

One size does not fit all:

A qualitative research on how mid-size companies in the garment industry deal with possible challenges regarding bargaining power in the supply chain when implementing environmental initiatives

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1. Introduction

The garment industry is a highly pollutive industry, due to the use of natural resources and hazardous chemicals (de Brito, Carbone, & Blanquart, 2008). As a result, buying companies in the garment industry feel increasing pressure from stakeholders to engage in environmental initiatives (Kleindorfer, Singhal, & Wassenhove, 2009). However, since the most pollutive activities take place upstream in the supply chain, the impact of the environmental initiatives is the highest when implemented throughout the whole supply chain (Alay, Duran, & Korlu, 2016). Therefore, buying companies engage in environmental sustainable supply chain management.

Environmental sustainable supply chain management is not merely a reaction to legislation anymore. Buying companies engage in environmentally sustainable supply chain management in order to gain competitive advantage over companies that merely comply with environmental legislation (Handfield, Walton, Seegers, & Melnyk, 1997). Most often the companies that are able to make this shift from compliance to voluntary sustainable supply chain management, are large buying companies with high profit and many resources (Oelze, 2017). They are able to raise the level of the debate and standards of environmental sustainability within the industry (Cousins, Lamming, & Bowen, 2004).

Mid-size companies, however, in order to survive in the industry, must also comply with the set standards of environmental sustainability. The European Commission defines a mid-sized company as “enterprises that employ fewer than 250 persons and either have an annual turnover that does not exceed EUR 50 million, or an annual balance sheet not exceeding EUR 43 million” (European Commission, 2015, p. 11). The process in which middle-size companies in the garment industry implement environmental activities into their supply chain is different from that of large multinational companies in the same industry because organizational characteristics of mid-size companies can influence the way in which environmental activities are implemented (Baumann-Pauly, Wickert, Spence, & Scherer, 2013).

Because of their size, mid-size buying companies often have less resources than large buying companies. Resources “include all of the financial, physical, human, and organizational assets used by a firm to develop, manufacture, and deliver products or services to its customers” (Barney, 1995, p. 50). A relatively low amount of resources results in a relatively low amount of bargaining power (Crook & Combs, 2007; Touboulic, Chicksand, & Walker, 2014). This is especially important, because bargaining power has been identified as an effective way to

pressure suppliers to implement the desired environmental initiatives (Touboulic et al., 2014). As a result, implementing environmental initiatives into the supply chain might be a challenge for mid-size buying companies. They might go through another process than their large competitors when implementing environmental initiatives into the supply chain. In order to provide insight in this process, the research question of this study is:

How do mid-size buying companies in the garment industry deal with possible challenges regarding their bargaining power in the supply chain when implementing environmental initiatives?

This research question requires insight in both the challenges of mid-size companies in the garment regarding their bargaining power in the supply chain when implementing environmental initiatives and the way they deal with these challenges. Therefore, a multiple case study at two mid-size buying companies in the Netherlands will be conducted. Through interviews and document analysis, data on the different challenges that these companies face regarding their bargaining power when implementing environmental initiatives into their supply chain and how they deal with these will be collected. This data will be analyzed using an inductive approach. The goal of this study is to create a better understanding in the process mid-size buying companies in the garment industry go through when implementing environmental initiatives, by providing insight in the different challenges regarding their bargaining power and how they deal with these when implementing environmental initiatives into the supply chain.

This study is relevant both from a theoretical and a practical standpoint. Theoretically, it will contribute to the discussion of environmental sustainable supply chain management, and in particular the role of bargaining power in this discussion in multiple ways. The focus of sustainable supply chain management in the garment industry has mostly been on the social issues that exist within supply chains (de Brito et al., 2008; Oelze, 2017; Pullman, Maloni, & Carter, 2009). However, understanding how companies address environmental issues seems at least equally important given that the garment industry is facing multiple challenges related to environmental issues, such as the extraction of natural resources and the amount of pollution during the production process (Allwood, Laursen, Rodríguez, & Bocken, 2006; de Brito et al., 2008).

Besides, most research on environmental sustainable supply chain management has focused on large multinational buying companies, which have many resources and can therefore more easily implement environmental activities into their supply chain (Andersen, Lindgreen, & Skjoett-Larsen, 2009). However, mid-size buying companies have to live up to the standards that these large multinational buying companies set for them in order to survive within the garment industry (Cousins et al., 2004). It is therefore important to understand how these companies implement environmental sustainability into their supply chain as well. This study will thus contribute to the discussion environmental sustainable supply chain management, by focusing specifically on environmental sustainability within mid-size companies in the garment industry.

From a practical standpoint the insights of this study will help mid-size companies to gain more competitive advantage by developing guidance in implementing new environmental initiatives into their supply chain. More specifically, the findings of this study will contribute to the knowledge of managers in companies that are responsible for the sustainability of their supply chain, such as CSR managers. These managers can use the insights of this study to identify certain challenges regarding their bargaining power in the supply chain when implementing environmental initiatives and finding ways to deal with these challenges. Moreover, the findings of this study will also provide useful insight for sustainability multi-stakeholder initiatives in the garment industry, such as the Agreement on Sustainable Garment and Textile, as they can offer more specific measures for their mid-size members to implement environmental activities in their supply chain.

This thesis proceeds as follows: In chapter 2, the relevant literature on environmental initiatives, bargaining power and ways for dealing with low bargaining power will be discussed. In chapter 3, the methodology section will further describe the methodological choices which underly this study. In chapter 4, the findings of the analysis will be discussed. In chapter 5, the discussion section provides insight in the interpretation of the findings compared to the current literature, practical implications and the limitation of this study with some recommendations for future research. Finally, in chapter 6, this study will be summarized in the conclusion.

2. Theoretical background

This study focuses on how mid-size buying companies in the garment industry deal with possible challenges regarding their bargaining power in the supply chain when implementing environmental initiatives. In order to answer this question, a closer look must be taken at the different environmental initiatives that buying companies implement in their supply chain and why this is important. Cooperation between buying companies and their suppliers is necessary in implementing these environmental initiatives into the supply chain. Therefore, buying companies need bargaining power over their supplier (Touboulic et al., 2014). Bargaining power is the product of the dependency relationship between the buying company and the supplier (Crook & Combs, 2007), and finds its basis in the Resource Dependency Theory (Sarkis, Zhu, & Lai, 2011). Therefore, the second part of this chapter will discuss this dependency relationship between buying companies and their supplier and why mid-size buying companies have a lower amount of bargaining power than large buying companies. Previous literature has focused on establishing a long-term relationship with the suppliers as a way of dealing with this low amount of bargaining power. The third part of this chapter will discuss different ways to establish such a relationship and how this might compensate for the low bargaining power of mid-size companies (Morrissey & Pittaway, 2016), as well as the role supplier development in implementing environmental initiatives for mid-size companies.

2.1. Environmental initiatives

In this paragraph, environmental sustainable supply chain management in the garment industry will be further discussed. First, the background of environmental sustainable supply chain management will be provided and why this is an important aspect for the garment industry to engage in. Then, different environmental initiatives that have been identified in the existing literature will be discussed.

2.1.1. Environmental sustainable supply chain management

Buying companies feel pressure from their customers to engage in environmental initiatives. Due to a growing concern about the limitation of the planet's resources, stakeholders pressure buying companies to take into account the environmental issues by reducing their use of natural resources and hazardous chemicals in their production (Kleindorfer et al., 2009). To reduce the footprint and to enhance sustainable strategies with a focus on people, profit and planet, fashion retailers engage themselves in sustainable supply chain management. Sustainable supply chain

management is “the management of material and information flows as well as cooperation among companies along the supply chain while taking goals from all three dimensions of sustainable development, i.e. economic, environmental and social, and stakeholder requirements into account” (Seuring, Sarkis, Müller, & Rao, 2008, p. 1545).

In current literature, the focus has mostly been on sustainability as a whole, including both the social and the environmental aspects of sustainability (Alvarez, Pilbeam, & Wilding, 2010; de Brito et al., 2008; Gold, Seuring, & Beske, 2009; Oelze, 2017; Oelze, Hoejmose, Habisch, & Millington, 2016; Pagell & Wu, 2009), especially within studies focusing on the garment industry (de Brito et al., 2008; Oelze, 2017). These studies have first and foremost addressed the social issues (Pullman et al., 2009), despite the fact that the ecological footprint of companies in the garment industry is relatively big due to the use of natural resources and hazardous chemicals in the production process (de Brito et al., 2008). At the same time, high competition forces companies to reduce the production costs as much as possible (de Brito et al., 2008). A constant flow of natural resources must be extracted to meet the constant demand for clothing from the consumers (Gardetti & Torres, 2017). Related to this extraction are the depletion of fossil fuels, the high amounts of waste, the use of toxic chemicals or the diminishing of water reservoirs (Allwood et al., 2006).

The constant extraction of natural resources relates to the characteristics of the garment industry in general. The garment industry is a highly fast moving industry, because fashion changes constantly. The supply of clothes in the stores mostly changes every season (Gardetti & Torres, 2017). The margins are low and the competition is high (Bremer & Udovich, 2001). As a result, companies have to produce large volumes within a short amount of time.

Due to globalization and the outsourcing of activities by companies, the scope of environmental sustainable supply chain management has been shifted to the supply chain (Grimm, Hofstetter, & Sarkis, 2014; Seuring et al., 2008). The supply chain in the garment industry is highly complex, due the extensive production process of turning fabrics into garments, which is accompanied by a lot of sub-contracting (Gardetti & Torres, 2017). Highly pollutive processes of the production of garments take place in multiple steps in the supply chain. For example, the production of cotton causes pollution by the heavy use of pesticides and energy during the pre-treatment scouring as well as during the finishing processes (Alay et al., 2016). Therefore, to make a difference towards a more environmental sustainable garment industry, the environmental issues on all supply chain levels should be tackled.

2.1.2. Environmental initiatives

To tackle these environmental issues on all supply chain levels, companies can implement environmental initiatives in the supply chain with the goal to reduce pollution in the production process of garments. Multiple environmental initiatives have been described in literature that aim for a more environmental sustainable garment industry. A distinction can be made between environmental activities regarding the product, the process and the logistics (Pesonen, 2001; Waage et al., 2005). Related to the product itself, initiatives entail: reducing material use and mass, recycling of the product or minimization of embodied energy (Waage et al., 2005). In addition, studies show that not only the production, but also the use and disposal of the product in the value chain are important aspects in which environmental initiatives can be considered, also called life-cycle thinking (Pesonen, 2001), such as inventory of data or impact of materials and products after disposal (Hervani, Helms, & Sarkis, 2005). The process of the production can also be subject to environmental improvements, such as minimizing the use of hazardous chemicals (Pesonen, 2001; Waage et al., 2005) or using renewable energy (Waage et al., 2005). Multiple sustainable fabrics such as lyocell or polylactic acid fibers are produced with a less pollutive process than for example the process of producing cotton or polyester (Alay et al., 2016). Finally, logistics is an important aspect in which waste can be eliminated. The concept logistics include three aspects, which are transportation, inventory management and information flow (Dey, Guiffrida, LaGuardia, & Srinivasan, 2011). An example to reduce waste in a company's logistics is to replace large vehicles with smaller, fuel efficient vehicles. Also the routing can be organized more efficiently, the inventory levels can be reduced and efficient information systems can be put in place (Dey et al., 2011).

The pressure to engage in environmental initiatives is especially high for buying companies. Suppliers, as business to business companies, do not feel the same direct pressure from customers to engage in environmental initiatives (Hoejmose, Brammer, & Millington, 2012). Therefore, buying companies have more urgency to critically look at the environmental aspects in their supply chain. However, in order for buying companies to address the environmental issues in their supply chain, they need their suppliers to cooperate in the desired environmental initiatives. Therefore, buying companies need to be able to put some pressure on their suppliers in order to achieve the implementation of the desired environmental initiatives (Touboulic et al., 2014).

2.2. Bargaining power

In this paragraph, the dependency relationship between a buying company and its supplier will be explained using the Resource Dependence Theory. This theory can serve as an explanation for the difference in bargaining power between mid-size buying companies and large buying companies. Bargaining power is essential for putting pressure on the supplier with the aim of implementing the described environmental initiatives in the supply chain.

