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# Global Sourcing in Fast Fashion Retailers: Sourcing Locations and Sustainability Considerations

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**Abstract:** For decades, apparel companies have profited from moving their manufacturing to low-cost countries and several academic studies have focused on understanding whether low-cost locations could support optimal supply chain configurations. However, the exploitation of resources in foreign sourcing countries often resulted in many environmental and social issues and apparel companies became progressively more concerned about the negative exposure that they could face with a limited supply chain transparency. Therefore, this paper aims at investigating global sourcing strategies of fast fashion retailers in order to understand whether the decision criteria influencing sourcing locations have changed over time to also embrace sustainability considerations. Drawing on a literature review on sustainability in fashion supply chains, offshore outsourcing, and fast fashion global sourcing, a new theoretical framework concerning fast fashion retailers' sourcing locations is proposed together with a content analysis of their reports. The findings show that fast fashion retailers identify sustainability as a key element to consider in selecting sourcing locations since sustainability issues at suppliers' factories may represent relevant hidden costs. Moreover, actions aimed at checking and improving sustainable practices in global sourcing policies are proven to support the development of a strategic sourcing reputation for their fast fashion brands.

**Keywords:** global sourcing; fast fashion; sourcing location; location decision; sustainability issues; sustainability best practices; fashion retailing

## 1. Introduction

Globalization and a growing reliance on network relationships have led to renewed interest in global sourcing for higher competitiveness and productivity [1–3]. Within international business academic literature, several studies have focused on manufacturing location decisions [4–6] to examine whether low-cost locations can support optimal supply chain configurations [7]. For decades, European and US apparel companies have profited from moving their manufacturing to low-cost countries in the Far East looking for minimum labor costs [8]. However, exploitation of resources across globally dispersed supply chains often resulted in many environmental and social issues [9]. The collapse of the Rana Plaza factory in 2013 in Bangladesh [10–13], which caused thousands of deaths, placed the fashion industry under increasing public scrutiny and fashion companies felt the urgency of bridging the gap between economic sustainability and social and environmental performance [14]. Consequently, they are now trying to make their manufacturing sourcing more sustainable by focusing on the triple bottom line (TBL) approach, which involves the economic, environmental, and social dimensions of sustainability [15–19].

Fast fashion [20–25] represents a unique context in which to investigate global sourcing strategies since large fast fashion retailers such as Gap Inc. (San Francisco, CA, USA), H&M (Stockholm, Sweden), Fast Retailing (Yamaguchi, Japan), and Inditex (Arteixo, Spain) depend on complex global supply chains to facilitate garment assembly and production by using offshore suppliers on a contractual

basis [26]. Fast fashion pertains to the apparel industry and can be defined as “the retail strategy of adapting merchandise assortments to current and emerging trends as quickly and effectively as possible” [25] (p. 6). Past studies [27–29] highlighted that in order to be both convenient and quick, fast fashion retailers leverage global and local sourcing locations which are often selected based on two main decision criteria: cost and time [30]. In fact, for a lengthy period, apparel location decisions have been largely based on quantitative cost measures [7,15]. However, the need to contemplate additional factors beyond cost has arisen and companies are often re-evaluating their supply chain design [28,31–33]. In 2013, Fine argued that in the future companies would no longer place so much emphasis on searching for the lowest price locations since they would be increasingly concerned about their reputations and the exposure that they could face in more transparent global supply chains [34]. Consequently, companies would embrace a more ethical perspective on manufacturing location decisions as well as sourcing decisions [7,34].

This paper aims at exploring global sourcing strategies of leading fast fashion retailers in order to understand whether the decision criteria influencing sourcing locations have changed over time to embrace a more ethical approach as suggested by Fine [34]. The research question investigated in this paper is therefore the following: Do ‘cost’ and ‘time’ still represent the key decision criteria influencing sourcing locations of fast fashion retailers? Alternatively, has the criterion of social and environmental sustainability become relevant?

To address this research question, apart from a literature review, a new theoretical framework on sourcing locations for fast fashion retailers is proposed. An exploration of sourcing destinations and factors influencing fast fashion sourcing is carried out by examining, through content analysis [35–39], annual reports from companies using the same reporting guidelines. In particular, the examined reports refer to three worldwide companies operating in the retail sector whose annual reports follow the guidelines of the Global Reporting Initiative (GRI) and adopt a fast fashion business model [40].

