SUSTAINABLE DEVELOPMENT IN THE INDONESIAN TEXTILE INDUSTRY
— A QUALITATIVE STUDY OF DRIVERS AND BARRIERS MET BY BRAND MANUFACTURERS

Examensarbete - Kandidat
Företagsekonomi

Malin Johansson
Malin Karlsson
Matilda Ranweg

2019.1.14

TEXTILHÖGSKOLAN
HÖGSKOLAN I BORÅS
Acknowledgement

We wish to sincerely thank the participating individuals making this study possible; the respondents and other helpful local contacts who not only patiently answered our questions, but also provided us with useful information and contacts while being generous about their time. They also showed kindness and openness, while directing great interest and support for our study following their own personal devotion in sustainability issues. Lastly we would also like to direct a special thank you to our mentor Olga Chkanikova, providing us with many useful tools and guidance throughout our thesis.

Borås 2019-06-05

__________________________________________________________________________
Malin Johansson                                  Malin Karlsson

__________________________________________________________________________
Matilda Ranweg
**English title:** Sustainable development in the Indonesian textile industry - A qualitative study of drivers and barriers met by brand manufacturers.

**Year of publishing:** 2019

**Authors:** Malin Johansson, Malin Karlsson & Matilda Ranweg

**Mentor:** Olga Chkanikova

**Abstract**

Today's textile industry is developing and all the more companies are starting to focus on sustainability issues, as demands from society rapidly increases. The aim of this study is therefore to identify what pressures are put on companies within the textile sector in Indonesia from both internal and external stakeholders. Through this, an identification of drivers and barriers that are met while working with sustainable development is defined.

Research on sustainability within Indonesia's textile sector is today very limited. Because of this, a qualitative design with semi-structured interviews with brand manufacturers active within the Indonesian market has been conducted. The chosen method was found to be best suited to obtain a deep understanding of the actual situation in a short period of time. The study is based on three companies, all located in Bali where the interviews also took place.

Results indicate that brand manufacturers in Indonesia do not experience any pressures from stakeholders. However, when working with sustainable development there are drivers and barriers that has an impact of these initiatives. The respondents all shared a personal interest and devotion in sustainability matters but experience great difficulties working effectively to develop in these areas, given the state of the Indonesian textile industry today.

**Keywords:** textile industry, sustainable development, drivers, barriers, stakeholder pressure, Indonesia.
# Table of content

1 Introduction  
- 1.1 Background  
- 1.2 Definitions  
- 1.2.1 Sustainable development  
- 1.2.2 Brand manufacturer  
- 1.2.3 Fast fashion vs. slow fashion  
- 1.3 Textile industry in Indonesia  
- 1.4 Presentation of research problem  
- 1.5 Purpose and research questions  
- 1.6 Limitations  

2 Theoretical framework  
- 2.1 Stakeholder Theory  
- 2.1.1 Corporate Environmental Responsibility  
- 2.2 Classification of drivers and barriers  

3 Methodology  
- 3.1 Structure of the study  
- 3.2 Scope and selection of informants  
- 3.3 Reliability and validity  

4 Qualitative content analysis  
- 4.1 Regulatory factors  
- 4.2 Resource factors  
- 4.3 Market factors  
- 4.4 Social factors  

5 Empirical findings and analysis  
- 5.1 Regulatory factors  
- 5.2 Resource factors  
- 5.3 Market factors  
- 5.4 Social factors  

6 Discussion  

7 Conclusions  
- 7.1 What pressures related to environmental sustainable development do brand manufacturers experience from their stakeholders?  
- 7.2 What drivers and barriers do these companies face while working with environmental sustainability in their business operations?  

8 References  

Appendix I - Abbreviations  
Appendix II - Interview guide
1 Introduction

The introductory chapter features an elaborate description of the background of the study, leading up to the research problem identified by the authors. Through this, a purpose and two research questions has been formulated. Important terms has also been defined in order to accommodate the reader, and limitations to the research design are lastly identified.

1.1 Background

Sustainability has become an important part of our society and the demands on companies to integrate sustainability into their strategies and supply chains have increased. With ever-growing competition and pressure from consumers, those firms who do not follow risk being opted out and losing market shares (Przychodzen & Przychodzen 2013; Oelze 2017). Natural resources are becoming increasingly scarce and even more so in developing countries in Asia. One of the most affected resources is fresh water, which accounts for only 3% of the world's total water resources (United Nations (UN) n.d.a). Aside from the need for fresh water such as drinking water, for hygienic use or within the ecosystem, there is still an excessive water use in the industry, driving the already alarming low resources to their limits (Kumar & Pavithra 2019). UN (2019) describes the textile industry as the second most environmentally harmful industries in the world. The textile industry consumes extensive amounts of freshwater and chemicals while polluting water and air, and creating industrial waste (Panigrahi & Rao, 2018). With the phenomenon of fast-fashion the clothing industry has grown unhindered and has doubled between 2000 and 2014 (UN 2019).

Confirmation of the need for a global change in attitudes and actions of sustainable development can be found in the extensive work conducted by the UN over the past 40 years. Stockholm Conference in 1972 was as a turning point in environmental international politics as it was the first major conference focusing on environmental issues on an international level (UN n.d.b). The Stockholm conference was followed by the Brundtland Report, officially named “Our Common Future”, which defined sustainable development as “development that meets the need of the present without compromising the ability of future generations to meet their own needs” (World Commission on Environment and Development (WCED) 1987, p. 38). This lead on to Agenda 21 and the Sustainable Development Goals (SDGs) that has put more pressure on companies within the membership countries to focus on sustainable development (UN n.d.b).

Many companies today commit to taking more responsibility and contribute to sustainable development, as the pressure from corporate internal and external stakeholders makes it a matter of business survival (Weber & Marley 2012). Number twelve of the SDG’s touches the industrial aspect of sustainability and aims to - ”Ensure sustainable consumption and production patterns”, which encourages companies to work in more sustainable ways (UN n.d.b). To define and explain the different sustainability activities performed within the textile industry, one can use four regions called “the four R’s”; Replace fast fashion, Reduce resource input, Redirect global vs local and Rethink from whom (Klepp 2015). Transparency is a major factor that is required within the 12th SDG and according to McKinsey Global
Fashion Index (2018) something that customers are starting to require. Sustainable consumption is a hard angel for companies to adapt since it also includes less consumption which could lead to less revenue.

1.2 Definitions

1.2.1 Sustainable Development

As mentioned above, sustainable development was defined by WCED (1987 p. 38) as “development that meets the need of the present without compromising the ability of future generations to meet their own needs”. With this as a base the authors in this study will use the concept as a term for improving environmental sustainability within a company and its supply chain.

1.2.2 Brand manufacturer

Brand manufacturer is a term used throughout the study, embodying and defining the group of companies we have chosen to target and research. These are companies that manufacture their own products and sell these under their own label through their own channels. Common for all brand manufacturers participating in the empirical data collection is their relatively small size and operations within the Indonesian market.

