quantities of water as an intermediate and water baths for the application of dyes and chemicals (Madhav et al., 2018; Kumar et al., 2018). Only the dyeing of a fabric already requires up to 150 liters of water per kilogram of fabric (Seara et al., 2017).
Although the transportation of T&C products only accounts to 2% of the climate-change impacts of the T&C industry, waste is generated through packaging, labelling and products, which never reach their intended consumers (Seara et al., 2017). Moreover, a large quantity of T&C products travels a long way before reaching their final consumer. As mentioned before, most T&C exports are coming from Asia and exemplary, just the EU itself already imports T&C products worth €112 billion from there (Euratex, 2017).

The last steps in the T&C industry's value chain are the consumer use, disposal and re-use. It is estimated, that 75-95% of the total impact of the T&C industry occurs in these stages (Sherburne, 2009 as cited in Blackburn, 2009). Common practices like a high usage of electricity and hot water for the washing and drying of T&C products can even reverse positive sustainable measures, that were introduced during the production phase of the products (Gardetti and Torres, 2017). During frequent washing of T&C products, around half a million tons of plastic microfibers end up being released in the ocean yearly. One load of laundry of T&C products made out of man-made fibers, e.g. polyester, nylon or acrylics, can discharge up to 700 000 microplastic fibers, which then release toxins, that can ultimately even end up in the human food chain (Seara et al., 2017). Furthermore, the constant new offers by brands let consumers perceive clothes as a short life cycle product. More than 30% of the clothes in a European citizen's wardrobe have not been used for at least a year or are commonly thrown out after being worn only seven to eight times and less than half are collected for reuse or recycling (Šajn, 2019).

Although most of the above-mentioned impacts occur directly in low-cost countries, they can still be felt globally and are omnipresent. Solutions must be found to lead the T&C industry into sustainability and reduce or even eliminate the present environmental and social impacts. Certain voluntary partnerships have been developed to work towards it and improve issues like social standards, working conditions, living wages and environmental management in the T&C industry and support a sustainable development inside a company. The "Partnership for Sustainable Textiles" (English translation for *'Textilbündnis'*) and the "Fair Wear Foundation" (FWF) will be presented in the following sections.

The Partnership for Sustainable Textiles ('Textilbündnis')

The Partnership for Sustainable Textiles is a German multi-stakeholder initiative with around 130 members, who are from the economy, politics and civil society and cover around half of the German T&C market. The initiative aims to improve harmful conditions and impacts caused throughout the value chain in the T&C industry by following three main principles:

- *Individual Responsibility*: Binding procedural obligations, which are relevant for the T&C industry, are formulated and include specific requirements and goals. Members establish their own targets according to these requirements and goals, act towards them and continuously revise them. They are individually responsible to audit and report on their status annually.

- *Collective Engagement:* Initiatives are developed, which aim to improve harmful impacts in manufacturing countries of the T&C industry. By now, two partnerships initiatives have been successfully launched, focusing on the improvement of working conditions in India's textile sector and on the management of chemicals in Asia.
- *Mutual Support:* The partnership functions as a network to exchange and develop ideas, discuss progress and learn how other members implement discussed targets.

The partnership's members devise frameworks for issues such as social and wastewater standards, living wages, environmental and chemical management, sustainable fibers and value chain transparency with the ultimate goal to formulate targets that improve the conditions in the global T&C production (Partnership for Sustainable Textiles).

The Fair Wear Foundation

The FWF is a non-profit organization and works closely with T&C brands, factories, trade unions, NGOs and governments in 11 T&C manufacturing countries to tackle abusive working conditions. Presently, around 130 clothing brands are part of the organization. The FWF conducts performance checks on all member brands, which focus on the impact of a brand's business practices on the labor conditions at their suppliers' locations. Additionally, it conducts audits in the suppliers' factories. The FWF does not certify the factories, but rather detects underlying problems and then support the brand and factory with an action plan and execution time frame to improve these problems. The organization also offers complaint helplines in the major T&C manufacturing countries. Factory workers can state a complaint, if they feel that their rights are being violated. The FWF then investigates the complaint, develops recommendations on how to treat it and requires the brand to actively work on it. If needed, FWF offers trainings in the production factories, which aim to raise awareness about workers' rights for both workers and management (Fair Wear Foundation).

Although existing partnerships are an important tool for companies and the industry to move towards sustainability, it is criticized, that voluntary partnerships are not sufficient enough to successfully do so. Kampffmeyer (2019) argues, that voluntary partnerships present a conflict of aims. According to her, if a voluntary partnership has high standards to comply to, companies will not join or leave the membership after a while. The Partnership for Sustainable Textiles, which was discussed above, presents a good example - from former 200 members, already 70 left because of either too high requirements and/or efforts to comply to the standards or because they expected to gain more profit out of it (Dohmen, 2019). Therefore, the conflict of aims has to be solved, e.g. by implementing more mandatory, legal standards. A common approach of many companies can then enable disruptive innovations including new technologies and business models, which in turn can help to reach the final shift of the T&C industry towards sustainability.

Lehmann et al. (2018) suggest, that most T&C companies' path to sustainability occurs in a similar pattern. At a certain point though, companies cannot further develop sustainably as they reach the limits of available technologies, infrastructure and innovation. Then, it is needed to collaborate with stakeholders, create a supportive network of expertise, funding and innovative ecosystems and develop a bold leadership style to finally enable systematic changes, that lead to disruptive innovations. Disruptive innovations typically happen, when new market entrants target needs of certain segments, which are neglected by established companies and develop new products or services to replace existing ones (Christensen et al., 2015; Business Dictionary). The new market entrants can therefore deliver more suitable functionalities and move upmarket, delivering both the performances, that the mainstream customers of the market require, but also retaining the advantages that drove their success in the beginning. When the mainstream customers ultimately adopt the new market entrants' offerings in volumes, a disruptive innovation has occurred and the former new market entrants gain competitive advantage (Christensen et al., 2015). As mentioned above, certain partnerships exist, that are leading the T&C industry into the right direction and create first networks of not only T&C companies, but also other stakeholders. However, a lot of companies still struggle to develop disruptive solutions for an innovative and sustainable approach, which can support in improving the above mentioned social and environmental impacts of the industry (Lehmann et al., 2018). Owing to the increasing environmental and social impacts, certain consumer patterns and the need for more disruptive innovations, T&C companies start acting on the integration of sustainability into their corporate strategy. The following chapters aim to discuss in detail specific drivers, that motivate T&C companies to integrate sustainable approaches along with barriers faced by them and success factors for the integration process. It is significant to note, that the earlier identified cross-industry drivers, barriers and success factors for the integration of corporate strategy into companies also apply for the T&C industry (e.g. Desore and Narula, 2018; Niinimäki, 2015; Pedersen and Andersen, 2015). The following intends to recognize complementary specific aspects for the T&C industry, which were already determined in recent literature.

2.3.3. Drivers for the Integration of Sustainability into Corporate Strategy of Textile and Clothing Companies

In the last years, T&C companies have moved towards the integration of sustainability into their corporate strategy and value chains (Diabat et al., 2014). For example, from 1990 to 2009, companies in the T&C industry have overall reduced its water, energy and chemical usage in the processing of cotton by 50% (Thiry, 2011). However, as demonstrated in the chapter before, those advances are not yet enough to consider the industry as sustainable and many T&C companies either just started to use sustainable approaches or are still in the process of integrating sustainability into their corporate strategy. Table 1 summarizes the drivers of integrating sustainability into corporate strategy, both including cross-industry drivers identified earlier in this dissertation as well as specific drivers for the T&C industry, which will be presented in the next section.

Level of Analysis	Name of Driver	Drivers – General	Drivers – T&C
Institutional	**Standards and Regulations**	Montabon et al., 2007; Handfield et al., 2002; Hopkins et al., 2009; Giunipero et al., 2012; European Commission [a]; Cordano, 1993 as cited in Giunipero et al., 2012; Rondinelli and Vastag, 1996; Gordon, 2001	Rieple and Singh, 2010
	Consumer Awareness		Dickson, 2000; Hill and Lee, 2012
	Competitive Advantage	Cici and D'Isanto, 2017; Porter and Kramer, 2006; Murthy, 2012; Hopkins et al., 2009	Ararat and Göcenoğlu, 2006; McAdam and McClelland, 2002
	Public Pressure		European Union, 2014; Boström and Micheletti, 2016
	Sustainability as a Business Case	Cici and D'Isanto, 2017; Carroll and Shabana, 2010; Eccles et al., 2014; Renukappa et al., 2013; Ganesan et al., 2009	
Organizational	**Corporate Reputation**	Renukappa et al., 2013; Othman et al., 2011	Arora et al., 2004; Ho and Choi, 2012
Individual	**Top Management**	Andersson and Bateman, 2000; Renukappa et al., 2013; Banerjee et al., 2003; Hopkins et al., 2009	Niniimäki, 2010
	Originality		Cline, 2013; Smelik, 2011; Ozdamar Ertekin and Atik, 2015

Table 1: Drivers for the integration of sustainability into corporate strategy

It is important to note, that the following paragraphs will not include drivers, that have been identified in studies specifically making the T&C industry a subject of discussion, but were also already recognized in this dissertation as cross-industry drivers. However, the identified T&C industry-specific literature is still pinpointed in the table. One exception is the driver *Sustainability as a Business Case* as the identified cross-industry and T&C industry-specific drivers include a different context.

a) Consumer Awareness

The T&C industry is highly driven by consumer behavior, awareness, knowledge, values and perceptions. Accordingly, the demand of products or services in the T&C industry is immensely influenced by consumers (Dickson, 2000). Especially younger generations like the so-called Generation Y, currently show an increased interest awareness of sustainability and interest in sustainable T&C products. This creates an enlarged demand of sustainability inside the industry. Thereby, T&C companies are driven to integrate sustainability initiatives into their corporate strategy to meet the demand and satisfy their consumers' needs (Hill and Lee, 2012).

b) Competitive Advantage

Due to globalization, T&C companies frequently shift their value chains to various low-cost manufacturing countries. By now, sustainability is commonly considered an additional expense as well as a competitive factor. It has also been recognized by low-cost countries, which make use of it to succeed in the global competition of being an attractive manufacturing location for Western T&C companies. Certain countries like Turkey have identified, that a sustainable shift of its T&C industry creates a competitive country advantage for them in comparison to other low-cost countries like China, because more international T&C companies decide to shift their manufacturing units there. This in turn pressures local as well as international T&C companies, which want to produce in the respective country, to also integrate sustainable practices in their daily business (Ararat and Göcenoğlu, 2006).

c) Public Pressure

Major accidents like the collapse of the Rana Plaza building in Bangladesh have put a special focus by media, journalists and social movements on the T&C industry in the last years. The Rana Plaza collapsed as result of a fire and 1138 workers from five clothing factories in the building were killed. As at least 27 global T&C brands produced in these factories, the international media scope of the tragedy was immense. Consequently, it helped to raise awareness of social and environmental issues in the T&C industry and put public pressure on T&C brands to take responsibility for their actions (Šajn, 2019). Nowadays, sweatshop and unsustainable production conditions of the T&C industry are commonly reported on and T&C brands are targeted as the ones with the main responsibility to counteract. Those media coverages can threaten the reputation of a company, which creates a powerful driver for T&C companies to integrate sustainable approaches into their corporate strategy and achieve a more sustainable value chain management (Boström and Micheletti, 2016).

d) Originality

Cline (2013) argues, that the common fast fashion approach of the T&C industry makes clothing meaningless and pointless. Trends and design seen on a fashion runway are constantly repeated, which results in a homogenization of fashion, brands replicating each other and a loss of originality. Particularly today though, it is considered important and desirable to stand out in society and present oneself as an individual. A key tool to do so is fashion (Smelik, 2011). The deeply rooted desire to be unique can act as a driver for T&C companies to produce sustainable slow fashion sustainable alternatives - and therefore resolve the current homogenization of fashion (Ozdamar Ertekin and Atik, 2015).

2.3.4. Barriers for the Integration of Sustainability into Corporate Strategy of Textile and Clothing Companies

The transformation of an industry relating to a specific concept like sustainability is complex and challenging. Especially when it comes to the T&C industry, it can be difficult as fashion and sustainability are still frequently considered as contradictory. This in turn presents certain barriers for T&C companies to integrate sustainability into their corporate strategy. Both the general, cross-industry barriers discussed before and specific barriers for the T&C industry, that will be introduced in the following paragraphs, are presented in Table 2. The next sections will not include barriers, which have been identified in T&C industry-specific studies, but were already presented in this dissertation as cross-industry barriers. Still, the identified T&C industry-specific literature is comprised in the table. The barrier *Consumer Behavior* is an exception and will still be presented in detail as the T&C industry is characterized as highly consumer-driven.

Level of Analysis	Name of Barrier	Barriers – General	Barriers – T&C
Institutional	**Standards and Regulations**	Nidumolu et al., 2009; Koplin et al., 2007; Montiel et al., 2019; Balasubramanian, 2012	Goworek et al., 2012; Pedersen and Andresen, 2013; Oelze, 2017
	Consumer Behavior	Mathiyazhagan et al., 2013; Luthra et al., 2011; Nidumolu et al., 2009; Koplin et al., 2007; Banerjee et al., 2003	Desore and Narula, 2018; Hobson, 2004; Scaraboto and Fischer, 2012; Eckhardt et al., 2010; Dolan et al., 2006; Pedersen and Andresen, 2015; Eder-Hansen et al., 2012; Joergens, 2006; Bhaduri and Ha-Brookshire, 2011; Vermeir and Verbeke, 2006; Karaalp and Yilmaz, 2012; Niinimäki, 2010; Luchs et al., 2010
	Economic Growth		Dolan et al., 2006; Thøgersen, 2005
	Reluctance from well-established Brands		Chesbrough, 2010; Oelze, 2017
Organizational	**Sustainability as a Business Case**	Hopkins et al., 2009; Luthra et al., 2011; Al Khidir and Zailani, 2009; Mathiyazhagan et al., 2013; Nidumolu et al., 2009; Renukappa et al., 2009; Cici and D'Isanto, 2017; Koplin et al., 2007; Giunipero et al., 2012	Lo et al., 2012; Youngjoo and Dong Kyu, 2015; Pedersen and Andresen, 2015; Oelze, 2017
	Value Chain Management		Mihm, 2010; Beard, 2008; Todeschini et al., 2017; Oelze, 2017
Individual	**Top Management**	Cici and D'Isanto, 2017; Renukappa et al., 2013; Hopkins et al., 2009; Du et al., 2012; Volberda, 1996; Giunipero et al., 2012	

Table 2: Barriers for the integration of sustainability into corporate strategy

a) Consumer Behavior

Desore and Narula (2018) consider consumer centric elements as a key barrier for the integration of sustainability into a T&C company. Regularly, consumers perceive the infrastructure, availability, accessibility and affordability of sustainable alternatives to conventional T&C products as challenging and inconvenient (Hobson, 2004). If they believe, that they have to invest more time and effort to purchase a sustainable T&C product, they may rather choose the more comfortable option, even if it has significant environmental or social impacts (Scaraboto and Fischer, 2012; Eckhardt et al., 2010; Dolan et al., 2006). Moreover, it is still a common opinion by consumers, that sustainable clothing is old-fashioned and therefore, they do not actively look for sustainable alternatives (Pedersen and Andresen, 2015). Although Eder-Hansen et al. (2012) suggest, that still a large amount of consumers lack awareness and knowledge about the impacts, that fast fashion consumption can cause, even sustainability conscious consumers, who are aware of environmental and social issues prefer low to reasonable-priced fashionable clothing over more expensive sustainable alternatives (Joergens, 2006; Bhaduri and Ha-Brookshire, 2011). The high degree of globalization in the T&C industry creates a distance between the individual consumer and greater consumption impacts, which consequently can hinder them in adopting a sustainable consumption behavior (Vermeir and Verbeke, 2006). It has also been observed, that sustainability conscious consumers do not have the knowledge to perform effective comparisons based on ecological footprints of a certain kind of product, which would enable them to choose the more sustainable option (Karaalp and Yilmaz, 2012).