The ability of buying companies to pressure their suppliers to implement environmental initiatives, expresses itself in bargaining power (Crane et al., 2009). The concept of bargaining power has its basis in the Resource Dependence Theory. “Resource dependence theory (RDT) suggests that, in the supply chain, member firms should be dependent and collaborate to seek higher performance gains in the long-run instead of pursuing short-term benefits at the expense of others” (Sarkis et al., 2011, p. 8). Because companies have a limited amount of resources, external dependency relationships are built in order to achieve their goals (Lo, Zhang, Wang, & Zhao, 2018), for example with their suppliers. Therefore, resources cause dependencies within the supply chain (Crook & Combs, 2007).

In this dependency relationship, one party depends on the other party in reaching a certain goal. Therefore, he will be able to control or influence the other party’s attempt to reach this goal (Emerson, 1962). The ability to control or influence another party’s actions is defined as power (Maloni & Benton, 2000). Power is thus implicit in the dependency relationship between two or more parties (Emerson, 1962). Put differently: “Firms have power to the degree that others depend on them for resources” (Crook & Combs, 2007, p. 548). Thus, the more the supplier is dependent on the resources of the buying company, the more power the buying company has over its supplier. Therefore, the supplier should in some way be dependent on the buying company, in order for the buying company to execute bargaining power over the supplier to implement environmental activities (Awaysheh, van Donk, & Klassen, 2010; Bowen, Cousins, Lamming, & Farukt, 2009).

Additionally, the characteristics of the resources can also determine the amount of bargaining power. According to Pfeffer & Salancik (2003), resources that are important and concentrated to a few players are more likely to create dependency and therefore, bargaining power. Importance refers to the relative magnitude and the criticality of the resources. The relative magnitude is the proportion of inputs or outputs of a transaction and the criticality of the resource refers to the ability to function without the resource. In addition, the concentration of the resource refers to the possibility to access the resource from additional sources (Pfeffer

& Salancik, 2003). In line with this theory, suppliers in the garment industry are more dependent on buying companies when relative high amounts of orders are placed by buying companies. The degree of bargaining power of the buying company over their suppliers is strongly related to the order volume (Crook & Combs, 2007; Lane & Probert, 2006). Consequently, the dependency of suppliers on buying companies increase when the amount of buying companies decrease. So large buying companies benefit from large orders at their suppliers and taking up a large part of their overall amount of sales. Mid-size companies are often not able to meet these demands. Therefore, mid-size buying companies' resources are often more limited than those of large buying companies.

So, as a result of having limited resources, mid-size buying companies have low bargaining power compared to large buying companies in the garment industry (Stonkutė, 2015), as mid-size companies do not place as many orders at their suppliers as large buying companies. As a result, large buying companies have more bargaining power due to the fact that their suppliers are more dependent on the large buying companies. (González, Sarkis, & Adenso-Díaz, 2008). Therefore, mid-size companies have less bargaining power over their suppliers.

Besides, the garment industry is in its essence an example of a buyer-driven industry. These industries are characterized by an emphasize on large multinational companies which dominate decentralized production networks (Gereffi & Korzeniewicz, 1994). This often manifests itself in a highly complex network of overseas factories that form the supply chain of the garment industry. The garment industry is a cost competitive, labor-intensive industry in which large multinational companies benefit from large orders and therefore make greater demands on their suppliers. This results in high barriers for entering and surviving in the garment industry (Gereffi & Korzeniewicz, 1994). Mid-size companies, however, do not benefit from large orders as much as large multinational companies do. Therefore, large companies dominate the garment industry.

To summarize, the ability to pressure its suppliers benefits the implementation of environmental initiatives into the supply chain, also called bargaining power (Crane et al., 2009). According to the Resource Dependence Theory, bargaining power is the result of the dependency relationship between the buying company and the supply, in which the supplier is more dependent on its buying company (Crook & Combs, 2007). This dependency relationship originates in the amount of the buying company's resources that the supplier values, and more specifically in the buyer-supplier relationship in the amount of orders (Crook & Combs, 2007). Mid-size buying companies mostly place less orders at their suppliers than large buying

companies, which dominate the garment industry as a result (Gereffi & Korzeniewicz, 1994). Consequently, mid-size buying companies in the garment industry have less bargaining power than their large competitors.

This study takes a specific focus on mid-size buying companies in the garment industry. The focus on mid-size buying companies is particularly important, because previous studies on challenges in the supply chain on implementing environmental initiatives have not focused on smaller companies and have thus studied the relationship under the assumption that there has been an equal dependency or a dependency in favor of the buying company (Kwon & Suh, 2004; Lane & Probert, 2006; Lo et al., 2018). Previous literature has pointed out that the garment industry is dominated in a high degree by the large multinational buying companies (Gereffi & Korzeniewicz, 1994). As a result, mid-size companies face specific challenges as being object to a low dependency relationship with their suppliers.

Besides, as literature has only described the end state of successful implementation of environmental activities, it is necessary that the focus of studies shift to the process of getting to that goal. Environmental issues, however, are sensitive issues. Along the way, multiple challenges may occur due to a low degree of bargaining power in the supply chain influence the implementation of environmental initiatives. These challenges have not yet been researched. However, it is important to study these challenges for mid-size companies, because they can influence the success of the implementation of environmental activities, especially when mid-size companies do not know how to possibly deal with these challenges. This study therefore contributes to the literature on how to successfully implement environmental activities into supply chains by taking a close look at the challenges mid-size buying companies face with regard to bargaining power in the supply chain when implementing environmental initiatives and how they deal with these challenges.

2.3. Dealing with low bargaining power

In the existing literature, both establishing a long-term relationship with the supplier and supplier development activities have been identified as effective ways to implement environmental initiatives into the supply chain in cooperation with the supplier. Therefore, they might function as a substitute for bargaining power in this process. This paragraph will discuss the relevant literature on the buyer-supplier relationship and supplier development.

2.3.1. Long-term relationship

In previous studies it turned out that companies that invested in long-term relationships with their supplier had a higher chance of successfully implementing environmental activities into their supply chain (Andersen et al., 2009; Geffen & Rothenberg, 2000; Pagell & Wu, 2009; Vachon, Co-Editors: Benn Lawson, & Klassen, 2006). Hence, a good supplier relationship can lead to a better environmental performance (Geffen & Rothenberg, 2000). Investing in a long-term-relationship can give the supplier the opportunity to learn, develop and grow (Pagell & Wu, 2009). In this way, mid-size buying companies ensure the environmental quality input of their products from their supplier. This is in contrast to large buying companies, which have less reason to create a long-term relationship with their suppliers due to their higher amount of bargaining power over their suppliers (Benton & Maloni, 2005). According to Lane & Probert (2009), market contracting was mostly used by buying companies in the garment industry that tried to gain control by volume-buying. On the other hand, long-term relationships were used by buying companies that tried to integrate the supplier more in the whole production process to implement improvements on the long-term (Lane & Probert, 2009). Since mid-size buying companies often do not buy in large volumes and be able to control their suppliers in this way, they are more likely to use long-term relationships with their suppliers to exert control to implement environmental initiatives.

Lo, Zhang, Wang and Zhao distinguished three variables to measure the quality of the relationship with suppliers: commitment, benevolence and trust (Lo et al., 2018). First, commitment between the buying company and the supplier increases the quality of the relationship between the buying company and their suppliers (Lo et al., 2018). Commitment refers to the energy both companies promise to put into their relationship in order to maintain their relationship on the long-term (Park, Chang, & Jung, 2017). Both the buying company and the supplier need to see commitment from the other partner as evidence that both their investments are worthwhile (Krause, 1999). Second, benevolence “represents the extent to which one partner is genuinely interested in the other partner’s welfare and motivated to seek joint gains” (Ulaga, Zolkiewski, & Eggert, 2006, p. 315). Benevolence between the buying company and the supplier is a strong sign of a long-term relationships and has been shown to enhance implementation of environmental activities into the supply chain (Adriana, 2009). Finally, trust had been identified as one of the most important factors that enhances a good relationship with suppliers and therefore, creates dependency between the buying company and the supplier (Lo et al., 2018). “Trust refers to faith in the other party’s actions with a relationship” (Park et al., 2017, p. 4).. Trust can increase the quality of the relationship between

the buying company and the supplier (Lane & Probert, 2006; Park et al., 2017). Long-term collaboration can only be build when mutual trust exists between the buying company and the supplier (Stonkutė, 2015). Trust reduces uncertainty on both the buying company and the supplier (Kwon & Suh, 2004), since it allows both parties to make assumptions about the other party's future actions (Lane & Bachmann, 1997). For mid-size buying companies, thus, it is important to build trust in order to reduce the uncertainty at the side of their suppliers.

Additional factors to measure the quality of the relationship of the buying company and its suppliers have also been distinguished (Park et al., 2017). According to Park et al. (2017), business understanding, benefit and risk share and conflict are also factors that determine the quality of the relationship (Park et al., 2017). Business understanding refers to the degree to which the buying company and the suppliers understand each other's business activities and goals (Park et al., 2017). The sharing of benefit and risk is the division of benefits and risks of the relationship that is perceived as fair by both parties (Park et al., 2017). Finally, conflict refers to the level of perceived disagreement or clash between the supplier and the buying company. The less conflict exists in this relationship, the more the relationship is perceived as a good one (Kwon & Suh, 2004).

Commitment, benevolence, trust, business understanding, benefit and risk share and conflict are the factors that focus solely on relational quality and the management of it is therefore referred to as relational governance (Lo et al., 2018). Relational governance can be seen as a substitution for the low level of bargaining power of the buying company with regard to their suppliers (Morrissey & Pittaway, 2016). For example, Lane & Bachmann (1997) explained power and trust as concepts contradictory to each other, while serving the same goal: to coordinate expectations and actions of both parties. The contradiction lies in the fact that trust is based on positive assumptions toward the partner and power is based on negative assumptions towards the partner (Lane & Bachmann, 1997). Mid-size companies have low bargaining power over their suppliers. Therefore, relational governance, such as trust, is essential for mid-size companies to build a long-term relationship with their suppliers.

2.3.2. Supplier development

Another important aspect of the implementing environmental initiatives into the supply chain is supplier development. Supplier development is “any set of activities undertaken by a buying firm to identify, measure and improve supplier performance and facilitate the continuous improvement of the overall value of goods and services supplied to the buying company's business unit” (Krause, Handfield, & Scannell, 1998, p. 40). A few examples of

these activities are goal setting, supplier training, plant visits and supplier certification (Krause et al., 1998). Moreover, supplier development has as a goal to improve the supplier's performance (Krause, 1999). Performance can in this situation refer to financial performance, but also to environmental performance (Liu, Zhang, Hendry, Bu, & Wang, 2017). Specific supplier development activities focused on environmental sustainability are for example technical support for suppliers to improve technical processes, technical training related to reduce pollution in the production process, joint projects (Eltayeb, Zailani, & Ramayah, 2011). Therefore, supplier development is an effective way for buying companies to implement environmental initiatives in the supply chain. Mid-size companies might use supplier development activities to create bargaining power in the supply for enhancing the implementation of environmental initiatives.

In order to conduct these supplier development activities, information sharing between the buying company and the supplier is necessary (Chen, Ellis, & Holsapple, 2015). The type of information that is shared can determine the supplier development activity. For example, when the shared information is codified and formal, supplier activities such as supplier evaluations, audits, performance feedback and certification are commonly used activities by buying companies (Krause, Handfield, & Tyler, 2007). On the other hand, implicit or informal information is often linked to supplier development activities focused on personal or face-to-face interactions, such as site visits and supplier training (Krause et al., 2007). Communicating the information to the supplier in the right way is important for the supplier development activity, and consequently the implementation of the environmental initiatives, to succeed.

To conclude, both relational quality and supplier development activities might be ways for mid-size companies do compensate for their low bargaining power in the supply chain when implementing environmental initiatives.

