

RESEARCH ARTICLE

Pressures for sub-supplier sustainability compliance: The importance of target markets in textile and garment supply chains

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Abstract

We propose that sub-supplier sustainability compliance in developing economies' textile and garment supply chains can be more effectively realized by understanding sub-suppliers' target markets. We introduce the concept of sub-suppliers' customer share of production as the share of production that sub-suppliers sell to “exporting” direct suppliers that cater to the international market vis-à-vis “local” direct suppliers that cater to the domestic market. Through this concept and qualitative evidence, we offer a model outlining that as sub-suppliers sell more to exporting direct suppliers, they encounter increased coercive, competitive, and collaborative pressures for sustainability compliance. This article contributes to the multi-tier sustainable supply chain management literature by illustrating *how* target markets exert pressures for sub-supplier sustainability compliance, and *why* some sub-suppliers are more inclined to invest in sustainability compliance, some decouple from it, and others invest beyond compliance. We conclude with business strategy guidelines for managers in textile and garment supply chains.

KEYWORDS

business strategy, customer share of production, multi-tier sustainable supply chain management, sub-suppliers, sustainability compliance, target markets

1 | INTRODUCTION

Sub-suppliers¹ are distant upstream producers that play a strategic role in supply chains, contributing significantly to the development of time and cost efficiencies (Dou et al., 2018; Sarkis et al., 2019). Despite their role, sub-suppliers often face allegations of decoupling from or

failing to ensure sustainability compliance, defined as the ability to meet the minimum social and environmental standards required by the code of conduct of buyers downstream (Pereira et al., 2023; Silva & Nunes, 2022). Through decoupling, however, sub-suppliers ultimately jeopardize the well-being of workers and the natural environment (Bhakoo & Choi, 2013; Huq & Stevenson, 2020; Nath & Eweje, 2021), especially in developing economies' textile and garment supply chains (Soundararajan, 2023; Soundararajan et al., 2018; Venkatesh et al., 2020). Sub-suppliers are often implicated in major disasters ranging from the dumping of toxic waste in India, China and Indonesia (Changing Markets, 2017) to the collapse of the Rana Plaza factory in Bangladesh (Chowdhury, 2017; Fontana & Egels-Zandén, 2019).

Abbreviations: CSP, customer share of production; MT-SSCM, multi-tier sustainable supply chain management; SSCM, sustainable supply chain management.

¹Following Grimm et al. (2016), we refer to the second-tier supplier firm upstream as the “sub-supplier” (with no direct commercial relationships with the buyer downstream), and to the first-tier supplier firm upstream as the “direct supplier” (with a direct commercial relationship with the buyer downstream).

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Multi-tier sustainable supply chain management (hereinafter MT-SSCM) research has thus endeavored to comprehend how buyer pressures can improve sub-supplier sustainability compliance (Grimm et al., 2014; Sarkis et al., 2019; Scuotto et al., 2022; Wilhelm et al., 2016). MT-SSCM scholars note that sub-supplier sustainability compliance can derive from buyer coercive pressures (Nath et al., 2021) involving direct suppliers as intermediaries (Cui et al., 2021; Wilhelm & Villena, 2021), and collaborative pressures (Hofmann et al., 2018) directly assessing and liaising with sub-suppliers (Mena et al., 2013; Tachizawa & Wong, 2014).

While emphasizing the pressures from buyers in the international market (Miemczyk et al., 2012; Sayed et al., 2017), MT-SSCM scholars however overlook the possibility that sub-suppliers might encounter distinct pressures for sustainability compliance from other upstream firms in the same context of production, especially the different direct suppliers to which they sell (Nath et al., 2020; Sauer & Seuring, 2019).

We argue that addressing this knowledge gap could shed light on sub-suppliers' responses to sustainability compliance, including why some decouple from it; in developing economies' textile and garment supply chains, these responses may hinge on sub-suppliers' target markets. Hence, we conceptualize sub-supplier customer share of production (hereinafter CSP) as the share of production that sub-suppliers sell to direct suppliers, their customers, that cater to the international market (hereinafter exporting direct suppliers) vis-à-vis those catering to the domestic market (hereinafter local direct suppliers). While the literature acknowledges that supply chain firms cement relationships with multiple buyers and sellers (Sako et al., 2016; Shook et al., 2009), sub-suppliers sell concurrently to direct suppliers catering to differ markets. International and domestic markets are distinct (Butollo, 2015; Gereffi & Frederick, 2010; Ramaswamy & Gereffi, 2000) and may exert different pressures for sustainability compliance. Domestic textile and garment markets in developing economies are typified by higher informality, limited financial availability, transactional commercial relationships, and are dominated by buyers with more stringent price points and time delivery specifications (Goto, 2014; Goto & Endo, 2014; Kadarusman & Nadvi, 2013; Staritz & Whitfield, 2017). International markets are governed instead by buyers with higher eligibility criteria beyond price competitiveness (Ramaswamy & Gereffi, 2000; Staritz & Whitfield, 2017). To address calls to better understand sub-suppliers' social and environmental strategy (Sarkis et al., 2019), we pose the following questions:

1. What are the pressures for sub-supplier sustainability compliance in developing economies' textile and garment supply chains?
2. How do these pressures influence sub-suppliers' likelihood to decouple from sustainability compliance?

We answer these questions through a qualitative study based on 33 interviews with senior representatives from sub-suppliers and exporting direct suppliers in the Pakistani textile and garment supply chain. This is worth examining due to the persistent social and environmental challenges (Baloch, 2022; Hamid et al., 2014; Huynh, 2017)

and because it constitutes an important production context catering to both international (Theuws et al., 2013) and domestic markets (Shaheen, 2022).

Our contribution is threefold. We first contribute to the MT-SSCM literature by illustrating *how* target markets exert pressures for sub-supplier sustainability compliance. We conceptualize sub-supplier customer share of production (CSP) and provide a continuum model illustrating an increase in coercive, competitive, and collaborative pressures for sub-supplier sustainability compliance when a sub-supplier sells a larger share of its production to exporting direct suppliers.

We offer a second contribution to the MT-SSCM literature by expanding understanding *why* some sub-suppliers are more inclined to invest in sustainability compliance, some choose to decouple from it, and others invest beyond compliance. Our model suggests that sub-suppliers often base their strategic decisions in upstream supply chains on rational financial considerations, carefully balancing market requirements.

Our article finally provides practical guidance to sub-suppliers and international buyers operating in developing economies' textile and garment supply chains. We emphasize the value for sub-suppliers in investing in people, and the natural environment to break free from the sustainability compliance limbo and gain a competitive advantage in the international market, and for international buyers to assess sub-supplier CSP as a risk mitigation measure.