Additionally, the information made available by T&C companies about their sustainability initiatives is perceived as unreliable by many consumers. Current sustainability initiatives of big companies are in many cases seen as only "less bad" and insufficient to address fundamental social and environmental issues (Pedersen and Andersen, 2015). Along with the fast development of sustainable approaches in recent years, the number of Greenwashing cases in the T&C industry, where corporate disclosures in regards to environmental aspects are structured in a way to maximize perceptions of legitimacy, has increased rapidly (Delmas and Burbano, 2011; Laufer, 2003). H&M for instance likes to advertise with its position as the second ranking global user of organic cotton. Taking a more detailed look into its sustainability report, it can be observed, that in 2018 only 14.6% of its total cotton use was organic cotton (Lundvall and Söderlund, 2019), leading the consumer in the false perception of making a complete sustainable purchase. The insufficient transparent information, as in the H&M case, leads to skepticism and lack of trust by consumers in sustainability labeling of a T&C company and consequently, consumers may tend to choose against sustainable T&C products (Niinimäki, 2010; Luchs et al., 2010). As long as the perception of a sustainable product is inconvenient and skepticism and lack of awareness prevail, T&C companies may see it as invaluable to integrate sustainable approaches into their corporate strategy.

b) Economic Growth

The T&C industry, and especially its fast fashion component, provides a large amount of job opportunities as well as enhances economic growth and earnings for the respecting countries.

Some actors, who work in the T&C industry fear, that a sustainable development can lead to a deceleration in economic growth and therefore, to loss of jobs and a rising national unemployment rate (Dolan et al., 2006; Thøgersen, 2005). Inasmuch as this fear endures and main actors in the T&C industry actively work against sustainable approaches, barriers for a successful integration of sustainability in T&C companies exist.

c) Reluctance from well-established brands

Chesbrough (2010) states, that well-established brands, who base their business on fast production, may also act reluctant toward new business models. It highlights the difficulties to change an existing business model, which has been successful in the past and has become institutionalized in the organizational infrastructure, to a sustainable one (Chesbrough, 2010). As sustainable T&C products are often still considered niche products, current successful T&C companies may be afraid to risk their wellbeing and change to sustainable approaches (Oelze, 2017).

d) Value Chain Management

Lack of transparency in regard to sustainability does not only cause uncertainty for consumers, but also for a company itself. The highly global approach of the T&C industry makes its value chain complex, fragmented and less transparent (Mihm, 2010). For a T&C company, it is difficult to retrace if its code of conduct is also applied in the whole system of international suppliers, manufacturing facilities, transportation, retail and aftercare (Beard, 2008). Misaligned values and technical difficulties due to geographical and cultural distances as well as lack of knowledge at any process step can cause inconsistencies in regard to sustainability approaches throughout the T&C industry's value chain (Todeschini et al., 2017; Oelze, 2017). Additionally, Oelze (2017), who observed T&C companies experienced in implementing sustainability standards, states that often, a lack of intrinsic motivation and the unwillingness to integrate sustainability standards exists from the suppliers' side, which in turn create a major barrier for companies to fully integrate sustainability into their business practices (Todeschini et al., 2017; Oelze, 2017).

2.3.5. Success Factors for the Integration of Sustainability into Corporate Strategy of Textile and Clothing Companies

Table 3 highlights both the success factors for the integration of sustainability into corporate strategy discussed as general, cross-industry aspects as well as industry-specific success factor for T&C companies determined in the following paragraphs. Identified success factors in T&C

industry-specific studies, which also have been presented before as a cross-industry driver, will be recognized in the table, but not considered in detail in the following paragraphs.

Level of Analysis	Name of Success Factor	Success Factors – General	Success Factors – T&C
Institutional	**Standards and Regulations**	Chen and Chambers, 1999; Kanuri et al., 2016; UN-Habitat, 2014	Boström and Micheletti, 2016; Pedersen and Andresen, 2015
	Consumer Trust		Todeschini et al., 2017; Dickson, 2000; Almeida, 2015; Belz and Peattie, 2011
Organizational	**Organizational Structure**	Petrini and Pozzebon, 2010; Schneper et al., 2014; Epstein and Roy, 2001	Pedersen and Andresen, 2015
	Corporate Vision	Petrini and Pozzebon, 2010; Shrivastava and Hart, 1995; Marshall and Brown, 2003	
	Corporate Culture	Bonn and Fisher, 2011; Epstein et al., 2010; Cameron and Quinn, 2006; Linnenluecke and Griffiths, 2010	Oelze, 2017
	Training and Communication	Petrini and Pozzebon, 2010; Tregidga and Milne, 2006; Epstein and Roy, 2001	Boström and Micheletti, 2016; Oelze, 2017
	Compensation and Reward System	Finkelstein and Boyd, 1998; Bonn and Fisher, 2011; Petrini and Pozzebon, 2010	
	Sustainability Initiatives	Lueneburger and Goleman, 2010; Shrivastava and Hart, 1995; Hoffman, 2001	Pedersen and Andresen, 2015
Individual	**Top Management**	Petrini and Pozzebon, 2010; Renukappa et al., 2013; Epstein et al., 2010; Esty and Simmons, 2011; Bonn and Fisher, 2011	Pedersen and Andresen, 2015; Oelze, 2017
	Employees	Petrini and Pozzebon, 2010; Seidel et al., 2010; Mohrman and Worley, 2010	Pedersen and Andresen, 2015; Oelze, 2017
	Leadership Competencies	Lueneburger and Goleman, 2010; Russo and Harrison, 2005; Hanna et al., 2000; Mohrman and Worley, 2010	Oelze, 2017

Table 3: Success Factors for the integration of sustainability into corporate strategy

Consumer Trust

Considering the key consumer centric barriers described above, consumer behavior should be influenced towards more sustainable purchasing decisions in order to enable a company to successfully shift its strategic focus towards sustainability. Thus, gaining consumers' trust plays a key role at this stage. Providing education and information can reduce uncertainty and raises consumers' awareness towards sustainable products (Todeschini et al., 2017). Ecolabels for example, that include standards and complete information about the product's composition and where and how it was made, may build trust and help in guiding consumers through the purchasing decision process (Dickson, 2000). Almeida (2015) further suggests, that transparent information on ecolabels can support in overcoming purchasing barriers and trust issues, that are knowledge- and awareness-based. Thereby, sustainable T&C products get promoted and the demand for them rises on the market. Then, T&C companies can focus on a successful integration of sustainability into their corporate strategy.

A deep and trustful relationship between end-consumer and a T&C company itself can create long-term dialogues, which enable the company to understand consumers' real needs and desires when it comes to sustainability. A T&C company can use the same dialogue to communicate its values to the consumer and gain its trust and loyalty. Through this exchange, new sustainable initiatives can be integrated into the company's long-term corporate strategy while making sure, that they fit to the market's current needs and wants (Belz and Peattie, 2011).

3. Methodology

3.1. Research Design

Primary research has been undertaken to fulfil the requirements of the aim and objectives of this dissertation. Given the limited insights provided by literature into drivers, barriers and success factors for the integration of sustainability into T&C companies, an exploratory research, which aims to find out *"... what is happening; to seek new insights; to ask questions and to assess phenomena in a new light."* (Robson, 2002:59) was conducted. An exploratory research, which evolves and is based on small samples that provide understandings into a certain topic, allows to further enhance theoretical observations about drivers, barriers and success factors of companies integrating sustainability into their corporate strategy (Malhotra and Birks, 2005). The purpose of this dissertation is to gain detailed insights, motivations, beliefs and experiences on why or why not a company integrates sustainability into their corporate strategy. This can best be assessed by qualitative research methods, that give the opportunity to capture the substantial meaning of a subject by its richness and fullness as well as enable to find profound explanations of motives or deterrents of the above-mentioned integration of sustainability (Robson, 2002).

3.2. Research Strategy

In order to gain an in-depth understanding of the research topic, the research was designed to be interpretive in nature. An interpretivist research philosophy is typical for an exploratory qualitative research design and describes, that reality can only be understood by putting subjective meanings to it, which in turn motivate certain actions (Saunders et al., 2009). It is especially useful for this dissertation in order to explore in detail the drivers, barriers and success factors of sustainability for T&C companies. Moreover, an inductive generation of the theory of this dissertation was used. An inductive approach aims to generate meanings from the collected data in order to identify patterns and relations to finally build a theory (Saunders et al., 2009). As a case study is defined as *"... an empirical enquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident"* (Yin, 2009:14), we asserted it to be especially useful to provide a level of detail and gain an enriched understanding what drives and hinders companies to successfully integrate sustainability into their corporate strategy. In addition, a single case study analysis can provide an accurate, empirically-rich and comprehensive account of a specific phenomenon (Willis, 2014). Therefore, we decided to use a case study with an 'embedded' case design – thus we were aiming to select one company and take a detailed look at different departments as multiple units of analysis (Yin, 2009). We also chose to make use of an exemplary case design, meaning that the case study will reflect a strong, positive example of our topic of interest (Yin, 2011). It is important to note, that the purpose of this research is not to generate a theory, which is generalizable to all populations, but only inside the boundaries of the research setting (Saunders et al., 2009).

The case company criteria were based on the research questions and required the potential case company to be Europe based and part of the T&C industry, have sustainability integrated into their corporate strategy, share experiences of its integration process including drivers, problems and measures encountered as well as to be willing to give insights into more than one department. The outdoor outfitter company VAUDE was contacted as it fulfilled all above mentioned criteria and was interested in participating in this research.

3.3. Data Collection and Analysis

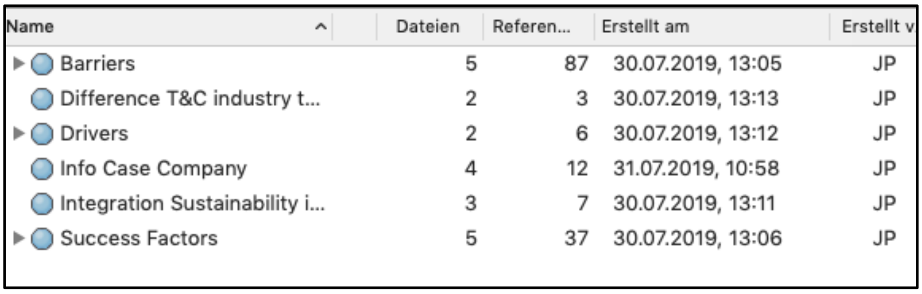
As it is typical in case studies, data was collected by a mixture of techniques (Yin, 2009). Between July and August 2019, data concerning the sustainability approach of the case company was extracted from the official website and sustainability report and, as the main source, on-site interviews in person were conducted. Information from the website as well as the case company's sustainability report were used for a comprehensive presentation of the case. Information gained from the on-site interviews were mainly used to answer the before presented research questions. However, some data was also extracted from the interviews for the presentation of the case. Interviews are considered as a key tool to access the interpretations of informants in the real world (Walsham, 2006). Therefore, in-depth semi-structured interviews with five key personnel from different departments with in-depth knowledge about the case company's sustainability approaches were conducted (see Table 4).

Name	Job Title/Department
Antje von Dewitz	CEO
Uwe Gottschalk	Chief Product Officer (CPO)
Uwe Abraham	Logistics Manager
Bettina Roth	Head of Quality and Chemical Management (QCM)
Anika Mauz	Vendor Manager

Table 4: List of interviewees and their respective departments

The semi-structured typology was chosen to allow a flexible interaction between the interviewer and the respondent, but on the other hand, to have a consistent set of categories to define boundaries of what to explore (Saunders et al., 2009). Furthermore, semi-structured interviews are especially useful if an interpretivist research philosophy is chosen for the research. As the aim of this dissertation is to understand what kind of meaning respondents attribute to certain phenomena, a semi-structured interview allows them to explain or build on their responses. It is assumed, that it gives you the ability to reach a detailed set of data with significance and depth especially focusing on the 'why' of a phenomenon (Saunders et al., 2009). The interviews were based on individual interview scripts, attached in Annexes 1-5, with a set of open and probing questions that encourage extensive answers. The interview scripts were shared with the respondents via E-mail before the actual interview took place. The first five questions of the interview script were identical for all respondents, aiming to detect different perspectives of the integration of sustainability into the case company.

The remaining questions were designed to find out sustainability related topics in the respective department of each respondent. In total, the questions were designed to achieve the stated research objective and included inquiries on the definition of sustainability in context of corporate strategy, drivers of becoming a sustainable company, encountered and potential challenges and measures implemented to support a successful sustainability integration. All interviews were conducted face-to-face on site of the company and lasted between 25-60 minutes. In order to ensure validity interviews were audiotaped with the interviewees' permission and were transcribed verbatim. After, the transcribed data was coded with Nvivo 12.5.0., a qualitative data analysis software, in order to evaluate the answers and identify the most relevant factors in the analysis. Pictures 1 and 2 show excerpts of the coding process with Nvivo.