3. Methodology

This chapter will discuss the methodological choices underlying this study to answer the research question: How do mid-size companies in the garment industry deal with possible challenges regarding their bargaining power when implementing environmental initiatives in the supply chain? First, the research design will be discussed. Second, an outline of the case selection will be given. Third, the choices regarding the data collection will be described. Fourth, the chosen data analysis technique will be discussed. Finally, the chapter ends with the approach taken on research ethics.

3.1. Research Design

This study will take a qualitative approach. This approach is most suitable because a description of how mid-size buying companies in the garment industry deal with possible challenges regarding their bargaining power when implementing environmental initiatives in the supply chain requires an in-depth study into the decisions and behavior of a mid-size company in the garment industry (Symon & Cassell, 2012). Due to the fact that this has not been studied before, some new concepts or relationships are expected to emerge, which can best be captured in a qualitative study.

To find an answer to the research question, a comparative case study will be conducted. The comparative case study design allows for unique patterns in each of the two cases to emerge and to compare these patterns in their similarities and their differences (Eisenhardt, 1989). This study tries to capture a phenomenon that is a common or usual situation for mid-size buying companies instead of an extreme or unusual situation. Therefore, selecting multiple cases, instead of one case, would give a more extensive insight in the presented phenomenon (Yin, 2014). By conducting a comparative case study amongst two mid-size buying companies in the Dutch garment industry, a better insight in their own ways of dealing with challenges regarding their bargaining power when implementing environmental initiatives in the supply chain, can be provided.

Data will be collected at two different mid-size buying companies in the Netherlands. Furthermore, additional data will be collected at expert organizations in the Dutch garment industry to support the data from the two different cases by providing an insight in the context of mid-size buying companies in the Netherlands and their challenges regarding their bargaining power when implementing environmental initiatives in the supply chain. These expert organizations are two branch organizations of the Dutch garment industry. Initially, the aim was to have more cases than two. This would have led to more robust findings when certain

replications were found in the data (Yin, 2014). However, due to reasons related to the Corona crisis, which has led to serious financial problems in the garment industry, only two mid-size buying companies were willing to cooperate in this study, together with two branch organizations.

3.2. Case description

The comparative case study will be conducted at two mid-size buying companies in the garment industry in the Netherlands and at two branch organizations of the Dutch garment industry. The data collected at the branch organizations will help shape the context in which the two mid-size buying companies act. The two cases have been selected for their similarities, to capture a common phenomenon (Yin, 2014). First, a description of the two mid-size buying companies will be given, followed by a description of the branch organizations.

3.2.1. Mid-size buying companies

The first mid-size buying company is a fashion retailer that sells two brands, one quality brand and one fast fashion brand, in tens of stores in the Netherlands. Besides the two brands, these stores also sell additional brands. Their head office is located in the east of the Netherlands. The company differentiates itself by clothing for both men and women with a focus on customer service. Besides the physical stores, the company also sells its products on a web-shop. In total, the company employs between 300 and 700 employees. According to the definition of the European Commission of mid-size companies, this company would be considered to be a large company. However, this study focuses on the environmental initiatives in the supply chain specifically. Consequently, this study can only take into account the company's own produced brands, since the production of those brands forms its supply chain. Besides, bargaining power is highly related to the amount of orders that the buying company places at its supplier (Crook & Combs, 2007). This buying company only places production orders at their suppliers for its own two brands and these two brands can influence the bargaining power of the company. Therefore, the focus of this case study will only be on these two brands. The two separate brands employ an estimated amount of 10 till 40 employees that solely focus on the production of the two brands. Besides, there are some employees at the company that focus on their own brands as well as the additional brands. The financial data, such as the turnover of these two brands, were unavailable. However, the interviews revealed that the company has a relatively small share at its suppliers in terms of amount of orders. Therefore this buying company is suitable for this study to answer the research question.

With regard to environmental sustainability, the company has already implemented some environmental sustainable initiatives, in which the recycling of clothes was the main focus. Besides this initiative, they also experimented with sustainable leather. The main goal of this campaign was to reduce the use of hazardous chemicals in the production process. In order to prevent the use of hazardous chemicals in the production process, a restricted substances list has been conducted. Its suppliers must comply to this list in the production process. Two people have been assigned the role of CSR manager, which makes them responsible for the sustainability issues the company faces. They perform these tasks in addition to other tasks.

This company is a suitable organization to conduct this case study in. It is a mid-size buying company, which produces two brands. This means that they have knowledge and experience with suppliers upstream their supply chain. Besides, the company is a member of the Dutch Agreement on Sustainable Garments and Textile (AGT) (Sociaal Economische Raad, 2016). Therefore, it has committed itself to tackle environmental issues in their supply chain.

The second mid-size buying company is a fashion retailer of three brands of quality clothing in both their own stores or in other multi-brand stores throughout the Netherlands, and some in Belgium and Germany. Their head office is located in the west of the Netherlands. The company focuses on clothing of good quality, liability towards customers and partners and a unique identity. Their turnover is higher than 50 million euros a year. Their workforce consists of between the 50 and 100 employees. So taking into account their workforce, the company falls within the definition by the European Commission of a mid-size company. In contrast, taking into account their turnover the company is not considered a mid-size company. However, since the company's sales market only exist of the Netherlands and parts of Belgium and Germany, while acting in global supply chains, the company still has a relative low amount of bargaining power compared to large competitors. This has also been confirmed in the interview with the company. Therefore, this company is a suitable mid-size company for this study.

With regard to environmental sustainability, the company is affiliated with multiple multi-stakeholder initiatives to experiment with sustainable materials for their garments and to reduce their emissions and use of hazardous chemicals in the production process.

This company is a suitable organization to conduct this case study in, because the company is a mid-size buying company with experience of implementing environmental initiatives into their supply chain. Also in their mission, they focus on a close collaboration with their partners on the long-term. Therefore, they will have the useful experience for this study.

Finally, this company is also a member of the Dutch Agreement on Sustainable Garments and Textile (Sociaal Economische Raad, 2016).

3.2.2. Expert organizations

The first expert organization that participates in this study is one of the branch organizations of the garment industry in the Netherlands. Its goal is to create a network and coordinate between companies that produce, import, trade, or sell products in the garment industry. The organization delivers individual services to its members, such as giving personal advice, but also conducts workshops about current challenges within the industry.

Environmental sustainability is one of the four pillars of the organization. They help companies with the implementation of environmental initiatives into their business activities and their supply chain. They give strategic advice or they answer questions about this topic that members might have. Also, one of their areas of expertise is the AGT and how to implement the guidelines from the AGT.

This organization is a suitable organization to conduct this study in, because the organization has the knowledge and experience about implementing initiatives into supply chain and they transfer this knowledge to individual companies. Therefore, they have experience from all different kinds of companies with different challenges with regard to implementing environmental initiatives into supply chains and the role of bargaining power in this regard.

The second expert organization is also one of the branch organizations of the non-food retail industry in the Netherlands. Members of this organization can benefit from financial, legal and organizational advice and advocacy within the industry. This organization covers more industries than just the garment industry. However, the branch organization has experts on each of the industries, among which experts of the garment industry.

With regard to environmental sustainability, the organization advises companies in the garment industry on a large scale. They support companies to sign the Dutch AGT and they give advice on how to conduct sustainable business to companies within the industry.

With its close link to the garment industry and its broad knowledge about environmental sustainability, this organization is a suitable organization to conduct this study in. The experts that work within this organization speak to companies in the garment industry, so they have knowledge about the current issues and challenges within the industry. Therefore, the data that has been collected in this organization is useful in mapping the context of the two mid-size

buying companies and their challenges with regard to bargaining power in supply chains when implementing environmental initiatives.

3.2. Data collection

Data will be collected from two sources: interviews and documents. Two sources of data collection will be used to establish data triangulation, which strengthens the construct validity of the study. Multiple data sources are multiple measures to provide evidence for the same phenomenon (Yin, 2014).

From both mid-size buying companies, interviews with CSR managers and CSR policy documents will be analyzed. From the branch organizations, interviews with experts on CSR and advice documents regarding implementing environmental initiatives in supply chains will be analyzed.

3.2.1. Interviews

In the first mid-size buying company, separate interviews with the two CSR managers were conducted. In the second mid-size buying company, one interview with a CSR manager was conducted. CSR managers have the most extensive knowledge about environmental initiatives within the supply chain of their company. They can elaborate on how these initiatives are implemented, which challenges they faced during the implementation regarding their low bargaining power and how they dealt with these challenges. Therefore, the CSR managers were suitable participants for this study.

The conducted interviews were semi-structured, which allowed for some broad themes to be covered during the interview, but also some elaboration or additional information by the participant if necessary (Qu & Dumay, 2011). The interview guideline contained some pre-determined themes to ensure obtaining rich data during the interviews and covering all aspects of the research question. As a result, the interview guideline included the following topics: the environmental initiatives that the mid-size buying company implemented or was planning to implement into their supply chain, how the CSR tasks were organized within the company, the relationship with their supplier, the biggest challenges they faced when implementing environmental activities into the supply chain, the ways they dealt with these challenges and how their size or low bargaining power influenced this¹. However, since it was not clear what exactly the main challenges are that the mid-size buying companies face with regard to their

¹ See appendix 1 for interview guidelines

low bargaining power when implementing environmental initiatives into the supply chain and how they deal with these, the participants were asked to elaborate on specific parts of their answer.

After the conducted interviews with the mid-size buying companies, a clear view on the bargaining power of both companies was still lacking. Therefore, short follow-up interviews were held with one of the CSR managers of the first and the CSR manager of the second mid-size buying company. These follow-up interviews aimed to map the bargaining power of both companies and to identify clearer links to the already established challenges of both companies. Since the CSR manager of the second company did not have time to conduct an interview, the follow-up questions were answered by email. The answers to the questions were then used as a document in the data analysis.

In the first branch organization, one interview with a consultant on CSR was conducted. In the second branch organization, also one interview with a consultant on CSR was conducted. CSR consultants are among others experts on environmental initiatives in the garment industry. They answer questions and give advice to companies in the garment industry with regard to CSR related problems. Therefore, the CSR consultants from the branch organizations are suitable participants for this study.

The interviews were semi-structured. The interview guideline was similar to the interview guideline for the mid-size buying companies, but the focus was on how the CSR consultants experienced and how they experienced and consulted mid-size buying companies to deal with the different challenges regarding their low bargaining power in the supply chain when implementing environmental initiatives. In this way, the CSR consultants can give an insight in the current challenges for mid-size buying companies in the industry and how they advise to deal with these challenges to provide a context in which the two mid-size buying companies act.

3.2.2. Documents

For this study, two types of document were collected: CSR policy document from the two mid-size buying companies and written advices from the two branch organizations. A big advantage of documents is that they are readily available on the websites of the mid-size buying companies and the branch organizations, and they are therefore a quick and easy way to collect data (Symon & Cassell, 2012).

First of all, CSR policy documents from the two mid-size buying companies were collected. These will give insight in the different environmental initiatives the companies implemented, what their goals regarding environmental initiatives are and how they are planning on achieving these goals. This shows what the priorities of each of the mid-size buying companies are and what resources they use in handling these priorities.

Secondly, different advices regarding environmental sustainable supply chain management of the two branch organizations were collected from their website. These documents will therefore provide insight in the different challenges in implementing environmental initiatives in the supply chains for companies in the garment industry and how the experts from the branch organizations advice to deal with these. One of these advices is a long-term industry wide plan on how to conduct environmental sustainable business in the Dutch garment industry written by the two participating branch organizations and one other branch organization in the Dutch garment industry. The three branch organizations determined their future goals with regard to environmental sustainable supply chain management in the garment industry. However, some of these documents do not make an explicit distinction between mid-size buying companies and large buying companies. Therefore, these document were analyzed with great care to make sure that the data was only used to provide the context in which the mid-size buying companies operate.