1.2.3 Fast fashion vs. slow fashion

Fast fashion is defined by Hall (2018) as the ability in which fashion companies can react to trends and meet consumer needs rapidly, while still providing low price points. Within fast fashion it is vital to have a fast and responsive supply chain. It is not uncommon to have lead time that is as short as two weeks, from new design to the product being in the store (Hall 2018). It is argued that fast fashion stimulates mass consumption and therefore the movement of slow fashion formed as a response. Slow fashion is further explained by Hall (2018) to promote for example small scale production, traditional production techniques, season-less designs and slower production times to increase the focus on quality and durable products. The purpose of the slow fashion movement is to encourage less consumption and therefore less waste (Hall 2018).

1.3 Textile industry in Indonesia

Indonesia consists of more than 17 000 islands and is after China the country with the most extensive problems with waste globally, particularly in the ocean (En Lee, 2018). The country’s textile and apparel industry is further one of the world’s largest in its sector and export mostly to countries like Japan, US, Singapore and China (Globalis 2013). In Indonesia it is one of the most important industries, according to the Indonesian Textile Association (API) (2017) it contributed with 1.2% to the Indonesian gross domestic product (GDP) with exports valued at $12.28 billion or 8.2% of the country’s total export value in 2015. This
makes the country one of the world's leading textile exporters (World Trade Organization (WTO) n.d). Indonesia is essentially not a self-producing country when it comes to textile fibres, the cotton is mostly imported from the US, Australia and India (Indonesia Investment 2016). Although there is local production of cotton, it is preferred to import cotton following a risk of shortage in domestic raw materials, while foreign cotton is also considered to be of better quality (ibid). Production of man-made fibers such as Polyester, Nylon and Rayon does also occur (Jakarta Globe 2018). The local industry is more about the craftsmanship where the raw materials are spun, woven, knitted and/or dyed and then exported to large fashion companies all around the world.

The textile industry is concentrated near the capital city Jakarta in the western end of Java Island, but central and eastern Java are becoming increasingly important for the industry as well. Yarn commodities and fabrics are the main textile export goods of Central Java (Ikasari & Ngatindriatun 2016) and the production of these goods has become a governmental priority since the infrastructure, the availability of energy and skilled labor in the area is good (Indonesia’s Investment Coordinating Board 2011). It also showed in 2009 that central Java’s textile industry sector had 718 business units that were able to absorb more than 150 000 workers and produced an output of Rp 30.531 billions while the apparel sector in the same year had 913 business units that absorb about 95 000 workers and produced an output of Rp 9.35 billions (Ikasari & Ngatindriatun 2016). Except for yarn och fabrics, the island of Java is also well-known for Batik, which is the Javanese designation of the technique where a part of the fabric is reserved by adding for example wax before the coloring process creating a wide range of patterns in different colors.

Since the late 1990s, when Indonesia was severely affected by the Asian financial crisis, the country has slowly but surely stabilized and recovered. Today, the nation is Southeast Asia's largest economy, which attracts investors with a large consumer market, rich natural resources and political stability (The Swedish Institute of International Affairs (SIIA) 2016). Indonesia is a member of many different organizations that facilitates and creates good relationships with other countries around the world; UN, Association of Southeast Asian Nations (ASEAN), Asia-Pacific Economic Cooperation (APEC) and the Group of Twenty (G20) being the one’s related to the textile sector. The country is one of the founding nations of ASEAN established in 1967 (ASEAN n.d.). The aim and purpose of ASEAN is to accelerate the economic growth, social progress and cultural development (ibid). The 21 members of APEC are often referred to as economies rather than nations, since the cooperative process is predominantly concerned with trade and economic issues. The organization was established in 1989 to leverage the growing interdependence of the Asia-Pacific and the aim is to create greater prosperity for the people of the region (APEC n.d.). This is achieved by promoting balanced, inclusive, sustainable, innovative and secure growth and by accelerating regional economic integration (ibid). G20 is the premier forum for its members’ international economic cooperation and decision-making. Its membership comprises 19 countries plus the European Union (G20 n.d). The G20 started in 1999 as a meeting of Finance Ministers and Central Bank Governors in the aftermath of the Asian financial crisis which hit Indonesia pretty bad. In 2008, the first G20 Leaders’ Summit was held, and the group played a key role in responding to the global financial crisis. Its decisive and coordinated actions boosted consumer and business confidence and supported the first stages of economic recovery (ibid).
1.4 Presentation of research problem

As described in the background, it is clear that the textile industry is one of the world’s most polluting industries (UN 2019; Diabat, Kannan, & Mathiyazhagan 2014) with an extensive impact on our environment through its high water- and energy consumption, chemical use as well as numerous harmful shipments (Panigrahi & Rao 2018). It has also been made evident that the stakeholder demand for greater sustainability focus and transparency is increasing (Diabat, Kannan, & Mathiyazhagan 2014; Panigrahi & Rao 2018; Stindt 2017). Research show these pressures are even more widely-spread in industries and companies with high public visibility, such as the textile and apparel industry and more specifically fashion brands (Caniato, Caridi, Crippa & Moretto 2012; Seuring, Sarkis, Müller & Rao 2008).

Furthermore, as consumers get increasingly aware that the impact lies not only in the final product or even on the company selling it to them, but also in its entire supply chain, the strains and demands for improvement grows (Caniato, Caridi, Crippa & Moretto 2012; Oelze 2017; Seuring et al. 2008). This has forced the textile industry worldwide to initiate change, with the launch of an increasing amount of sustainability initiatives focusing on the entire supply chain (Broega, Jordão & Martins 2017). Supply chain sustainability performance is argued to be a critical competitive tool in order to manage risks, ensure brand equities and prevent decreased sales (Seuring et al. 2008).

A predominant part of the world’s textile export originates from manufacturing countries in Asia, where China and India are the leading producing countries (WTO n.d.). The common factor for most of these countries is that they are developing countries with limited resources. Limitations exists in the form of financial restrictions but there are also often limitations to the knowledge and/or technology that is required to adjust and improve the processes and managerial concepts used and applied, from an environmental point of view (Kumar & Pavithra 2019). We chose to focus our study towards the textile industry in Indonesia, which is one of the world’s ten largest exporters of clothing (WTO n.d.). Since previous research in this specific geographical area is limited, this study will contribute to filling the existing research gap.

1.5 Purpose and research questions

Given the importance of Indonesia as a major producer and exporter of textiles in the world, this study aims to advance the understanding of what drives and hinders national textile brand manufacturers to engage in environmental sustainability. Additional focus will be directed towards identifying perceived stakeholder pressures in matters of sustainable development. In order to achieve this purpose, the following research questions has been formulated:

- What pressures related to environmental sustainable development do brand manufacturers experience from their stakeholders?
- What drivers and barriers do these companies face while working with environmental sustainability in their business operations?
1.6 Limitations

With regard to time and resource limits the social aspects of sustainability has not been taken into consideration in our study, the focus is merely environmental and financial. We have also chosen to target brand manufacturers within the textile sector as the research object, because of their high visibility to the public. All companies are located in Bali, Indonesia and each respondent choosing to participate did so following a personal interest in the study and sustainability matters in general.
2 Theoretical framework

In this section we will present the theoretical instruments chosen for this study, giving a short background and explanation to the different theories and framework. The theoretical framework chosen is Stakeholder Theory and a classification of drivers and barriers in a corporate environment as suggested by Hoffman (2000). The authors has also chosen to involve a subsection discussion Stakeholder Theory from a Corporate Environmental Responsibility angle.