Name	Dateien	Referen...	Erstellt am	Erstellt v
Barriers	5	87	30.07.2019, 13:05	JP
Difference T&C industry t...	2	3	30.07.2019, 13:13	JP
Drivers	2	6	30.07.2019, 13:12	JP
Info Case Company	4	12	31.07.2019, 10:58	JP
Integration Sustainability i...	3	7	30.07.2019, 13:11	JP
Success Factors	5	37	30.07.2019, 13:06	JP

Picture 1: Categories created in Nvivo 12.5.0

Name	Knoten	Referen...	Erstellt am
Interview_CEO	19	45	30.07.2019, 13:00
Interview_Head of QCM	24	73	30.07.2019, 13:00
Interview_Logistics Manager	11	52	30.07.2019, 13:00
Interview_Product Lead	14	51	30.07.2019, 13:00
Interview_Vendor Manager	8	37	30.07.2019, 13:00

Picture 2: Interview files used for coding with Nvivo 12.5.0

4. Case Study – Findings and Discussion

4.1. Presentation of the Case Company

VAUDE is a family-owned, medium-sized outdoor outfitter, that develops, produces and sells functional clothing, backpacks, bags, sleeping bags, tents, shoes and camping accessories. It focuses on three business segments – Mountain Sports, Bike Sports and Pack 'n Bags. The VAUDE brand and its products reflect mountain sport expertise, innovation as well as social and environmental responsibility. VAUDE was founded in 1974 by Albrecht von Dewitz and is now managed by the second generation with Antje von Dewitz as CEO. 542 employees work for the brand, from which 444 are employed at the headquarters in Obereisenbach, Southern

Germany. Furthermore, VAUDE has sales branches in the Netherlands and Spain, factory outlets and various leased order rooms nationwide in Germany as well as teams in Vietnam and China, that are organized as subsidiaries, regularly visit and partly conduct quality controls in the local production facilities (VAUDE, 2018; Interview, Vendor Manager). The complete product development, administration department, management, finances, accounting, human resources, marketing, Information Technology (IT), CSR, product services including a repair service and the central logistics are located at the headquarters.

In 2017, VAUDE's sales performance grew by 6.3% compared to the year before, making it a basis for a turnover of over €100 millions of absolute economic performance, which is above the average in the European outdoor market (VAUDE, 2018; Interview, CEO). In the same year, VAUDE produced 3,185,229 products and sold over 60% of them in Germany and around 30% in the rest of Europe. The highest sales in Europe after Germany are made in Switzerland, Austria, Belgium, Netherlands, France, Italy, Spain, Great Britain and Sweden. Outside of Europe, VAUDE concentrates on a few major markets in Asia and North America. Also, all products for the European market are delivered, tested, warehoused, commissioned and shipped to retailers from the headquarters. For the North American and Asian markets, VAUDE relies on third party deliveries from the producers to distributors within the respective country.

4.2. VAUDE's Integrated Sustainability Approach

In order to provide a context for VAUDE's sustainability approaches, it is necessary to understand what VAUDE and those interviewed understand by integrating sustainability into corporate strategy. In VAUDE's understanding, engaging in business bears a responsibility to contribute to the public good. Therefore, VAUDE aligns itself in the long-term with future-oriented ecological, social and economic goals. The brand continuously aims for the most innovative and sustainable solutions to keep its ecological footprint as small as possible. The guiding principles *The Mountain, We* and *Forward* form the brand's corporate vision and put its values into concrete terms. "The Mountain" indicates the high, clearly defined standards of VAUDE's products and the experience of nature. "We" stands for a partnership with nature and people in the company, as part of the team, in the mountains, in partnerships and in society. It symbolizes fun, common strength and the current spirit of time, that requires society to work collectively to solve the threats for the planet. "Forward" implies a forward-looking, future-oriented view on sustainability. VAUDE aims to extract the essence of its products to contribute with sustainable, innovative solutions for future generations. In order to implement its vision into all levels of the company, the brand has fully integrated sustainability into its corporate strategy and approaches it strategically on multiple levels. To the CEO the integration of sustainability into corporate strategy means the following:

> *"To me, it means, that a company is positioning itself with the knowledge of the impacts its economic actions have on people and nature and, that I take responsibility for these actions. Sustainability is actually nothing else to me than corporate responsibility in a more holistic approach than it is understood conventionally. The corporate responsibility is orientated, that I am neither harming people nor nature, but the opposite - trying to achieve as much benefit as possible."* (Interview, CEO)

The Head of QCM at VAUDE shared a similar view: *"Today it is inevitable to build a sustainable corporate strategy, because the global challenges approaching us are so complex, that if you do not have your own strategy, you will go down."* (Interview, Head of QCM). A company can only be fully sustainable, when the economic and sustainability strategies are integrated, hence sustainability is integrated into corporate strategy, as the CEO put it:

> *"Punctually, it can work to have two differentiated strategies like having a nice project or a great collection with recycling materials. But then, it is not a sustainable company, but a sustainable 'something'. You cannot achieve a transformation of the company or the culture, neither can you be stringent. This is impossible. This will not be credible and will not achieve so much."* (Interview, CEO)

The CPO continued:

> *"Sustainability has to be strongly anchored in the organizational structure. I do not think, that companies, that engage to a certain extent in Greenwashing can be successful in the future. Maybe it was possible for a certain amount of time to somehow stick to it. It was hip and also made sense in monetary terms. The customer increasingly demands more transparency and wants to know how you reach a certain statement, e.g. that your product is better now, or where the product really comes from."* (Interview, CPO)

VAUDE's sustainable corporate strategy is designed and managed by the executive level of the brand and integrated into all daily business tasks and departments:

> *"Sustainability is fully integrated in our daily operative process. It starts in the pyramid and is then broken down. It is strongly carried by the executive board, especially by the CEO, who is very visionary in this topic, and then it breaks down in the manner of a cascade into each department."* (Interview, CPO)

The CPO went on: *"It is like a puzzle, everything complements each other. In the center stands the sustainability topic."* (Interview, CPO). He further gave us an example on how sustainability is incorporated into a specific department:

> *"For us in the product development sustainability is a central element. We align the whole development planning and product range strategy strongly*

> *with sustainability. Where do we begin? On the one hand, it is implemented strategically in our goals and then it gets broken down. When I go more specifically in the product range planning or range plan, all aspects are consequently taken into consideration. This is our core business."* (Interview, CPO)

VAUDE's sustainable philosophy is comprised of the following elements:

- Corporate Vision
- Mission
- Strategies defining the internal and external long-term orientation of the brand
- Corporate Goals determined mid-term and based on the Strategic Approaches
- Division Goals, Department Goals, Team Goals and Employee Goals derived from the Corporate Goals; each employee pursues and integrates sustainability into their job

On a yearly basis, VAUDE's corporate strategy is reviewed by the executive board top-down and bottom-up as well as continuously developed and improved. VAUDE's sustainability approach is based on the United Nation's 17 SDGs. Further, its sustainability goals derive from requirements of external sustainability standards and certifications like Global Reporting Initiative (GRI), Eco Management and Audit Scheme (EMAS), FWF, ISO 14001, the Partnership for Sustainable Textiles, Economy for the Common Good (ECG), the German Sustainability Code, the VAUDE Greenpeace Detox Commitment and the HIGG Index (VAUDE, 2018). These sustainability goals are regularly analyzed for potential difficulties as well as directed and measured at the respective sustainability standard by the "CSR Team", an interdisciplinary team including key personnel from different departments, which coordinates all sustainability activities in the company:

> *"On the one hand, many boards exist, where initially the product range is checked – How do we set target values for ourselves? How do we get there in a specific season? We produce two seasonal, Summer '21 is quite far in the development, but what happens for example in the winter? What happens in Summer '22? That is one topic. Then, we certainly broach the topic strongly in secondary strategies. Thus, it is a permanent topic in the executive board and the product development – How do we want to reach a permanent goal in the future?"* (Interview, CPO)

Additionally, VAUDE developed its own sustainability label "Green Shape" including a collection with certified environmentally-friendly products, components, production facilities and printing processes. The Green Shape label brings together a variety of sustainability standards and certifications as the ones mentioned above as well as others like bluesign, Global Organic Textile Standard (GOTS), Ökotex 100 and Blauer Engel (VAUDE, 2018). Considering that these standards often focus on a specific topic, the CPO explained, that the Green Shape label aims to present a holistic approach covering the criteria of more than one standard and that *”[p]ollution management is a big topic. We set our own RSL [Restricted Substance List], we try to orientate on many specifications, but try to make them even stricter for us.”* (Interview, CPO). In order to guarantee the compliance to the high criteria of the Green Shape label, VAUDE conducts seasonal internal audits as well as currently works on an external audit system (Interview, Head of QCM).

At VAUDE, all departments are green. The brand features a green IT, exclusive use of recycled paper, construction according to “Deutsche Gesellschaft für Nachhaltiges Bauen” (DGNB, a German non-profit organization promoting sustainable building), ecological trade fair and store solutions, an organically certified canteen, a biodiversity concept at the headquarters, 100% green electricity and biogas, mobility concepts as well as the usage of “Best Available Technology” (BAT), avoiding controversial technologies and materials to ensure maximum traceability of all materials to the origin (VAUDE, 2018; Interview, CEO). The green approach further continues in the brand’s value chain. VAUDE differentiates between producers, which are Tier 1 manufacturers of ready-made clothing, and Tier 2 material suppliers. The brand only has a direct contractual business relationship with the producers, nonetheless specifies the conditions for the selection of suppliers to a large extent. Table 5 presents VAUDE’s production countries, the number of production facilities, that VAUDE works with in that country, the share of goods produced there and if it is a high risk or non-risk production country.

Production country	**Number of producers in country**	**Share of produced goods (in %)**	**High-risk/Non-risk production country**
Germany	4	5.2	Non-risk
Austria	1	0.1	Non-risk
Portugal	2	0.4	Non-risk
Lithuania	2	3.7	Non-risk
Bulgaria	1	1.7	High-risk
Croatia	1	1.0	Non-risk
Turkey	1	1.3	Non-risk
Myanmar	1	8.9	High-risk
China	10	9.2	High-risk
Cambodia	1	0.8	High-risk
Vietnam	14	67.7	High-risk

Table 5: VAUDE's production facilities
Source: Own representation based on VAUDE (2018)

In a high-risk production country, it is more likely compared to a non-risk production country, that labor standards and laws are violated and institutions like trade unions, employee organizations, labor legislation and supervision systems either do not exist or do not function well (VAUDE, 2018). All of the production facilities VAUDE works with in high-risk production countries are FWF audited or, if the FWF is not active in the respective country, audited by an FWF acknowledged company (Interview, Vendor Manager). The producers in non-risk countries are not audited as the risks are much lower, but regularly visited by VAUDE's employees.

In addition to VAUDE's sustainable initiatives in its value chain, it is involved in various initiatives and member of different associations and organizations. For example, VAUDE holds a leadership position in the FWF, is a member of "EU Chemical Innovation Task Force", "B.A.U.M." (a German association for environmental management) and many more (VAUDE, 2018; Interview, CPO). Moreover, it is part of the brand's sustainability approach to engage in sustainability-related projects with universities, empowerment programs for its value chain, contents and awards and present oneself in public. VAUDE has received multiple awards and prizes in the last years, often for its excellent sustainability efforts. In 2015, VAUDE was named "Germany's Most Sustainable Brand"; in 2017, VAUDE was awarded the European Business Award in "Environmental & Corporate Sustainability" and voted as one of the eleven best European companies; in 2018, VAUDE received the "GreenTec Award", one of the world's most important environmental awards, as well as the "Environment Prize for Companies" for exceptional achievement in environmental protection activities and environmental-oriented business management; in 2019, VAUDE ranked first in the German-wide ranking of sustainability reports for the best transparency in the category "small and medium-sized enterprises" [1] (VAUDE, 2018).

The case company data revealed numerous insights regarding what drives and hinders T&C companies to integrate sustainability into corporate strategy as well as how to successfully do so. The following will present the drivers (RQ1), barriers (RQ2) and success factors (RQ3) identified from interviews inside the case company. All factors are sorted on the same three levels of analysis as in the literature review – i.e. institutional, organizational and individual.

[1] This is only a selection of awards and prizes received by VAUDE. The official website of the brand includes a full list of awards and prizes.

Table 6 visualizes the results, presents if each driver, barrier or success factor already has been determined in existing literature and states the determined level of analysis.

Category	Existing	New	Level of Analysis
Drivers			
Consumer Awareness	x		Institutional
Competitive Advantage	x		Institutional
Sustainability as a Business Case	x		Organizational
Corporate Reputation	x		Organizational
Top Management	x		Individual
Originality	x		Individual
Barriers			
Standards and Regulations	x		Institutional
Consumer Behavior	x		Institutional
Limited Options and Comparisons		x	Institutional
Uncertainties		x	Institutional
Infrastructure		x	Institutional
Situation in Production Countries		x	Institutional
Sustainability as a Business Case	x		Organizational
Value Chain Management	x		Organizational
Data Handling		x	Organizational
Trade-off between Quality and Durability		x	Organizational
Success Factors			
Standards and Regulations	x		Institutional
Consumer Trust	x		Institutional
Cooperation		x	Institutional
Organizational Structure	x		Organizational
Corporate Vision	x		Organizational
Corporate Culture	x		Organizational
Training and Communication	x		Organizational
Control Mechanisms		x	Organizational
Sustainability Management		x	Organizational
Top Management	x		Individual
Employees	x		Individual

Table 6: Drivers, barriers and success factors for the integration of sustainability into corporate strategy identified from interviews with the case company

4.3. Drivers for the Integration of Sustainability into Corporate Strategy of Textile and Clothing Companies

From the case company data, we determined prevailing drivers for the integration of sustainability into corporate strategy of a T&C company. Figure 4 outlines these drivers. The determined drivers fit to the ones already identified in existing literature. However, the drivers *Standards and Regulations* and *Public Pressure*, which were highlighted before, were not made a subject of discussion from the interviewees' side. The following paragraphs will discuss the drivers determined in interviews with the case company more into detail.