3.3. Data analysis

This study takes an inductive data analysis approach. Since there has not been any research on how mid-size buying companies in the garment industry deal with possible challenges regarding their bargaining power in the supply chain when implementing environmental initiatives, it is likely that new information will be distracted from the data. Therefore, the collected data is the starting point for this study. The technique this study has used to analyze the collected data is the Gioia method (Gioia, Corley, & Hamilton, 2012). First, open coding has been used to create first order concepts. In this phase it is important to stay close to the data. Then, second order themes were made by looking for patterns or similarities between the first order concepts. Finally, the second order themes were used to look at the researched phenomenon by forming dimensions on a more theoretical level (Gioia et al., 2012). An example of the code book is provided below (table 1).²

² See appendix 2 for complete code book

Since this study takes a comparative approach, the data from each mid-size buying company as well as the data from the branch organizations has been analyzed separately. As a result, each company’s analysis has its own first order concepts, second order themes and dimensions. The second order themes and the dimensions were then compared to see whether the cases showed differences and similarities. Hence, this study gives insight in the different ways mid-size companies in the garment industry deal with challenges regarding their bargaining power in the supply chain when implementing environmental initiatives.

Table 1

Example of code book

1st order concepts	2nd order themes	Dimensions
<ul style="list-style-type: none"> - You cannot see whether a fabric is sustainable, therefore it is easy to deceive us - Certificates are easy to falsify - If the supplier produces under BCI, you can buy BCI but never be sure about the authenticity 	Difficulty getting the right information	Transparency as a challenge
<ul style="list-style-type: none"> - High costs to become member of certification projects - Investments more difficult for small companies - Checking on compliance suppliers is expensive 	High costs for getting right information	
<ul style="list-style-type: none"> - Trust is important to not get deceived - Money is important, but good relationship leads to effective conversation about possibilities - It is easy to deceive, so the market is based on trust 	Relationship important for gaining trust	Solutions for transparency
<ul style="list-style-type: none"> - GOTS is more transparent and has the possibility of purchasing small productions - Step-by-step use of sustainable fabrics prevents from having to do big investments - GOTS is a certification label, but less expensive 	Selecting the right certification labels	

3.4. Research ethics

When potential companies for this study were approached, they were informed about the aim of this study and the amount of time that this study was expected from the participants. When the participants were known, they were additionally informed about the aim of the study, their role in this study and the related honesty that is expected of them. Besides, they also have been informed about their right to withdraw at any time during the interview and that their identity would be protected by anonymizing them in the thesis (Pimple, 2002)

After the data collection, the transcribed interviews have been sent to the concerned participants and they were given the opportunity to comment on it. The goal of this is to let the participants reflect on what they said and to allow them to make additions. This will contribute to an interpretation that is as close as possible to the participants views and intentions (Symon & Cassell, 2012).

Finally, the findings of this study will be shared with the organizations and let them review them. However, the companies might disagree with the findings of this study. It is important that these disagreements are settled. At the end, it is the goal to present the results in the companies so they can reflect on their own used ways of dealing with challenges with regard to their bargaining power in the supply when implementing environmental initiatives and reflect on them.

4. Findings

This chapter will give insight in the findings by first discussing the current status and development of the garment industry in the Netherlands and the role of mid-size companies when implementing environmental initiatives in the supply chain. Then, a description of both companies, their environmental initiatives and their internal structure with regard to CSR tasks will be given. Third, the different challenges of implementing environmental initiatives in the supply chain for the two mid-size companies and the influence of the lack of bargaining power on these challenges will be discussed. Fourth, a description of how the companies deal with these challenges will be given. Finally, the different challenges and the way the companies deal with them will be compared.

4.1. Description of current developments within industry

First a description of environmental initiatives in the garment industry and the role of mid-size companies will be given, to give a complete overview of the situation in which the two companies are in. Because environmental initiatives are developing in a quick rate, it is important to keep in mind the context of the case studies to be able to put the findings in the right perspective. This description is based on interviews with two experts in the field and several documents of advices of branch organizations in the garment industry.

The experts emphasize the role of the whole business model in implementing environmental initiatives in the supply chain (Document 6). The environmental business model was therefore the focus of the long-term industry wide plan, which is written by the two branch organizations together with a third branch organization (Document 5). To change the current business model of short-term high volumes and low prices to an environmental sustainable business model of long-term quality clothing in lesser volumes and higher prices, all the stakeholders in the garment industry have to cooperate (Document 7). However, at this point of time, the availability and the quality of sustainable fabrics are too low and the prices for sustainable fabric is too high (Document 5). Additionally, consumers are not prioritizing environmental sustainable clothing and therefore they keep the current business model in place (Interview 4). Also, the Government has not yet developed the right legislation to encourage companies to produce environmental sustainable clothing on a large scale (Interview 4). Therefore, making this transition within the whole industry is hard and will take a lot of time.

The experts admit that they experience an asymmetry in bargaining power between mid-size companies and their larger competitors. At the end of the day, the suppliers will listen

mostly to the buying companies that have the biggest share as regard to the amount of orders (Interview 5). However, according to one of the experts, mid-size companies can compensate for their lack of bargaining power by either investing in a long-term relationship or freeriding with big orders of large buying companies (Interview 5).

4.2. Description of two companies

This section provides a description of the companies on their currently implemented or intended environmental initiatives, the way the tasks regarding environmental initiatives is organized within the companies and the way they coordinate their production in the supply chain. This will increase the understanding of the context in which the challenges regarding bargaining power in the supply chain when implementing environmental initiatives appear and how, considering this context, they can respond to these challenges.

4.2.1. Company 1

The first company has signed the AGT. The AGT commits companies to create policy on nine themes, of which three focus on environmental sustainability. Besides, the company aims to buy sustainable fabrics that are officially certified. “If we buy fabrics with a certificate, then we check whether that certificate is authentic. We actually always do that. Because we also aim at buying sustainable fabric that is certified” (Interview 2). These certifications include: organic materials, Better Cotton Initiative and Cotton in Conversion (Document 2). Many of these certifications are issued by overarching organizations, such as GOTS, which focuses on organic cotton (Interview 2). The goal is to offer a collection of clothing of which at least 25% of the fabrics are environmentally sustainable (Document 1). The company also composed a list of restricted use of certain chemicals that the company distributed amongst its suppliers (Document 1). Finally, the company is affiliated with the overarching branch organization, also the first expert organization of this study, that coordinates and advices on environmental sustainability issues and more specifically, the AGT.

Internally, the company’s CSR department is organized as follows: the company employs two CSR managers. These two CSR managers are part of the purchasing department of the company. The eventual development, implementation and execution of the CSR policy falls under the responsibility of the purchasing director (Interview 2). The development, implementation and execution tasks, however, are being executed by the CSR managers and the employees in the purchasing department. The CSR managers’ tasks mainly consist of coordinating and documenting the CSR activities, among which the environmental activities,

while the whole purchasing department is involved in the execution of the CSR policy (Interview 3).

The supply chain of company 1 is spread over several countries, including China, India, Turkey and Greece. The company has personal contact with most of its direct suppliers and also some of its sub-suppliers. For some production lines the company makes use of agents, which are intermediaries between the supplier and the company. Employees within the styling and purchasing department have contact on a daily basis with the company's direct suppliers (Interview 3). The most used contact channels are telephone and e-mail (Interview 2). Most suppliers are visited in person at least two times a year, sometimes four times a year by the company (Interview 2). The frequency of face-to-face the contact with the agents located in the Netherlands is a lot higher.

4.2.2. Company 2

Company 2 is also one of the members of the AGT (Document 3). Within the AGT, company 2 joins several projects, such as the Arcadis project, which helps laundries to improve their environmental status (Interview 1). Besides the AGT, the company is affiliated with the Better Cotton Initiative (BCI). In 2018, the company presented 26% of their cotton to be sustainable against BCI standards. They aim to make 50% of all the used fabrics in their collection to be sustainable by 2020 and 80% by 2025 (Document 3). With regard to other fabrics, the company focuses on recycled polyester (Document 3). Also, the company uses the Business Environmental Performance Initiative (BEPI) platform, which enables the company to track, analyze and improve the environmental impact in their supply chain, such as energy or water consumption (Document 3). Finally, the company has set goals to reduce CO₂ emissions in their transport by consolidating shipments and to find alternative packaging materials (Document 3).

Internally, the company integrated their CSR department into the other departments as much as possible. Within the company, there is one CSR manager who is responsible for the CSR policy and the coordination of this policy. Three employees have also taken up CSR tasks besides their daily tasks. Besides, there are six working groups with specific CSR topics. The people in those specific groups are experts on that area together with one of the CSR employees or the coordinator. Therefore, the people in the working groups integrate their CSR topics directly into their daily jobs (Interview 1). The reason for this is that the experts on their area have a better sense of what is needed related to CSR in that same area (Interview 1).

Company 2 has production locations in different countries, such as India, China and Turkey. The contact with the suppliers is divided into three different phases. In the first phase, the designer has contact with the direct supplier to make agreements on, for example, the type of fabric. In the second phase, the product developer has contact with the supplier to coordinate the development of the production and the negotiations of the price. In the last phase, the buyer places the orders at the supplier and agrees on the definite price (Interview 1). Employees with these three functions within company 2 have frequent contact with its suppliers. This happens through WhatsApp, skype, telephone, videocall or e-mail (Interview 1). Besides, most suppliers are visited by company 2 around two to four times a year. However, this depends on the product. The supplier for an ongoing product, such as jeans, is visited six to eight times a year by different employees from different departments (Interview 1).

4.3. Challenges regarding implementing environmental initiatives

This section will describe the different challenges that each company faces regarding bargaining power in the supply chain when implementing environmental initiatives. An insight of the different specific challenges is necessary for a clear understanding of the different ways the companies deal with these challenges.

4.3.1. Company 1

The CSR managers of company 1 identified two main challenges with regard to their bargaining power in the supply chain when implementing environmental initiatives: challenges regarding the transparency and challenges regarding the motivation of the supplier. First, the transparency challenge will be discussed and then the supplier motivation challenge will be discussed, both supported by quotations from the two interviews.

The CSR managers of company 1 both indicate that transparency from within the supply chain of the environmental status of their purchased products is a real challenge for them. They argued that uncertainty exists on whether the purchased products are indeed as sustainable as they agreed upon with their suppliers. The second CSR manager stated: *“Well, first of all, I really find it a challenge to know, know for sure, if whatever you buy environmentally sustainable, if that actually is. That is challenge number one anyway...the transparency throughout the whole chain”* (Interview 3). The first CSR manager explains why transparency is such a challenge: *“Because it is the case that it is quite easy to deceive us in this case. Because I cannot see with a magnifier if the cotton shirt that I am wearing is indeed organic cotton or conventional cotton.*

There is no difference between what you get, it all feels the same” (Interview 2). Thus, because there is no perceptible difference between environmental friendly products and regular products, it is challenging to guarantee that the products are environmentally friendly produced.

This corresponds with the expert opinion on transparency. According to the expert of the first branch organization, transparency has become more and more important for companies when implementing environmental initiatives into their supply chain, because implemented environmental initiatives are intangible for customers. Therefore companies need to add the necessary information to their product for the customer. According to this expert, this stresses the importance of transparency of environmental initiatives for companies in the garment industry. The expert stated in the interview: *“So actually getting the information is suddenly a new form of making money. So adding information to your product, blockchain or some kind of innovative case, will make sure that the businesses will just communicate with each other in a cleverer way and also can be a lot more transparent”* (Interview 4). To sum up, according to the expert, company 1 operates in an industry in which adding information to the product is important in successfully selling environmental friendly products to the end customer. Transparency on the side of the supplier is really important to be able to add the right information for company 1.

Transparency on whether the delivered products are really sustainable, is particularly challenging for the company as a mid-size company. The second CSR manager indicated in the interview that money is an important factor in this regard. To ensure that the products are environmental sustainable, different certification labels can check whether the products meet certain required environmental sustainability standards. Certification is a method in which overarching organizations set certain requirement for companies in order to gain a certain status or certificate. Companies that become a member of these label organizations, can access the desired information about their product with regard to its origin and production process. In this regard, CSR manager 2 stated: *“I think that, some fabrics, that we, so to speak, are not big enough to become a member of something. Because of course there is BCI, which we are not a member of...it's all extra costs”* (Interview 6). The CSR manager explained that these costs are harder for small companies to deal with than for large companies, due to the standard membership fee that is asked from participating companies: *“I still think that then an investment for smaller companies or smaller producing companies in this case...is more difficult than for big companies, because mostly you pay a standard fee. And that's often a couple of thousand euros and maybe that's maybe for companies harder to reserve than for big companies”* (Interview 6).