2.1 Stakeholder Theory

The traditional definition of a stakeholder is “any group or individual who can affect or is affected by the achievement of the organization’s objectives” (Freeman 1984, p. 46). There is a more recent and more quoted definition of a stakeholder also stated by Freeman “A stakeholder of a corporation is an individual or a group which either; is harmed by, or benefits from, the corporation; or whose rights can be violated, or have to be respected by the corporation” (Crane & Matten 2007: 58). As the stakeholders may be affected by actions, decisions, policies or practices from companies, these stakeholders may in return have an impact on companies actions, decisions, policies or practices. It can be described as a two-way interaction or an exchange of influence. It is not only the owner/owners of an organization that creates goals, the stakeholders also have different goals and tools to achieve them (Bakka, Fivelsdal & Lindkvist 2006). The stakeholder theory is used in contexts when companies wants to draw attention to all involved actors in the event of a change within the organization. In this way, more thoughts are involved, which creates greater involvement (Astrakan 2016). It has become a way of highlighting areas to work with. The theory involves identifying the stakeholders and someone or something that is affected by the business (Egels 2003). In recent years, the use of the stakeholder model has increased, this because of increased interest in ethical issues.

The most common way to differentiate stakeholders is to classify their relationship with the organization. There are clear relationships between different stakeholders and the key stakeholder groups are customers, employees, local communities, suppliers and distributors as well as shareholders (Friedman 2006). Friedman (2006) defines additional stakeholders as the media, the public in general, business partners, future generations, past generations (founders of organizations), academics, competitors, Non-governmental organizations (NGO) or activists, stakeholder representatives, stakeholder representatives such as trade unions or trade associations of suppliers or distributors, financiers (dept holders, bondholders, creditors), competitors, government, regulators, policymakers.

2.1.1 Corporate Environmental Responsibility (CER)

Globally, corporate responsibility has become imperative for businesses (KPMG International 2011). Research conducted by Deegan (2002) shows that 95% of 250 studied global firms have reported their corporate social and environmental activities. However, applying Corporate Environmental Responsibility (CER) in businesses is voluntary and varied for companies in developing countries (Deegan 2002). Author Hasnas (1998) mean that
companies report voluntary environmental information to show the society their accountability, while Friedman (1962) argues there are economical advantages for companies engaging in CER. By voluntary publishing environmental information there is also a chance for the company to improve its reputation (Deegan & Carroll 1993). CER can moreover be a device for companies to manage specific stakeholder groups when environmental management becomes an essential priority for these (Deegan 2008). As ethical investments increase in the capital market, companies can provide environmental information to attract more ethical investment funds (ibid). Pressures emanating from stakeholders as well as aiming to meet their interests and needs (Eiadat, Kelly, Roche & Eyadat 2008) have significantly contributed to an increased environmental performance of companies (Smith 2003).

2.2 Classification of drivers and barriers

When a company is implementing strategies there are factors that affect their ability and willingness to work with sustainable development. Research show that using an institutional analytic approach to reach understanding of the core of corporate environmental responsibility is of great relevance (Hoffman 2000; Campbell 2006). Furthermore, Hoffman (2000) argues that the corporate external environment socially constructs and defines the supply chain sustainability agenda rather than constructed by the company itself. By analysing the institutional environment of firm’s, Hoffman (2000) proposes a categorisation of four groups of factors that has an impact on the sustainability agenda in the corporate environment. These are regulatory, resource, market and social factors, which all have been specified according to “the type of pressure exerted” (Hoffman 2000, p.24).

![Diagram](image)

**Figure 1.** A model of drivers and barriers for corporate supply chain responsibility, based on the classification of institutional factors suggested by Hoffman (2000) and developed by Chkanikova & Mont (2015).

The regulatory factors are originated from national and international government forces with pressures on both forced and voluntary policies (Hoffman 2000). The resource factors derives from shareholders, suppliers and investors which include both tangible resources such as financial and material ones, as well as intangible assets such as the reputation of the company and their knowledge (ibid). The market factors include demand and competition from customers and competitors and other norms set by other industrial associations or
service-providers. Values and pressures of the community from the society, NGO’s, media, academia and courts are examples of social factors (ibid). These four categories together include several internal as well as external stakeholders and contributes to a variety of drivers and barriers for retailers to take into consideration when attempting sustainable development. The model provides clarification of a company’s sustainability practising institutional area through not only its corporate values and mindset, but also socially through the company’s external field of crucial factors. The following section outlines identified drivers and barriers brand manufacturers in Indonesia come across while performing sustainability work within their supply chains, based on the literature review carried out on both academic and industry-relevant sources.
3 Methodology

The following chapter gives a detailed overview of the methodology and overall structure chosen for this study, as well as the motifs for it, as discussed by the authors with regard to literature by Bryman and Bell (2011). Two subareas, Scope and selection of informants and Reliability and validity, has further been discussed to give a deeper insight to the preparations and overall planning forthcoming the execution of the research.

3.1 Structure of the study

The aim of this study is to investigate pressures connected to sustainable development between brand manufacturers and their stakeholders, in order to define drivers and barriers. According to Bryman and Bell (2011 p. 386) qualitative methods are mainly used to create an understanding of the social world by examining how it is perceived by the participants. Thus is this found to be a suiting approach to answer the defined research questions and fulfil the purpose. The study is based on a theoretical framework consisting of Stakeholder theory, CER and Classification of drivers and barriers. These have been clarified in the theory section above. The theoretical framework was considered necessary in order to be able, in a credible manner, to achieve the desired understanding of what previous research has come to terms with. Further, it was also of importance to interpret and code the data that was to be collected. With the theoretical framework as a base a qualitative content analysis of Indonesia’s textile industry was developed. As described by Bryman and Bell (2011 p. 560) themes were sought for and extracted out of documents from organisations and governments, to form an understanding of how the industry is communicated by and perceived from external stakeholders. In order to validate the facts and conclusions from the articles and documents, and obtain a reliable data on perceived pressures, the collection of empirical material was done through semi-structured interviews.

An interview guide was prepared in advance and as recommended by Bryman and Bell (2011 p. 473) left with room for follow up questions and possibility for the respondent to speak freely. The guide was formed to cover the following areas; information about the respondent, information about the company and their strategy and market, their view on sustainable development within the company as well as generally in Indonesia and lastly what kind of drivers and barriers they are experiencing with sustainable development within the company and generally in Indonesia (Appendix 1). The interviews was held at locations chosen by the respondents, located in different areas around Bali. A consistency in being flexible and determine a time and place that suited the respondents was aimed for. The interviews lasted for approximately one hour and every interview was recorded and later transcribed to facilitate the analysis and coding of the data. Transcribing is time consuming but found to be necessary to capture all the information that is given (Bryman & Bell 2011 pp. 482-483).