The paper is organized as follows: after the introduction, Section 2 presents the theoretical background on sustainability in fashion supply chains, offshore outsourcing, and global sourcing in the fast fashion industry. Section 3 proposes a new theoretical framework on sourcing locations in fast fashion retailers, while Section 4 explains the methodological steps followed in conducting the study. In Section 5, the findings are displayed, and Section 6 provides the discussion; finally, Section 7 draws together the conclusions with limitations and future research directions.

## 2. Theoretical Background

To develop a fast fashion sourcing locations’ framework embracing location decision criteria, the following theoretical aspects were taken into consideration: sustainability in fashion supply chains, offshore outsourcing (with reference to location decisions), and global sourcing in fast fashion companies.

### 2.1. Sustainability in Fashion Supply Chains

The textile and apparel industry ranks among one of the most polluting sectors worldwide [41]. As socioenvironmental issues became more prominent and companies became a target for public criticism and accusations, sustainability started to represent a vital aspect of fashion management [42]. The concept of sustainability was introduced in 1987 in the Brundtland report and was then adopted by the United Nations’ World Commission on Environment and Development (WCED): “sustainability means being able to satisfy current needs without compromising the possibility for future generations to satisfy their own needs” (World Commission on Environment and Development, 1987). The “triple bottom line” approach proposed by Elkington in 1998 was based on considering the business performance according to three perspectives of analysis, namely economic, environmental, and social. Thus, to reach sustainable development, companies should adopt a long-term outlook and enable economic growth, sustaining social progress and the environment [43].

Fast fashion appears as one of the most affected markets by sustainability concerns since it needs to meet the growing demand for fashion goods, and uses a significant amount of natural resources (such as water, energy, cotton, textiles) and chemicals, synthetic materials, pesticides, that are very harmful for the environment [44]. Deliveries and transportation from globally dispersed offshore suppliers' factories to final markets generate additional negative environmental effects in terms of CO<sub>2</sub> emissions [45]. Moreover, in foreign sourcing markets, unfair labor practices such as child labor, low wages, and long working hours highlight relevant social issues that together with limited supply chain transparency [46] cause various social sustainability challenges. Furthermore, as the fast fashion business model has generated increased fashion consumption, apparel garments are bought to be worn for a limited period and ultimately end up as waste in landfill sites [24].

Nonetheless, the vagueness of the terms 'sustainability' and 'sustainable development' may sometimes reduce sustainability to a 'window-dressing' activity, leading companies claiming to be committed to sustainable development to act unsustainably [16,42,47]. In fact, embedding sustainability in the fashion industry can be complex since many retail market segments exist, each one with specific sustainability issues, and the creation of global fashion supply chains makes it difficult to monitor how sustainable practices are adopted [48].

In order to develop sustainable supply chains, fashion corporations need to maintain a balance between social, environmental, and economic goals to satisfy stakeholders' requirements [14,49,50]. Often, to assess their social and environmental performance, companies make use of social and green certifications and ecolabels (e.g., Global Organic Textile Standards, Ecolabel, Global Reporting Initiative) [43]. Moreover, they join external coalitions, such as the Sustainable Apparel Coalition (SAC), that connects many brands, retailers, and industry groups with the aim of improving working conditions in the global apparel-manufacturing sector (<https://apparelcoalition.org/>). After the Rana Plaza building collapse, various apparel retailers signed the Accord on Fire and Building Safety in Bangladesh to ensure that workers do not need to fear fire, collapsing buildings, or other accidents that can be prevented applying reasonable health and safety measures (<https://bangladeshaccord.org/>) [51].

## 2.2. Offshore Outsourcing

Offshore outsourcing involves the allocation of an internal activity or process to a third party in a foreign country, which specializes in that function; usually, the strategy behind offshore outsourcing is founded on creating value through low cost by freeing up financial resources that can be invested in other critical areas [52]. The development of global sourcing strategies drove many companies to outsource production to low-income countries [53]. Moreover, the economic growth of Asian countries, related to the wide availability of a trained low-cost workforce, resulted in outsourcing to many emerging economies in order to reduce labor cost or exploit global skills thereby expanding manufacturing capabilities [1]. In this way, global production networks were created as "interconnected functions, operations, and transactions—through which a specific product or service is produced, distributed, and consumed—extended spatially across national boundaries" [54] (p. 274).