To summarize the transparency challenge, certification is an efficient way to increase transparency about the environmental status of the products. However, for company 1, becoming a member of such organizations is relatively expensive. This is particularly important, since transparency is a way to add the desired environmental information to your product that otherwise will be leaved unnoticed by the customers. Therefore, company 1 is challenged in implementing environmental initiatives due to their relatively low amount of resources.

The second challenge that has been addressed by the CSR managers of company 1 is the motivation of the supplier. According to them, some suppliers have a motivation to engage in environmental initiatives, others, however, do not have this same motivation. Dealing with this latter type of supplier can be, according to one of CSR managers, a challenge. The first CSR managers explained: *“One supplier is more aware that this is the future and will therefore have more resources to offer this. The other supplier does not think it is necessary and does not see his strong point in it...when he is not active in it, but you would like to proceed in that direction, then the question is whether the supplier wants to do this for you, yes or no”* (Interview 2). So according to CSR manager 1, motivation is an important requirement for implementing environmental initiatives. However, both CSR managers indicate there are ways in which a supplier can be convinced to engage in environmental initiatives. For example, in their interviews they argued that the competitive advantage of engaging in environmental initiatives is an important motivation for suppliers. Competitive advantage can be acquired by anticipating on the demand from the western market for more focus on environmental initiatives. In this regard, CSR manager 2 stated: *“But there are also suppliers...they realize that they have to but they also do it because they notice that a lot of customers from the western market demand it”* (Interview 3). Additionally, CSR manager 1 indicated: *“Because you can convince them of course with the fact that: if you take this step now already, you will be ready in the future for the high demand that will arise from within the market and you can make a lot of money out of it”* (Interview 2). So suppliers that are not in the first instance motivated to engage in the desired environmental initiatives can be persuaded by arguments related to their increasing competitive advantage that suppliers can gain from it.

However, the relatively low amount of bargaining power is an important factor in this motivation process. The motivation of the supplier of gaining competitive advantage by engaging in environmental initiatives is, according to the second CSR manager, dependent on the demand from large buying companies in the industry. This has to do with two aspects. First

of all, the CSR managers indicated the company is often hindered by minimum volumes that suppliers have in ordering sustainable fabrics. CSR manager 1 indicated: *“The fabrics are there, but the minimum quantity is too high, so actually they are not there for you. And that's mainly an issue when you are smaller, so the smaller you are, the more challenging this is”* (Interview 2). Secondly, sustainable supply chain management is a relatively new area in the garment industry. Buying companies in the garment industry, together with their suppliers, are searching for new innovative ways to engage in environmental sustainable supply chain management. The first CSR manager discussed the willingness of suppliers to conduct research for implementing new environmental initiatives related to the company's size: *“Then it's of course, the more hours you put into research and if you find out: there is no point, that's not interesting if you buy just a little amount. If you are a big company ...then as a supplier you tend to put a lot of hours into that or to set up a whole team to do research, because you know: when those orders come in, you have earned those expenses back in no time. But that is of course not the case with us”* (Interview 2). So both the minimum volumes that its supplier requires for ordering sustainable fabrics and the high costs of conducting research for alternative sustainable initiatives, has a more negative impact on mid-size companies than on large companies. Therefore, company 1 can only benefit from environmental initiatives in the market if the overall demand for environmental initiatives from the large buying companies is high. The second CSR manager indicated: *“But I think that especially the demand from the big companies, that suppliers will recognize that necessity...if we do not become more sustainable and another supplier does, then we lose a big customer... And that for us it is easier to implement something or to request something or use something as to material”* (Interview 3). Therefore, the motivation of the supplier of gaining competitive advantage by implementing environmental initiatives is, according to the CSR managers, dependent on the demand of large buying companies in the industry.

To conclude, both the transparency and the supplier motivation are challenges for company 1. The low bargaining power both influence these challenges. Transparency is particularly difficult for company 1, considering the fact that certification organizations that help increase transparency have standard fees. Supplier motivation can be improved by showing the competitive advantage that engaging in environmental initiatives can have. However, because of minimum volumes and the high costs of research, suppliers depend their motivation mostly on large companies.

4.3.2. Company 2

The CSR manager of company 2 identified two main challenges: the location of the implementation of environmental initiatives and supplier motivation as well. These challenges will be discussed, supported by quotations from the interviews.

The CSR manager of company 2 indicated that most of their key environmental issues are located more upstream in the supply chain. Therefore, it is a challenge to actually implement environmental initiatives into the supply chain when the company does not directly engage with the upstream suppliers. Also, since the mid-size company is smaller than its large competitors, the company has to consider well what environmental issues to tackle. The CSR manager stated: *“I must say that it is quite a challenge and we are mostly looking at our washing, dying and printing units, so that's a step further into the chain...You have to pick your battles, sort of, because you cannot do everything at the same time and especially not with a company of our size”* (Interview 1). So company 2 chooses to focus on the environmental issues in the production further upstream on the supply chain.

However, according to the CSR manager's experience, the sub-suppliers that are located upstream in the supply chain are not always aware of environmental issues and environmental initiatives. Since company 2 mostly has contact with their direct suppliers, for example the stitching plants, information about environmental initiatives and its demand regarding these, mostly just reach their direct suppliers. The sub-suppliers lack this information and therefore, the company has to start building on implementing the desired environmental initiatives from the beginning. The CSR manager stated in this regard: *“So you really notice that they want to understand, but they just never received the information, so at some units you just start from scratch”* (Interview 1). The CSR manager recognizes the bargaining position of the company as a mid-size company in this regard: *“I think that in reality, how much business you have with someone is of course often how...big of a mark you can leave on that supplier”* (Interview 1).

This challenge can be placed in the light of a broader relational challenge. The expert from the first branch organization argued that suppliers consider the way they organize their business could be compared to intellectual property. Therefore, buying companies should be careful not to bypass their direct suppliers when directly contacting their sub-suppliers for implementing environmental initiatives (Interview 4).

So the first challenge that the CSR manager of company 2 identifies is to prioritize the environmental issues the company wants to tackle and how big of an impact the company can make on the environmental issues regarding its low bargaining power.

The second identified challenge by the CSR manager of company 2 is again the supplier motivation. The CSR manager of company 2 indicated that the motivation of the supplier plays a role in implementing environmental initiatives into the supply chain. Suppliers who are motivated themselves to engage in environmental initiatives are easier to cooperate with than suppliers that need business incentives to engage in environmental initiatives. The CSR manager explained: *“Actually in this case you have two types of suppliers: suppliers who do this on their own, so a supplier who thinks this is really important himself, who sees that if he does not do anything about sustainability, that it is bad for the environment... Those suppliers are a little easier, so to speak, to cooperate in this... But I learned from experience that a lot of suppliers do this, working on sustainability, purely because they realize that there is business in this area”* (Interview 1). So the CSR manager of company 2 distinguishes between the source of the motivation, rather than having motivation in general regardless of the source of the motivation. The categories can be defined as suppliers with intrinsic motivation and suppliers with extrinsic motivation to engage in environmental initiatives.

In the latter category, gaining competitive advantage by keeping up with the demand for environmental initiatives is an important factor. In that same light, the CSR manager noticed a dependence for implementing environmental initiatives on the overall demand. For example, recycled polyester or organic cotton used to be really expensive or unavailable at all, because of the low demand for sustainable fabrics. Since the overall demand for sustainable fabrics increases, the prices for these fabrics fall. The CSR manager indicated that this market function also takes place at the supplier level, where the availability of environmental initiatives is dependent on the overall demand from the companies that do their business at this particular supplier: *“But for example, a denim laundry that purchased certain sustainable machines, if we make use of those, then their efficiency will increase as well. And if other brands at those suppliers that also produce there do that as well, yes, then they have enough leverage to buy another machine to keep the production running”* (Interview 1). So keeping up with the demand to stay competitive is an extrinsic motivator for suppliers to engage in environmental initiatives. As a result, company 2 can make use of these environmental initiatives.

To conclude, company 2 faces two main challenges. First, the location of implementing environmental initiatives in the supply chain as a result of prioritizing and how to reach these sub-suppliers can be challenging for company 2. Second, the difference in the source of

motivation and as a result of that, being dependent on the overall demand and the demand at the supplier is another challenge.

4.4. Dealing with the challenges

In this section, a description of how company 1 and company 2 deal with the different challenges that they face regarding their bargaining power in the supply chain when implementing environmental initiatives.

4.4.1. Company 1

First, the transparency challenge and the motivation challenge will be discussed alternately. Then, the different ways in which the company deals with both challenges will be compared to each other to look for similarities and differences.

First of all, company 1 deals with the transparency challenge in two different ways: certification and building trust.

As explained in the previous section, certification can enhance transparency as a certificate can prove that certain environmental requirements have been taken into account in the production of clothing. However, as was indicated by the second CSR manager, the costs of certain certification labels is relatively high for company 1. Therefore, the company has to research and select the most suitable certification organizations for them. CSR manager 2 indicated: *“Then we have researched what the sustainable alternatives were, so BCI, GOTS, organic, so to speak, and which gradations there all are and how it works with membership or what the extra costs are”* (Interview 6). Eventually, company 1 decided on a certification label with two advantages: a relatively high amount of transparency due to a tracking system and smaller productions (Interview 6). In that way, the investment is not too high for company 1. In this regard the CSR manager stated: *“We now produce two styles, next season four styles, so you can build it up, but you do not have to make a big investment right away”* (Interview 6).

Another method that the CSR manager discussed in the interview to enhance transparency is building trust with the supplier. CSR manager 1 explained: *“So that whole market is for a large part based on trust. Is it a hundred percent the fabric that you selected?”* (Interview 2). Trust is therefore an important aspect in the transparency challenge. However, trust and certification as a way to deal with the transparency challenge are interrelated. According to the CSR manager 1, certification enhances trust between their company and the supplier, because checking on the suppliers through certification can only succeed if trust exists

between the supplier and the company. The CSR manager stated: *“If we buy fabrics with a certificate, then we also check whether that certificate is authentic....Because trust is very important, but it is actually the same with money. If you get a bag of money, you loaned someone a hundred euros, and he gives that back to you in coins of fifty cents, then eventually you will count them, even though he is your best friend so to speak. And that's the case with this as well, you have to be able to check on each other and otherwise this trust is just a bubble”* (Interview 2). So the CSR manager indicated that certification and trust go hand-in-hand.

To sum up, company 1 tries to improve transparency by a combination of carefully selecting the right certification labels that allows for a step-by-step purchase of certified sustainable fabrics in combination with trust in its suppliers.

Secondly, company 1 deals with the motivation challenge in two ways: by creating awareness about environmental issues and initiatives or by creating goodwill.

CSR manager 2 indicated that awareness can be created by providing the supplier with information about environmental issues and initiatives. Suppliers gain information through both participating in environmental initiatives, such as the certification label or the AGT, and through communicating with the company themselves. The CSR manager explained: *“Well I think it is a two-way street for that matter. There are a lot of suppliers that work a lot with environmental initiatives so they have gained a lot of knowledge in that area. I mean, they have contact with the organizations if they are affiliated with GOTS and they are being audited, then they have a lot of information about this kind of initiatives. And further, we ask for a lot of information. So for that matter it is an interaction I think, of giving information to each other and discussing how things are related”* (Interview 3). So transferring information either by environmental initiatives or by communication with its suppliers, is a way for company 1 to increase awareness at the supplier and eventually, motivation to engage in environmental initiatives.

Not only awareness, but goodwill at the part of the supplier can also enhance motivation to engage in the desired environmental initiatives, according to the CSR managers. The previously mentioned minimum volumes for sustainable fabrics that hinders the implementation of environmental initiatives can be compensated by creating goodwill. Goodwill can be an incentive for suppliers to still engage in environmental initiatives, such as producing a sustainable fabric in lesser amounts, according to the second CSR manager: *“Because it is often the goodwill to sometimes produce a little less products....of course we*

have less power in that sense, so the relationship is also maybe more important, ...you have a different relationship within a collaboration” (Interview 3).