The analysing of the collected data has been done through a thematic analysis with a deductive approach. In a thematic analysis the researchers analyse the materials with the aim of finding themes that connects the data (Bryman & Bell 2011 p. 572). As Bryman and Bell (2011 p. 11) describes a deductive approach is when on the grounds of already established theories conclusions from the research is drawn. In this study the classification of drivers and
barriers established by Hoffman (2000) is used as the base for the thematic analysis where the collected data has been categorized into the given themes.

### 3.2 Scope and selection of informants

The collected data is drawn from three companies, where the number of participants varied from one to two per interview. For this study it was decided to interview brand manufacturers in Bali, Indonesia. 40 different brand manufacturers were reached out to in the area and the three companies that were interviewed were those who was willing to participate. Their willingness to engage in the study was based on a personal interest and passion for sustainable development. The companies were found through internet research over brand manufacturers located in Bali and with manufacturing in Indonesia. With this as a base the targeted companies were selected purposively and not randomly (Bryman & Bell 2011 pp. 491-492).

Individuals within the company who manage or had insight into the relationships aimed to investigate was interviewed, in order to obtain relevant information that would benefit the study's purpose. Two of the respondents were both founders and CEO’s of their company and the third respondent was the head of design within the company. The companies are working with different ranges of textile products such as yoga wear, diving and surfing apparel as well as bags and accessories which gave a broad perspective into the challenges they experience. The fact that the participating companies were focused on sustainable development gave a depth to the answers given. It also provided good insight to the different perspectives of what the general view on sustainability in Indonesia looks like.

What motivates the choice of Indonesia is the authors collectively noticing many local brands and stores that are selling sustainable products, while visiting the country in 2018. Despite Bali only having a few textile factories there is a lot of brands and small shops opening up in typical tourist areas. Many of these small shops and brands have recognized the problem with textile waste and concentrates on only producing sustainable products. This lead to reflecting on how pressures from stakeholders affects sustainable development-related initiatives for local brands in Indonesia. The country is also one of the most highly populated in the world where almost one out of ten live under the limit for poverty, which measures up to 25,9 million people in total (World Bank, n.d.). Although cities are growing and an increasing number of people are leaving the rural areas, the industrial development is in decline and many still live under primitive conditions with lack of proper housing and drinking water (Britannica, n.d.).

### 3.3 Reliability and validity

Bryman and Bell (2011 pp. 394-395) describes that reliability and validity is important criterias for evaluating the quality of a quantitative study and that it is debated if it is applicable for a qualitative study. However a method for adapting these concepts within qualitative research is presented by Bryman and Bell (ibid) and will be used in this study. Reliability is described as a way of evaluating to what degree the study can be replicated, which is said to be a difficult criteria for qualitative researchers since it is impossible to recreate a social setting to its fullest (ibid). In this study it can be argued that it is possible to
achieve a degree of replicability by setting out to do similar interviews with similar companies in the same geographical area. There is of course a risk that situations have changed due to, for example, laws or regulations being implemented. In this case that need to be taken into consideration when analysing and comparing to this study. Another aspect of reliability is to which extent the researchers have interpreted the collected data in the same way (ibid). By discussing the data together throughout the study the authors have ensured interpretations are aligned.

Validity refers to if the researcher is actually observing and identifying what it is intended and also if the findings can be generalized (ibid). In order to ensure that the research made for this study was in line with the purpose the authors have as previously mentioned conducted interviews based on an interview guide. This interview guide has been discussed and thoroughly formed to ensure the validity of the study. Due to the number of interviews and the limitation to one specific geographical location, reliable generalizations cannot be drawn for our entire chosen population, the Indonesian textile industry. Through the representative selection of respondents, conclusions will be drawn that apply to brand manufacturers in Bali. The conclusions drawn will instead form the basis for future research on the population. In order for credible conclusions to be drawn for the entire Indonesian textile industry, a further developed qualitative study with a larger number of respondents will be necessary.
4 Qualitative content analysis

The following chapter consists of a qualitative content analysis performed to investigate the current state of the Indonesian textile industry, as described and communicated by organisational and governmental documents and statements as well as literature of relevance. The analysis was furthermore based on the theoretical framework presented earlier in the study, and therefore divided into four subheadings according to Hoffman’s (2000) model of drivers and barriers for corporate supply chain responsibility; Regulatory factors, Resource factors, Market factors and Social factors.

4.1 Regulatory factors

Domestic legislation, international regulations and policies are all examples of regulatory factors that pressures companies to implement sustainability strategies into their business. These drivers are in Indonesia mainly made up of different national constitutions such as energy and waste regulations or the Indonesian Constitution (Indonesian Center for Environmental Law (ICEL) 2008), as well as global directives such as the UN Declaration of Human Rights. Indonesia's most critical environmental threats include both pollution and destruction, through high exploitation of natural resources following the density of population and urbanization (ibid). According to a report conducted by ICEL (2008) in collaboration with the Ministry of Environment (MoE) many rivers are unstable as a source of drinking water, the air quality is alarmingly low due to pollution from transportation and industry and the amount of garbage in bigger cities has increased extensively.

Moreover, the country suffers deforestation and as a result of environmentally destructive fishing, coral mining and terrestrial pollution as much as 90% of its coral reefs has been damaged or destroyed during the last years (ibid). Thousands of regulations and legislations has been introduced and subsequently classified into five different categories; General Environmental Legislation (GEL), Sector Environmental Legislation (SEL), Ratified Environmental Convention (REC), Provincial Environmental Legislation (PEL) and Local Environmental Legislation (LEL) (ibid). According to Global Business Guide (2014), Indonesian textile companies have been fast to align themselves with multiple different international industry standards by making the necessary investments to achieve certifications such as ISO 9001, while gaining recognition for a growing sustainable and environmentally friendly production. This is said to have enabled the market to attract leading global fashion brands by assurances of quality, best practices and quick response (ibid). In December 2015, the government launched a voluntary sustainability standard for the textile industry called Standar Industri Hijau (SIH) or Green Industrial Standard (GIS) with the aim to develop sustainable production by minimizing the use of raw materials, energy, water and reducing production waste and emissions in order to improve the competitiveness of the Indonesian textile industry in global markets (Ministry of Industry 2015).

Sajjad, Eweje & Tappe (2015) mentions insufficient or inadequate government support as one of the major barriers to the implementation of a sustainable management strategy. Moreover, companies within the textile industry are commonly only required to reach a minimum level of compliance in environment regulations (Oelze 2017). Although actions in the form of laws and regulations to control Indonesia’s environmental impact exists, the nation struggles to
fulfill compliance in practise (ICEL 2008). According to the report, only 49% of companies evaluated in the country’s industrial public disclosure program, PROPER, between 2003 and 2004 were assessed as compliant (ibid). Within the area of wastewater performance during January to June 2007, where the textile industry has been defined by MoE as one with high polluting potential, only 39.7% of the companies complied (ibid). The report points out weak or limited authority as well as overlapping authority primarily related to environmental crime as key challenges for Indonesia’s work towards sustainable development (ibid).