2 | THEORETICAL BACKGROUND

2.1 | MT-SSCM literature and the problem of decoupling

SSCM discipline studies “the management of material, information and capital flows as well as cooperation among companies along the supply chain” in conformity with triple-bottom line sustainability goals, especially social and environmental (Seuring & Müller, 2008, p. 1700). The risks associated with supply chains' structural complexity—for example, geographical dispersion and number of tiers (Ansari & Kant, 2017; Sajjad et al., 2015, 2020; Wilhelm, 2011)—have however led to the rise of the MT-SSCM research field. This extends the traditional SSCM literature by “reach[ing] deeper into the supply chain” (Mena et al., 2013, p. 59), or assessing and controlling the sustainability compliance of upstream suppliers beyond linear buyer-direct supplier dyadic models (Choi & Wu, 2009; Dou et al., 2018; Grimm et al., 2014; Norris et al., 2021; Sauer & Seuring, 2019). While sustainability compliance can be defined as the ability to meet the minimum social and environmental standards required by buyers in their code of conduct (Pereira et al., 2023; Silva & Nunes, 2022), we concentrate in this article on sub-supplier sustainability compliance (Fontana et al., 2021; Grimm et al., 2016). Sub-suppliers are entrusted with critical manufacturing operations like spinning, washing, printing, and dyeing, playing a strategic role in creating time and cost efficiencies (Venkatesh et al., 2020). Concomitantly, sub-suppliers are

frequently accused of decoupling or failing to ensure sustainability compliance (Bhakoo & Choi, 2013; Huq & Stevenson, 2020). This results in severe violations that include unacceptable working conditions and the unauthorized discharge of harmful chemicals, yet these transgressions are hard to uncover (Cui et al., 2021; Wilhelm et al., 2016). This is due to contingency factors ranging from sub-suppliers' lower visibility and traceability (Carter et al., 2015), asymmetric information, and lack of long-term contractual relationships (Choi & Linton, 2011; Grimm et al., 2014), to geographical distance from direct suppliers (Hoejmose et al., 2013), corruption (Jia et al., 2019), and lack of financial resources and training (Dou et al., 2018; Villena, 2019). Decoupling from sustainability compliance carries a significant reputational risk for buyers downstream because of their stakeholders (Chiappetta Jabbour et al., 2019; Meqdadi et al., 2020; Villena & Gioia, 2018), not least in developing economies' textile and garment supply chains (Soundararajan, 2023; Soundararajan et al., 2018; Venkatesh et al., 2020). Tragedies like the collapse of Rana Plaza in Bangladesh, a sub-supplier that resulted in the death of over 1100 garment workers due to poor health and safety conditions, ignited boycotts worldwide (Chowdhury, 2017; Fontana & Egels-Zandén, 2019; Huq et al., 2014). By extension, MT-SSCM researchers have paid attention to buyer pressures to encourage sub-supplier sustainability compliance, as we explain in the next section.

2.2 | Buyer pressures for sub-supplier sustainability compliance

MT-SSCM research shows that sustainability compliance upstream in supply chains results from buyer pressures, and the research adopts institutional theorists' view that organizations implement new practices due to coercive pressures from more powerful organizations, mimetic pressures from top-performing organizations, and normative pressures to conform with legitimizing norms (DiMaggio, 1994; DiMaggio & Powell, 1983; Meyer & Rowan, 1977). Evidence demonstrates that buyer pressures can stir direct supplier sustainability compliance (Carter & Easton, 2011; Pereira et al., 2023; Touboulis & Walker, 2015) with both social (Yawar & Kauppi, 2018) and environmental standards (Villena & Dhanorkar, 2020; Zhang et al., 2022).

Regarding sub-suppliers, MT-SSCM scholars hint that buyers can exert *collaborative* pressures (Hofmann et al., 2018) by investing in directly assessing and liaising with sub-suppliers (Mena et al., 2013; Tachizawa & Wong, 2014) and by instructing direct suppliers to procure from them in a “closed” rather than “open” triadic structure (Choi & Wu, 2009; Jia et al., 2019). In developing economies' textile and garment supply chains, collaborative pressures for sub-supplier sustainability compliance are often operationalized through “nominated procurement,” a process wherein certain sub-suppliers are chosen and prioritized by buyers (Fontana et al., 2021, p. 179).

In parallel, MT-SSCM scholars affirm that buyers can exert *coercive pressures* for sub-supplier sustainability compliance indirectly (Nath et al., 2021), often requiring direct suppliers to oversee and assess sub-suppliers (Cui et al., 2021; Villena, 2019; Wilhelm &

Villena, 2021). Hence, buyers select and develop direct suppliers (Sarkis et al., 2019; Villena & Gioia, 2018; Yawar & Seuring, 2018) to become “dual” or intermediary agents (Wilhelm et al., 2016). Buyer coercive pressures in developing economies' textile and garment supply chains often surface through a process of “cascading” responsibility where direct suppliers function as “stewards instead of agents” (Assländer et al., 2016, p. 680), prompting sub-suppliers to share their standards (Mejías et al., 2019; Soundararajan, 2023; Soundararajan & Brammer, 2018).

However, the MT-SSCM literature emphasizes pressures from international market buyers (Miemczyk et al., 2012; Sayed et al., 2017) and overlooks the potential variation in sustainability compliance pressures that sub-suppliers may face from other upstream firms in the same production context, particularly from distinct direct suppliers they serve (Nath et al., 2020; Sauer & Seuring, 2019). We argue that stretching beyond the focus on buyer pressures is key to comprehend sub-suppliers' responses to sustainability compliance, including why some decouple from it (Bhakoo & Choi, 2013; Huq & Stevenson, 2020; Nath & Eweje, 2021).

In this article, we suggest that sustainability compliance among sub-suppliers in developing economies' textile and garment supply chains is likely contingent on their target markets. To elucidate this proposition, we conceptualize sub-supplier CSP, representing the share of production that sub-suppliers sell to exporting direct suppliers that cater to the international market vis-à-vis the local direct suppliers that cater to the domestic market. Upstream direct suppliers commonly engage in contractual relationships with multiple buyers and sellers (Sako et al., 2016; Shook et al., 2009). Sub-suppliers, in turn, sell their products to direct suppliers serving different markets, both international and domestic (Butollo, 2015; Gereffi & Frederick, 2010; Ramaswamy & Gereffi, 2000). These diverse market dynamics can lead to differential pressures on sustainability compliance faced by sub-suppliers. Developing economies' domestic textile and garment markets are for instance characterized by limited financial availability and transactional commercial relationships while international markets feature higher expectations for quality and product innovation (Goto & Endo, 2014; Ramaswamy & Gereffi, 2000). Kadarusman and Nadvi (2013) outline that Indonesian direct suppliers face more stringent price and time delivery specifications when catering to domestic markets. Through the examples of Vietnam and Ethiopia, Staritz and Whitfield (2017) and Goto (2014) similarly explain that direct suppliers catering to the domestic market tend to be smaller and prioritize raising capital over expanding their facilities and product innovation capabilities. To theorize the pressures exerted by target markets on sub-supplier sustainability compliance, we delve below into the Pakistani textile and garment supply chain.

2.3 | The Pakistani textile and garment supply chain as the context of inquiry

Textiles and garments constitute one of the most important revenue streams for Pakistan (Baloch, 2022) with the main manufacturing hub

located in Punjab, considered “the most developed [province] in the country” (Sathar & Kazi, 2000, p. 94). Pakistani clothing is manufactured for the international market, especially Europe and the United States (Theuws et al., 2013), but also for the domestic market where consumers often demand “something extraordinary” for ceremonial wear (Shaheen, 2022, p. 15). The examination of sub-supplier sustainability compliance is particularly crucial in the context of the Pakistani textile and garment supply chain, given the enduring social and environmental challenges.

Notably, textile and garment workers in Pakistan often receive salaries below minimum wages, and while health and safety conditions over the past decade have improved, they remain inadequate (Huynh, 2017; Theuws et al., 2013). Female participation is lower than in other textile and garment clusters, like Bangladesh, and is concentrated in lower-paying jobs, such as stitching, constituting up to 75% of total employment (Grimshaw & Muñoz de Bustillo, 2013; Makino, 2014). Moreover, heightened pollution and the impact of climate change are significantly diminishing the local sourcing capabilities and competitive edge of textile and garment factories. The floods in Punjab in 2022, for instance, have reduced available arable land, resulting in escalated manufacturing costs (Baloch, 2022).