In conclusion, company 1 uses information transfer to create awareness and goodwill as ways to motivate its suppliers to engage in the desired environmental initiatives.

To sum up, company 1 has found specific ways to deal with the transparency and motivation challenge. Transparency is created by creating trust and enrolling in specific certification programs. Motivation is improved by creating awareness through information transfer and by creating goodwill.

Some noteworthy similarities can be identified in the way company 1 deals with both challenges. In dealing with both challenges, the company uses its relationship with its suppliers to tackle the challenges and compensate for their lack of bargaining power by appealing to both trust and goodwill. The CSR managers gave additional insight in how the company created goodwill and trust in the relationship with its suppliers. For example, entering an open conversation with the supplier, was an effective way of building a good relationship with the supplier, as CSR manager 1 indicated: *“And if you keep entering that conversation with your supplier, then eventually you get a good relationship and then you build up trust between each other and I think, that is something noticeable that we actually accomplished that” (Interview 2).* Besides the open conversation, the company builds long-term relationships with their suppliers. One of the CSR managers mentioned that some suppliers have been their partner for twenty years. This enhances a good relationship in which the company has personal contact with the suppliers. A good example of this is the following: *“I notice that they are very good contact and also, I mean, we wish them a happy birthday as if they are, so to speak, colleagues” (Interview 3).*

Besides trust and goodwill, company 1 also uses certification to improve transparency and certification as a way to transfer information to improve supplier motivation. In both cases, certification functions as a way to either transfer information from the supplier to the company as a part of creating transparency about the environmental status of the supplier or as a way to transfer information from the certification organization to the supplier as a way to create awareness about environmental initiatives.

To conclude, company 1 uses a combination the relationship with its supplier and certification to deal with both challenges.

4.4.2. Company 2

The CSR manager of company 2 indicated that both the location of the environmental and the motivation of the supplier are challenges that they encounter when implementing environmental initiatives into their supply chain. This section will describe the different ways in which company 2 deals with these challenges. Then, similarities and differences between these ways will be discussed.

First of all, the CSR manager indicated that trying to make clear agreements with both their own direct suppliers as their sub-suppliers, is a way for company 2 to deal with environmental issues upstream the supply chain. In order to persuade the sub-supplier to engage in the environmental initiatives that the company is interested in, they offer certain incentives, such as offering them permanent business. The company also agrees on this with its direct supplier. The CSR manager indicated: *“And then you can, for example, offer certain incentives by saying for example: well, if you do this and you work with this, then we nominate you as a washing unit. And then we discuss with the stitching plant where he has contact with: well, we want you to keep using this washing unit. So you actually make sure that they get permanent business, that is the only thing you can really offer, as something in return”* (Interview 1). Offering permanent business to the sub-supplier in consultation with its direct supplier, is a way for company 2 to get its sub-suppliers to implement the desired environmental initiatives. Another incentive for the sub-suppliers to engage in environmental initiatives that was mentioned by the CSR manager is the support and advice they get in conducting sustainable business so they can improve their efficiency with the goal to save expenses (Interview 1). This is again closely linked to showing that implementing environmental initiatives enhances competitive advantage.

Because multiple parties are involved in this negotiation, the process can be complicated. Therefore, according to the CSR manager, the company engages in multiple projects so they can collectively cooperate with different suppliers in their supply chain to implement certain environmental initiatives. The CSR manager explained: *“But I have to say that these are quite complicated processes, that is something in which you are together with a lot of different parties, so it is not something that we do necessarily. That's why we participate with all kinds of projects so you can create this collectively with experts”* (Interview 1). So different projects help company 2 to tackle the environmental issues upstream in the supply chain. For example, for the environmental issues upstream in the supply chain, company 2 participates in BEPI, which makes risk analyses at certain production plants. Based on the

results of these analyses, the company enters into conversations with its suppliers and/or sub-suppliers to look for ways to improve the current environmental status.

In conclusion, company 2 deals with environmental issues upstream in the supply chain by offering incentives to its sub-suppliers in consultation with its direct suppliers and by collaborating in projects that help them with the relatively complicated negotiation process.

Secondly, the company tries to deal with the motivation challenge in two ways: selecting suppliers that fit its values and selecting relatively small suppliers.

Selecting suppliers that fit its value allows for the company and the supplier to communicate on the same level and this enhances the willingness of the supplier to engage in the desired environmental initiatives. The CSR manager argued: *“We ask a lot from our suppliers, a lot of flexibility, but we also offer that in return. So for that matter it is not necessarily a sustainability matter, but more just a relationship matter that we have with our suppliers. And because of that, we can have the conversation about corporate responsibility on the same level”* (Interview 1). So company 2 highly values offering as well as receiving flexibility in the relationship with its supplier. The CSR manager also indicated that when the company is relatively small in terms of orders at a supplier, entering dialogues to create mutual understanding and flexibility are key in the relationship with this supplier (Document 4). As a result, the company does not have to impose its desired environmental initiatives on their supplier, but it gives the suppliers discretion to work on their environmental sustainability, according to the CSR manager: *“It is more the case that we say: we want you to work on your sustainability strategy and we want to participate in that”* (Interview 1). An open dialogue in this regard is very important for company 2. Because of the long-term relationship and the trust that has been built, the company does not want to give its suppliers the idea that they will lose business if they do not cooperate immediately. These dialogues are held multiple times over a longer period of time, mostly when employees visit their suppliers in their factories. The CSR manager explained: *“So we give them that trust, like: well, we just want to see what the current situation is. We are not going to pull our business if we find something, because that is often why they are hesitant. They are afraid that there is going to be something which makes them lose business”* (Interview 1). So flexibility and an open dialogue enhances trust between the company and the supplier, according to the CSR manager. So holding on to its values of flexibility and open conversation enhances trust, which can be a way to motivate the supplier to take that extra step and implement the desired environmental initiatives.

Besides looking for values such as flexibility, the company also looks for relatively small suppliers to cooperate with. In this regard, the CSR manager stated: *“But therefore we of course work with smaller suppliers...[Large companies] can just say: if a supplier does not offer that, than he misses out on half of his business and in our case, that is a little bit different”* (Interview 1). So company 2 makes sure that they are not too small of a buying company in terms of amounts of orders to prevent from being dependent on large companies too much when implementing environmental initiatives.

To sum up, in motivating its suppliers, company 2 takes a preventive strategy by to keep its values high in the relationship and by selecting relatively small suppliers to avoid dealing with low bargaining power in the first instance.

To conclude, company 2 deals with implementing environmental initiatives at sub-suppliers by offering certain incentives, such as permanent business, or participates in projects that help implementing environmental initiatives upstream the supply chain. Besides, the company follows a preventive strategy in supplier motivation by looking at the values of the supplier and the size.

The way the company deals with both challenges is interrelated. The motivation to implement desired environmental initiatives should be present at the right location where the company has set its priorities regarding these implementing environmental initiatives. Looking for certain values in a buyer-supplier relationship allows for equal relationships in which both parties feel comfortable to have open conversations. This is the fundament for trust in this relationship. Therefore, company 2 can make clear agreements with the desired suppliers or sub-suppliers, without creating the feeling of bypassing another supplier.

4.5. Comparing the cases

In this section, the two cases will be compared. First, a visual representation of the different identified challenges with regard to bargaining power in the supply chain for mid-size companies and the different identified ways to deal with them, will be provided (table 2). In the first paragraph, the motivation challenge will be discussed, since this challenge was identified by both companies. Finally, the other two challenges will be discussed by looking for similarities and differences between the challenges and the way both companies deal with them.

Table 2*Summary of findings for each company*

Company	Possible challenges	Ways to deal with the challenge
Company 1	Transparency <ul style="list-style-type: none"> - High entrance fees for certification labels 	<ul style="list-style-type: none"> - Creating trust - Selecting certification label that allows for step-by-step approach
	Supplier motivation <ul style="list-style-type: none"> - High minimum volumes - High costs of research 	<ul style="list-style-type: none"> - Information transfer to create awareness - Creating goodwill
Company 2	Location of environmental issues <ul style="list-style-type: none"> - Upstream sub-suppliers harder to reach - Less knowledge about environmental initiatives amongst sub-suppliers 	<ul style="list-style-type: none"> - Offering incentives to sub-suppliers - Collaborating in projects
	Supplier motivation <ul style="list-style-type: none"> - Dependency on overall demand 	<ul style="list-style-type: none"> - Keep high values in relationship - Selecting relatively small suppliers

4.5.1. Motivation challenge

The challenge of supplier motivation stood out for being mentioned by both companies. Both companies indicated that maintaining competitive advantage by keeping up with the overall demand for environmental initiatives is an important motivator for their suppliers. Both companies benefit from environmental initiatives of their competitors at the same suppliers and the growing overall demand for environmental initiatives, which increases the availability of environmental initiatives in the supply chain.

However, if the supplier is not motivated by this, the companies also use their own strategies to motivate their supplier. Company 1 uses information transfer to create awareness and knowledge about environmental issues and environmental initiatives at its supplier. The company uses other organizations, such as the AGT or GOTS to establish this transfer of information. Additionally, company 1 appeals to its good relationship with its suppliers by creating goodwill. Company 2 follows a more preventive strategy by already taking the supplier's size into consideration at an earlier stage. Besides, the company stresses some

important values in the relationship with its suppliers, such as flexibility and open conversation. Noteworthy to mention is the importance of the relationship with their suppliers for both companies when they want to motivate their suppliers to implement desired environmental initiatives. Both goodwill and sharing certain values are components of the relationship with their suppliers they use for motivating their suppliers to implement environmental initiatives. Trust is fundamental in this relationship to be able to appeal to goodwill, flexibility and open conversations.

4.5.2. Transparency and location challenge

However, both companies also indicated different challenges. Company 1 stresses the importance of transparency in implementing environmental initiatives, which is particularly challenging for them as the accessibility to certification organizations is relatively low for mid-size companies. The fact that company 1 focuses on transparency is understandable in light of their previously stated objective to only purchase certified sustainable fabrics. Therefore, transparency about the origin of its fabrics is an important element for company 1 when implementing environmental initiatives. In dealing with this challenge, the company takes a careful step-by-step approach, by starting with smaller productions of certified sustainable fabric and building up to more productions. Consequently, the perspective of company 1 as to what aspects they identify as challenging, is linked to its CSR objectives. Additionally, building trust in the relationship with its suppliers has been identified as an effective way to create more transparency in the supply chain.

In contrast, company 2 identified another challenge. The most pollutive activities, so the best place to implement environmental initiatives, are located upstream the supply chain. Therefore, the company engages in projects that help negotiate and implement environmental initiatives at the desired levels of the supply chain. In their CSR policy, company 2 aimed for higher sustainability goals than company 1. Instead of 25%, company 2 aims for 50% sustainable fabrics this year and 80% by 2025. Therefore, it is important for company 2 to tackle the environmental issues where the most impact can be made. Therefore, the perspective of company 2 as to what aspects they identify as challenging, is also linked to its CSR objectives.

Not only do the aforementioned challenges have in common that they link to each company's CSR objectives, they also involve overarching projects or organizations to deal with these challenges. In the case of company 1, the certification label GOTS is used for to improve the transparency of their sustainable products. In addition, company 2 is involved in multiple projects, such as the Arcadis project, to tackle environmental issues upstream the supply chain.

This might be explained by the fact that joint action has more impact than single action by the mid-size buying companies themselves. As company 2 stated, most processes are too complicated to execute by themselves.

To conclude, both companies find the motivation of suppliers challenging, but recognize that competitive advantage is an effective motivator for their suppliers. Besides, a good relationship with their suppliers, which is based on open conversation, flexibility or goodwill, can be an additional motivator for suppliers to implement environmental initiatives as well. Besides both companies identify different challenges, but the way they deal with these challenges are comparable in two ways: they link to their CSR objectives and they involve joint projects or organizations. In contrast, company 2 tends to take a more preventive strategy while company 1 tends to take a more careful step-by-step strategy in dealing with these different challenges.

5. Discussion

The different challenges in the supply chain regarding their bargaining power in the supply chain both companies face when implementing environmental initiatives and how they deal with them will be discussed. First, an interpretation of the results will be given and the results will be placed within existing literature. Then, practical implications of this study will be further discussed. Finally, a description of the limitations of this study and directions for further research will be provided.