However, the dispersion of value chain activities from multiple providers in different countries around the world increased offshoring complexity for companies in both structural and operational terms [55]. Global supply chains are more complex and riskier [27,56,57] than domestic ones since cash and information flows are very difficult to coordinate in an international context. Different taxes and duties, trade barriers, and transfer prices need also to be considered. Additional sources of uncertainty and qualitative factors such as government instability and transportation systems, legal and security issues, time zone differences, geographical distances, cultural issues, and language differences represent critical problems for the strategic design of a global supply chain [58].

Through offshore outsourcing, company managers can focus on their core competencies, nevertheless, they also have to deal with 'hidden costs' deriving from the problems they face in forecasting all the consequences related to this choice [59]. A 'hidden cost' can be defined as an unanticipated cost of implementation occurring in the strategic management process [59]. Hidden

costs cannot be assessed ex-ante by a company since they occur ex post as a gap between expected and realized costs; thus, they negatively influence the ability of a company to evaluate costs and benefits of strategic decisions. For example, hidden costs can refer to procurement, management, acquisition time, and monitoring progress or in re-work, when merchandise is not available within a store at the time the consumer wants to buy it, and the sale is subsequently lost [60].

The increasing complexity of offshoring involves different challenges and related costs that are often not anticipated by companies when making offshoring decisions [59]. A challenge represents a problem that is perceived ex-post by negatively affecting the company's performance and can be classified as internal and external based on the original cause [61]. Factors that happened inside a company and/or within its client-supplier relations are considered as internal challenges, alternatively if they occurred outside of the company's direct control they are regarded as external challenges. Companies' responses to offshoring challenges tend to diverge in relation to three factors: the cause of the challenge; the strategic orientation of the firm affecting its offshore performance; and the human and financial resource endowments [61]. In particular, the degree of control that a firm holds over the cause of a challenge affects its way of responding: internal causes can be dealt with forms of adaptive routines and procedures while external causes require different responses such as political agreements or other forms of local community engagement. Learning to mitigate a challenge is only one of the available company responses, in fact, tolerating or relocating operations are other options [61]. More accurately, firms that follow many strategic objectives through offshoring are less likely to tolerate challenges while, on the contrary, firms that are focused only on a specific strategic objective, such as cost savings, are more likely to tolerate 'hidden costs' and also to relocate their activities if external conditions become too risky or costly. Moreover, the feasibility of response strategies is influenced by the availability of resources, and consequently, large firms that possess substantial managerial and financial resources are more likely to mitigate the offshoring challenges, for example, by signing agreements with competitors in order to prevent specific risks [61].

In attempting to manage the complexity of offshoring, the concept of 'strategic sourcing' has emerged as a process that directs sourcing activities towards opportunities, allowing companies to achieve their long-term operational and organizational performance goals [62]. A 'strategic sourcing orientation' (SSO), namely a management philosophy directed at identifying and meeting the needs and goals of strategic sourcing, can produce significant benefits for companies as it enables the development of a strategic sourcing reputation that, in turn, leads to enhanced supplier management and, finally, to better performances [63].

### Offshoring Location Decisions

Since the 1960s, a key aspect in offshoring studies has concerned the choice of sourcing locations when setting up company activities. Porter's well-known Diamond Model on National Competitive Advantage based a nation's competitive advantage on possessing unique local features that were difficult, or impossible, to replicate elsewhere [64]. Further, the 'investment development path' (IDP) model illustrated how companies tend to offshore the simplest and most standardized activities to countries characterized by an early-development economy while, in contrast, designating complex and technological activities to countries that are in later stages of development [65].

Location decision-making consists of multiple stages with different influencing factors at each stage and, due to the high level of uncertainty involved, is time and resource consuming [4–7]. Over recent decades, companies have been making location decisions with the aim of increasing competitiveness in global markets, effectively creating global value chains [5,28,33]. In practice, although location decisions may appear to be principally operative, they often have consequences for strategic relevance [5]. Thus, the emerging significance of location decisions has caused a rethinking of "the meaning of location, of competitive advantage, and on the transmission of knowledge among countries" [66] (p. 261) and the number of factors to consider in order to make the best decision has increased over time.

Following this perspective, Jensen and Pedersen found an array of relevant attributes related to location decisions and categorized them into the following four groups:

- cost levels (wages, infrastructures costs, and tax and regulations);
- human capital (education, availability);
- business environment (infrastructures, regulations, industrial context, and country risk); and
- interaction distance (geographic, linguistic, and cultural) between onshore and offshoring distance (geographic, linguistic, and cultural) between onshore and offshore locations [67].