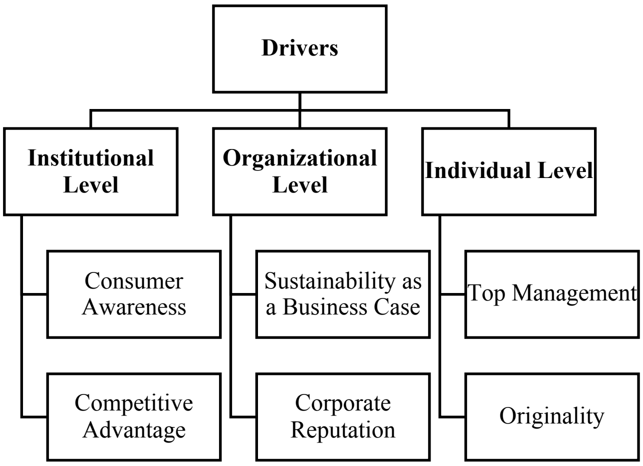


Figure 4: Drivers for the integration of sustainability into corporate strategy determined from interviews with the case company

a) Consumer Awareness

In terms of sustainability, the CPO of the case company suggested, *"[a] significant larger awareness for these topics is developing."* (Interview, CPO). We further observed, that sustainability aware consumers also consciously decide for a sustainable alternative to conventional products: *"The people are then also willing to make a conscious decision for a brand or a product, because they know, that it conforms to other criteria or requirements."* (Interview, CPO). Our results stand in line with Hill and Lee (2012), who observed a greater awareness and interest of sustainability topics, especially by younger generations, which results in an enlarged demand of sustainable products in the T&C industry. Ultimately, the rising consumer awareness drives T&C companies to integrate sustainability into their corporate strategy in order to satisfy the market's needs and wants.

b) Competitive Advantage

The resulting competitive advantage was identified to be another driver when it comes to the integration of sustainability into corporate strategy of a T&C company and supports authors like Cici and D'Isanto (2017) as well as Porter and Kramer (2006). We detected, that a fully integrated sustainable corporate strategy can lead to competitive advantages like a positive corporate reputation or legitimacy and therefore attracts new customers: *"It is for sure, that we have won or are still winning new target audiences with that alignment, because we are a brand of trust and these people get aware of us."* (Interview, CEO). Moreover, the integration of sustainability into corporate strategy may not only lead to a competitive advantage, but it might even be considered a competitive disadvantage, if a company does not address sustainability accordingly, as the CEO stated: *"Everyone is concerned about that topic. It became a thing of survival."* (Interview, CEO). The Head of QCM presented us a similar view:

> *"And I think, that the future competitiveness will be strongly dependent on how sustainable a company is. To be resource friendly and considering social aspects – these topics will increasingly come up, because it cannot continue like in the last years. Therefore, there is no way around it today."* (Interview, Head of QCM)

Both the CEO's and Head of QCM's view comply to Murthy's (2012) RBV of sustainability, in which he determined the development of competitive advantage through the integration of sustainability into corporate strategy.

c) Sustainability as a Business Case

Our interview results show, that a T&C company can benefit of a positive business case evolving from sustainability approaches, which can be driving the decision to fully integrate them into corporate strategy. The CEO highlighted: *"You can see just in our total revenue, that we are growing more and more than the European average."* (Interview, CEO). She continued: *"As a pioneer, we profit from a broad reach in media, a high image and trust. There are studies, where you can see, that people, who know VAUDE also like it and buy it. The correlation is very high."* (Interview, CEO). Our findings thereby fit to Ganesan et al.'s (2009) as well as Cici and D'Isanto's (2017) view, that sustainability initiatives can positively influence a T&C brand's image, lead to more purchases by customers and eventually increase the financial performance of the company. Although our literature research identified various arguments for the cost saving aspect of sustainability approaches as a driver for the integration of sustainability into corporate strategy, e.g. because of less exposure to fluctuations of resource prices (Cici and D'Isanto, Renukappa et al, 2013), it did not come up during the interviews with the case company.

d) Corporate Reputation

We found, that a positive corporate reputation in terms of sustainability can drive the cooperation and willingness from other companies and partners to work on sustainability initiatives with a T&C company:

> *"I have made the experience, that as soon as we express ideas, companies act accordingly as we now have a very good reputation in terms of ecology and sustainability in Germany. I experience the same in the cooperation with shipping companies. We approach them with ideas and then something happens. We generally search for partners, who also think in that direction. We would never work with ecologically or socially bad partners."* (Interview, Logistics Manager)

The cooperation in turn enables a company to further pursue sustainability initiatives and develop innovations. Our results support Renukappa et al. (2013), who argue, that particularly companies, that build their competitive advantage on innovation consider the integration of sustainability into corporate strategy as critical for its reputation.

e) Top Management

Our findings present the intrinsic motivation of the top management as a key driver for the integration of sustainability into corporate strategy of a T&C company. The CEO described her motivation to develop a sustainable corporate strategy:

> *"Personally, my mother is already very visionary, like a Greenpeace activist. She stands by her opinion and is very environmental-friendly, liberal and free. It was already laid out a little bit in my family. And I think also to grow up here, in an area, which is shaped by agriculture. As children, it felt like we were the only entrepreneurs in the village and there was big distrust and skepticism. Sometimes one would say: 'If your dad produces in Asia, he is probably an exploiter.' This shaped me a lot and I developed the wish to encounter this mistrust, make it all transparent and ultimately, do it in a good way."* (Interview, CEO)

The CEO's intrinsic motivation to integrate sustainability into the company's corporate strategy acknowledges Schneper et al. (2015) as well as Eddleston and Kellermans (2017) as cited in Schneper et al. (2015), who argue, that a top management is particularly committed to drive sustainability initiatives, if it is personally and emotionally attached to the company and aims to promote a positive corporate reputation.

f) Originality

Particularly when it comes to apparel, the desire for uniqueness is prevailing in human nature (Cline, 2013). During our interviews, the Head of QCM suggested: *"Sustainability stands in close relation to innovation and because I am restricting or limiting something, I am creating opportunities for something new."* (Interview, Head of QCM). Although the Head of QCM focuses on the innovation aspect, that sustainability approaches bring along, the statement stands in close relation to Ozdamar Ertekin and Atik's (2015) argument, that the desire to be unique can act as a driver for T&C companies to produce sustainable alternatives, slow fashion and resolve the current homogenization of fashion.

4.4. Barriers for the Integration of Sustainability into Corporate Strategy of Textile and Clothing Companies

Our results, pictured in Figure 5, reveal, that a wide set of barriers for the integration of sustainability into corporate strategy of a T&C company exists. As far as we know, our findings extend the barriers identified in literature by six new ones (*Limited Options and Comparability*, *Uncertainties*, *Infrastructure*, *Situation in Production Countries*, *Data Handling* and *Tradeoff between Quality and Durability*). However, the barriers *Economic Growth, Reluctance from well-established Brands* and *Top Management*, which were recognized in recent literature, were not mentioned in our interviews. The following will discuss thoroughly the determined barriers for a successful integration of sustainability into corporate strategy of a T&C company identified in interviews with the case company.

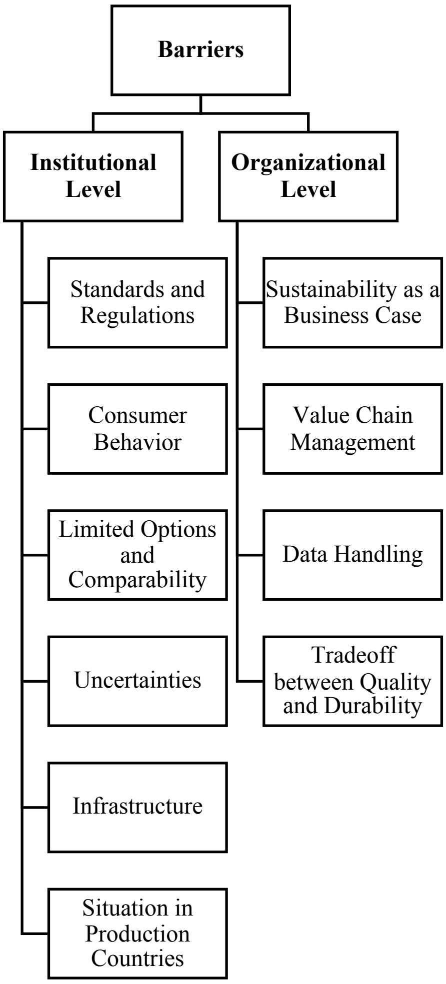


Figure 5: Barriers for the integration of sustainability into corporate strategy determined from interviews with the case company

a) Standards and Regulations

The current selection of sustainability standards and labels often focuses on one aspect each, e.g. the usage of organically certified cotton or the renouncement of a certain hazardous chemical. However, no sustainability label covers the whole lifecycle of a product. The Head of QCM explained: *"A lot of labels exist, but unfortunately none in the world, that really includes the whole product lifecycle."* (Interview, Head of QCM). The nonexistence of such a label leads to various open questions about the sustainability of a product:

> *"But what am I doing with it in the usage phase? What am I doing with it at the end of life? Did I think about the ability to repair the product or the durability already in the design phase? Is this a blended or pure fabric? No label exists for that."* (Interview, Head of QCM)

A T&C company, that wants to provide full information about its sustainability approaches in a product eventually has to attach a variety of labels to it in order to cover the full lifecycle. The Head of QCM highlighted the detriment in doing so: "*We deliberated if it makes sense to put five labels on one product. The end consumer will not understand it."* (Interview, Head of QCM). We believe, that our findings in regards of standards and regulations as barriers present an additional complication, that has not been pinpointed in recent literature so far – the nonexistence of a label covering the full product lifecycle. However, we broach a similar issue as Montiel et al. (2019) in the sense, that the current selection of sustainability standards, labels and regulations creates uncertainties. Whereas Montiel et al. (2019) focus on uncertainties for a T&C company itself because of overlapping and competing sustainability standards, we could observe uncertainties for the end consumer. If end consumer do not understand the sustainability information attached, it might hinder them in consciously deciding for a product and ultimately act as a barrier for a T&C company to further pursue its strategical integration of sustainability.

b) Consumer Behavior

As much as a certain consumer behavior can drive a T&C company to integrate sustainability into its corporate strategy, as much it can hinder one to do so. Countless low-priced T&C chains exist, continuously offering bargains, so the consumer is currently educated to purchase low-priced products rather than comparably more expensive sustainable alternatives. VAUDE's CPO stated: *"On the other hand, the customer is currently being taught, that everything is cheap and can be thrown away quickly."* (Interview, CPO). The Head of QCM further explained, that T&C consumers are not yet willing to pay more for a sustainable purchase:

> *"And these costs cannot be passed one to one to the end consumer. The end consumer is not ready yet. In the food industry, it is slowly established, but not in the Textile industry. As long as the Primarks and H&Ms exist and everyone needs a lot of T-Shirts, it will be difficult to charge higher prices for them."* (Interview, Head of QCM)

Both remarks support authors like Hobson (2004), who claims, that consumers perceive the affordability of sustainable T&C products as challenging and therefore do not purchase them, as well as Joergens (2006) and Bhaduri and Ha-Brookshire (2011), who argue, that even sustainability conscious consumers, who are aware of environmental and social issues, rather choose a low-priced, fashionable option over a more expensive sustainable T&C product.

c) Limited Options and Comparability

A limited selection of high-quality sustainable materials and a lack of comparability of available options have emerged from our results as significant barriers for the integration of sustainability into corporate strategy of T&C companies. Particularly when it comes to the adhesive to join different materials, the Logistics Manager reported the lack of sustainable options on the market as a great obstacle because of the following reason: *"All the materials we are using become hazardous waste in the moment, that glue is put on it, because it blends."* (Interview, Logistic Manager). It implies, that even if sustainable materials are used, for example for the packaging, they become non-recyclable as soon as conventional adhesive is applied.

T&C companies with a global value chain commonly have a wide network of partners ranging over various countries. Distributors and clients often have particular requirements for the packaging of products, that still make it impossible to renounce plastic material and implement more sustainable solutions. The Logistics Manager explained:

> *"We are still dependent on synthetic material as a lot of our clients and distributors still insist on it. They have their own kind of sorting machines etc. And without plastic bags, for example, the sleeve of a shirt can get out and entangle oneself. These are the frameworks we currently have to deal with and where except for the pre-consumer idea no useful solution exists."* (Interview, Logistics Manager)

However, the CPO reported to notice a positive development and that particularly an increased number of sub-suppliers started to engage in sustainability approaches and can therefore offer sustainable options. Still, he confirmed the difficulties mentioned above and added, that it is still challenging to detect the whole available range and options of sustainable sub-suppliers, suppliers, producers and materials on the market:

> *"You can also notice it with the sub-suppliers – it is considerably easier and a set topic. It was not always like that, we had to work hard for it. There used to be little selection of sub-suppliers because of specific fabrics and little comparability. You did not know yourself on which topic you can rely and which one is ultimately the better one. It made a big progress. But there are still question marks for sure."* (Interview, CPO)

d) Uncertainties

In our findings, we identified uncertainties about the future of the T&C industry. The CPO focused on the shift from physical retail to online retail:

> *"In addition, the retail sector is under a lot of pressure. This is normally where the arguments can be communicated very well. It can be through the sales talk or through additional information at the point of sales. Certainly, you can also do it very well online, there are perfect examples for that, but the exciting question will be in how far a sustainability concept can implement itself in the market."* (Interview, CPO)

Moreover, he called attention to the uncertainty about where the price spiral of T&C products is going:

> *"Of course, if the price spiral keeps on going and I am taught, that there are only red prices and that the ones buying at normal prices are stupid, it will be increasingly difficult for us to position our sustainable products."* (Interview, CPO)

These uncertainties stand in close relation to the integration of sustainability into a T&C company as it could become increasingly difficult in the future to highlight the advantages of sustainable T&C products online and to position them in a potentially growing low-price market. Therefore, these uncertainties act as a barrier of integrating sustainability into corporate strategy of a T&C company.

e) Infrastructure

As presented above, the case company has a global value chain and primarily produces in Asia. Current infrastructure solutions between Asia and Europe pose difficulties to transport the products from the production facilities to the headquarters in the most environmental-friendly way: *"The difficulty we have is, that we produce in Asia and we somehow have to get the products here."* (Interview, Logistics Manager). The Logistics Manager presented the transportation method, which is currently most sustainable and affordable for the case company: "*The current mathematically cleanest way is by ship. On a ship they can put around 20-24 thousand containers and plenty of T-Shirts and jackets fit inside."* (Interview, Logistics Manager). When asked if the transportation via railway would be even more environmental-friendly, he answered: *"In regards to CO^2, for sure. The run time is also shorter. In comparison to sea freight, we save 10 days."* (Interview, Logistics Manager). However, the current railway infrastructure is not connected to Vietnam, where 67.7% of the case company's products are produced, as the Logistics Manager explained: *"The third alternative to aviation and sea freight is rail transportation, but the current standard departures are sill from China and we produce relatively little there, only tents and shoes."* (Interview, Logistics Manager). He added another obstacle:

> *"The train cannot carry 20 000 containers, I think maximum only 400. Therefore, it is more expensive. Normally we pay double or almost triple than*

> *for a sea freight. We only do that, if the order or products permit it." (Interview, Logistics Manager)*

Accordingly, the case company is dependent to transport their products by ship, which includes long transportation times and certain risks:

> *"During the import, the long transportation time is a big barrier. There can be a lot of things happening during 6 weeks on the sea – a canal can be closed or like in Iran, where tankers have been shot – if it is one with our containers, we are just unlucky. It means, the longer the way, the higher the risk."* (Interview, Logistics Manager)

Nevertheless, the Logistics Manager reported potential advancements in terms of railway transportation:

> *"The newest info, which is only 2 weeks old, is that they try to connect North Vietnam and we have some of our own production and other producers in that area. So, prospectively we could transport from North Vietnam via railway to China and then to Germany from next year on or so."* (Interview, Logistics Manager)

We further observed, that due to the external environment during the transportation, plastic packaging is still needed to protect the products: *"We are forced to use synthetic materials, because on the way from Asia to here, there is air-humidity on-site, humidity on the way and pollution here with very little cardboard dust."* (Interview, Logistics Manager).