In summary, the Pakistani textile and garment supply chain follows a lower-price, lower-margin business model. Escalating energy prices and heightened country risk perception raise apprehensions that international buyers may transition to alternative manufacturing hubs (Baloch, 2022; Hamid et al., 2014; Huynh, 2017). All these challenges give us a reason to believe that sub-suppliers, often possessing limited resources and visibility in the supply chain (Carter et al., 2015), may be more prone to seeing sustainability compliance as a mere cost and to decoupling from it. This requires further examination.

2.4 | Research methods

We employ a qualitative research design “concerned with building rather than testing theory” (Beach et al., 2001, p. 203) and effective for theorizing less predictable phenomena like sub-supplier sustainability compliance in the MT-SSCM literature (Sarkis et al., 2019) and sub-suppliers’ decoupling from sustainability compliance (Soundararajan et al., 2018; Soundararajan & Brammer, 2018; Venkatesh et al., 2020).

We collected the data through semi-structured interviews, notes, and non-participant observations (hereinafter observations) in textile and garment manufacturing factories. Interviews are effective to extract information on the nature and complexity of supply chains upstream (Aspländer et al., 2016; Wilhelm et al., 2016), and we completed 31 interviews face-to-face, and 2 follow-up interviews online—for example, Sub-suppliers 2 and 9—with senior representatives (Tables 1 and 2). Consistent with our conceptualization of sub-supplier CSP, Table 1 differentiates between sub-suppliers selling mostly to exporting direct suppliers, to local direct suppliers and equally to exporting and local direct suppliers.

Interviews with senior representatives of direct suppliers lasted on average 60 min (45–70 min), and those with senior representatives of sub-suppliers 75 min (60–90 min). Including senior representatives from both sub-suppliers and direct suppliers was justified by our emphasis on understanding the pressures for sub-supplier sustainability compliance from other upstream firms (Nath et al., 2020; Sauer & Seuring, 2019).

2.4.1 | Internal validity and data collection

We adopted purposive and snowballing sampling to recruit the sub-suppliers and direct suppliers (Yawar & Seuring, 2018). Purposive

TABLE 1 Sample of sub-suppliers.

Sub-supplier number	Area (in Punjab)	Size	Main target market	Majority share of production	Senior managers' official title	Interview year
1	Faisalabad	500+	Domestic	To local direct suppliers	(1) Production manager	2021
2	Lahore	600	International	To exporting direct suppliers	(2) Finishing and dispatching manager	2021
3	Gujranwala	850	Domestic and international	Equally to local and exporting direct suppliers	(1) Operations manager	2021
4	Okara	1200	Domestic	To local direct suppliers	(1) Production manager	2021
5	Chiniot	1200	Domestic and international	Equally to local and exporting direct suppliers	(1) Production manager	2021
6	Kasu	1300+	Domestic and international	Equally to local and exporting direct suppliers	(1) Spinning and dyeing manager	2021
7	Faisalabad	1500+	International	To exporting direct suppliers	(1) Spinning manager	2021
8	Faisalabad	3600	Domestic and international	Equally to local and exporting direct suppliers	(1) Dyeing and processing manager	2021
9	Faisalabad	6500	International	To exporting direct suppliers	(2) Deputy general manager of operations	2021
10	Multan	10,000+	International	To exporting direct suppliers	(1) Spinning manager	2021
Total interviews					12	

TABLE 2 Sample of direct suppliers.

Direct supplier number	Area (in Punjab)	Size	Senior managers' official title	Interview year
1	Lahore	700	(1) Head of human resources (1) Chief operating officer	2018 2018
2	Lahore	1300	(1) Production manager	2018
3	Lahore	1800	(1) Operations manager (1) Marketing manager	2019 2019
4	Lahore	2000	(1) Head of production	2018
5		4000	(1) General manager of production (1) Head of quality assurance	2019 2019
6	Lahore	4500	(1) Manager of production and planning (1) Head of marketing (1) Manager of compliance	2017 2017 2018
7	Pindi Bhattian	6000	(1) Senior production manager (1) Head of quality assurance	2018 2018
8	Lahore	6000	(1) Unit production head (1) General manager of production	2018 2018
9	Lahore	11,000+	(1) Manager of production (1) Manager of operations	2019 2020
10	Faisalabad	20,000+	(1) Unit head of production (1) Head of quality assurance (1) Marketing manager (1) Manager of compliance	2018 2018 2018 2018
Total interviews			21	

sampling enhances the research value by ensuring heterogeneity among research participants in terms of professional experience and background (Patton, 2002). To ensure internal validity of the sample (Yin, 2013) and select sub-suppliers and direct suppliers, we adhered to the following criteria:

- a. We recruited exporting direct suppliers registered under the Pakistani Readymade Garments Manufacturers and Exporters Association. To better understand the role of direct suppliers as stewards of sustainability compliance (Assländer et al., 2016; Wilhelm et al., 2016), our focus was on direct suppliers who were willing to disclose and allow verification of their commitment to sustainability compliance.
- b. We contacted senior representatives from sub-suppliers and direct suppliers, possessing expertise in sustainability compliance, with a minimum of 10 years' experience in textile and garment manufacturing. Those who were willing to participate in in-person interviews and grant access to their factory premises were included in the study. Although our article maintains the firm level as the unit of analysis, we engaged with senior representatives who felt confident to speak on behalf of their employer.
- c. Because geographical proximity impacts sub-supplier sustainability compliance (Hoejmose et al., 2013), we specifically recruited sub-suppliers and direct suppliers in Punjab. We excluded small and medium size firms, defined as those with less than 250 employees (Tables 1 and 2).

We collected the data during three phases from 2017 and 2021. The first phase commenced in late summer 2017, during which we identified various direct suppliers and contacted them via email and phone. We received an official invitation from the senior representatives of seven direct suppliers, with whom we had informal meetings to discuss the feasibility of the project and to widen the pool of potential interviewees. To fine-tune the interview protocol, we completed a pilot interview with the Manager of production and planning and the Head of marketing of Direct supplier 6.

We conducted all remaining interviews with the direct suppliers during a second phase, between January 2018 and January 2020. Thirteen senior representatives from Direct suppliers 1, 2, 4, 6, 7, 8, and 10 agreed to sit for an interview between December and January 2018, and we interviewed six senior managers from Direct suppliers 3, 5, and 9 between January 2019 and January 2020. We adopted snowballing to establish rapport with more direct suppliers. During the interviews, we also accessed the factory premises to conduct the observations.

The third phase, post-January 2020, coincided with the onset of the Covid-19 outbreak, leading to a suspension of in-person meetings. In this period, leveraging the connections of the direct suppliers, we compiled a list of sub-suppliers; to minimize social desirability bias (Liedtka, 1992), we communicated the project's objectives to the senior representatives of sub-suppliers through email and phone conversations.

We completed the fourth and final phase of the data collection between March and July 2021, when we interviewed 10 senior

representatives contacted in 2020. To enhance insights and achieve theoretical saturation (Sandelowski, 2012), we conducted follow-up interviews at the end of the data collection process with the Finishing and dispatching manager of Sub-supplier 2 and the Deputy general manager of operations of Sub-supplier 9.