5.1. Interpretation and contribution

In this section, the findings of this study will be discussed and compared to existing literature and more specifically, how the findings contribute to this literature. First, the findings on bargaining power will be discussed. Then, the interpretation of the role of the buyer-supplier relationship and finally supplier development activities will be provided.

5.1.1. Bargaining power

The results of this study correspond to the existing literature on bargaining power. Following the principles of the Resource Dependence Theory, mid-size buying companies have less bargaining power than their large competitors for implementing environmental initiatives, due to limited resources or, more specifically, a relatively low order volume (Crook & Combs, 2007; González et al., 2008; Stonkutė, 2015). Both companies indicated in the interviews that their relative amount of orders at some of their suppliers was low. Therefore, they were dependent on large competitors placing orders for sustainable fabrics at the same suppliers and as a result raising the demand for sustainable fabric. These results show that order volume is indeed an important factor in determining the amount of bargaining power.

This study contributes to this existing literature on bargaining power by giving specific insight in how mid-size companies experience their bargaining power when implementing environmental initiatives. Previous literature has been focusing on the emergence of bargaining power, such as the dependence on resources (Crook & Combs, 2007), how resources play a role in this dependency (Pfeffer & Salancik, 2003) and how certain characteristics of the garment industry play a role in the dependency relationship (Gereffi & Korzeniewicz, 1994). However, as Touboullic et al. (2014) suggested, the specific implications low bargaining power between a buying company and its suppliers should be further explored. This study has shown multiple examples of what the specific consequences of low bargaining power in the supply chain can look like when implementing environmental initiatives. Company 1 indicated that certain

certification labels are have high membership barriers, by charging standard membership fees. Besides, implementing environmental initiatives might requires some research, which includes risk and high costs for the supplier. Therefore, the supplier might only want to invest in research, when the return on this investment is proportional to the costs of the investment. Consequently, mid-size companies with low amount of orders might not be eligible for research. Finally, company 2 experienced low bargaining power by its dependency on the overall demand for environmental initiatives or the demand from other companies at its supplier for environmental initiatives. These insights contribute to a further understanding of the specific implications of low bargaining power in the supply chain of mid-size buying companies when implementing environmental initiatives.

5.1.2. The role of the buyer-supplier relationship

This study contributes to existing literature on relational quality of the buyer-supplier relationship. Previous literature identified a long-term relationship with a suppliers as an important factor for successful implementation of environmental initiatives into supply chains for buying companies (Geffen & Rothenberg, 2000). Other factors regarding this relationship, such as supplier development, and its relation to environmental performance, have also been studied before (Eltayeb et al., 2011; Liu et al., 2017). These studies, however, have mainly focused on large multinational buying companies or did not make the distinction between large multinational buying companies and smaller buying companies. However, the buyer-supplier relationship is of even greater importance for mid-size buying companies due to their low bargaining power (Morrissey & Pittaway, 2016). This study, therefore, took a different perspective, focusing on mid-size companies and their supplier relationship. Since mid-size companies use their supplier relationship to compensate for a lower bargaining power (Morrissey & Pittaway, 2016), the relationship with their supplier is a key aspect of the implementation of environmental initiatives into their supply chain. This study confirms the importance of a good relationship, and more specifically trust, as a possible substitute for bargaining power, mentioned by Lane & Bachmann (1997). For example, company 1 indicated that the relationship with its suppliers is more important due to its relatively low amount of orders compared to large competitors at the same supplier. The company indicated that its relationship with one of their suppliers created the goodwill to lower the minimum volume of orders for a certain sustainable fabric. The results of this study indicate support for the theoretical assumption that relational quality of the supplier and a mid-size buying firm is important in the process of implementing environmental initiatives into the supply chain in the

garment industry. Therefore, this study is an important contribution to a broader understanding of literature on sustainable supply chain management in that it shows that the a good relationship in which the supplier and the buying company have trust in each other, can be a possible substitute for low bargaining power.

Besides, the results correspond to the existing literature on factors that determine the relational quality. Trust has been an important factor in determining the relational quality in previous literature (Lo et al., 2018). Reducing uncertainty is one of the main components of trust, which allows both parties to predict the future actions of the other (Kwon & Suh, 2004; Lane & Bachmann, 1997). Both company 1 and 2 try to reduce uncertainty by enhancing trust between them and their suppliers. Company 1 indicated that trust was one of the key aspects increase certainty about the authenticity of the sustainable fabric. Also, company 2 uses trust to take away the uncertainty of losing business in open conversations. Hence, trust has been identified in both cases as an important factor of relational quality that reduces uncertainty when implementing environmental initiatives. Therefore, the findings in this study confirms trust as being an important factor in measuring relational quality in the buyer-supplier relationship.

Besides trust, company 1 also indicated that creating goodwill is an important factor in the relationship with its supplier to implement environmental initiatives into the supply chain. Goodwill, however, has not previously been mentioned in literature as a factor to measure relational quality in a buyer-supplier relationship. In the literature, goodwill has been identified as a part of the concept of trust (Blomqvist, 1997). Goodwill trust refers to the good intention of the other party and the belief that the other party acts in the relationship's best interest (Newell, Ellegaard, & Esbjerg, 2019). This aspect of trust, however, focuses more on the personal characteristics of the relationship, while trust as mentioned above focuses on reducing uncertainty within the relationship. Therefore, the concepts of goodwill and trust are treated as two separate concepts in the findings of in this study.

Additionally, this study provides new insight in the specific ways in which two mid-size buying companies in the garment industry try to build goodwill or trust with its suppliers. Previous literature has mostly focused on trust and goodwill as the result of a good relationship (Lane & Probert, 2006; Lo et al., 2018; Park et al., 2017). Specific ways in which this result is established has not been researched yet. However, since relational quality has been identified as an effective substitution for bargaining power in the supply chain for mid-size buying companies when implementing environmental initiatives, it is important to investigate more closely what such a relationship entails. In this study, the companies both expand on creating trust or goodwill as part of their relationship with their suppliers by explaining specific ways in

which trust and goodwill is created. For example, company 2 enhances trust by entering open conversations with its supplier when implementing environmental initiatives into the supply chain. Another aspect of creating trust that has been mentioned by both companies was treating their suppliers as their own colleagues, which allows them to get to know their suppliers on a personal level. For example, the CSR managers and the purchasing managers would go out to dinner with them when visiting the factories. Finally, both parties have long-term relationships with their suppliers. Both company 1 and 2 have relationships with their suppliers that last longer than 20 years. This study therefore contributes to existing literature by giving in-depth insight in how a good buyer-supplier relationship can be established.

5.1.3. Supplier development activities

The findings of this study confirms the existing line of literature on supplier development activities as a way of obtaining information about the environmental status of the supplier. Both companies indicated that they used certification or projects in dealing with the challenges they face. These can be identified as supplier development activities, as these activities are undertaken by the buying companies to identify, measure and improve the environmental performance of their suppliers (Krause et al., 1998). This study follows this line of literature of the concept of supplier development as a way to implement environmental initiatives into the supply chain (Eltayeb et al., 2011). For example, company 1 uses certification as a way to increase transparency about the environmental status of their products. Also, supplier development has been used by company 2 as a way to reach their sub-suppliers when implementing environmental initiatives further upstream the supply chain. This is in line with the view that certification solves information asymmetry between the buying company and the supplier (Rott, 2019). So supplier development activities to enhance transparency in the environmental status of the supplier links closely with supplier development activities as a way of information transfer.

Additionally, this study has found support for two different types of supplier development activities and the related way of communication to the supplier. Based on the same literature on supplier development, the type of information determines the way in which the information is communicated. Formal information, such as evaluations are communicated in non-personal ways, for example through certification. Informal information, such as desired improvements, on the other hand, are often communicated in person (Krause et al., 2007). This corresponds with the way both companies communicate with their suppliers. For example, company 1 uses GOTS certification as a way to evaluate its supplier's environmental

performance and teach its suppliers how to improve this, whereas company 2 enters into a face-to-face conversations with its suppliers to discuss the results of the evaluation and cooperate with them to make the necessary improvements. The findings therefore correspond to previous literature on the different types of certification and the ways of communication.

However, supplier development as a way to increase the motivation by increasing awareness of suppliers to implement environmental initiatives is a new aspect of supplier development that has come to light in the findings. Company 1 has not only used certification as a way to gain information, but also to provide useful information to their suppliers. This might be explained by the fact that the company aims for long-term relationships with their suppliers. Creating awareness can be an important aspect of building long-term relationships with suppliers in light of sustainable supply chain management (Adriana, 2009), because awareness leads to a better understanding of each other's environmental objectives and this might lead to better collaboration on the long term between the company and their suppliers. This close link between creating awareness and relational quality has also been the focus of company 1 to create supplier motivation. Company 1 indicated that trust and certification go hand-in-hand. In other words, certification without trust does not lead to the best possible transparency as well as trust without certification does not lead to the best possible transparency. These findings might imply that relational quality and supplier development activities are more effective when used together as a way to implement environmental initiatives. This conclusion, however, cannot be made entirely based these findings and need some further research.

5.3. Practical implications

This study provides new insights that can contribute to business in practice in multiple ways.

First of all, this study provides useful insights for other CSR managers of mid-size buying companies on how they can conduct their environmental policy and more specific, how they can deal with similar challenges regarding their bargaining power in the supply chain when implementing environmental initiatives into the supply chain. This is important, because large multinational companies mostly determine the environmental standards in the industry (Cousins et al., 2004), due to their high bargaining power. Therefore, the challenges that mid-size buying companies face can be different than those of large companies. This study is a start of providing more specific tools to mid-size companies to deal with the challenges they face regarding bargaining power. For example, it suggests that managers should engage in trust-building in the relationship with their suppliers or engage in certification programs to raise the

level of transparency and awareness among their supplier. In conclusion, CSR managers of mid-size companies can use these specific tools when facing similar challenges regarding bargaining power when implementing environmental initiatives.

Besides, multi-stakeholder initiatives that focus on environmental initiatives, such as the AGT, can learn from this study by acknowledging that there is a discrepancy with regard to the bargaining power in the supply chain between smaller companies and large companies in the garment industry when implementing environmental initiatives. This distinction has not explicitly been made before in the policies of these kind of multi-stakeholder initiatives. This distinction is important, however, since mid-size buying companies deal with other challenges than large buying companies do when implementing environmental initiatives. This study has shown that bargaining power can express itself in different ways, such as not being able to meet minimum volumes or standard fees. As a solution, investing in a good relationship with the supplier as a substitute for bargaining power can be stressed for smaller companies that feel dependent on the overall demand for environmental initiatives. As a result, these initiatives can provide more customized advice for different kinds of companies. Based on the findings of the this study, it can be recommended to multi-stakeholder initiatives to include some size-specific tools in their policy and advices.

5.4. Critical reflections and directions for further research

This study contributes to existing literature on sustainable supply chain management for mid-size companies. However, based on the findings of this study, some questions still remain unresolved.

First, this study has not made a comparison with large buying companies in the garment industry. This study entails a comparative case study of two case studies at two mid-size buying companies in the garment industry in the Netherlands. Also, these two case studies were placed in a bigger context by linking the two expert views. This has given useful insight in the different challenges that these two mid-size buying companies deal with when implementing environmental initiatives into the supply chain. However, a comparison with large buying companies in the same industry has not yet been made. Even though some literature has claimed that the implementation process of smaller buying companies can be different from that of large buying companies (Baumann-Pauly et al., 2013), this study does not provide useful insight in that. This might be an interesting contribution to existing literature on sustainable supply chain management. Where this study has made a start of exploring bargaining power in the light of environmental sustainable supply chain management in mid-sized firms, further research could

take it a step further and look at the influence bargaining power has on the success of the implementation of environmental initiatives.

Secondly, this study lacks insight in the other component of sustainability: social sustainability. This study has focused on the environmental initiatives that mid-size companies implement. Therefore, the social component of sustainability has not been discussed in this study. However, it might be interesting to study whether there is a difference between the implementation of environmental initiatives and its challenges and the implementation of social initiatives and its challenges. This might be an interesting contribution to this line of research, since most CSR departments at companies tackle social and environmental sustainability simultaneously. Therefore, a recommendation can be made to investigate the role of bargaining power in implementing social sustainability initiatives.