Another emerging problem for the prospect of a greater sustainability focus in the Indonesian textile industry is the increase of Chinese imports since the ASEAN China Free Trade Agreement (ACFTA) which was introduced in 2010 (Global Business Guide, 2017; Indonesia Investment 2016). This in combination with the revocation of an Indonesian trade regulation concerning the “Provisions of Textile and Textile Product Imports” has resulted in imported textile products being 25% cheaper than locally purchased goods, bringing the utilisation rate of domestic yarn, polyester and fabric industry to drop below 50% (ibid).

### 4.2 Resource factors

Economic optimization such as downsizing operational costs and generating greater financial returns, together with business risk management are stakeholder demands that many retailers and brand manufacturers need to strive to meet, which all can be important drivers to implement sustainability strategies (Ytterhus, Arnestad & Lothe 1999; Sajjad, Eweje & Tappe 2015). A lot of smaller supplying companies also feel obliged to respond to environmental threats to maintain business following pressures from larger customers (ibid). Przychodzen & Przychodzen (2013) claims corporate sustainability is strongly connected to stock returns and growth of revenue, all while having a diminishing effect on stock return volatility. The authors also find that investments in companies with a sustainability focus ensures higher returns for shareholders during peak periods but also decreases losses in case of a stock market crash (ibid).

The Indonesian textile and apparel sector suffers from other major drawbacks that separates them further from competitors with greater market shares. A majority of the machinery and techniques used are dated and inefficient and calls for extensive investments to bring up to date (Global Business Guide 2017; Kuncoro 2013). Indonesia is furthermore highly dependent on importing raw materials following the lack of local resources, making material procurement a subject of risk for affliction of fluctuating global rates. Almost all of the raw cotton (99.2%) used comes from other countries such as the US, Brazil and Australia and close to 80% of other raw materials such as dye, yarn and silke are imported, usually from China (Global Business Guide 2017). Kuncoro (2013) describes the Indonesian textile industry as divided into two sub-sectors; the traditional sector and the modern sector. The traditional sector utilises local raw material and processes such as tropical plants and natural dyeing processes, but is usually labor-intensive and has thus remained mainly a domestic industry (ibid). The modern, industrialized sector has over the past few decades grown to become a significant global source for textiles, however it remains a technological profile in decline and extensive improvements in productivity are necessary to compete (ibid).
Studies also show a lack of support and commitment from senior management inhibits successful integration of sustainability initiatives into the business (Oelze 2017; Pagell & Wu 2009; Sajjad, Eweje & Tappe 2015). Oelze (2017) furthermore argue that, due to financial limitations or lack of prioritization in environmental issues, smaller firms may endure additional hinderance compared to a larger company. Inadequate management skills or a lack of training and knowledge are also pointed out as internal barriers (ibid). Issues that may occur in the buyer-supplier relationship are suppliers’ absence of understanding as a result of poor or vague communication, but also cultural differences (ibid). Apart from many sustainability initiatives requiring extensive investments or greater knowledge and experience, Oelze (2017) also highlights that these requests usually are considered by suppliers merely as additional costs and disruptive of their conventional operations.

### 4.3 Market factors

Oelze (2017) states that a corporate culture overall supportive of sustainability and an existing environmental mission as well as engaged employees are recognized drivers to work in a sustainable manner within a supply chain. Further enabling these initiatives is information sharing and technological as well as logistical integration between members of the supply chain, which in turn may lead to a greater understanding of suppliers’ processes and thereby decrease the need for audits (ibid). A lack of trust and transparency between the brand manufacturer and supplier or other external stakeholder could have an obstructive effect on sustainability management activities, which indicates long-term relationships to be generally favourable (ibid).

Another important market factor is the increasing consumer attention and demand for transparency and sustainability, which recently began transforming from being an activity companies perform somewhat perfunctory into an all the more essential component for a successful business (McKinsey Global Fashion Index 2018). Many argue the shift in consumer focus has to do with younger generations extended concern in social and environmental issues, where nine out of ten of the so called Generation Z believe companies have a responsibility to address environmental as well as social matters (ibid). As mentioned, companies that fail to integrate sustainability into their business will fall behind and lose market shares (Przychodzen & Przychodzen 2013; Oelze 2017), as well as the prospect of acquiring new generations as consumers (McKinsey Global Fashion Index 2018). In contrast to the rise of the conscious consumers, the concept of fast fashion and the price-sensitive shoppers with a considerably lower interest for sustainable products is still prevalently present (Oelze 2017). Without sufficient pressure from customers, it becomes increasingly difficult to motivate directing financial actions towards sustainable initiatives (Carrington, Neville & Whitwell 2014).

### 4.4 Social factors

Pressures from active NGO movements pointing out environmentally related issues are important driving forces for sustainability management implementation (Sharfman, Shaft & Anex 2009). Documentary films such as The True Cost (2015) and A Plastic Ocean (2016) both direct their focus towards areas within sustainability that Indonesia struggles with, which
may induce bad publicity. The country’s textile and garment sector plays an important role in employment opportunities, especially for women as they are the majority of workers in the industry (Sudrajat 2018). Indonesia’s garment sector is classified as competitive and strong, and is ranked among the ten biggest garment supplier countries in the world making the industry a significant contributor to the country’s wealth (ibid). Competition between manufacturers and suppliers globally is extensive, following the aim to expand export market share and economic growth but also create more job opportunities (ibid). The important part is that the dynamism will lead to better-quality jobs with decent wages, since the textile industry’s wages remain low (ibid). According to International Labour Organization (ILO) (2016) the average wages is less than $200 a month in Indonesia.

Brand image and reputation are also factors that can drive sustainable development, given the increasing level of pressure for sustainability involvement that market participants in the textile sector are under (Oelze 2017). Andersen & Skjoett-Larsen (2009) mean that a company’s deficiencies in sustainability management could have a negative impact of its brand value and reputation. Further, Sajjad, Eweje & Tappe (2015) explains that activities seen as faulty in the eye of the public, and engaged in by any member of the supply chain, can infect the brand image of the company. Contrarily, companies can improve brand value through active response to sustainability issues (Heikkurinen 2010). There is yet another aspect of brand image from a sustainability point of view; companies engaging in these practises face the risk of being perceived as hypocritical or to be accused of greenwashing (Oelze, 2017; McKinsey Global Fashion Index 2018). Customers are doubtlessly one of the most influential stakeholder groups with the power to affect companies’ performance by favouring alternatively boycotting brands depending on if they fulfill their values (McKinsey Global Fashion Index 2018; Collins, Steg & Koning 2007).

The textile industry is as mentioned an important source of income in Indonesia and currently employs close to three million people, despite this it only made up 1.21% of the country’s GDP in 2015, which indicates an opportunity for improvement (Global Business Guide, 2017). The potential has been realised by the Indonesian government that since 2015 has implemented several policies with the aim to foster the industry further, as well as direct focus towards sustainable development (ibid). There are however a number of obstructive circumstances to the regeneration and expansion of the Indonesian textile and apparel industry, especially given the sustainability aspects (ibid). These include a lack of competitiveness, expensive and ineffective operations, local regulative hindrances and inadequate promotion (ibid).
5 Empirical findings and analysis

In the second chapter, Theoretical framework, we introduced Hoffman’s (2000) four categories of factors with an impact on the sustainability agenda in the retail industry. The different factors are divided by both external and internal stakeholders who in some way generates drivers and barriers for a company working with sustainable development. This section will introduce the empirical data collected from the researched brand manufacturers.