2.4.2 | Interview protocols

We designed two interview protocols for the sub-suppliers and the direct suppliers. Concerning the direct suppliers, we moved gradually from confirmatory questions about social and environmental standards—for example, *What type of benefits do you offer to your workers? What green practices do you have?*—to questions about the collaboration with international buyers for social and environmental activities—for example, *How do you satisfy your buyers' social and environmental requirements?*—and about their dual agency—for example, *What do you do to improve the sustainability compliance of your sub-suppliers? How do your buyers follow up on that?*

Regarding the interview protocol for the sub-suppliers, we shifted from questions about social and environmental standards—for example, *What types of social and environmental standards have you adopted in the factory? Do your direct suppliers require them?*—to questions on their collaboration with direct suppliers for sustainability compliance—for example, *Do your direct suppliers value sustainability compliance? If so, how? Do they collaborate with you on this?*—and on the value of sustainability compliance for collaborative and competitive purposes—for example, *Does sustainability compliance improve your relationships with direct suppliers and buyers? How do your competitors view sustainability compliance?*

2.4.3 | Data analysis

We conducted all interviews in Urdu, and one of us who is Pakistani translated them into English. Upon reviewing the MT-SSCM literature (e.g., Tachizawa & Wong, 2014; Wilhelm et al., 2016) and coercive and collaborative pressures (e.g., Hofmann et al., 2018; Nath et al., 2021), we identified a gap in addressing the scenario where sub-suppliers sell to diverse direct suppliers targeting both international and domestic markets. This oversight is crucial as the market targets of sub-suppliers could potentially impose distinct pressures related to sustainability compliance (Butollo, 2015; Gereffi & Frederick, 2010). Acknowledging this “anomaly,” we employed abductive reasoning, a form of theorizing that unites induction and deduction, suitable for exploring sustainability challenges (Dubois & Gadde, 2002; Dunne & Dougherty, 2016). Following Corbin and Strauss' (2008) thematic coding, our abductive reasoning involved the following: (a) open coding, breaking raw data into discrete components; (b) axial coding, drawing connections between codes; and (c) selective coding, selecting categories that capture the essence of the data.

Through open coding, we identified the empirical themes and common incidents in the raw data “associated with particular

passages in interviews” (Dunne & Dougherty, 2016, p. 140). We broke the text into shorter excerpts, searching for comments from the sub-suppliers on the pressures to comply with social and environmental standards, and comments from the direct suppliers to accomplish sub-supplier sustainability compliance. We for instance distilled the empirical theme “Sub-suppliers are requested by exporting direct suppliers to adhere to environmental standards, whereas no such demands come from local direct suppliers” to encapsulate the descriptive insights provided by senior representatives of sub-suppliers regarding the requirements they encounter.

We then turned our attention to axial coding to raise the level of theoretical interpretation. Certain assertions about requirements, influences, and expectations on sub-supplier to comply with sustainability standards are outlined in the MT-SSCM literature (Hofmann et al., 2018; Nath et al., 2021). However, these explanations fall short in illustrating how these requirements, influences, and expectations are contingent on and differ depending on the sub-suppliers' target market. This led us to conceptualize sub-supplier CSP and to focus on the role of domestic and international markets. For instance, regarding the influences on sub-suppliers from potential competitors, we contrasted the themes “influence for sustainability beyond compliance from other sub-suppliers selling to exporting direct suppliers” and “less influence for sustainability compliance from other sub-suppliers selling to local direct suppliers” to emphasize the different target markets. We triangulated our observation data and notes to add theoretical validity to the abstract themes.

Finally, we reconnected the abstract themes as part of the selective coding and produced *coercive*, *competitive*, and *collaborative pressures* as conceptual categories. These helped to produce our model (Figure 1) and illuminated how sub-suppliers' target markets, through the concept of CSP, exert pressure for sustainability compliance as a continuum, discussed later in our findings. Table 3 visualizes the abductive reasoning process along with key quotes.

3 | FINDINGS

3.1 | Coercive pressures

The results illustrate that sub-suppliers strive to fulfill the requirements of their direct suppliers, who serve as their customers. Aligned with the second-order themes outlined in Table 3, we highlight that sub-suppliers encounter coercive pressures, particularly in terms of *requirements for environmental standards from exporting direct suppliers*. Additionally, we indicate that there are *fewer requirements for social standards from exporting and local direct suppliers*.

Sub-suppliers confront varying requirements to conform to environmental standards based on who their direct suppliers are. They explicitly noted encountering requirements from exporting direct suppliers to adopt and demonstrate compliance with environmental standards. These requirements are mandatory because of the potential repercussions; failure to comply with environmental standards could strain commercial relationships with exporting direct suppliers, which

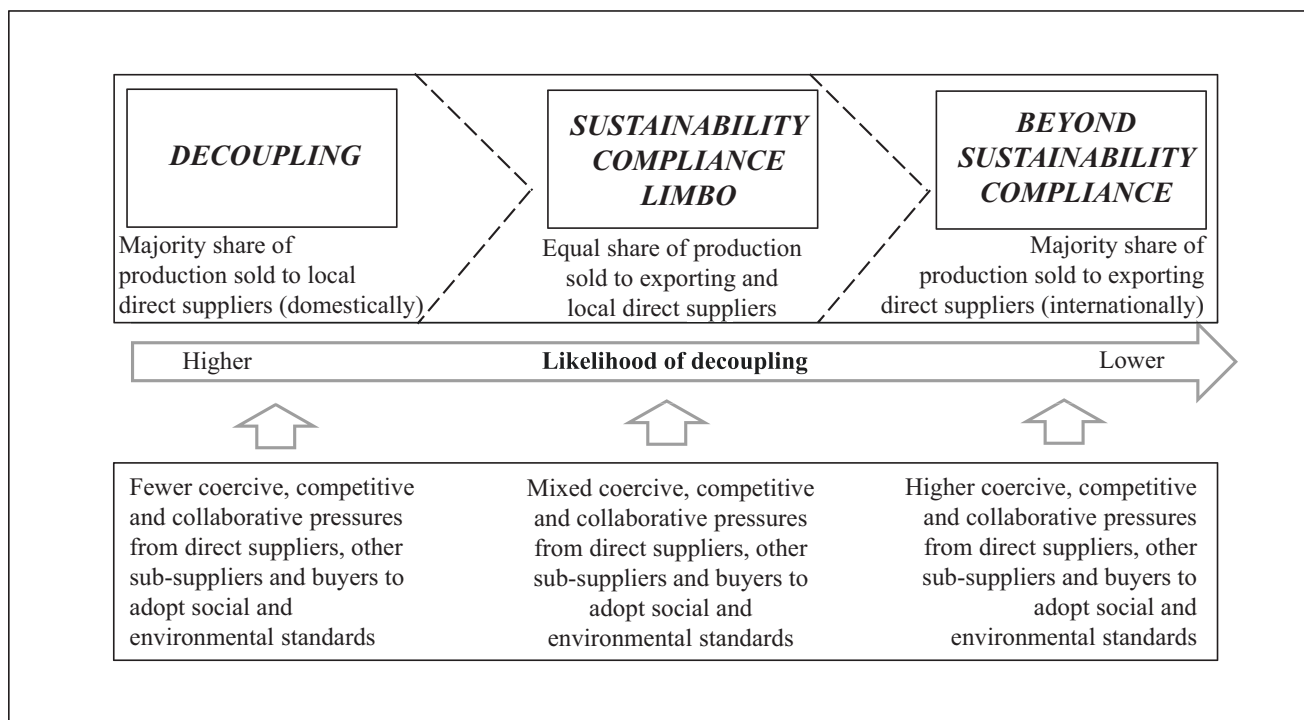


FIGURE 1 The continuum model.

risk being blacklisted by the international buyers that expect to see their sub-suppliers' standards. Concurrently, we found that the sub-suppliers are not required to adopt environmental standards by local direct suppliers, which in turn select their commercial partners solely depending on their ability to minimize prices and delivery times. The Dyeing and processing manager of Sub-supplier 8 provided valuable insights into the requirements for environmental standards coming from exporting direct suppliers. He explained that local direct suppliers view these standards as a "luxury" or an optional add-on: "Our [exporting] customers send us the environmental requirements from the [international] brands, we must meet them. It's important for them. But the [local] customers and the [domestic] brands that sell here do not bother about 'these luxuries'. They want lower prices, and if we spend zero or millions on the [natural] environment, [it] bears little impact on their decision to work with us."

