

## **Sustainability Impact on Corporate Reputation in the Fashion Industry. The Case of Spanish Brands**

**Paula Gárgoles Saes**

ISEM Fashion Business School, Spain

[paula.gargoles@isem.es](mailto:paula.gargoles@isem.es)

### **Abstract**

**Statement of the issue/problem, and the relevant background:** Sustainability is one of the most important external drivers for reputation at companies (Lozano, 2015). In fact, sustainability in business can help to enhance corporate and brand reputation (Gomez-Trujillo et al., 2020). Michelon (2011) finds that the companies that use sustainability disclosure have a greater degree of engagement and commitment with regard to their stakeholders, as well as having greater media exposure. However, it is not clear that they achieve a better financial performance.

Sustainability is linked with crisis management literature (Pearson and Clair, 1998; Sádaba and SanMiguel, 2014). According to some authors, sustainability is one factor that can be used to avoid crisis (Fombrun et al., 2000; Bebbington, Larrinaga and Moneva, 2008; Lozano, 2015) and accelerate the projection of a socially accountable image (Gray et al., 1995).

In relation to the fashion industry, academics highlight the fact that, nowadays, sustainability is strongly driven by the risk of damage to corporate image (Caniato et al., 2012; Giau et al., 2016). In fact, NGO's such as Greenpeace are applying different initiatives to boycott all companies that do not publicly report their green and social achievements and commitments (Du et al., 2010).

Sustainability within the fashion industry represents a huge challenge in each of the three dimensions. Otherwise, this industry is highly fragmented, with many actors involved (Clarke-Sather and Cobb, 2019). Today production requires one of the most complex global networks and supply chains (Mejías *et al.*, 2019). It is well-known that the fashion industry is the second

most polluting industry in the world, after the oil industry, and it is one of the industries that has received the greatest degree of public attention (Caniato *et al.*, 2012).

Therefore, the fashion industry is characterized by the use of outsourcing and delocalization strategies for production activities. For these reasons, the development of a more conscious way of conducting business begins with improvements in workers' conditions (Turker and Altuntas, 2014; Lueg *et al.*, 2015; Mair; Druckman and Jackson, 2019), effectively strengthening human rights protection: avoidance of child labour and ensuring workers' welfare.

However, the social dimension within the fashion industry is still one of the most difficult challenges, due to the complexity of the supply chain and the cultural differences that can be found across different countries throughout the world (Clarke-Sather and Cobb, 2019).

Consequently, sustainability and reputation work as a strategy to build the reputation of the brand or corporation. In this sense, corporate sustainability is increasingly being better integrated into company culture and firm activities and "offers the potential to be more encompassing, both in terms of the company system (including operations, strategy, organisational systems, etc.), and in terms of stakeholders: internal and external, as well as social and environmental" (Lozano, 2015, p. 42).

The question proposed in this paper is if sustainability in fashion brands has an impact on the corporate reputation for the real customer. This study measures the impact of sustainability on corporate reputation in 10 Spanish fashion brands.

**Description of how the issue/problem is approached, methodology:** Data for this study was collected through an online survey approach with 500 Spanish consumers using the *Partial Least Squares (PLS)* quantitative technique through SmartPLS v.3.2.7 software (Ringle *et al.*, 2015).

**Summary findings, conclusions and implications for theory and practice:** Sustainability has no impact on the reputation of the Spanish fashion brands based on the negative evaluations as to whether a company was socially responsible or concerned about enhancing well-being within society. Many of the brands analysed for this paper carry out campaigns of this kind,

therefor one possible explanation might be that consumers were not aware of the campaigns. Nevertheless, the question as to whether the company acts in a responsible manner with regard to the environment did elicit a favourable evaluation.

The research shows that the implications on the social dimension and the positive impact on the society should be at the forefront of the company identity. In addition, this should subsequently be communicated to consumers. The best way in which consumers can perceive the value of Sustainability of a company is through direct communication of the company's actions in this matter.

A fashion brand could apply the above in the following aspects: how and where their clothing is manufactured; the working conditions provided for those who make the clothing; the materials that are used and how the company makes decisions to minimise its impact on the environment.

**Originality/value:** To the best of the authors' knowledge, this study is one of the first research papers that measure the impact of Sustainability on Corporate Reputation in the Spanish consumers. The originality of this paper lies in the fact that it focuses on ten Spanish Fashion Brands.

**Keywords:** Corporate Reputation, Fashion Industry, Sustainability, Spanish Fashion Brands, PLS

**Paper type:** Research paper

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