


Chapter 14

Social Responsibility and Sustainability of Fast Fashion Retail Companies in the Textile Sector

Javier Sierra-Sánchez

Complutense University of Madrid, Spain

Luis Mañas-Viniegra

 <https://orcid.org/0000-0001-9129-5673>

Complutense University of Madrid, Spain

ABSTRACT

Social and environmental sustainability in the supply chain has been a major concern over the last decade as public opinion has placed responsibility on the shoulders of retail companies for their lack of control over suppliers that go beyond the first tier, which are usually located in emerging countries with regulations far below international standards. The objective of this research is to identify the variables through which retail companies are building their brand equity with a fast fashion business model in the textile sector. An analysis has been carried out regarding the content of annual reports, as well as CSR and sustainability reports, of the main retail companies in the textile sector: The TJX Companies, Inditex, and H&M. Inditex, the company with the highest level of compliance, can be identified and considered as a case study.

INTRODUCTION

From its very outset, the liberalisation of international trade was a true incentive for the textile industry, although it also implied an increase in competitiveness among companies, which until that time had been highly protected by government policies (Underhill, 1998). Together with liberalisation, the process of globalisation has allowed multinational companies in the textile sector to implement a system

DOI: 10.4018/978-1-7998-1859-5.ch014

of asymmetry and inequality among the countries where their headquarters are located and the developing countries where they have relocated their production. This situation is sometimes aggravated by corruption, which even simulates the appearance of being legal thanks to its adaptation to the existing loopholes in the legal system (Luque-González, 2018).

The development of excessive consumerism has contributed to this situation, as consumers for decades have been more interested in the compulsive acquisition of products and brands to the point where such purchases have become a leisure activity (Babin, Darden, & Griffin, 1994), and less concerned with the excesses concealed by the large multinationals in the sector (Stearns, 2017). In fact, it was the fast fashion trend of offering low-cost, speedy versions of *haute couture* designs presented in fashion catwalks that made this consumer boom more conspicuous (Hines & Bruce, 2007). This is the context within which the textile sector has promoted corporate social responsibility policies in recent decades with a commercial rather than ethical inclination, as these policies often hide abuses committed by the multinationals (Hodgson & Jiang, 2008).

In the last two decades, environmental awareness by consumers has been increasing, and as a result of the global economic crisis, both citizens and governments have increased pressure on textile companies to reduce their offshoring actions and avoid the creation of complex fiscal infrastructures designed to evade taxes in their countries of origin. The textile industry holds second place in the intensive use of water and emits 10% of all carbon dioxide emissions worldwide. Moreover, it is the second most polluting industry with poor waste management as well (European Commission, 2013). These environmental problems are present throughout the entire supply chain (Desore & Narula, 2017), so their effects are spreading on a global scale.

Fast fashion companies offering low-cost style and a wide variety of designs throughout the year are the companies that are most likely to experience these problems as a result of their unique activity as compared to other companies in the textile industry with higher positioning. Although consumers have welcomed the increase in low-price fashion with a high turnover of designs and clothing throughout the year, awareness of such abuses in the industry is rapidly increasing and textile companies have started to publish some indicators that offer greater transparency in the management of all of these controversial issues.

As if these problems were not enough, the lack of research on supply chain management in the textile industry must be mentioned (Bruce, Daly, & Towers, 2004), as well as an insufficient amount of investigation regarding the sustainability of retailing in the fashion industry (Yang, Song, & Tong, 2017), which is precisely where the link between production suppliers and final consumers is found (Ytterthus, Arnestad, & Lothe, 1999).

For all of the above-mentioned reasons, this research begins from the concept of corporate social responsibility as a competitive factor in the value chain of the textile industry that ranges from working conditions to social programmes, and to environmental impact as well (Guedes et al., 2017). Therefore, the following research questions have been drafted: What is the size of the main companies in the fast fashion sector within the textile industry? What is their involvement in international social responsibility and sustainability programmes? What indicators do they make public in these areas in relation to supply chain management? Is the information they provide consistent with a desire to improve the problems that affect the reputation of the sector? Are the results consistent with the inclusion of these companies in the main sustainability index (the Dow Jones Sustainability Index)? The starting hypothesis states that compliance by fast fashion companies in terms of corporate social responsibility and sustainability is faulty.

20 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:
www.igi-global.com/chapter/social-responsibility-and-sustainability-of-fast-fashion-retail-companies-in-the-textile-sector/245142

Related Content

Socio-Economic Sustainability in the Post-Pandemic Era: An Organizational Structural Framework for Reliability, Safety, and Deployment

José G. Vargas-Hernandez and Omar C. Vargas-González (2023). *Corporate Sustainability as a Tool for Improving Economic, Social, and Environmental Performance* (pp. 119-137).

www.irma-international.org/chapter/socio-economic-sustainability-in-the-post-pandemic-era/319698

Corporate Social, Environmental, and Governance Reporting and Firm's Characteristics: A Longitudinal Study of Banking Sector of Bangladesh

Md. Nazrul Islam, Mohammad Ashraful Ferdous Chowdhury, Mehedi Hasan Tuhin and Md. Masud Sarker (2019). *Corporate Social Responsibility: Concepts, Methodologies, Tools, and Applications* (pp. 697-721).

www.irma-international.org/chapter/corporate-social-environmental-and-governance-reporting-and-firms-characteristics/206984

An Exploratory Study About Corporate Governance and Integrated Reporting in the Mozambican Context: What Mozambique Has Done in Corporate Governance

Angélica Violeta Chiau and Graça Azevedo (2020). *Conceptual and Theoretical Approaches to Corporate Social Responsibility, Entrepreneurial Orientation, and Financial Performance* (pp. 214-226).

www.irma-international.org/chapter/an-exploratory-study-about-corporate-governance-and-integrated-reporting-in-the-mozambican-context/249963

Understanding Historical Background of Corporate Social Responsibility (CSR) and Realizing Social Media as a New Horizon in CSR Communication

Melis Kaytaz Yiit and Özge Kirezli (2022). *Research Anthology on Developing Socially Responsible Businesses* (pp. 67-86).

www.irma-international.org/chapter/understanding-historical-background-of-corporate-social-responsibility-csr-and-realizing-social-media-as-a-new-horizon-in-csr-communication/302262

Role of Corporate Social Responsibility Towards Green HRM in Selected Companies

Reshma Shrivastava, Imran Nadeem Siddiqui and Suresh Kumar Pattanayak (2023). *Intellectual Capital as a Precursor to Sustainable Corporate Social Responsibility* (pp. 200-213).

www.irma-international.org/chapter/role-of-corporate-social-responsibility-towards-green-hrm-in-selected-companies/316073