In general, all sub-suppliers experience fewer requirements to embrace social standards. Local direct suppliers typically do not request these standards, while exporting direct suppliers occasionally make such demands. International buyers, who urge direct suppliers to showcase sub-suppliers' compliance with environmental standards, do not consistently insist on social standards or reports on working conditions within the sub-suppliers' factories. Consequently, direct suppliers infrequently seek these standards. As a result, some sub-suppliers selling to exporting direct suppliers affirmed that "we do not have social standards because all our customers do not need them" (Finishing and dispatching manager of Sub-supplier 2). The absence of control in textile and garment supply chains underscores the limited attention and critical underdevelopment of sustainability compliance

concerning social conditions. The Production planning manager of Direct supplier 6 acknowledged the presence of fewer requirements for social standards from both exporting and local direct suppliers and perceived decisions regarding workers as primarily the responsibility of sub-suppliers: "We work with sub-suppliers in terms of productivity and quality standards. But we know we give more social benefits to our workers than them. Apart from environmental certifications, if they do not pay well, how they treat their staff, it is mostly their responsibility. We ask some [sub-suppliers] for social certifications, but most brands do not ask for them [...] Most companies [direct suppliers] that work around here [domestically] do not bother about them."

3.2 | Competitive pressures

The evidence indicates that sub-suppliers are influenced by other sub-suppliers that operate in the same textile and garment manufacturing context. As indicated by the second-order themes (Table 3), the sub-suppliers are confronted with competitive pressures as they encounter *influence for sustainability beyond compliance from other sub-suppliers selling to direct suppliers*. Conversely, there is *less influence for sustainability compliance from other sub-suppliers selling to local direct suppliers*.

Sub-suppliers recognized that embracing social and environmental standards could enhance their relationships with exporting direct suppliers. However, they also highlighted that going beyond mere standard adoption and engaging in activities for the well-being of

TABLE 3 Thematic analysis and abductive reasoning.

Conceptual categories (selective coding)	Abstract themes (axial coding)	Empirical themes (open coding)	Representative quotes
Coercive pressures	Requirements for environmental standards from exporting direct suppliers	Sub-suppliers are requested by exporting direct suppliers to adhere to environmental standards, whereas no such demands come from local direct suppliers	<ul style="list-style-type: none"> - The customers that sell abroad are more demanding, but we do not face environmental requirements because most of our customers sell locally [...] if we meet price and time specifications, they remain loyal [Production manager, Sub-supplier 1] - Honestly, only customers that sell abroad need environmental standards. Price is what most of our customers that sell here are asking for [Production manager, Sub-supplier 4] - We have 2 ISO certifications, which is rare in our sector. We have OEKO-TEX and other environmental certifications. These improve our image, but we took them because most of our customers sell abroad, they want them. The domestic market is not concerned about certifications. They are not known here, and [local] customers mostly push for lower prices [Finishing and dispatching manager, Sub-supplier 2]
	Fewer requirements for social standards from exporting and local direct suppliers	Sub-suppliers encounter fewer requests from exporting and local direct suppliers to adopt social standards	<ul style="list-style-type: none"> - The brands ask us to do the environmental audits, to test the yarn for chemicals according to European standards and ensure that our sub-suppliers comply. They don't ask us to check the social standards of the sub-suppliers often, those are mostly voluntary [Operations manager, Direct supplier 3] - Many social activities help to build a positive image in the eyes of the brands. That's why we do them [...] but we do them voluntarily, it is not compliance. The brands do not check, and we only ask sub-suppliers for social standards occasionally [Unit head of production, Direct supplier 10] - International brands need environmental certifications, and this is what our customers ask us. But they do not ask for anything for workers. It's the same of domestic brands. Anything social is appreciated, but often not required [Spinning manager, Sub-supplier 10]
Competitive pressures	Influence for sustainability beyond compliance from other sub-suppliers selling to exporting direct suppliers	Other sub-suppliers, who primarily sell to exporting direct suppliers, go beyond social and environmental standards for the	<ul style="list-style-type: none"> - Getting top [exporting] customers is competitive, those that sell to them must excel. If a competitor does more, we are also motivated

TABLE 3 (Continued)

Conceptual categories (selective coding)	Abstract themes (axial coding)	Empirical themes (open coding)	Representative quotes
		well-being of workers and the natural environment	<p>to do more. To stand out you must offer more social and environmental benefits [Finishing and dispatching manager, Sub-supplier 2]</p> <p>- The textile market is big and small at the same time. We know each other [...] To beat top competitors and sell to top [exporting] customers we must do more than them for workers and the environment [Production manager, Sub-supplier 5]</p> <p>- We know that our competitors do activities for workers and the environment to attract the larger [exporting] customers. You have to be vigilant about your competitors. We are a big name in the region, and we cannot do less than others. We need to be attractive to sell to [exporting] customers [Spinning manager, Sub-supplier 10]</p>
	Less influence for sustainability compliance from other sub-suppliers selling to local direct suppliers	Other sub-suppliers that sell mostly to local direct suppliers do not adopt social and environmental standards but compete on price	<p>- We have competitors selling to local as well as international [exporting] customers [...] it is much easier to know about those selling to local customers because their strategy is mostly on price, nothing else [Operations manager, Sub-supplier 3]</p> <p>- Most of our competitors are spinning factories like us with customers selling locally. Knowing your competitors means understanding their price strategy and the quality of their products. We plan to learn new blends of yarn to compete with higher production and lower prices [Production manager, Sub-supplier 4]</p> <p>- Our salaries are not high, but we offer bonuses, fringe benefits and job security [...] But many of our products go to the domestic market so, competition for price is an issue. For unskilled and semi-skilled labour, we cannot pay much [Dyeing and processing manager, Sub-supplier 8]</p>
Collaborative pressures	Expectations from exporting direct suppliers to collaborate for sustainability compliance	Exporting direct suppliers work with sub-suppliers to improve their sustainability compliance	<p>- Compliance with social and environmental requirements is not well implemented in Pakistan. Many sub-suppliers do not understand US and European brands' requirements. Competition for price is high in the domestic market, and the price of energy is higher than in other production</p>

(Continues)



TABLE 3 (Continued)