5.1 Regulatory factors

All of the respondents stated that they experience the government focus and overall priority in sustainable development within the domestic textile sector as non-existing. This is furthermore also perceived, by the respondents, as the main regulatory barrier. There are no regulations or legislations that encourage textile companies to take initiatives in sustainable development, according to the interviewees. Respondent 1 (2019) answered shortly if there was any regulations within the textile industry “In my industry? No”. This corresponds to findings in previous literature where Sajjad, Eweje & Tappe (2015) mention that insufficient or inadequate support from the government is a major barrier for companies looking to implement sustainable management strategies. However, Respondent 2A and Respondent 3 confirms that there are different kinds of laws concerning environmental issues on a more general basis, but compliance is low and none of the regulations are specific for the textile industry and its activities and processes. These ideas go hand in hand with the conclusions ICEL (2008) made concerning Indonesian law enforcement and lack of compliance within the textile sector. As Deegan (2002) also point out, applying CER in businesses is voluntary and the level of implementation varies greatly for companies in developing countries, causing not enough pressures to be put on companies’ sustainability performance. There are already existing standards such as GIS that are voluntary to comply with, the risk is however that a lot of companies choose to overlook these since it is not a coercion.

5.2 Resource factors

Since all companies participating in the study were small brand manufacturers, the interviewees were either owners and thereby their own shareholders and bosses, or holding some sort of manager role. Neither of the respondents perceived any pressures from external parties, such as shareholders, as there were none. “Honestly, we have the freedom to do whatever. If we had investors, or if we had made a major investment and had an urge to get a return on that investment, that would be a completely different story”, said Respondent 2A (2019). The interviewees expressed very similar beliefs on encouraging factors, all stating that the main drivers for them are their own personal values and mindsets. Further, all participants claim to strive to work to continually develop their sustainability focus, however concentrating on one initiative at a time since they believe that taking on a too wide array of focus areas parallelly would instead risk compromising the agenda. Respondent 2A (2019) describes their sustainability point of view as such; “To me it is important to be transparent about what you are doing and what you are not doing. To be honest, and I think that the more transparent we are the better. So like, yes we can do that and no we are working on that, so once we can do it we will do it”. The respondent 2A and 3 also argue that a sustainability
initiative must be fully integrated into the business before one can move on to the next area of focus. This must, according to respondent 2A, be controlled and followed up continuously as achieving something that is completely sustainable is a great challenge.

Expenditures are always a weighty reason for companies to choose to adopt (or not adopt) a certain strategy or to work in a certain manner. Respondent 3 pointed out that costs increase along with applying sustainability initiatives in the supply chain, which affects the final price and may in extension have an impact on the lasting of the brand. Smaller firms may experience bigger barriers in comparison to a larger company, due to financial limitations or a lack of priority put in environmental issues (Oelze 2017). However, according to several previous studies, downsizing operational costs and generating greater financial returns as well as managing business risks are all stakeholder demands that a brand manufacturers has to strive to meet, which all can be important drivers to work towards sustainable development (Ytterhus, Arnestad & Lothe 1999; Sajjad, Eweje & Tappe 2015). Indonesia is not a self-sustaining country within the sector, since most raw materials within the textile industry is imported, which constitutes yet another area requiring improvement from a sustainable point of view. Two of the interviewees, Respondent 2A and Respondent 3, mentioned that the current lack of in-country resources and the scarce availability of these is a barrier. The availability is furthermore typically linked to the final price which in this case, given a shortage in supply, is met by higher prices compared to imported raw material. These statements are further confirmed by numbers presented by Indonesia Investment (2016) and Global Business Guide (2017), both stating that a vast majority of raw materials are imported following a risk of shortage in domestic raw materials and since foreign cotton often is considered to be of better quality.

The respondents hope that the government will start prioritising and supporting manufacturing of textile fibers nationally, since it would benefit local textile companies and motivate them to produce products made from nearby-sourced, more sustainable materials. It is also mentioned that machinery and technology in Indonesia is lagging behind in comparison to other competing countries in Asia which also is stated in previous research (Global Business Guide 2017; Kuncoro 2013). An advantage, which most likely could be a future driver, that was brought up during one of the interviews is the spread of traditional textile processes in the country. One of the respondents, Respondent 3, argue that by utilizing local raw material and processes such as tropical plants and natural dyeing, the supply chain could be more sustainable. Kuncoro (2013) further emphasizes the presence of an extensive traditional sector of the industry, however the author underlines that this type of procedures are labor-intensive, giving them a financial disadvantage compared to more modern methods.

5.3 Market factors

In this case, since all participating companies were small businesses with few outsourcing activities, they all said to frequently perform their own audits to control that all operations follow the agreed standards. It was stated that control of the supply chain and the actors within it was facilitated given the fact that the respondents mostly use the same partners and produce small batches, which helps yielding a good overview of the supply chain and outsourcing partners. All of the respondents stated they prefer long-term relationships with their suppliers, which contributes to good communication and a stronger relationship - helping
the supplier understand the buying company’s core values and mindset. Respondent 1 (2019) phrased it like this; “For me to bring on a new manufacturer means going through an onboarding process which would be setting the standards, making sure the standards are in place, that it is a commitment to comply with not packing in plastic for example, so for me to bring on a new supplier there is some onboarding process”. A long term relationship can help increase trust and transparency between the parties, which could benefit sustainability management activities (Oelze 2017). Oelze (2017) also claim that a corporate culture with employees that support and engages in an overall sustainable mindset is a driver to further incorporate sustainability in the supply chain. All of the respondents also mentioned that to understand sustainability you have to understand the processes and the practises. Further, it is of relevance to mention the participating companies’ way of approaching sustainability itself as a driver. Their focus and aim to build long-term relationships is likely to lead to a deeper understanding of their outsourcing activities and its processes and thereby gaining trust to implement sustainable initiatives further, as explained by Oelze (2017). There is a lack of knowledge and experience concerning sustainability within the Indonesian population and throughout the textile industry, which aggravates the ability to realize what type of choices are right and what are wrong from an environmental point of view.

The brand had decided on the use of bags made from cassava as a substitute for ordinary plastic bags. At first, it sounded like a good idea given the reduction of plastic consumption. However, cassava bags turned out to be generally difficult to degrade and those that are theoretically compostable require high temperatures and frequent rotation of an industrial composting facility, which are resources Indonesia do not have. In the literature is Oelze (2017) further points out that inadequate management skills or lack of knowledge is included as internal barriers for companies. Unfortunately, none of the respondents said to experience any pressures from customers to work more sustainable. One of the interviewed even explained it as such: “No. I put the pressure on them. It is the other way around. I mean I would actually love it if a customer came in and said this and this... I would probably stand up and give them a huge hug.” (Respondent 1 2019). Another of the interviewees explained that many consumers are tourists who mainly are in the search for bargains and not exclusive sustainable products while abroad, especially in developing countries. The only interviewee that brought up customers as a driver to work in a sustainable manner explain that the customers did not demand any specific materials or put pressures on them to work more sustainable. She explained her customers as caring and close to the environment but not demanding it that way. Another angle on this is competition with similar brands on the market. There was some stated concerns about losing customers when requesting higher prices for their products because of the implementation of sustainable practices. Oelze (2017) mention in the literature that no matter how conscious consumers are, there interest for sustainable products is still low.