All in all, the current infrastructure between Asia and Europe presents poorly connected railways, comparably high costs for railway transportation and unfavorable external conditions during the transportation. Although potential advancements are expected, these circumstances require a T&C company to put high efforts into finding sustainable solutions, creating a key barrier for the integration of sustainability into its corporate strategy.

f) Situation in Production Countries

In close relation to the infrastructure stands a set of challenges in the production countries themselves. Unstable political situations in the typical Asian T&C production countries make it risky to transport products through them:

> *"That is for example a topic, we actually do not have a solution for. Even the train is going through the country, passes a lot of republics, that are politically unsafe. It is always a question mark, if the train is really going to go through the country and if all containers will still be there, when it arrives."* (Interview, Logistics Manager)

Moreover, the high proportion of migrant workers in the T&C industry presents new challenges for T&C companies:

> *"But of course, these countries have other challenges. For example, Taiwan has a big problem to find young people willing to work in textile factories. Thereby, they have more and more migrant workers from the Philippines, Thailand etc. And then there are new challenges like having warning signs in the language, that the people understand; trainings for the use of chemicals in the national languages, so that the people also know what they are doing."* (Interview, Head of QCM)

The Vendor Manager added:

> *"Another point is the topic of overtime hours. We also have that a lot as audit findings and then we check where it is coming from. In China for example, we have a lot of migrant workers, who want to earn as much as possible in the time they are working there. Their family is not there and it does not make sense for them to return to their room at 5 pm. They like to work until 8 or 9 pm. These are things, where you have to consider if you can accept it or not and where you have to find out if the overworking hours are voluntary or not."* (Interview, Vendor Manager)

She further explained, that controlling bodies for working laws rarely exist in those countries, handing down the task of assuring the compliance to laws to the producing brands:

> *"It is not the case, that there are no laws in the countries. Partially, their laws are very strict. For example, the working hours laws in China are much stricter than in Germany. There is just no one, who controls these laws. Here we have for example trade associations, but those do not exist there. The brands have that task then."* (Interview, Vendor Manager)

Our findings show, that in order to assure a sustainable approach from partners in the typical Asian production countries, T&C companies have to provide fundamental work as controlling the compliance to working laws, which acts as a barrier for them to fully integrate sustainability into their corporate strategies.

g) Sustainability as a Business Case

We found, that one of the key barriers for the integration of sustainability into corporate strategy of a T&C company is the balance of ecological and social aspects with the economic aspect, potentially even leading to a lack of business case. The Logistics Manager described the current situation: "*We mostly have to simply consider the cost aspect. We are a business enterprise and if there are no outcomes, we cannot contribute to the topic sustainability for long anymore."* (Interview, Logistics Manager). He further stressed the particular straddle between ecological and economic aspects:

> *"That is anyways the big straddle between ecology and economy. Socially of course as well, but with ecology and economy it is again and again...wow. We could for sure produce everything in Germany, but then the prices would be so high, that no one will buy anything anymore. And how does that help? Ecology-wise, you are gone then."* (Interview, Logistics Manager)

The CPO confirmed:

> *"On the one hand, we want to effectuate the most here and make a very positive contribution. On the other hand, we must not catapult ourselves out of the market. These are certainly the challenges – how can I maybe get the more sustainable fabric, the fairer working conditions, but still keep the price on a reasonable market price level."* (Interview, CPO)

These observations support Renukappa et al. (2013), who argue, that the integration of sustainability into corporate strategy of a company can be expensive and even cause negative competitiveness in the industry in the short-term. We further found, that a strategical sustainable orientation and a competitive position can be difficult to maintain if product prices eventually have to rise because of higher costs and efforts for sustainability approaches:

> *"It is not, that we are suddenly on the organic market and we can demand higher prices, but we are still in the same competition with the others. And if you take this path as the only one, it entails that we have much higher costs and efforts."* (Interview, CEO)

The CPO shared a similar point of view:

> *"We engage in immense additional expenses and efforts to cover these topics and invest a lot of resources in it, that are still not rewarded enough at the market. We are still in the competition with a lot of others. Maybe not even the direct competitors, but there are a lot of others, who operate outside of that field and still push into the competition like general sports or big chains. And there of course a huge price difference exists."* (Interview, CPO)

One of the sustainability initiatives of the case company is *"[t]he goal, that in five years we will only have recycled or bio-based products. But there will be a lot of innovation effort and high costs needed."* (Interview, CEO). It reveals again, that sustainability initiatives and innovations are often connected with high efforts and costs. Koplin et al. (2007) support this view with the argument, that compared to conventional materials sustainable alternatives are often more expensive and may even raise a product's total cost. Yet, as also mentioned above, it is not possible to translate the additional efforts and costs for sustainability to the end consumer. The CEO reported: *"We have problems with the margins, because we cannot pass the price."* (Interview, CEO). Also, the Head of QCM picked up the topic:

> *"Firstly, sustainability costs money. No matter if I use certified materials, want to build up transparency inside the supply chain, boost certain key figures, want to trace back my downy feather up until the farm – it costs efforts and manpower to build this up, both for us and the supply chain, as well as certification costs and, and, and... And these costs cannot be passed one to one to the end consumer."* (Interview, Head of QCM)

Therefore, T&C companies have to find ways to compensate them in a different way:

> *"The financial aspect is still a challenge. A company has to compensate that well. You still have a lot of conflicting goals inside the company – here I want a margin increase, but also transparency and there the prices increase for raw materials, chemicals etc. That has to be compensated somehow."* (Interview, Head of QCM)

All in all, we could observe, that the financial aspect of integrating sustainability into corporate strategy is still difficult to manage and that it is a continuous process to overcome this barrier for a T&C company.

h) Value Chain Management

As covered in earlier chapters, due to the often manual and simple work approaches, the T&C industry is mainly settled in low-cost countries. Therefore, certain risks are likely to prevail in its value chain:

> *"Textiles are always what comes first into a country, because there is so much manual, simple work and the risks of having too low wages, exploitation or even child work will always exist. In other industries you might not have so many of these risks, because you can employ only qualified workers. I think it is for sure one of the bigger challenges for producing fair and ecological apparel."* (Interview, CEO)

The Head of QCM explained the difficulty to convince partners in the value chain to comply to their sustainability requirements:

> *"We are a medium-sized, family-owned company and we often have minimum quantity surcharges at the material suppliers, but at the same time the highest requirements for environmental and social standards. It is certainly difficult then to convince the supply chain to work with us."* (Interview, Head of QCM)

Her argument supports Todeschini et al. (2017) and Oelze's (2017) observations, that suppliers in the T&C industry often lack an intrinsic motivation and are unwilling to integrate sustainability standards into their business. It becomes even more difficult to convince partners to comply to certain sustainability standards, if other brands working with them do not demand the same: *"But then there are also other producers and we are the only ones working with them, who care about it. There, we have to provide fundamental work and convince them why it is worthwhile to join."* (Interview, Vendor Manager). The Logistics Manager elaborated on that topic:

> *"The challenge will be how strong we are, also economically, to push these changes forward. We are in direct competition with US brands, that have completely different regulatory conditions than us Europeans. That makes it difficult in a supply chain, that has 80% of US Americans and do not demand it."* (Interview, Logistics Manager)

The same difficulties could be observed on the retailers' side:

> *"Others may have 100 suppliers and if there is one coming and starts to act crazy, they find it too much effort and are not interested."* (Interview, Logistics Manager)

In addition, a lot of producers in Europe simply do not have the knowledge or capabilities to comply to sustainability standards demanded, as the Logistics Manager stated:

> *"There are little producers, who can provide our quality/standard in Europe. It sounds strange, but the experts all migrated to Asia and the production facilities are in Vietnam or so and the headquarters in Taiwan, South Korea, Hong Kong etc. It is also there, where the ones with an idea about production, quality and sustainability in their products and materials are. There are real stunners over there, because that is where the action is. In Europe there is not so much going on and then it is not worth living here."* (Interview, Logistics Manager)

Our results show, that it is especially difficult to find partners in the value chain, who are willing to comply to sustainability requirements, if one is a comparably small brand for the partners and/or other brands working with them do not demand the same. Moreover, not all producers have the capabilities to adapt to certain sustainability standards. Both make it challenging for a T&C brand to ensure the compliance of sustainability standards in the whole value chain.

i) Data Handling

The handling of complex data for sustainability initiatives, approaches and practices was identified to be challenging for a T&C company, that integrates sustainability into their corporate strategy. The Head of QCM reported:

> *"And then as a third challenge, if you are really on a sustainable way and do a lot, is the data handling. We have a huge amount of data - how do I get the data together, that come from different systems or sources, that are partly not certified?"* (Interview, Head of QCM)

We observed, that there are still uncertainties on how to efficiently make use of the sustainability data and create a greater value for the end consumer with it:

> *"How can I process the data in a way, that I can use it and show the end consumers which positive impact I have directly on the supply chain or where I still have areas of activities I need to work on? Hence, to really stand behind it with valid numbers and data."* (Interview, Head of QCM)

j) Trade-off between Quality and Durability

Furthermore, we detected, that not all sustainability measures benefit the quality of a product. A sustainable material innovation can at times harm the quality aspect of a product: *"Sometimes it has the disadvantage, that the performance is not as good as before."* (Interview, Head of

QCM). The Head of QCM therefore highlighted the importance to ensure the accordance of sustainability and quality in a product: *"It is a field of tension. They have to tag along with each other and that is why I also sit in the CSR team."* (Interview, Head of QCM). Especially when it comes to the long-term durability of certain sustainable materials, experience is lacking and uncertainties prevail:

> *"In a lot of things, we still do not have long-term experience. Hence, if it has consequences for the durability of the product. Maybe I am saving water and chemicals, but the product only lasts 2 years instead of like before 10 years."* (Interview, Head of QCM)

Accordingly, a lot of time and resources have to be invested to ensure the balance of sustainability and quality in a product:

> *"It means, that the sustainability topics we are pushing forward always have to be in accordance to quality. We always have to evaluate what we can do. If I only refer to the product quality, we always have to look for new innovative materials and we have to invest a lot of time into testing. That is an effort, you have to generate."* (Interview, Head of QCM)

This tension field creates the need for high efforts to ensure, that both sustainability and quality of a product are according to the highest possible standards and presents a barrier for T&C companies to integrate sustainability into their corporate strategies.

4.5. Success Factors for the Integration of Sustainability into Corporate Strategy of Textile and Clothing Companies

Figure 6 presents aspects identified during interviews in the case company, that support a successful integration of sustainability into corporate strategy of a T&C company. Our findings cover almost all of the determined success factors in existing literature, except for *Compensation and Reward System, Sustainability Initiatives* and *Leadership Competencies.* Moreover, we could identify two new success factors (*Cooperation* and *Sustainability Management*), that, to the best of our knowledge, have not been mentioned in literature before. This chapter will present in detail the success factors for the integration of sustainability into corporate strategy of a T&C company determined in interviews with the case company.

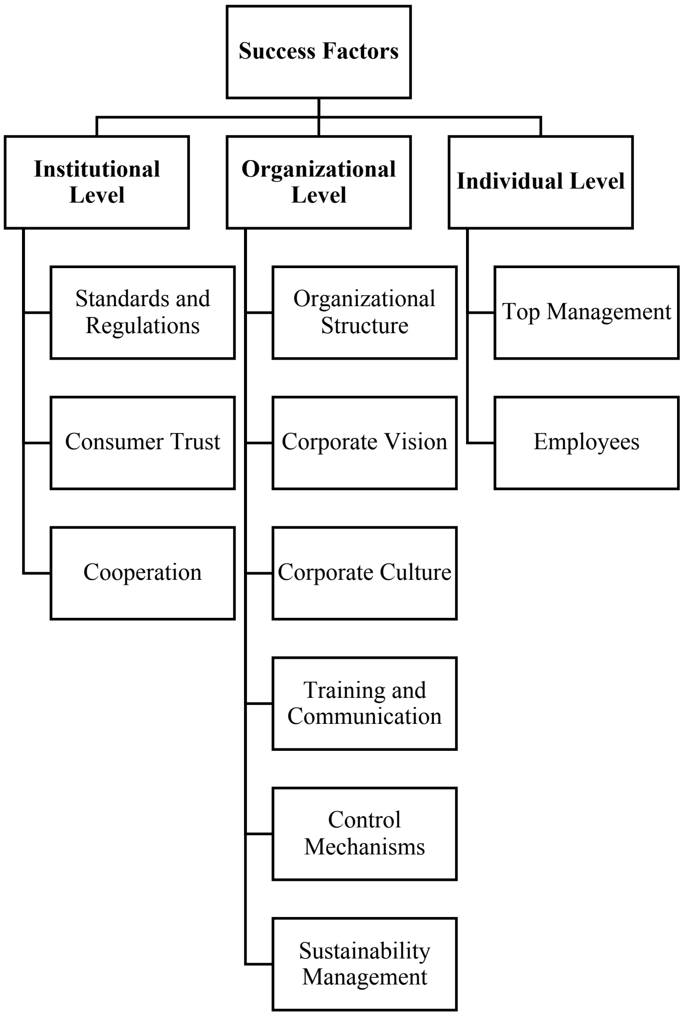


Figure 6: Success Factors for the integration of sustainability into corporate strategy determined from interviews with the case company

a) Standards and Regulations

Our results show, that sustainability standards and regulations contribute to a successful integration of sustainability into corporate strategy of a T&C company. Although the same success factor has been discussed in recent literature, we believe, that our findings present new insights into the topic, that were not highlighted before. Whereas authors like Kanuri et al. (2016) focus on sustainability friendly policy frameworks as well as incentives and sanctions for sustainable behavior, the Head of QCM highlighted the following:

> *"I believe, that an ISO 14001 is a good foundation, because it shows, that I have already established an environmental management system. The ISO certifications also specify for example what has to be a responsibility from the top or what has to be documented etc. So, there is a good system behind it, which ensures, that it is also lived out in the company."* (Interview, Head of QCM)

The initial usage of certain sustainability standards, regulations or certifications presents a foundation to further implement deeper sustainability approaches in a T&C company on: *"But*

I still think, that it is easier for an ISO 14001 certified company to acquire certain KPIs because they already established a management system and have a foundation to start with and keep on going." (Interview, Head of QCM). Moreover, complying to common basic sustainability standards, regulations or certifications can make the collaboration with partners easier and save resources: *"If he/she says 'I have an ISO 1400 and ISO 9001' or 'I am using HIGG and bluesign', it is great, because I can save a lot of audit efforts."* (Interview, Head of QCM).