Conceptual categories (selective coding)	Abstract themes (axial coding)	Empirical themes (open coding)	Representative quotes
			<p>countries. So, we collaborate with many sub-suppliers, but we know that just a few follow us [Senior production manager, Direct supplier 6]</p> <p>- Sub-suppliers tend to be smaller. They start with local customers first and then they sell to exporting companies like us. We understand it is risky as they have limited funds to invest in [sustainability] compliance. We work with them to help them, and we recognize their efforts. Some succeed and stay with us [Head of quality assurance, Direct supplier 10]</p> <p>- Our [exporting] customers want to collaborate with us on sustainability compliance because the [international] brands made them accountable. If we're compliant, they feel proud that they are working with a sustainable company and are improving the industry [Spinning and dyeing manager, Sub-supplier 6]</p>
	Expectations from international buyers to collaborate for sustainability compliance	International brands work directly with sub-suppliers to raise their sustainability compliance	<p>- The international brands nominate [the sub-suppliers], and then they take care of [sustainability] compliance through collaboration. They also arrange third party visits for verification of materials quality and [sustainability] compliance [Head of production, Direct supplier 4]</p> <p>- It happens that the foreign brands nominate and collaborate directly with the sub-suppliers. They also nominate agents like auditing companies that manage sustainability on their behalf [...]. They have many ways to check for compliance [Operations manager, Direct supplier 3]</p> <p>- Some of the largest international brands contact us directly and we maintain the collaboration, they check the environmental conditions and what we do. Then they recommend our yarn to their [direct] suppliers that buy it from us [Spinning manager, Sub-supplier 10]</p>

workers and the natural environment could elevate their visibility in the international market and attract increased orders. While it is commonly acknowledged that influences among direct suppliers to

innovate for the benefit of workers and the natural environment can help them secure a competitive advantage, our evidence indicates that a similar dynamic exists among sub-suppliers striving to expand

their share of exporting direct suppliers. The sub-suppliers selling mostly to exporting direct suppliers disclosed that they check the social and environmental initiatives of other sub-suppliers operating in the same context; they perceive the necessity to invest in similar activities that go beyond mere compliance with sustainability standards in order to enhance their visibility in the market. Influence for sustainability beyond compliance from other sub-suppliers selling to exporting direct suppliers were revealed by the Deputy general manager of operations of Sub-supplier 10, who elaborated on the competitors' strategy: "We have fewer competitors in the domestic market because we are bigger and have higher standards. Our competitors work with large Pakistani customers that sell abroad. They all try to do more for workers and the natural environment to gain attractiveness, well beyond [sustainability] standards. We must know what our competitors do and adapt to work with those customers."

The prevailing sentiment among most sub-suppliers in our study is the lack of emphasis on sustainability compliance when dealing with local direct suppliers. They are skeptical about the transformative impact of complying with social and environmental standards on their strategic positioning, especially as long as the domestic market remains their primary target market. Consequently, these sub-suppliers find themselves encountering less influence for sustainability compliance from their counterparts who primarily cater to local direct suppliers. The primary emphasis in this context revolves around price considerations, indicating a prevalent concern for cost efficiency rather than prioritizing worker well-being and the natural environment. The existence of less influence for sustainability compliance from other sub-suppliers selling to local direct suppliers was confirmed by the Production manager of Sub-supplier 1: "The domestic market is competitive and other organizations like us are under pressure to get lower prices and maintain quality [...] But it is not about environmental or social standards. Those who work with customers selling abroad are obliged to do more than what we are doing for workers and the environment."

3.3 | Collaborative pressures

The findings exhibit that sub-suppliers are encouraged by exporting direct suppliers and international buyers to work together on sustainability compliance. In line with the second-order themes (Table 3), the analysis shows that sub-suppliers experience *expectations from exporting direct suppliers to collaborate for sustainability compliance* and *expectations from international buyers to collaborate on sustainability compliance*.

Exporting direct suppliers revealed that they make concerted efforts to collaborate with sub-suppliers; they expect them to work together and motivate them by emphasizing the advantages of embracing sustainability compliance. The evidence showed that the exporting direct suppliers are held accountable by the international buyers and are given responsibility to ensure and report on sub-supplier sustainability compliance. Against the backdrop of these guidelines, direct suppliers start a collaboration because "the [international] brands give us the specifications and want us to ensure that we meet the sub-suppliers' requirements" (Production manager of

Direct supplier 2). During our observation at the factory of Direct supplier 10, we observed a board on the wall displaying a list of social and environmental standards along with the names of international buyers that mandated them. This visual representation served as a "reminder" and to underscore the importance of collaborative efforts and the expectations between all commercial partners to comply with the standards. The Unit production head of Direct supplier 8 offered an explanation on the expectations from exporting direct suppliers to collaborate for sustainability compliance: "Most brands in the domestic market do not need these standards. We sold our products mostly to domestic brands before and now we sell mostly to international brands. We communicate with sub-suppliers about complying with sustainability standards. The risk for these sub-suppliers is financial; it is too costly for some to invest. We train them on the benefits of these standards and try to develop their capacity."

The evidence ultimately revealed that certain international buyers proactively engage with sub-suppliers, directly assume responsibility for their sustainability compliance and expect them to cooperate. Sub-suppliers are expected to collaborate by these international buyers who highlight the advantages of acting for the benefit of the workers and the natural environment in terms of building a reputation for excellence, gaining nominations, and subsequently increasing their market share. This means that "[...] most [international] brands want to nominate our sub-suppliers because they feel it is safer" (Unit production head of Direct supplier 6). The Dyeing and processing manager of Sub-supplier 8 discussed about the expectations from international buyers to collaborate on sustainability compliance in terms of ensuring mutual communication. He specified that "Foreign brands are sensitive about social and environmental issues. Our [exporting] customers often communicate with us on how we can improve compliance on that front, step-by-step. This is not something that other [local] customers here need. We get this just from collaborating with exporting customers."

3.4 | The outcome: A continuum model

By offering an overview of the pressures for sustainability compliance exerted by sub-suppliers' different target markets, in this article we conceptualize sub-supplier CSP as the share of production that sub-suppliers sell to direct suppliers targeting the international market vis-à-vis those targeting the domestic market. The model uncovered by Figure 1 illustrates how sub-supplier CSP influences their sustainability compliance and likelihood of decoupling from it. We build this model as a continuum and show that *as a sub-supplier directs a larger portion of its share of production to local direct suppliers, the pressures for sustainability compliance—coercive, competitive, and collaborative—tend to diminish. In turn, this not only increases the likelihood of decoupling from sustainability standards but also decreases the sub-supplier's incentives to invest in sustainability compliance.*

Moving towards the right end of the continuum, sub-suppliers encounter higher coercive, competitive, and collaborative pressures for sustainability compliance; they sell the majority share of their production to exporting direct suppliers that are asked by the

international buyers to report on them. These sub-suppliers' primary market is international, meaning that compliance with international buyers' social and environmental standards is crucial for their survival. In this space, exporting direct suppliers and international buyers are more inclined to collaborate to ensure adherence to these standards. The likelihood of decoupling from sustainability compliance for these sub-suppliers is lower because the potential consequences, such as disciplinary measures and a significant market loss, pose substantial risks. Many in this space experience competition from other sub-suppliers that view social and environmental activities to gain a competitive advantage. These sub-suppliers are more likely to invest in sustainability beyond compliance to consolidate their market opportunities, potentially earning a nomination from international buyers.

Conversely, the sub-suppliers selling the majority of their share of production to local direct suppliers, and whose primary market is domestic, are positioned closer to the left end of the continuum. They face fewer coercive, competitive, and collaborative pressures for sustainability compliance while local direct suppliers often prioritize factors such as price and delivery times over compliance when selecting commercial partners. Most of the competitors in this segment of sub-suppliers are less likely to consider sustainability compliance as a competitive advantage, and the majority of their local direct suppliers and domestic buyers show little interest in collaborative efforts towards sustainability compliance. The limited pressures in the domestic market create a scenario where these sub-suppliers may perceive sustainability compliance as less critical. As illustrated by the horizontal arrow, these sub-suppliers are more likely to decouple from sustainability compliance, given that the international market is of secondary importance to them. Additionally, the potential market loss in case of noncompliance is limited.