Even though each individual interviewed company has their own responsibility to work towards better environmentally initiatives, they feel that it is more difficult to reach out and make a statement. The first company we interviewed said: “I think the drivers of the improvements need to be the big brands, I can do it with my business but I am not that big. Adidas, Nikes, Reebok, Marks and Spencer, H&M, Zara... All of these big brands are the ones who need to be actually setting the standard.” (Respondent 1 2019). All respondents also brought up the importance of bigger global fashion brands and the importance of them taking their responsibility given their great impact of the global industry.
5.4 Social factors

Fast fashion is a hot topic globally and something many companies within the industry have started to work to resist. All of the interviewees explain that they solely work with slow fashion, only producing what will be sold. Focus is lay on design and quality that will last. Two of the respondents, Respondent 2A and Respondent 3, say they focus on quality and endless designs. None of the interviewees considers upcoming trends and underline that if they were to produce greater quantities, it would not be sustainable since it will not be sold.

The implementation of sustainability initiatives in the textile industry depends largely on the response and participation of consumers (McKinsey Global Fashion Index 2018). One of the main barriers for the researched brand manufacturers is according to them insufficient consumer interest and awareness of sustainability issues. This notion is further sustained by both McKinsey Global Fashion Index (2018) and Collins, Steg and Koning (2007), stating that the customers are indeed one of the most important and influential stakeholder groups, with a lot of power to put demand on companies’ performance. However, in Indonesia sustainability is not a priority for textile consumers, nor for the government or the society in whole. Respondents explain Indonesia is considered by tourists and western countries in general to be an inexpensive country for shopping, where prices should remain low. The bargain culture is an attracting factor for tourists to choose Indonesia, returning home with bargains from typical Indonesian markets has become a part of the experience.

The textile industry and the major role it plays in some developing countries is a global issue, gaining all the more attention the more sustainability becomes an overall priority. However companies, governments, media, NGOs and the society in whole all have different values and views on how textile actors should work for a better world. Stakeholder groups direct their focus on different areas, some focus on social aspects such as good working conditions and other on environmental aspects like how the water consumption be reduced, some have a more financial point of view. Because of different perceptions of paramount issues, the respondents mean that it is hard for brands to satisfy them all. All of the respondents have different sustainability focuses and way of working with these, but they are all experiencing it hard to keep up since they cannot do it all at once, and instead have to focus on what they find to be most critical to begin with.
6 Discussion

In order to summarize the results from the empirical data collection in combination with the qualitative content analysis performed, this chapter aims to through the authors establishing thoughts extend a clear image of the outcome of the study. The main affecting factors and pressures found are briefly mentioned along with suggestions for further research and some finalizing reflections.

Our empirical findings corresponds to many of the drivers and barriers mentioned in the qualitative content analysis conducted. Main drivers perceived by the respondents as well as mentioned in relevant sources of literature are identified as personal values and mindsets of company management, concerning sustainability issues, and long-term relationships with outsourcing partners creating trust and transparency (Oelze 2017). The respondents all explained that since they do not experience any pressure from external stakeholder groups, such as customers or the government, their own aim and determination to run a more sustainable business is essential. Obtaining and sustaining good, preferably long-term relationships with outsourcing partners facilitates companies by creating an understanding for the processes and people behind each product as well as shapes incentives to find new solutions suitable for the ultimate agenda. Furthermore, some possible future driving factors has been recognized, such as enhanced national legislation specifically targeting the overall industry or textile industry, increased consumer demand for sustainable products and greater governmental focus on local raw material production and traditional manufacturing processes.

Several barriers for sustainable development within the textile industry was discovered in both the analysed literature as well as the interviews. It is therefore supposable to mention low governmental priority (Sajjad, Eweje & Tappe 2015), insufficiency in funds (Kumar & Pavithra 2019; Oelze 2017), lack of education and knowledge (Kumar & Pavithra 2019; Oelze 2017), consumer demand absence (Carrington, Neville & Whitwell 2014), scarce raw material resources (Global Business Guide 2017), poor and outdated machinery and technology (Kumar & Pavithra 2019) as barriers for brand manufacturers based in Indonesia. According to the interviewees and the results from the qualitative content analysis, there are no perceived pressures deriving from the government in form of environmental regulations or legislations, specifically applied for the textile industry. However, since both waste and energy consumption are major environmental issues within the industry (Panigrahi & Rao 2018), these areas are seen as two of the greatest obstacles within sustainable development for Indonesian companies. One could therefore argue that introducing national constitutions restricting energy and waste consumption, could reflect a positive effect on actors’ sustainability work. There is in other words a possibility of this kind of regulatory factors instead becoming a driver for brands, if the government would aim greater focus and apply stricter pressures towards sustainable development on the textile industry.

Further, it has also been made clear that products produced in a sustainable manner force prices to increase, especially in Indonesia given the current lack of local raw material and overall societal knowledge and interest in sustainability issues. Another barrier with regard to the company size was identified by the interviewees. Since the respondents represent small, local businesses with low or nonexistent public visibility in a global perspective, it is difficult for them to make a statement that would have a true impact on the industry. All respondents
emphasizes the fact that large international corporatives, such as H&M and Zara, must take action and lead by example stating a sustainability model for other companies to take after. Some affecting factors observed throughout the qualitative content analysis was not brought up in the empirical data gathered. For instance, the respondents did not address sustainability-focused NGO movements as a driving force.

According to previous research, customers are one of the most influential stakeholder groups with the power to affect company performance by avoiding brands that does not fulfill their current needs and demands (McKinsey Global Fashion Index 2018; Collins, Steg & Koning 2007). Brand image and reputation are also factors that can drive and motivate companies to work with sustainable development, given an increasing level of pressure for sustainability involvement within the textile sector (Oelze 2017). Sajjad, Eweje & Tappe (2015) explains further that activities seen as negative and unethical by consumers affects the brand image of the company. However, in contrast to the rise of the conscious consumers, the interest for sustainable products is still low (Oelze 2017). Therefore, the primary challenge is to find a way to raise consumer awareness, but in proactive strategies to create an interest of sustainable products and increase the availability for the future. The empirical findings also indicates a lack of understanding and knowledge in sustainability matters within the local Indonesian community, further contributing to the low consumer demand for sustainable products in the area.