The Head of QCM raised attention to the formation of synergies between sustainability standards: *"The great thing I am currently observing is, that all the different standards and tools are starting to communicate intensively, exchange information and work with each other."* (Interview, Head of QCM). It indicates, that the compliance to one standard can automatically lead to the compliance of another one:

> *"There are synergies now and it is not the case anymore, that one is doing something and the other something else. Now, I am doing something and immediately have the benefit at the other. It is also the case at the FWF, where synergies are used and the CDPH [California Department of Public Health Standard Method], bluesign and HIGG Index are working together."* (Interview, Head of QCM)

These synergies also facilitate the coordination of sustainability practices with partners:

> *"It also makes the supply chain much easier if I have one MRSL [Manufacturing Restricted Substances List] for e.g. the Partnerships of Sustainable Textiles, the CDPH and the bluesign – before it was three individual MRSLs. If I have one MRSL and everyone is focussing on it, I do not need three people looking through 100 MRSLs, that we get from each brand and are deviating by one zero point from the other on a yearly basis."* (Interview, Head of QCM)

In addition, the compliance to sustainability standards, regulations and certifications prove to consumers, that a T&C company is credible in regards to its sustainability practices:

> *"Regarding credibility, we have our label 'Green Shape' and certifications and audits on the highest standards stand behind it. We use existing standards or contribute in the development of new ones, if there are none yet. We always get externally certified and audited and we are very transparent. We report about tier one, 'Economy for the Common Good' as well as have a climate assessment."* (Interview, CEO)

Ultimately, it supports building a trustworthy sustainable brand image: *"This is part of our success and that we became such a brand of trust."* (Interview, CEO).

b) Consumer Trust

In close relation to the previous paragraph stand a positive corporate reputation and transparency in sustainability approaches in order to build trust from the consumers' side: *"Because we built up a good corporate reputation over the years and present a lot of things very transparently, the end consumer trusts us."* (Interview, Head of QCM). Authors like Todeschini et al. (2017), Dickson (2000) and Almeida (2015) share a similar view by considering transparent and complete product information as supportive in building trust from the consumers. Therefore, a higher demand for sustainable products is created on the market and supports a successful integration of sustainability into corporate strategy of a T&C company.

c) Cooperation

Our findings suggest, that a fully sustainable corporate strategy of a company can only evolve through cooperation: *"I am 100% convinced, that in sustainability without cooperation, no progress and good development is possible."* (Interview, Head of QCM). The cooperation with competitors, partners and other institutions like universities or experts enables a T&C company to overcome various barriers during the integration process of sustainability into corporate strategy:

> *"It is also our concern and very important for us, that we have collaborators, because alone we do not have a chance and we cannot carry it. If you are a kind of pioneer in that topic, you have to overcome a lot of barriers and it will become much easier, when it opens up for the mass."* (Interview, CPO)

Especially for small and medium-sized companies, cooperating with others presents an important aspect to successfully integrate sustainability: *"You cannot make it work by yourself. We are too small for that. Certainly, if I think of other competitors, that have a different dimension, it might be easier."* (Interview, CPO). The Logistics Manager highlighted, that the execution of sustainability initiatives is often dependent on that cooperation:

> *"Yes, we are dependent on others and their cooperation. In Logistics, we are looking for partners, who actively participate. Normally, we are the one pushing for something, but only then something happens – and that is also because of our limited size."* (Interview, Logistics Manager)

Particularly the cooperation with competitors facilitates the process of finding and validating new producers for a T&C brand:

> *"We can estimate quite well in advance, as we can see which brands are already in there. Then, we are very well connected inside the outdoor industry, you can just call someone, who is producing in a specific factory

> *and ask if they can tell you about the conditions or if they already did an audit etc. We can exchange views well."* (Interview, Vendor Manager)

Likewise, if T&C brands, that produce at the same facility collectively demand changes, the impact is much greater than just a single brand's request to the producer:

> *"If we know for example, that a competitor produces at the same place, we share audits. Because if we approach them collaboratively and tell them that something is not alright, it has a completely different impact than if you come there by yourself. And that is why we try to use synergies and make a bigger impact."* (Interview, CPO)

The Head of QCM further suggested, that also the alignment of requested sustainability standards from T&C brands can be beneficial to convince producers to comply to them:

> *"If we collaboratively address it and all the brands sourcing in Taiwan work together and demand to follow one MRSL, the HIGG Index and a certain verification, it is a one-time effort, that the producer can change for all clients. Then, the producer has its peace and clients are not coming every week for an audit. It is madness, because we actually all want the same."* (Interview, Head of QCM)

Apart from this, cooperation was mentioned to be an important success factor when it comes to the development of innovations, which play a major part when integrating sustainability into corporate strategy of a T&C company. Although VAUDE has its own innovation team, the CPO stated, that bigger researches can only be made in cooperation with others:

> *"In the innovation team, we have a textile expert, who examines strongly with topics like e.g. bio based raw material or the high usage of castor oil instead of conventional crude oil. I can already achieve very good results like that, but there are obviously a lot of research efforts we cannot perform ourselves and we have to work very closely with our partners like material suppliers, chemistry companies, that also focus and contribute on green topics or with universities."* (Interview, CPO)

d) Organizational Structure

Sustainability has to be strongly incorporated into the organizational structure, if a T&C company aims to fully integrate sustainability into its corporate strategy: *"Sustainability has to be strongly anchored in the organizational structure."* (Interview, CPO). We observed, that sustainability practices inside a T&C company should be directly connected to the strategic objectives rather than dealt with from a detached department: *"It is important, that it is integrated in the strategy and that there is not a small department somewhere, that tries to tilt at windmills and change the company."* (Interview, CEO). Our findings support Petrini and Pozzebon (2010), who consider it crucial to directly connect sustainability topics to strategic objectives and integrate sustainability managers into the executive board of a company. In the case company, members of the executive board are also part of the CSR team. The Head of QCM added the importance of integrating sustainability measures into all departments of a company: "*The topic sustainability cannot be put up like a satellite and someone, like a sustainability department, is responsible for it. It has to be integrated in the daily work, in every department."* (Interview, Head of QCM). The CEO presented VAUDE's approach and the full incorporation of the interdisciplinary CSR team into the organizational structure and governance:

> *"The cooperation of the CSR team is part of the daily work and it is very important. We have strongly worked on that in order to have a lot of cooperation between departments and avoiding them working as an island, e.g. through committees and their work, but also through meetings, that find each other and part again. That was part of the culture change." (Interview, CEO)*

The interdisciplinary nature of the CSR team is considered to be a key success factor to integrate sustainability initiatives into all parts of the case company:

> *"The bi-weekly CSR meeting is one of our success factors. It is not a separate, detached team, that just has one perspective, because after a while you would become routine-blinded and you only see certain things, which you push and ignore others. In that sense, it is great to highlight topics from different perspectives."* (Interview, Head of QCM)

The CEO highlighted, that the CSR team does not only focus on sustainability issues, but also coordinates daily, cross-functional tasks: *"The interdisciplinary CSR team is not only that, but you also discuss a lot of operative, daily work and the cooperation on normal tasks with other teams. It pushes new topics and passes new strategies."* (Interview, CEO). Therefore, sustainability and strategy are automatically merged in the case company. By the integration of different departments, the CSR team also takes on a coordinating function in the case company: *"We have installed the institution in a way, that all departments notice what happens there. They have a coordinating function."* (Interview, Logistics Manager). The Head of QCM supported the importance of coordinating with all departments, when it comes to managing sustainability issues:

> *"At first, it is tough to be coordinated with everyone and include all perspectives, but ultimately, it is more efficient. It leads to a much faster success, because everyone feels involved and all aspects are considered. No one can predict alone anymore, what kind of impacts a decision has."* (Interview, Head of QCM)

The cross-functional approach of managing sustainability in the case company is supported by Hanna et al. (2000) and Mohrman and Worley (2010), who identified it as a success factor for the integration of sustainability into corporate strategy.

Furthermore, we detected the adaption of an organizational structure as essential to successfully integrate sustainability into a T&C company: *"The classical organization in lines, like you still know it from before with strict hierarchies, will be obsolete. The world, processes and topics are so complex and dynamic today, that you cannot manage them like that anymore."* (Interview, Head of QCM). The Head of QCM explained the changes in the organizational structure of the case company:

> *"The culture, informal culture, sustainability on eye-level, meeting yourself self-determined. Of course, there are also hierarchies, I also have people under me, but I see myself more as someone who gives the framework and is the mentor instead of being controlling. Being able to create independently is fun."* (Interview, Head of QCM)

Our results are in accordance with authors such as Epstein and Roy (2001) as well as Petrini and Pozzebon (2010), who identified the adaption of organizational structure and the organization of numerous activities and resources as critical for a successful integration of sustainability into corporate strategy.

e) Corporate Vision

Our findings show, that a coherent corporate vision addressing both a T&C company's approach to sustainability and considering the TBL is essential for a successful integration of sustainability into corporate strategy of a T&C company:

> *"Punctually, it can work to have two differentiated strategies like having a nice project or a great collection with recycling materials. But then, it is not a sustainable company, but a sustainable 'something'. You cannot achieve a transformation of the company or the culture, neither can you be stringent. This is impossible. This will not be credible and will not achieve so much."* (Interview, CEO)

The work of authors such as Petrini and Pozzebon (2010) and Shrivastava and Hart (1995) support our findings as they argue, that a sustainability focused corporate vision, which considers long-term oriented economic, environmental and social aspects as well as strong corporate norms and principles, provides knowledge and best-practices to develop an overall sustainable approach inside a company. Ultimately it leads to a successful integration of sustainability into corporate strategy.

f) Corporate Culture

We found, that following a fully sustainable approach throughout a whole company and all business practices can be challenging and exhausting at times for all people included. The CEO explained, that it is therefore especially important to create a corporate culture promoting sustainability as a positive asset and added value to motivate employees to fully commit to sustainability practices:

> *"That it is an added value, that it is nice and fun and brings energy. I think that is important, because it is a huge challenge. And sustainability at least how we do it, no one has done before and we firstly have to find the path by ourselves. There are always reasons why it cannot go on, the costs or the efforts are too high. That means, first the motivation has to be there. The people have to believe, that they are able to find new solutions. You need a corporate culture, that enables complex solutions for complex problems and you need a lot of people with different backgrounds and know-how, who strive for the best solution equally. If you have a classical hierarchy, it is hard, because the manager is a bottleneck. You have to transform the culture with the company."* (Interview, CEO)

During the interviews we observed, that a successful integration process of sustainability into corporate strategy is largely dependent on a corporate culture based on transparency:

> *"Transparency is extremely important, because sustainability works through transparency. You always need a 360° view to take good decisions, because it has so many impacts on everything and you have to get used to having a broad view of things. You can only have that, if it is really transparent and the people can only think and act with you if everything is transparent. And you need trust, because there are a lot of conflicting goals. That means you need a culture, that accomplishes to find good solutions, that you are not failing and arguing because everything is so difficult."* (Interview, CEO)

Furthermore, a collective passion and belief for sustainability is crucial to push sustainability topics forward inside a T&C company:

> *"The way is exhausting, but satisfying. And you see, that it moves forward. It is exhausting and if you do not have a real belief and passion for the topics, it is not going to happen. Then it tears you up every day and you do not participate. We have a lot of colleagues, who are convinced and have the sudden insight, that it is worth it and brings success. Sustainability penetrates the company, it is a complete different work culture and I think that accounts for a lot and also the people show that."* (Interview, Head of QCM)

Our findings are in accordance to Bonn and Fisher (2010), who believe, that a successful integration of sustainability is influenced by shared values and beliefs – in other words, the corporate culture of a company. The CEO further described the positive influence a corporate culture favorable to sustainability can have on employees: "*It is important, that the employees* *are involved, that they can experience it themselves. I think elements like our biodiversity concept, our lawn, our mobility concept and our organic canteen. That you can just experience these things."* (Interview, CEO). Epstein et al. (2010) support our findings by stating, that in order to inspire employees to take sustainability initiatives seriously and be committed to them, a sustainability friendly corporate culture has to be created.

g) Training and Communication

Training and Communication already has been identified as a success factor for the integration of sustainability into corporate strategy in recent literature. However, our findings present a different approach. Whereas in existing literature the focus highly lies on training and communication inside a company and with direct employees (e.g. Petrini and Pozzebon, 2010; Epstein and Roy, 2001; Tregidga and Milne, 2006), our findings aim attention on the training and communication with producers and suppliers of a company. At the case company, producers and suppliers are recognized as partners and the aim is to continuously advance them:

> *"Generally, we see our producers and suppliers as partners and we continuously want to advance them. That is why we have the department 'Vendor Management' with the three aspects - Environmental and Chemical Management, Social Standards and Quality Management."* (Interview, Vendor Manager)

VAUDE attaches great value in a joined approach to reach high sustainability requirements for its partners:

> *"We do not tell them what they have to achieve and that is it. We show them ways to do so and achieve a goal together. With trainings, workshops, consulting etc. The support and continuous improvement process are the crucial factors for us."* (Interview, Vendor Manager)

Therefore, the brand provides constant support and trainings during the process of reaching those requirements: "*VAUDE is also willing to provide support. We also offer trainings. We give expert lectures in Asia and organize round tables, where we bring chemical suppliers together with our production facilities to push these topics forward."* (Interview, Head of QCM). Events like yearly vendor meetings present opportunities to inform partners about sustainability expectations: *"Additionally, we have a yearly vendor meeting. We invite our strategic partners and call them to participate in our strategy. Hence, we explain, what we are expecting and how we support them to reach it."* (Interview, Vendor Manager).