The model finally brings attention to sub-suppliers equally selling to exporting and local direct suppliers; these sub-suppliers experience mixed coercive, competitive, and collaborative pressures for sustainability compliance emanating from both international and domestic markets. These sub-suppliers find themselves in a state of in-betweenness that we call "sustainability compliance limbo." This state is particularly problematic because these sub-suppliers are more prone to make ad hoc and unpredictable decisions about social and environmental standards. Their position in this space indicates evenly balanced incentives to either decouple from or adhere to sustainability compliance, sustained by the similar importance assigned to both the international and domestic markets in their operations.

The model underscores the unique challenges faced by sub-suppliers in this intermediate space, as the Production manager of Sub-supplier 5 described: "We have opposite demands from customers selling abroad and here, but we work with both. The customers here are the least demanding for standards, but they want timely payments and lower price, not easy to maintain. The other [exporting] customers ask us for chemical certifications, for the OEKO-TEX certification, sometimes even organic yarn. For these customers we need to pay for labelling and certifications [...] We should address both customers' needs but it can be tricky, sometimes we must decide."

4 | DISCUSSION

Sub-supplier sustainability compliance remains a contentious issue and is increasingly crucial for business strategy (Bhakoo & Choi, 2013; Grimm et al., 2016). In the textile and garment supply chains of developing economies, sub-suppliers face allegations of decoupling from sustainability compliance, putting workers and the natural environment at risk (Huq & Stevenson, 2020; Venkatesh et al., 2020). In addressing calls to better understand sub-suppliers' social and environmental strategy (Sarkis et al., 2019), we unraveled the pressures influencing sub-suppliers' sustainability compliance and their likelihood to decouple from it. In this section, we return to the literature, bridging it with our findings to dissect the contributions of the article.

4.1 | Target markets and pressures for sub-supplier sustainability compliance

Our initial contribution extends the MT-SSCM literature by illustrating *how* target markets exert pressures for sub-supplier sustainability compliance. To do this, we conceptualize sub-supplier CSP—the share of production that sub-suppliers sell to exporting direct suppliers vis-à-vis local direct suppliers—and build a continuum model showing that coercive, collaborative (Hofmann et al., 2018; Nath et al., 2021), and competitive pressures for sub-supplier sustainability compliance diverge based on their target markets. Our model indicates that a higher share of production that sub-suppliers sell to exporting direct suppliers intensifies coercive, competitive, and collaborative pressures on them to adopt social and environmental standards. Conversely, a higher share of production they sell to local direct suppliers diminishes the perceived importance that sub-suppliers attribute to these standards, as they are not valued as competitive resources.

Hence, we build on the notion that developing economies' domestic markets are distinct from the international market (Butollo, 2015; Gereffi & Frederick, 2010; Goto & Endo, 2014; Ramaswamy & Gereffi, 2000) to explicitly theorize the pressures that target markets exert on sub-suppliers. Through the insight derived from our fieldwork and first-hand observations, we highlight that sub-suppliers that are more exposed to the international market in terms of their CSP tend to value sustainability compliance more because of these pressures. By indicating this, however, we are not proposing a one-size-fits-all scenario where all sub-suppliers targeting the international market will automatically comply. We acknowledge the existence of great variability in sub-suppliers' attitudes and believe that some sub-suppliers may consistently undervalue and try to decouple from sustainability compliance irrespective of the product market destination. Arguably, this may especially be the case with social standards, which are often overlooked in supply chains (Fontana et al., 2021). However, our argument is that, for most sub-suppliers, the predominant factors influencing sustainability compliance remain the pressures from target markets. Such a focus on target market pressures complements existing MT-SSCM frameworks for sub-supplier sustainability compliance (Sarkis et al., 2019). However,

rather than solely addressing how to enhance pressures for sub-supplier sustainability compliance, we broaden conversation by integrating questions like “how to increase pressures for sub-supplier sustainability compliance?” with questions such as “who are sub-suppliers' customers?” and “where do sub-suppliers' customers sell?” We argue that sub-supplier sustainability compliance is not solely determined by the specific coercive pressures (Jira & Toffel, 2013; Zhu et al., 2007) and collaborative pressures from some firms, as commonly argued by MT-SSCM scholars (Huq et al., 2014). In the textile and garment supply chains of developing economies, sub-supplier sustainability compliance is intricately connected to the collective—coercive, competitive, and collaborative—pressures exerted by all firms with whom the sub-supplier engages in a direct and indirect (e.g., competitors) commercial relationship upstream. These pressures shift depending on the target markets.

Our article builds upon Soundararajan's (2023) call for shared responsibility in textile and garment supply chains and takes a deeper dive into the fundamental dynamics that drive sub-supplier sustainability compliance. Recognizing the multiple pressures from target markets provides actionable insights and can be extremely important to formulate strategies and effectively manage risk in textile and garment supply chains.

4.2 | Understanding sub-supplier strategic decisions and decoupling

Our article then contributes to the MT-SSCM literature by providing a foundation for understanding sub-supplier strategic decisions. Based on their CSP, we elucidate *why* some sub-suppliers are more likely to invest in sustainability compliance, some to decouple from it, and others to invest beyond standards.

The central assumption in the MT-SSCM literature is that most sub-suppliers, constrained by limited resources and poorly visible (Carter et al., 2015), are naturally prone to decoupling from sustainability compliance (Chiappetta Jabbour et al., 2019; Nath et al., 2020). Our model offers a more nuanced perspective to understand sub-suppliers' strategic decisions, contributing to the literature by demonstrating that sub-suppliers are more likely to decouple from sustainability compliance when they sell a majority share of their production to local direct suppliers. Our findings show that this inclination arises due to their limited exposure to the international market, resulting in fewer incentives for investing in sustainability compliance.

In developing economies' textile and garment supply chains, this assumption becomes more complex due to the fragmentation of sub-suppliers' customer portfolios. Sub-suppliers often sell to multiple direct suppliers, each selling to buyers in different target markets, leading to varying pressures. This enables us to challenge the assumption that all sub-suppliers are uniformly decoupling from sustainability compliance and, by subscribing to Assländer et al.'s (2016) perspective, we challenge stereotypes in the existing literature that sub-suppliers in textile and garment supply chains of developing economies are overseen by malevolent business owners (Huq et al., 2014;

Huq & Stevenson, 2020). Our analysis contributes knowledge on how sub-supplier CSP influences their decisions regarding sustainability compliance, offering a more careful understanding of sub-suppliers' motivation to comply or not (Sarkis et al., 2019; Sauer & Seuring, 2019). We provide evidence that sub-suppliers invest in sustainability compliance while considering the needs of their main customers. This does not imply that sub-suppliers blindly follow their customers when framing their business strategy. Our findings demonstrate that some sub-suppliers invest in innovative sustainability solutions beyond minimum compliance standards, helping them to build a competitive advantage. Yet, their business strategy decisions are inevitably shaped by the relationships with partnering firms in the supply chain, and sub-suppliers prioritize rational financial considerations prior to making investments. These financial considerations require benchmarking the priorities of the customers that matter most—for example, those that purchase most of their production. This is consistent with the MT-SSCM literature (Choi & Wu, 2009; Mena et al., 2013) emphasizing that various pressures for change from the supply chain environment precede a firm's strategic decisions. Additionally, it highlights that sub-suppliers interpret and evaluate these pressures in the context of their strategy decisions, considering financial implications and customers' relevance.