Finally, this study could have been more extensive in terms of data. The original plan was to collect data at three different companies. Unfortunately, due to exceptional circumstances, this was not possible anymore. Therefore, the expert interviews and documents have been collected to broaden the context of the cases. However, more data would have led to a deeper understanding of the challenges or more distinctive challenges regarding their bargaining power in the supply chain that they face when implementing environmental initiatives. Therefore, future research must take into account that the findings of this study can only function as a start for this line of research, since multiple other challenges with regard to bargaining power in the supply chain and the way mid-size companies deal with them can be identified in the future.

6. Conclusion

This study has contributed to the literature on environmental sustainable supply chain management and the role of bargaining power for mid-size companies by answering the research question: How do mid-size buying companies in the garment industry deal with possible challenges regarding their bargaining power in the supply chain when implementing environmental initiatives?

This study contributed to this line of research by providing insight in the different challenges that mid-size companies in the garment industry face and how they deal with these challenges, by conducting a comparative case study amongst two mid-size buying companies in the Netherlands. As a result, this study provided a deeper understanding of some concrete implications of a low bargaining power in the supply chain when implementing environmental initiatives. Besides, the importance of a good buyer-supplier relationship as a way to compensate for low bargaining power has been confirmed by this study. Additionally, this findings of this study have offered concrete ways in which such a relationship can be established, by specifically focusing on building trust and goodwill at the supplier to enhance the implementation of environmental initiatives. Finally, the role of supplier development activities has been identified as an effective way to support the buyer-supplier relationship in implementing environmental initiatives.

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8. Appendix 1

8.1. Interview guideline

Hello,

My name is Lisa and I study Organizational Design and Development at the Radboud University in Nijmegen. As a part of my master thesis, I am researching how mid-size companies in the garment industry implement environmental initiatives in their supply chain and which challenges they encounter in this regard. I will ask you a few question about this in the next hour. During the interview I might ask to explain an answer or to give an example.

I expect that you answer the questions as honest as possible and to your best knowledge. Your identity will remain anonymous in my thesis and the information that you give me in this interview will be treated confidentially. During the interview, you have the right to refrain from answering questions or stop the whole interview right away. A couple of days after the interview, the transcript will be sent to you, so you have the opportunity to check whether the information is correct.

Do you have any questions?

-

Finally, do object if I record this interview?

-

Introductory questions:

Question 1: What is your position within your organization?

Question 2: What are the environmental initiatives that your organization has implemented or is implementing?

Question 3: How would you describe the relationship with your suppliers?

Question 4: How is the contact with your suppliers organized within the organization?

Determine challenges:

Question 5: What factors play an important role in implementing environmental initiatives in the supply chain?

- If not mentioned in answer: ask what role the relationship has in implementing environmental initiatives

- If relationship mentioned in answer: ask how they create this relationship with your suppliers
- If not mentioned in answer: ask about supplier development activities

Question 6: What challenges do you face in the supply chain when implementing environmental initiatives?

- If not mentioned in answer: ask how they deal with it
- If not mentioned in answer: ask how the relationship and/ or supplier development activities influence the way they deal with the challenges

Concluding questions:

Question 7: Are there other important factors that can contribute to what we have discussed?

Question 8: Do you have other remarks or questions for me?

Thank you so much for your cooperation.

8.2. Interview guideline for follow-up questions

In the last interview we spoke about challenges that you face in the supply chain when implementing environmental initiatives. In this interview I want to get a better insight in the role of your size and power in these challenges.

Question 1: When facing challenge X, how does the fact that you are a small player play a role?

Question 2: How do you deal with this?

Question 3: Other possible topics that need clarification

Thank you so much for your cooperation.

9. Appendix 2

9.1. Codebook company 1

1st order concepts	2nd order themes	Dimensions
<ul style="list-style-type: none"> - You cannot see whether a fabric is sustainable, therefore it is easy to deceive us - Certificates are easy to falsify - You don't know for sure if the product is sustainable - Getting the right information is hard, because there is uncertainty about what labels are more sustainable - If the supplier produces under BCI, you can buy BCI but never be sure about the authenticity - Transparency also hard for big companies 	Difficulty getting the right information	Transparency as a challenge
<ul style="list-style-type: none"> - High costs to become member of certification projects - Investments more difficult for small companies - Checking on compliance suppliers is expensive - Trust is one of the factors, but money plays a big role - Certified fabrics are more expensive due to supervision - Margin is too low to justify to financial department - BCI financially unavailable - Suppliers are being informed and asked to implement policy, but there's no budget for checking on compliance 	High costs for getting right information	
<ul style="list-style-type: none"> - It is easy to deceive, so the market is based on trust - Trust is important to not get deceived - We treat suppliers as our colleagues - We trust on the expertise of our suppliers - Money is important, but good relationship leads to effective conversation about possibilities 	Relationship important for gaining trust	Solutions for transparency
<ul style="list-style-type: none"> - GOTS has a whole tracking system and is therefore really transparent - GOTS is a certification label, but less expensive - Deciding to become member of organization for certification 	Selecting the right certification labels	

<ul style="list-style-type: none"> - GOTS is more transparent and has the possibility of purchasing small productions - Step-by-step use of sustainable fabrics prevents from having to do big investment - Deciding to become member of organization for certification - Certified fabrics get double checked - Asking for possibilities at suppliers 		
<ul style="list-style-type: none"> - Small sized companies are easier to replace - Large companies increase availability sustainable fabric - Availability sustainable fabric is dependent on orders from large companies - Sustainability as high demand benefit for large companies - Availability sustainable fabric increases - Suppliers conducting sustainable business through demand from market - Some suppliers are active in environmental initiatives, but suppliers that are not it's uncertain if they want to become active - Different strategies for motivating suppliers: mostly overall demand increases - Some suppliers are active themselves, others because it's the demand - If the demand for sustainable fabric increases, availability increases - More demand leads to more supply 	<p>Company dependent on overall demand</p>	<p>Motivation as a challenge</p>
<ul style="list-style-type: none"> - Costs and minimum volumes big challenges - Minimum volumes limit the availability of sustainable fabric - Availability and cost of sustainable fabrics are getting better, but not at all suppliers - Minimum volume limits company for purchasing sustainable fabric - For smaller companies minimum volumes are too high - Lowering minimum volume is sharing risk 	<p>Company can't comply with minimum volume</p>	
<ul style="list-style-type: none"> - More willingness for research when bigger player for supplier - Small or new buyer is more difficult to let supplier cooperate in audit - Because things are relatively new, environmental initiatives cost quite some energy - Quite some uncertainties because it takes research 	<p>Costs for environmental research are high</p>	

- It takes a lot of research and collaboration with different organizations		
- Overall demand sustainable fabric leads to awareness about environmental initiatives - Suppliers gain information by organizations and the buyer - Knowledge amongst suppliers about environmental initiatives is important	Creating awareness by information transfer	Solutions for motivation challenge
- Good relationship leads to more goodwill despite low amount of orders - Good relationship can create goodwill to make exceptions for minimum volume - A good relationship with the supplier can make him put more energy in for you or do extra research for you - Goodwill to produce less than minimum volume - We have less power than large competitors, and therefore, a different relationship with suppliers - Try to share the costs of investing in sustainable fabrics - Excess sustainable fabric might be sold to other buying companies - Sharing risk is based on good relationship	Creating goodwill	
- Long-term relationship, barely switching - Long-term relationships, some almost twenty years - Long-term relationships builds trust	Long-term relationship	Relationship characteristics
- Most suppliers are visited two times a year, some others four - Dialogue during plant visits about environmental issues - Purchasing director and employees under this director are in contact with suppliers - Daily contact through multiple contact channels - Face-to-face contact as well as contact on a distance - Trust is created by contact, but also a connection - We treat suppliers as our colleagues	Personal contact	
- Conflict is resolved by conversation - Communication is important in relationship - Continuous conversation leads to trust - Honesty at supplier in conversation	Open conversations	

<ul style="list-style-type: none"> - Honesty of supplier is important when ordering sustainable materials - Dialogue during plant visits about environmental issues 		
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9.2. Codebook company 2

1st order concepts	2nd order themes	Dimensions
<ul style="list-style-type: none"> - At the locations where the most pollution takes place, sub-suppliers barely know things about environmental initiatives 	Sub-suppliers upstream supply chain	Location as a challenge
<ul style="list-style-type: none"> - We tackle environmental issues at suppliers we work a lot with, because there are the risks - Most environmental challenges are upstream in the supply chain at the washing, dyeing and printing units - Laundries, dye- and print houses are the focus 	Priorities with regard to environmental issues	
<ul style="list-style-type: none"> - If we are the only demand, sustainable fabric is very expensive - The amount of orders is linked to the power you have at a supplier - Improvement is a matter of negotiation and depends on your leverage in amount of orders - Environmental initiatives give suppliers tools they can use for other customers - Sustainable fabric gets cheaper if the demand increases - Other buyers at a suppliers are important for the demand for environmental initiatives - You can use environmental initiatives that other buyers develop and the other way around - You use other environmental initiatives, but you make your own unique product 	Company dependent on demand	Motivation as a challenge
<ul style="list-style-type: none"> - Sustainability compliance at supplier is dependent on manager at plant - Some suppliers don't understand environmental initiatives, then business is business 	Source of motivation	
<ul style="list-style-type: none"> - If the demand increases, then the efficiency of environmental initiatives will increase - Inspiration that you offer can lead to goodwill - If sub-suppliers show willingness, we can offer incentives, such as offering permanent business - We discuss permanent business for sub-suppliers with direct suppliers 	Offering incentives for sub-supplier	Solutions for location

<ul style="list-style-type: none"> - With implementing environmental initiatives, suppliers get support and they work more efficient - We offer new techniques they can use at other buyers and the other way around 		
<ul style="list-style-type: none"> - Through BEPI we know the risks at the supplier - Suppliers get support from projects - Projects can reduce complexity of negotiations 	Collaborative projects	
<ul style="list-style-type: none"> - If there is resistance, we enter into a conversation to give them trust that we don't just leave them - We ask and offer flexibility in our relationships and then we can understand each other better - Flexibility and explanation are key when you are a small buyer - Relationship is an important source for leverage - Relation is built step-by-step to see whether the supplier fits the values - Shared values are important in the first instance 	Pre-determined values in relationship	Solutions for motivation
<ul style="list-style-type: none"> - Cooperating with smaller suppliers due to low bargaining power - Make sure that you're not a small player at your supplier and establish long-term relationships 	Small size supplier	
<ul style="list-style-type: none"> - The premise is to evaluate the situation and collaborate to improve - Suppliers are collaborative and open for conversation - You promise that you just evaluate and aim for improvement, that's the way to enter a dialogue - If there is a conflict, in general it will be solved by dialogue - Large companies have strict requirements for suppliers, but as a prived-owned business we set our own strategy 	Open conversation	Relationship characteristics
<ul style="list-style-type: none"> - In general we are loyal, but we have to stay competitive - Most suppliers are our suppliers for 5 till 10 years. Focus is on long-term relationship - Our work ethic is to focus on the long-term - With existing suppliers implementing environmental initiatives is a process - A long-term relationship makes it less likely to leave the supplier - We don't easily switch to other suppliers, due to our long-term relationship 	Loyalty	

<ul style="list-style-type: none"> - In general plant visits happen 2 till 4 times a year - There is daily contact with suppliers through multiple contact channels - You open conversations every time you are visiting - Suppliers are like colleagues - We often know the owner and sometimes you have to address him or her personally, other times the supplier has a merchandiser - You know the supplier personally, you go out to dinner for example 	<p>Personal contact</p>	
<ul style="list-style-type: none"> - If we start an environmental initiative we explain it and ask for collaboration - You need to be respectful to other cultures - Creating willingness is important to create understanding 	<p>Clear explanation</p>	
<ul style="list-style-type: none"> - Our products are complicated, so trust is important - We work for years on building trust - Trust more important than contract 	<p>Trust</p>	