To overcome the major barriers and stimulate implementation of sustainability activities there are several governmental efforts that could be of convenience. One suggestion is through subsidies, visible or hidden. A visible subsidy is a direct contribution from the state and a hidden subsidy may be an exception to paying tax or similar. Overall we believe the government needs to direct a greater focus towards this matter, and support sustainable production. The discovered barriers mentioned; for example lack of regulations and legislation as well as lack of raw material resources to engage suppliers to improve their sustainability performance, implies that in some cases brand manufacturers have limited capability to influence sustainability in supplier practices. According to the empirical findings, there are no pressures put on the brand manufacturers within the textile industry in Indonesia today. There are currently foremost voluntary standards such as GIS with the purpose to develop sustainable production within the country (Ministry of Industry 2015).

Unfortunately, these measures appear insufficient given the low priority of environmental matters in industries. Another recommendation is therefore applying greater focus in existing environmental laws towards the textile industry and to a greater extent control the level of compliance. The laws already cover areas that are included in the sector indirectly, such as pollution and destructions, but given the size and impact of the textile industry the requirement for stricter legislation increases. Lastly, another suggestion includes knowledge, education and the overall view on sustainability within the country. Today, teaching as well as learning about sustainability is not a priority, which complicates and slows down the development. The Indonesian population needs to be endorsed to realize the importance of environmental sustainability in order to develop, improve and utilize local material, people, processes and knowledge.

This paper provides a systematised overview of drivers and barriers, based on stakeholder pressures, to launch and continuously work with sustainability initiatives with a primary focus on Indonesian brand manufacturers. It contributes to the existing body of academic literature by Hoffman’s framework where development of taxonomy of drivers and barriers based on
regulatory, resource, market and social factors has been analysed for the upstream and
downstream effect of sustainable initiatives. It has also contributed to partly filling the
existing research gap within the chosen geographical and academic area, through the
empirical evidence of drivers and barriers perceived by brand manufacturers in Indonesia that
was gathered. Further research could however be suggested to be performed on a greater
geographical area or by researching other actors within the industry, for a broader point of
view more generalizable for the sector in whole.
7 Conclusions

The final chapter concludes the paper by ultimately answering the two research questions initially formulated, as an extension of the study’s purpose. This was accomplishable following the previous chapter where the empirical results were discussed, questioned and finally motivated.

7.1 What pressures related to environmental sustainable development do brand manufacturers experience from their stakeholders?

The conclusions drawn from the data collected through interviews and the qualitative content analysis illustrates that brand manufacturers in Indonesia face a number of structural challenges to develop their sustainability work and associated outsourcing processes. The lack of pressures complicates and challenges textile actors in Indonesia to work towards production of more sustainable products. It is unlikely to expect actions to be made as long as the support of government is perceived as non-existing, since it in parallel is claimed essential for companies legitimacy and power to include sustainability initiatives in their supply chains. There was furthermore no pressures found from investors or shareholders as the researched companies are all small, privately-owned businesses. The customers, who in most previous literature is mentioned as one of the most important stakeholder group to take into account, unfortunately had no requirements or demands for sustainability work either. The only pressures mentioned by the interviewees came from internal actors, such as the management or themselves. With their own strong beliefs and values as a starting-point, the companies all tried very hard to apply their own pressures towards their ability to work sustainable, to be able to develop with small means and to contribute to work for a more sustainable production.

7.2 What drivers and barriers do these companies face while working with environmental sustainability in their business operations?

The greatest barriers was found to be the lack of governmental support, scarce local raw material resources as well as insufficient and inadequate knowledge and education. Indonesia is substantially lagging behind its competitors and the level of education is low in general, but even lower looking at from a sustainability point of view. National legislation with the incentive to regulate and control the industry, in order to pressure but also encourage companies to take action is perceived to be necessary.

The main drivers that was discovered are the company management and employee’s personal mindsets, values, beliefs and hopes within the sustainability issue. The interviewees all claimed to see a lot of potential and possibilities to develop Indonesia’s general view on sustainability. The foremost driving factors to do so are stated to be; developing as well as maintaining long and transparent relationships with outsourcing partners, to educate, set demands and patiently work together with suppliers and other external parties and thereby increasing the awareness of the matter.
8 References


World Bank (n.d.). *The World Bank in Indonesia - Overview*


Appendix I

Abbreviations

ACFTA - China Free Trade Agreement
ASEAN - Association of Southeast Asian Nations
APEC - Asia-Pacific Economic Cooperation
API - Indonesian Textile Association
CER - Corporate Environmental Responsibility
G20 - Group of Twenty
GDP - Gross domestic product
GEL - General Environmental Legislation
GIS - Green Industrial Standard
UN - United Nations
ICEL - Indonesian Center for Environmental Law
ILO - International Labour Organization
ISO - International Organization for Standardization
LEL - Local Environmental Legislation
NGO - Non-governmental organizations
MoE - Ministry of Environment
PEL - Provincial Environmental Legislation
REC - Ratified Environmental Convention
SEL - Sector Environmental Legislation
SDGs - Sustainable Development Goals
SIIA - The Swedish Institute of International Affairs
SIH - Standar Industri Hijau
WCED - World Commission on Environment and Development
WTO - World Trade Organizations
Appendix II

Interview guide

Respondent
Can you shortly tell us about yourself and your role in the company?

Company
Can you tell us more about the background of the company?
- Size/number of employees
- Functions/roles within the company?

Can you tell us about your supply chain?
- Outsourcing?
  - What sustainable requirements do you put on your outsourcing partner?
    - Code of Conduct?
    - Motivations to meet requirements?
    - Controlling the requirements are met? Own audits? External audit?

How would you describe your target market?
- Age
- Gender
- Income
- Geography
- Special interests

Sustainable development
What sustainability related work do you perform within the company and its supply chain?
- Role/function focused on sustainability?
- Would you say that it is something you prioritize?

Drivers
What drives you to work with sustainability issues in the supply chain?
- What do you perceive as the major driver?
- What opportunities do you recognize for further development of sustainability in your company?

Barriers
From your point of view, which are the main barriers for sustainability work within your supply chain?
- What do you do to overcome these barriers?

What type of support do you need in order to drive further sustainability improvements in the supply chain?

Stakeholder relations and pressures
What actors would you describe as critical stakeholders for your company?
- To whose demands do you need to attend?

Do you experience any sustainability pressures from these stakeholders?
- If yes: What stakeholders do you experience most pressure from?
- Do you have any specific examples of what these pressures looks like?
- What sort of pressures do you define as the most critical to attend to and to incorporate into your business? (e.g. sense of urgency, legitimacy of stakeholders’ pressure, perceived stakeholders’ power)

Do you experience pressure from stakeholder which prevents/challenges you to work with sustainability issues in the supply chain?
- If yes: Do you have any specific examples of what these pressures looks like?

Do you feel that sometimes stakeholders’ pressure for sustainability are contradictory?
- If yes: Do you have any specific examples of these?
- Can you elaborate/explain how you deal with this situation of contradictory stakeholders’ pressures?

**Indonesian textile industry**

In your perspective, are sustainability improvements one of the focus areas in the Indonesian textile industry?
- If yes: Since when has it become a focus area and why?

What drivers and opportunities for further focus/work on sustainability issues do you recognise within the textile industry in Indonesia?

In your perspective, which are the main barriers for sustainability work in the Indonesian textile industry?