4.3 | Beyond the sustainability compliance limbo: business strategy guidelines

This article sheds light on the concept of sustainability compliance limbo, portraying it as a potential source of unpredictability. This limbo arises when sub-suppliers equally sell to exporting and local direct suppliers; they experience mixed coercive, competitive, and collaborative pressures for sustainability compliance emanating from both international and domestic markets and find themselves in a situation where they have equal incentives to either invest in or decouple from sustainability compliance. The exploration of this dynamic advances our understanding of how sub-suppliers navigate and respond to the complexities of sustainability compliance in supply chains. From our viewpoint, addressing the sustainability compliance limbo presents a difficult challenge. However, particularly in the context of developing economies' textile and garment supply chains, this limbo also represents a point of departure for sub-suppliers to reconsider and reshape their business strategies. These final sections offer practical insights into the potential for strategic reevaluation.

4.3.1 | Business strategy guidelines for sub-suppliers

Although sustainability compliance is defined as the ability to meet the minimum social and environmental standards required by buyers, we see the sustainability compliance limbo as an opportunity for sub-suppliers to move beyond mere adherence to buyers' code of conduct. Instead, we propose that they can enhance their strategies by

actively fostering a more comprehensive and enduring impact for both workers and the natural environment. Achieving this necessitates the embrace of a long-term vision, one that sub-supplier managers can realize through a series of steps.

- *Step 1: Differentiation through social and environmental efforts.* By tailoring new solutions to benefit workers and the natural environment, sub-suppliers can stand out. Doing so becomes particularly impactful in production contexts where the legitimacy of sub-suppliers is a subject of debate because of their negative reputation. Investing in initiatives that surpass basic compliance not only clarifies the sub-suppliers' positioning but also increases their likelihood of being nominated by international buyers. This, in turn, can amplify their visibility and opportunities in the international market.
- *Step 2: Economies of scale.* As sub-suppliers increase their share of production for the international market, they can secure larger production volumes and establish longer-term contractual relationships—an advantage not easily attainable by concentrating on the domestic market. The significance of these higher volumes and extended contractual engagements cannot be overstated. They serve as foundational elements for building economies of scale, propelling the sub-suppliers towards sustained growth and increased size over time. This strategic pivot fortifies their position in the global supply chain landscape.
- *Step 3: Vertical integration.* Harnessing the benefits of economies of scale and sustained growth, sub-suppliers may strategically streamline their operations by decreasing the number of intermediaries. This evolution involves the integration of tasks typically undertaken by their direct suppliers. While vertical integration is a delicate maneuver demanding additional investments, its successful execution can yield substantial advantages. Drawing insights from comparable production contexts, like Bangladesh, there is evidence that growth can empower sub-suppliers to climb to a stage where they can directly engage and sell to international buyers.
- *Step 4: Seeking a premium.* Investing in workers and environmental initiatives in textile and garment supply chains raises uncertainty surrounding the outcomes of such investments. The experience of the Covid-19 pandemic underscores that despite the implementation of innovative social and environmental strategies upstream, the inherent variability in prices and contractual relationships persists (Mostafiz et al., 2022). Nonetheless, we believe that these pioneering efforts do not go unnoticed; they provide sub-suppliers with added leverage during negotiation processes, offering a robust justification for their investments. This contributes to the resilience of sub-suppliers but also reinforces the importance of integrating social and environmental considerations into their business strategies.

Undoubtedly, investing in workers and the natural environment beyond compliance can yield substantial benefits for sub-suppliers and becomes even more pronounced when associated with concurrent investments aimed at enhancing product quality and complexity. However, substantial investments pose a challenge for sub-suppliers that often have limited resources and necessitate international buyers' support. We delve into this point below.

4.3.2 | Business strategy guidelines for international buyers

A predominant factor contributing to sub-supplier decoupling from sustainability compliance is the persistent issue of inadequate remuneration and financial uncertainty. Sub-suppliers operating in developing economies have limited resources, making it challenging for them to discern how investments in workers and environmental initiatives can translate into profitable outcomes. The situation is aggravated by the fact that many sub-suppliers are small and grapple with substantial upfront debts. In our view, international buyers bear a responsibility to directly support their sub-suppliers. This responsibility involves a commitment to fostering positive social and environmental change within the supply chain. Hence, acknowledging and rewarding sub-suppliers' social and environmental efforts, associated with facilitating learning opportunities, becomes paramount. Understanding sub-supplier CSP can help international buyers before establishing a commercial partnership.

As part of their initial risk assessment, procurement managers from international buyers may incorporate a requirement for sub-suppliers to disclose information revealing their CSP and subsequently their target markets. While obtaining such information is a critical step, it can be a daunting task as some sub-suppliers might be hesitant to disclose details about their commercial partners. However, this disclosure can help procurement managers to comprehend the risks associated with potential decoupling from sustainability compliance. This information aids in making informed decisions about initiating collaborations and in refining the future supply chain strategy, particularly in terms of mitigating market fragmentation among sub-suppliers. We contend that consolidating orders and minimizing fragmentation among sub-suppliers could be a useful strategic approach for international buyers to hedge against the risk of decoupling in developing economies' textile and garment supply chains. By reducing the number of partnering sub-suppliers, international buyers may enhance their ability to manage and influence sustainability compliance throughout the supply chain, fostering more stable and resilient relationships with sub-suppliers.

Although it is hardly possible to eliminate the risk of decoupling, many sub-suppliers base their decisions on sustainability compliance on the value they perceive from them. Consequently, our suggested approach is most effective when it complements existing monitoring and relationship-building investments. It remains essential for international buyers to recognize and reward sub-suppliers' social and environmental efforts. Providing opportunities for them to grow as commercial partners is vital for instigating positive changes upstream in supply chains.

5 | CONCLUSION

By focusing on the relevance of pressures, as outlined by MT-SSCM scholars (Miemczyk et al., 2012; Sayed et al., 2017), we introduced the concept of sub-supplier CSP and provided a continuum model. Our main contributions therefore lie in elucidating *how* target markets

exert pressures for sub-supplier sustainability compliance and why some sub-suppliers have varying inclinations to invest in sustainability compliance. However, our research has some caveats that also present an opportunity for future research.

By leveraging data from both sub-suppliers and exporting direct suppliers, our study provides valuable insights into the upstream pressures influencing sustainability compliance, aligning with the MT-SSCM literature (Hofmann et al., 2018; Nath et al., 2021; Nath & Eweje, 2021). Future researchers could endeavor to run a similar study by widening the sample size and including local direct suppliers. This broader approach has the potential to offer more nuanced insights into the pressures experienced by local direct suppliers and domestic buyers.

Moreover, our analysis is informed by qualitative evidence mostly collected from senior representatives. While qualitative studies support theory-building (Beach et al., 2001, p. 203), especially with less predictable phenomena like MT-SSCM research (Sarkis et al., 2019), they lack statistical inference. We encourage future researchers to collect quantitative data—for example, through surveys—and test those data on a wider sample of firms. This could help refine the boundaries of our conceptualization of sub-supplier CSP.

Finally, our study draws on evidence collected from the Pakistani textile and garment supply chain. This is a relevant context due to the social and environmental challenges (Baloch, 2022; Huynh, 2017) and its dual role in serving the international and domestic markets (Shaheen, 2022; Theuws et al., 2013). This makes it generalizable to the South Asian subcontinent primarily. Future research could yield insights by examining sub-supplier CSP in diverse supply chain contexts; this could be crucial to understand the presence of comparable coercive, competitive, and collaborative pressures and their implications for business strategy.

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CONFLICT OF INTEREST STATEMENT

We the authors confirm that there are no financial and personal relationships with other people or organizations that could have inappropriately influenced our work. We the authors also confirm that the paper does not include any conflict of interest and the senior representatives interviewed volunteered to disclose their knowledge.

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