Moreover, we found that communicating benefits of sustainability initiatives is more efficient in convincing partners to comply than putting pressures on them: *"We are a small client, so we* *have little impact and can reach little with pressure."* (Interview, Vendor Manager). For example, many partners are not aware of the business case of sustainability initiatives, but get interested as soon as they understand their potential profit:

> *"Often, you need the right arguments. Especially in the area of environmental and chemical management you can give the argumentation, that you can save a lot of money. Hence, it is really worth to go along with it as you can save water, energy etc. And with a saving potential, they often have dollar signs in their eyes and understand, that it will achieve something. That is why we often try to show the business case."* (Interview, Vendor Manager)

Furthermore, raising awareness about the increasing importance of sustainability in the T&C industry can support in convincing partners to work with certain sustainability requirements:

> *"It is another thing, that we communicated in our last vendor meeting: 'If you work with us now and address these topics, you will be prepared for the future, because it will be more and more important and other brands will also approach you with these requests in the next years. Then you will already be qualified to work with these other clients.'"* (Interview, Vendor Manager)

The Vendor Manager presented a current example of a dialog between VAUDE and a producer:

> *"Workers are becoming rare in Vietnam. The electronics industry is strong in Vietnam and often, the working conditions are better, because everything is air-conditioned etc. And now it starts, that there is a fight for the workers. Then we can say from a CSR view, that it will bring you something in return, if you offer the workers this and this so that they have the incentive to stay with you. We are currently conducting surveys with producers in Vietnam to find out what the workers want, what would convince them to stay and how the producers have to change in order to create a good work environment. And you can see, that the producers want to be part of it, because they realize how hard it is to find workers. You always have to present them the benefit of why it is worth going along with us."* (Interview, Vendor Manager)

It shows, that with the right support, training and communication, partners are more likely to comply to one's sustainability requirements as they eventually understand the profit they can gain from it: *"For us it is more the whole package. We provide a lot of support and that is also the reason why they do it then. Because they really profit from it."* (Interview, Vendor Manager).

We found, that local teams in the production countries are a useful channel for the support and training of producers and suppliers. Due to less geographical and cultural differences, the communication is more efficient and it is easy to check if agreed sustainability requirements are adhered to:

> *"The communication becomes easier because of our local teams, who are on-site regularly. They are partly responsible for the quality control and know*

> *the conditions and therefore, it is much easier to control correction plans or talk to a worker aside to check if things have changed. Without the local teams, we could not do it. If we observed everything from our computers here, it would be greenwashing."* (Interview, Vendor Manager)

The Head of QCM confirmed: "*We visit the people on-site, because if the management listens to us, it does not mean, that also the dyeing factory participates and implements it."* (Interview, Head of QCM). With the support of local teams, it is further possible to conduct analyses for underlying causes of problems, that would normally stay invisible:

> *"We have done analyses about overtime with our local teams for two years now. We check, where most overtime happens. We have worked one year with producers and checked monthly where the overtime happens, which worker does overtime, what is the reason."* (Interview, Vendor Manager)

All in all, supporting partners in the journey of reaching sustainability requirements in form of trainings and efficient communication is crucial to successfully integrate sustainability into the corporate strategy of a T&C company.

h) Control Mechanisms

In close relation to a continuous training and efficient communication with producers and suppliers stands auditing them. The Vendor Manager highlighted, that in order to drive change, the audit of a partner means more than just controlling the compliance:

> *"We conduct audits on-site at our producers in order to know the status quo and be able to develop action plans as well as support our partners based on it. It does not mean, that the producers only have to be audited. Our actual work only starts after the audit, when we know the weaknesses and how we can support."* (Interview, Vendor Manager)

It becomes clear, that the real work only starts after the audit by identifying causes for potential findings:

> *"There are a lot of points to find out the cause and then, we will support with measures. And we check if the causes lay on our side and how we can influence them or if it is outside our control."* (Interview, Vendor Manager)

Here, the Head of QCM reported, that a dialog between the partner and the case company is crucial to not only find out causes for problems, but also work on solutions together:

> *"It is important, that if something happens, you do not just hit on it, but start a dialog, improve it and find out what you can do, what is not possible and what is possible in the short run, long run etc."* (Interview, Head of QCM)

Many audit findings at the case company's producers are related to a lack of awareness from the workers' side, which makes it essential to start a dialog after the audit and share knowledge to improve the situation:

> *"We have a lot of findings in the area of work safety. For example, masks are not worn. It has a lot to do with awareness creation. Often, workers are not educated enough to know what could happen with their health when breathing things in. They will not use, what they do not know. And we have to clear it up."* (Interview, Vendor Manager)

Our results show, that in order to improve certain situations at producers' or suppliers' facilities to ultimately achieve a compliance to sustainability requirements, it is necessary as a T&C brand to use audit findings as a basis to develop strategies and support for the improvement process. This is a crucial point for a T&C company, that aims for a full integration of sustainability into corporate strategy, as it helps to assure that sustainability measures are taken seriously at these stages of the value chain.

i) Sustainability Management

In order to achieve a strong integration of sustainability practices into a T&C company, a related management system is fundamental: *"If you have sustainability well integrated, you need a management system and someone who manages and pushes it to continue. Us humans like it convenient and we need to get out of our comfort zone to continue."* (Interview, Head of QCM). The Head of QCM further continued by presenting the importance of defining KPIs for sustainability topics:

> *"Then I need a sustainability management. Hence, I need KPIs [Key Performance Indicator] in order to show measurable actions and what I generate with them. It is crucial to have a management review or a GRI, which includes the goals I set, the current status, things I want to reach and the measures to reach them. That is the key aspect. Sustainability has to be integrated into the Controlling, so that you do not only look at the financial data, but also at real numbers for sustainability topics."* (Interview, Head of QCM)

It shows, that for a successful integration of sustainability into corporate strategy of a T&C company, sustainability topics have to be managed including the definition of KPIs and tracking sustainability data.

j) Top Management

We detected the top management commitment towards sustainability practices to be critical for a successful integration of sustainability into corporate strategy of a T&C company:

> *"It is inevitable, that the management really adopts sustainability. It does not matter which topic, work safety measures, quality management, environmental management, ..., I want to push forward in the company. If the top management does not stand behind it or is not convinced and pushes it, it will be born dead. But if there is a belief, an understanding and a will, it is*

> *the first measure for a successful integration of sustainability into corporate strategy."* (Interview, Head of QCM)

Research by authors such as Petrini and Pozzebon (2010) and Renukappa et al. (2012) complies and states, that the top management as a main decision-maker and influencer of a company should be highly committed to sustainability in order to support a successful integration of sustainability into corporate strategy. Moreover, it is crucial, that the top management is acting according to the sustainability values it tries to implement in all levels of the company:

> *"That is a transformation and it can only happen in one line. The top has to live by the values. It is useless if it is integrated, but not included in the goals or the top management is living by complete different values."* (Interview, CEO)

Our findings are supported by Epstein et al. (2010) and Esty and Simmons (2011), who observed, that a company advanced in sustainability typically has a committed top management, which is proactively involved in sustainability topics. Furthermore, the Logistics Manager described the importance of including the top management into the sustainability management of a company and although Russo and Harrison (2015) reported the same in order to successfully align strategy and sustainability goals, our findings suggest a different reasoning:

> *"The superior function is also dependent on the CEO and no one can talk in between. The basic willingness from the heads of departments is there, but it could be, that each is doing their own thing or even the same and no one notices. That is why coordination is extremely important. Ultimately, it saves resources and nothing is done double. And the CEO has a good overview."* (Interview, Logistics Manager)

Finally, our results show, that for a successful integration of sustainability into corporate strategy of a T&C company, the role of top management should change and adapt to the new way of working and corporate culture: *"The role of the manager changes from someone who gives orders to someone who provides frameworks."* (Interview, CEO).

k) Employees

We identified, that not only the role of the top management should change when a T&C company aims to integrate sustainability into its corporate strategy, but also the role of employees should adapt: *"The role of employees is changing a little bit from executing to more strongly taking actions themselves and thinking ahead."* (Interview, CEO). The statement implies, that for a successful integration of sustainability into a T&C company, an innovation culture inside the company should be created. Employees should be given more self-responsibility in order to unfold creativity and generate new ideas, which ultimately leads to a greater company success. Research by authors like Mohrman and Worley (2010) and Petrini and Pozzebon (2010) stand in close relation to our findings, as they state, that with the introduction of sustainability initiatives into lower levels of a company, employees are able to operate in new ways, which is significant to develop new capabilities, ideas and innovations from within a company itself.

Based on the intense analysis and discussion of the case study results, the next chapter will draw a holistic conclusion, present the limitations and potential future research as well as managerial implications in regards to the integration of sustainability into corporate strategy of a T&C company.

5. Conclusion

This dissertation contributes to theory and practice in relation of integrating sustainability into corporate strategy of a T&C company. Our research is grounded on a case study analysis of VAUDE, a European outdoor outfitter, that has sustainability deeply integrated into its corporate strategy and has been recognized as an exemplary through awards like "Germany's Most Sustainable Brand" in 2015 and the European Business Award in "Environmental & Corporate Sustainability" in 2017. Our analysis, including the conduction of interviews, examination of the sustainability report and website as well as observations in the field, is in accordance with VAUDE's high sustainable reputation and suggests, that sustainability is deeply integrated into its corporate strategy. Therefore, our results are original and seek to provide a better understanding of the aspects driving and hindering a European T&C company to the integration of sustainability into corporate strategy (RQ1, 2) as well as the success factors related to the integration process (RQ3). Moreover, we conclude, that becoming a sustainable T&C company only works, if sustainability is strongly integrated into one's corporate strategy and deeply anchored in all departments and daily tasks. However, as a general and personal assessment, we believe that each company individually has to analyze its market and competitive environment to evaluate if the full integration of sustainability into its corporate strategy makes sense. The case company is successful with its approach of fully integrating sustainability into all relevant processes and the market is covering the additional efforts and costs to a certain extent through higher sales prices accepted by customers. However, one of its main obstacles is still the inability or unwillingness of many customers to pay a price mark-up for sustainable approaches. There is perhaps a minimum standard, which all customers expect from companies, e.g. not to undermine basic labor rights, but not all customer segments are alike and the situation for other companies can be different from the case company. Some other customer segments simply do not accept this price mark-up for special sustainable behavior above the minimum expectations. Therefore, the strategic approach of integrating sustainability is also a result of market analysis and developments.

Our results extend current insights into the highly global and competitive T&C industry and are in alignment with previous research focusing on drivers, barriers and success factors for the integration of sustainability into corporate strategy of a T&C company. We identified a total of six drivers, ten barriers and eleven success factors. From those, six barriers and three success factors were not yet classified in existing literature, and determined *Sustainability as a Business Case* (driver) and *Corporate Vision* (success factor) as specific for the T&C industry. Existing research only identified the two aspects as cross-industry aspects before, which certainly involves the T&C industry, but we believe that no specific study of the T&C industry exists, that includes these aspects. The topics, that were detected in recent literature, but could not be confirmed in our analysis are *Standards and Regulations* and *Public Pressure* as drivers, *Economic Growth, Reluctance from well-established Brands* and *Top Management* as barriers as well as *Compensation and Reward System*, *Sustainability Initiatives* and *Leadership Competencies* as success factors. Furthermore, our findings show, that drivers for the integration of sustainability into corporate strategy of T&C companies are dependent on a collective coherence of all three levels of analysis (i.e. institutional, organizational and individual). The determined barriers are of institutional and organizational nature only and the success factors are predominantly found on the institutional level.

Taking into consideration the above presented *Institutional Theory* and *Stakeholder Theory* as theoretical frameworks explaining why companies deal with sustainability and, more specifically, decide to integrate sustainability into their corporate strategy, our results stand in accordance (Perrini and Tencati, 2006; Matten and Moon, 2008; Rezaee, 2016). Based on our case study results, we could identify an institutional level of analysis for all three topics - drivers, barriers and success factors for the integration of sustainability into corporate strategy of T&C companies. It reveals once more, that in order to earn the legitimacy to survive in the market, a sustainable T&C company is urged to conform to its institutional environment comprising normative, regulatory and cognitive elements. Moreover, our results align with the assumption, that stakeholders can directly and indirectly influence sustainability practices of a company (Sharma and Henriques, 2005). We identified, that especially consumers are influential for driving and hindering a T&C company to integrate sustainability into corporate strategy as well as largely influence the success of the integration. Also, our results confirm, that in order to create value with the integration of sustainability into corporate strategy, a T&C company has to address a wider set of stakeholders than conventional business models suggest. The case company has a higher growth rate than the European average in their market. It shows that addressing additional stakeholders like the environment and local communities stands in close relation to a positive brand reputation, higher consumer trust and purchases as well as may ultimately lead to a positive business case.

Our findings present specific drivers for the integration of sustainability into corporate strategy of a T&C company. An increasing consumer awareness of ecological and social issues in the T&C industry leads to a higher demand for sustainable brands and products, resulting in more and more brands meeting these demands. A fully integrated sustainability approach of a T&C company can therefore create competitive advantage. We even argue, that if a T&C company does not address sustainability in its corporate strategy, it may create a competitive disadvantage. On top of that, sustainability initiatives can positively influence a T&C brand's corporate reputation, ultimately leading to a positive business case as well as enhancing the willingness of partners to cooperate and collectively develop new sustainable approaches. Additionally, a top management's intrinsic motivation and deep commitment to sustainability is a significant aspect, that drives a T&C company to fully integrate sustainability. The close relationship between sustainability and innovation allows T&C companies to develop sustainable, innovative alternatives, that meet the human desire of uniqueness, which is especially prevalent in the T&C industry.

Apart from this, we identified the following barriers: The currently extensive selection of sustainability standards and regulations are confusing for the end consumer, hindering them to decide for a sustainable product and eventually presenting a burden for a T&C company to continue pursuing the integration of sustainability into its corporate strategy. At present, low-price T&C products present the majority on the market, creating the perception for consumers, that a cheap purchase is a good purchase and leaving the sustainability aspect out of consideration. Accordingly, T&C companies cannot yet translate higher efforts and costs of sustainability practices to the product, which can be challenging to achieve positive profit margins. Although improvements can be observed, it is still difficult to explore the whole range of sustainable material options and conduct comparative analyses on them. For some materials like adhesive, no adequate sustainable option exists yet, which is especially problematic as even sustainable materials become non-recyclable as soon as they get in touch with it. Therefore, high research efforts are required to recognize the full selection of innovative, sustainable material alternatives on the market. As T&C brands with a global value chain have a wide network of partners, different requirements from them, e.g. specific packaging instructions, can decelerate the process of establishing innovative, sustainable solutions. The future of physical T&C retail stores and the development of the price spiral of T&C products are uncertain, which stands in close relation to the decision of integrating sustainability into a T&C company, as it could become increasingly difficult to highlight one's sustainability argument efficiently online and to position sustainable products in a potentially growing low-price market.