Jensen and Pedersen further proposed a multifaceted location model in which manufacturing offshoring was primarily directed at low-cost destinations [4,28,29], following a cost or efficiency approach, however underlining also that offshoring does not necessarily mean at distance. In some cases, in fact, closer locations could be preferred if they provide a good mix of proximity and low-cost. Companies tend to relocate Research and Development activities and high-value processes to high-cost locations with sophisticated and advanced competencies [67]. In fact, among the conditions driving manufacturing location decisions, the search for lower costs remains decisive in combination with an analysis of the availability of skilled labor, currency exchange, tax structure, and shipping time/customer proximity [4]. The mix of these factors has sometimes caused a shift of manufacturing away from low-cost countries towards newer low-cost countries (reshoring) or closer proximity to the final market (near shoring) where there is an available workforce and well-developed infrastructure [68].

### 2.3. Global Sourcing in Fast Fashion Companies

In the fast fashion industry [20–24], global sourcing strategies generally vary between the two extremes of full vertical integration and outsourcing [69]. Through the former, fast fashion companies carry out all business processes from design to manufacturing, distribution and retailing to the end market; they also own manufacturing facilities and the only external procurement they have relates to purchasing raw materials or fabrics for in-house manufacturing (unless fibers and/or fabric suppliers are produced in company subsidiaries). In comparison, manufacturing sourcing requires fast fashion retailers to interact with external partners in order to produce garments that will then be sold through own store retail chains. In the latter case, fast fashion retailers will target the global market looking for the best countries for raw materials and fabrics. Frequently, a midway strategy is chosen, characterized by internal design, total or partial manufacturing outsourced to a network of external suppliers, and retailing through directly operated store chains [20,24,25]. Thus, fast fashion retailers implement multiple sourcing where all supply chain members are linked in order to provide flexibility to the entire supply chain. They may find it convenient to source from nearby countries because of their high quality, tailored manufacturing, and flexibility [29]. On the other hand, they may opt for distant offshore sourcing locations seeking minimum labor costs [8,24,26]. By choosing both local and global sourcing destinations, fast fashion companies face increasing complexity in managing all their sourcing locations with offshore suppliers geographically dispersed across the global market. Often, in order to better manage their manufacturing network, they divide suppliers into two categories: ‘key’ or ‘top suppliers’, whose expertise and skills are critical to them, and secondary suppliers, performing less important activities, and, as a consequence easily replaceable [70].

Fast fashion companies need to consider several factors when making location decisions including suppliers’ and customers’ locations, customer demand, and price offered by suppliers [6]. Generally, the key criteria to select sourcing locations in the apparel [27,29] market were price, quality, and production capacity offered by suppliers [70–73]. However, sourcing location decisions are strictly dependent on suppliers’ availability and manufacturing conditions [5,7,74] and this caused a shift from using purely quantitative selection criteria, mainly based on suppliers’ price, to qualitative ones such as payment terms, delivery time, compliance with quality standards, and the ability to respond quickly to any changes [70].