We further identified challenges connected to the typical T&C industry's production countries, which are mainly located in Asia. The infrastructure between Asia and Europe does not provide enough affordable sustainable transportation options and external conditions like high air humidity on the transportation way make it necessary to use non-sustainable packaging like plastic for the transported T&C products. Unstable political conditions are common in typical T&C production countries and other countries on the transportation route to Europe, presenting a risk to pass through. Moreover, an increasing number of migrant workers, who do not speak a production country's language are being employed in the T&C industry. Thus, it is challenging for a T&C brand to assess special cultural situations at their partners' production facilities and to assure that all workers are well-informed about safe and fair working conditions in a language they understand. The highly manual work approach in the T&C industry bears certain social risks for both local and migrant workers, generally demanding a complex approach from a T&C company to guarantee fair working conditions in the value chain. Often, it is challenging to convince partners in the value chain to comply to certain sustainability requirements, especially for T&C brands, who only have a limited influence because of their size or other brands producing at the same facility and not demanding sustainable approaches. In addition, sustainability initiatives are deeply connected with high efforts and costs, which still cannot be translated to the end consumer. Respectively, achieving a balance between social, ecological and economic factors is still seen as problematic for a T&C company and can eventually even lead to a negative competitiveness on the market. The integration of sustainability into a T&C company brings along a great amount of complex data. The handling is observed to be challenging and uncertainties exist on how to efficiently make use of it to create an added value for the end consumer. Finally, it exists a tension field between sustainability and quality, as not all sustainable materials benefit the quality of a product. Thereby, a T&C company has to create high efforts in testing to ensure that both aspects are according to highest possible standards.

However, our case study results present various aspects supporting a successful integration of sustainability into corporate strategy of a T&C company. First of all, complying to general sustainability standards and certifications provides a foundation for T&C companies to further implement deeper sustainability approaches. A currently observed development of synergies between these standards and certifications facilitates the cooperation and coordination of sustainability initiatives with partners inside the value chain and supports in building a trustworthy brand image in regard of sustainability. Thereby, more consumers are purchasing the T&C brand's sustainable products. A fully sustainable corporate strategy of a T&C company can only evolve through cooperation with partners, ranging from Tier 1 producers, Tier 2 suppliers and competitors to textile experts and innovation makers. Furthermore, it is not only crucial for a successful integration of sustainability into corporate strategy to adapt one's organizational structure and strongly incorporate it into the corporate vision, but also to strongly connect sustainability topics with the strategy-making of a T&C company. Sustainability has to be fully integrated throughout all departments by e.g. an interdisciplinary CSR team involving various perspectives and all levels of a company. Particularly as the integration process of sustainability can be a challenging process, the corporate culture should promote sustainability as a positive asset and added value to motivate employees to commit to it. It is crucial to create a corporate culture based on transparency, passion and a shared belief to successfully achieve the integration of sustainability. In order to tackle barriers in regard to convincing partners in the value chain to comply to sustainability requirements, trainings, a continuous dialog and constant support from the T&C brands' side are inevitable. Local teams in the production countries reveal to be a major success factor to efficiently communicate with suppliers and producers, assure the compliance to sustainability requirements and observe causes for underlying problems on-site. In order to drive change at a partner's facility in case of a negative audit finding, it is essential for a T&C brand to use the audit as a basis to explore causes for problems as well as develop strategies and support for solutions together. Besides that, a successful integration of sustainability into corporate strategy of a T&C company needs a sustainability management, including the definition of KPIs and the possibility to track sustainability data, as well as the full commitment and inclusion into sustainability decisions of the top management. Moreover, both the top management's and employees' role should change in order to allow a beneficial culture towards sustainability – the manager becomes a framework giver rather than an instructor and the employees become more independent instead of just executing orders from above.

5.1. Limitations and Future Research

Regardless of our case study results, limitations have to be drawn. First, the limitations of generalizing from a single case study are known and documented, even if it can be considered as an exemplary (Yin, 2009). Second, this research only makes use of a qualitative research method with a limited number of participants. Third, VAUDE is family-owned, meaning, that it is not obligated to maximize shareholder returns and can freely pursue sustainability approaches without inevitably maximizing profits. Therefore, it is difficult to compare to public owned companies. Finally, the research took a cross-sectional rather than longitudinal approach.

Thus, future research could conduct a multiple case study analysis and make use of mixed research methods. The study could for example be extended by conducting cross-cultural comparisons of the sample. A longitudinal study of VAUDE, or other T&C companies, that have sustainability integrated into their corporate strategy, could be carried out to assess whether the barriers can be further overcome and more success factors can be identified. Research could also include other perspectives than just from employees of a sustainable T&C company. Sustainability experts, partnerships, foundations, alliances or other stakeholders could be considered and interviews with them conducted. During our research, it became clear, that the cooperation of suppliers and producers to adopt sustainability approaches are often key factors to successfully integrate sustainability into corporate strategy. Therefore, it could be interesting to study the drivers, barriers and success factors of integrating sustainability into the business practices of other partners at different stages of the value chain like suppliers and producers. We also believe, that more industry-specific research should be conducted to provide further valuable insights on the integration of sustainability into corporate strategy of T&C companies as we observed, that drivers, barriers and success factors are highly industry specific.

5.2. Managerial Implications

Although we are aware of the limitations of this dissertation, it provides clear case study results and extensive insights into the current status of drivers, barriers and success factors for the integration of sustainability into corporate strategy of T&C companies. VAUDE's pioneering strategical sustainability approach in Europe and particularly in the global T&C industry offers strong support for our results. The findings present significant suggestions for other T&C

companies, that seek to integrate sustainability into their corporate strategy as well as for the T&C industry to create a sustainability friendly environment to drive more T&C companies to become sustainable. It further supports T&C companies to identify potential barriers, how to overcome them and successfully integrate sustainability into their corporate strategy. Our results reveal, that it only works, if sustainability is strongly integrated into one's corporate strategy and deeply anchored in all departments and daily tasks of a T&C company.

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Annex

1. Interview Script – VAUDE CEO

Question	Reference	Factor
1) What does the integration of sustainability into corporate strategy mean to you?	Cici and D'Isanto, 2017	Integration of sustainability into corporate strategy
2) Which aspects in relation to sustainability and its integration into the corporate strategy of a company are different or specific for the T&C industry?		Difference T&C industry and cross-industry
3) What are the biggest challenges until today in the integration process of sustainability into corporate strategy? What will be the primary challenges in the future?	Cici and D'Isanto, 2017	Barriers
4) Which measures/actions are essential for a successful integration of sustainability into the corporate strategy of a company?	e.g. Petrini and Pozzebon, 2010; Bonn and Fisher, 2011; Epstein and Roy, 2001	Success Factors
5) How does VAUDE institutionalize the cooperation in regards to sustainability between different functional departments?	Hanna et al., 2000; Mohrman and Worley, 2010	Sustainability Management
6) Which factors have driven your decision to become sustainable?	e.g. Cici and D'Isanto, 2017; Renukappa et al., 2013; Rezaee, 2016	Drivers
7) How was the governance structure and corporate culture of VAUDE adapted during the integration process of sustainability into corporate strategy?	Schneper et al., 2015	Organizational Structure
8) VAUDE's sustainability approach is fully integrated into corporate strategy. Why is it important to proceed integrative and not differentiated between sustainability and other strategies?	Porter and Kramer, 2006; Cici and D'Isanto, 2017; Folmer and Tietenberg, 2005; Bonn and Fisher, 2011	Integration of sustainability into corporate strategy
9) Especially in the T&C industry greenwashing is a big topic. How do you stay credible and overcome potential scepticism of consumers?	Delmas and Burbano, 2011	Consumer Centric Elements
10) In which sustainability initiatives will VAUDE focus and invest in the next three years?	Cici and D'Isanto, 2017	Success Factors
11) What did VAUDE benefit from because of its sustainable approach?		Drivers

Table 7: Interview Script - VAUDE CEO

2. Interview Script – VAUDE Logistics Manager

Question	Reference	Factor
1) What does the integration of sustainability into corporate strategy mean to you?	Cici and D'Isanto, 2017	Integration of sustainability into corporate strategy
2) Which aspects in relation to sustainability and its integration into the corporate strategy of a company are different or specific for the T&C industry?		Difference T&C industry and cross-industry
3) What are the biggest challenges until today in the integration process of sustainability into corporate strategy? What will be the primary challenges in the future?	Cici and D'Isanto, 2017	Barriers
4) Which measures/actions are essential for a successful integration of sustainability into the corporate strategy of a company?	e.g. Petrini and Pozzebon, 2010; Bonn and Fisher, 2011; Epstein and Roy, 2001	Success Factors
5) How does VAUDE institutionalize the cooperation in regards to sustainability between different functional departments?	Hanna et al., 2000; Mohrman and Worley, 2010	Sustainability Management
6) Rising energy prices, possible CO2 taxes and the calculation of an internal carbon price are increasingly important topics in companies. How does it influence current logistics and transport processes?	Cuff, 2017; Gold Standard, 2016	Sustainability as a Business Case
7) At VAUDE, primarily sustainable packaging is used. However, plastic packaging is still used in the transport, which creates a lot of waste. What is planned for the future to solve this problem?	Seara et al., 2017	Value Chain Management

Table 8: Interview Script - VAUDE Logistics Manager

3. Interview Script – VAUDE CPO

Question	Reference	Factor
1) What does the integration of sustainability into corporate strategy mean to you?	Cici and D'Isanto, 2017	Integration of sustainability into corporate strategy
2) Which aspects in relation to sustainability and its integration into the corporate strategy of a company are different or specific for the T&C industry?		Difference T&C industry and cross-industry
3) What are the biggest challenges until today in the integration process of sustainability into corporate strategy? What will be the primary challenges in the future?	Cici and D'Isanto, 2017	Barriers
4) Which measures/actions are essential for a successful integration of sustainability into the corporate strategy of a company?	e.g. Petrini and Pozzebon, 2010; Bonn and Fisher, 2011; Epstein and Roy, 2001	Success Factors
5) How does VAUDE institutionalize the cooperation in regards to sustainability between different functional departments?	Hanna et al., 2000; Mohrman and Worley, 2010	Sustainability Management
6) Which part can the Product Development play to justify premium prices for more sustainable products?	Joergens, 2006; Bhaduri and Ha-Brookshire, 2011	Consumer Centric Elements
7) VAUDE has developed its own sustainability label. Why was this fundamental decision taken and why not 'just' complying to existing labels/certifications like "Der Blaue Engel"?	Montabon et al., 2007; Giunipero et al., 2012; Hopkins et al., 2009	Standards and Regulations Consumer Centric Elements
8) In what extent and how do you already incorporate aspects of the lifecycle of a product in the Product Development and the initial design of a product?	Sherburne, 2009 as cited in Blackburn, 2009	Sustainability Initiatives
9) What influence does the Product Development have on the use of materials, choice of suppliers as well as consideration of sustainable approaches?	Todeschini et al., 2017; Oelze, 2017	Value Chain Management

Table 9: Interview Script - VAUDE CPO

4. Interview Script – VAUDE Head of Quality and Chemical Management

Question	Reference	Factor
1) What does the integration of sustainability into corporate strategy mean to you?	Cici and D'Isanto, 2017	Integration of sustainability into corporate strategy
2) Which aspects in relation to sustainability and its integration into the corporate strategy of a company are different or specific for the T&C industry?		Difference T&C industry and cross-industry
3) What are the biggest challenges until today in the integration process of sustainability into corporate strategy? What will be the primary challenges in the future?	Cici and D'Isanto, 2017	Barriers
4) Which measures/actions are essential for a successful integration of sustainability into the corporate strategy of a company?	e.g. Petrini and Pozzebon, 2010; Bonn and Fisher, 2011; Epstein and Roy, 2001	Success Factors
5) How does VAUDE institutionalize the cooperation in regards to sustainability between different functional departments?	Hanna et al., 2000; Mohrman and Worley, 2010	Sustainability Management
6) VAUDE has developed its own sustainability label. Why was this fundamental decision taken and why not 'just' complying to existing labels/certifications like "Der Blaue Engel"?	Montabon et al., 2007; Giunipero et al., 2012; Hopkins et al., 2009	Standards and Regulations Consumer Centric Elements
7) What is the biggest challenge in the relation between sustainability and quality?	Montabon et al., 2007; Giunipero et al., 2012; Hopkins et al., 2009	Consumer Centric Elements
8) Often, countries where supplying and manufacturing units are located, have different cultural perceptions, regulations, laws and attitudes in regard to sustainability, waste management or the use of chemicals. How does VAUDE transfer its knowledge and Code of Conduct to local partners?	Mihm, 2010; Beard, 2008; Todeschini et al., 2017; Oelze, 2017	Value Chain Management
9) Are current international labels, certifications and regulations (e.g. ISO 14001) helpful to successfully integrate sustainability into a company?	Kanuri et al., 2016; Hopkins et al., 2009; Giunipero et al., 2012	Standards and Regulations

Table 10: Interview Script - VAUDE Head of Quality and Chemical Management

5. Interview Script – VAUDE Vendor Manager

Question	Reference	Factor
1) What does the integration of sustainability into corporate strategy mean to you?	Cici and D'Isanto, 2017	Integration of sustainability into corporate strategy
2) Which aspects in relation to sustainability and its integration into the corporate strategy of a company are different or specific for the T&C industry?		Difference T&C industry and cross-industry
3) What are the biggest challenges until today in the integration process of sustainability into corporate strategy? What will be the primary challenges in the future?	Cici and D'Isanto, 2017	Barriers
4) Which measures/actions are essential for a successful integration of sustainability into the corporate strategy of a company?	e.g. Petrini and Pozzebon, 2010; Bonn and Fisher, 2011; Epstein and Roy, 2001	Success Factors
5) How does VAUDE institutionalize the cooperation in regards to sustainability between different functional departments?	Hanna et al., 2000; Mohrman and Worley, 2010	Sustainability Management
6) Often, countries where supplying and manufacturing units are located, have different cultural perceptions, regulations, laws and attitudes in regard to sustainability, waste management or the use of chemicals. How does VAUDE transfer its knowledge and Code of Conduct to local partners?	Mihm, 2010; Beard, 2008; Todeschini et al., 2017; Oelze, 2017	Value Chain Management
7) How does VAUDE control if the Code of Conduct and other sustainable approaches are adhered to in the whole value chain?	Beard, 2008; Mihm, 2010	Value Chain Management
8) Have partnerships with suppliers or producers already been terminated because they did not act sustainably?	Boström and Micheletti, 2016	Value Chain Management
9) What influence does the Buying Department have on the choice of sustainable suppliers?		Value Chain Management

Table 11: Interview Script - VAUDE Vendor Manager