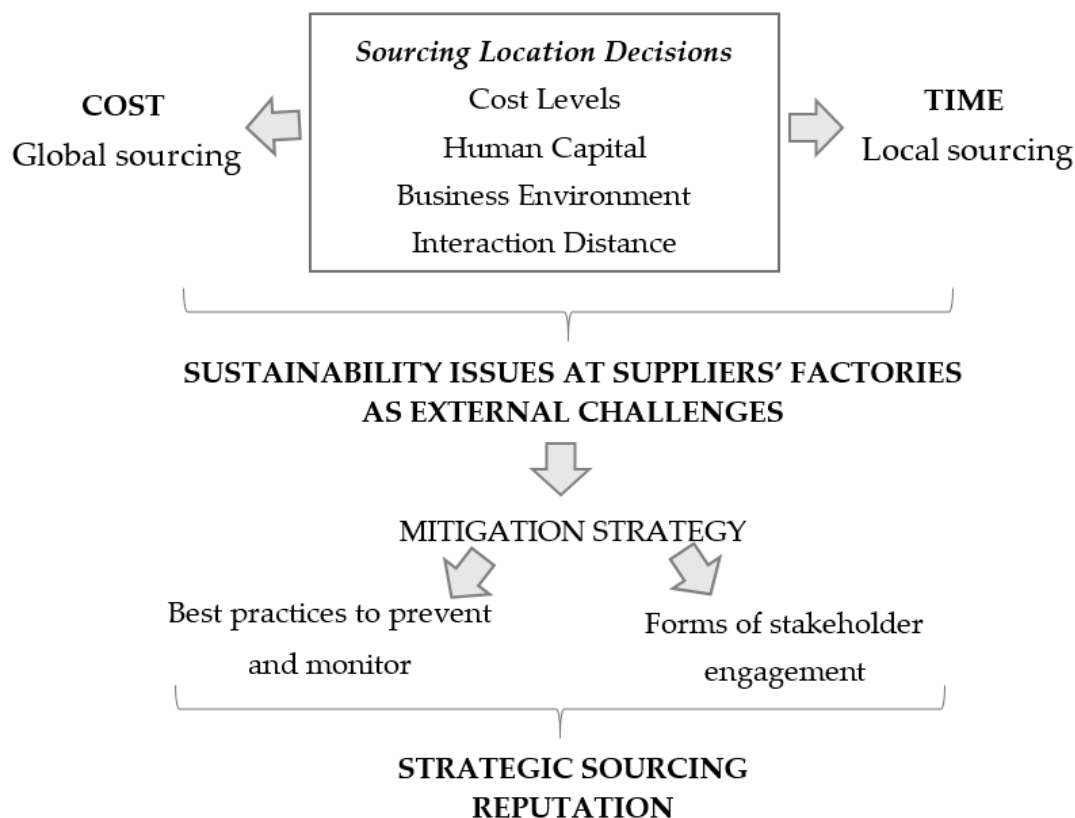
By reviewing all factors evaluated by fast fashion retailers in selecting sourcing locations and suppliers, Bruce and Daly asserted that the two dominant parameters are cost and time [30]. In fact, the widespread availability in low-cost countries of subcontractors able to carry out the manufacturing of basic garments makes lower labor cost the key decision criterion in terms of final choice for basic items since retailers can limit the garments' selling price. However, in contrast, the need to quickly produce fashionable garments with higher quality and fashion content, by monitoring all the stages of the manufacturing process, discourages fast fashion retailers from choosing sourcing locations too distant, even if they offer labor costs lower than those in the home country [69]. Furthermore, the decision to opt for a closer geographical location derives also from an assessment of transportation costs, which significantly affect the final price [75]. Therefore, fast fashion retailers tend to implement a dual sourcing strategy by organizing their manufacturing processes through local and global sourcing with the aim of taking advantage of an optimal mix of efficiency, quality, time to market, and performance. When fast fashion garments or accessories are basic, and have a predictable demand, manufacturing is spread across the global market seeking the minimum cost. Whilst, for high fashion content products with unpredictable demand, production will be located closer to the company's host country [24,27,29].

### 3. A Proposed Theoretical Framework of Sourcing Locations in Fast Fashion Retailers

As described in the theoretical background, in the fast fashion market, sourcing location decisions are essentially based on an assessment of cost and time criteria [30]. Nowadays, however, it has been found that social and environmental sustainability represents a vital aspect of fashion management [9,16,42,43] and often fashion companies are criticized for low transparent conducts within their supply chain [16]. Thus, this paper proposes that, beyond cost and time, also sustainability considerations may represent a new key criterion able to orientate sourcing location decisions in fast fashion retailers. Sustainability considerations [13,17,41] are expected to become a crucial factor in sourcing strategies since negative events such as negligence at a supplier's factory can represent for fast fashion retailers a hidden cost [59]. Therefore, fast fashion retailers need to confront this hidden cost and aim to prevent it in order to develop a strategic sourcing orientation and maintain a strategic sourcing reputation [63].

To explain the proposed new framework depicted in Figure 1, it is acknowledged that a mix of global and local sourcing allows fast fashion retailers to achieve the dual purpose of low-cost production and short time to market [27,29]. In fact, by sourcing locally, retailers reach both greater operational flexibility and geographical proximity desirable for monitoring and checking the quality of manufactured garments, as well as limiting transportation costs [75]. Alternatively, by sourcing globally, they safeguard the final price of clothing due to low manufacturing costs available in low-wage destinations. Thus, cost and time are considered the two main criteria influencing sourcing location decisions [30].

To date, sustainability issues at suppliers' factories in foreign sourcing markets have not been considered in previous academic literature pertaining to location decisions [4–7]. In this study, location decisions are aligned with the multifaceted location model [67], which states that the final decision about sourcing destinations depends on the analysis of specific factors: cost levels; human capital; business environment; and distance of interaction. As described in Figure 1, fast fashion retailers would opt for distant sourcing locations (global sourcing) by locating the production of basic garments in low-cost destinations, whether they are seeking a low-cost approach characterized by reduced wage costs, infrastructure, tax regulations, or an available workforce. In contrast, they prefer a closer sourcing location (local sourcing) when looking primarily for a short lead-time to market together with high-fashion garments. In this latter case, limited geographic, linguistic and cultural distance, professional and well-trained human capital, and a reliable industrial context and business environment would be the key-factors considered by fast fashion retailers in selecting sourcing locations.



**Figure 1.** Theoretical framework of sourcing locations in fast fashion retailers.

Sustainability issues are supposed to represent an important hidden cost [59] for fast fashion retailers since negative events or scandals due to a lack of social or environmentally sustainable practices at offshore factories may damage their reputation. Companies can decide to respond differently to such offshoring challenges [61] and relative costs. In fact, they can pursue a tolerating, mitigating, or relocating strategy depending on the analysis of the cause of the challenge, the strategic orientation of the company, and available human and financial resources. By analyzing these factors from a fast fashion context, it is reasonable to state the following:

- Fast fashion retailers hold a low degree of control over the negative effects deriving from offshore suppliers' sustainability issues in sourcing markets, which can be managed as an external cause and, consequently, the corresponding challenge can be dealt with through forms of stakeholder and local community engagement [61].
- The need to reduce manufacturing costs in order to limit the final price together with the need for fast time to market [30] represent the two main strategic objectives pursued by large fast fashion retailers.
- It can be argued that fast fashion retailers hold sufficient managerial and financial resources to face offshoring challenges.

Further, as argued by Manning [61], companies that follow many strategic objectives through offshoring are less likely to tolerate challenges whilst, companies that are focused only on a specific strategic objective, such as cost savings, are more likely to tolerate 'hidden costs' and also to relocate their activities if external conditions become too risky or costly. Therefore, it is argued that fast fashion retailers are most likely to adopt a mitigation strategy since their global sourcing is guided by two strategic objectives of short time to market and reduced cost [30] and they possess enough available resources to face the potential risks deriving from external challenges. It is thus reasonable to expect that fast fashion retailers will invest heavily in building strong relationships with key stakeholders [14,50] in sourcing countries and in developing best practices [41,43] to prevent and

monitor the presence of sustainability issues at offshore sourcing locations such as child labor, worker discrimination, and environmental neglect within their supply chain. To manage the hidden cost related to sustainability issues in sourcing markets, fast fashion retailers will define best practices based on procedures (visits, assessments, training, etc.) and tools (for example, codes of conduct) to select, supervise, and evaluate their offshore suppliers [72]. Additionally, they might sign collaborative partnerships with competitors and international non-governmental organization (NGOs) aimed at improving the working conditions of suppliers in low-wage countries [43,51]. In doing so, they also could contribute towards enhancing the living standards of local communities and build a strategic sourcing reputation [63].

#### 4. Methodology

To analyze global sourcing in fast fashion retailers, the literature review provided in the background section was combined with a content analysis [35–39] of annual reports. Content analysis is potentially one of the most relevant research techniques in social sciences since it makes “replicable and valid inferences from data to their content” by analyzing data within a specific context in view of the meanings someone attributes to them [36] (p. 403). It represents a research technique used to objectively and systematically interpret the intentions, attitudes, and values of people or entities by identifying specified features in textual messages. The unobtrusive nature of content analysis makes it well suited for strategic management research [76] by offering the researcher the opportunity to study the values, opinions, and intentions of managers and a significant number of top managers and executives’ claims and statements, generally inaccessible or very difficult to obtain [77]. For this reason, content analysis was chosen in this study as an appropriate research method to explore global sourcing and factors orientating decisions concerning sourcing locations carried out by fast fashion retailers. Moreover, it is a reliable technique, easily replicable, and provides researchers with valid results, as the careful scrutiny of texts and the resulting claims can be supported thanks to independently available evidence [36].

While the first descriptions of content analysis were developed exclusively for a quantitative approach [77,78], content analysis has subsequently shifted to a more interpretative approach within the qualitative paradigm by making relevant both these approaches [38,39,79]. In this study, quantitative and qualitative approaches have been mixed to assess structural descriptive criteria [80]. More precisely, the use of quantitative methods based on the analysis of word frequency in textual datasets extracted from published and freely available documents (such as annual reports or websites) represented an initial starting point for further in-depth research with qualitative content analysis. Quantitative content analysis, when applied correctly, is systematic, replicable, used to assign numerical values to categories of content based on valid measurement rules [79,81]. In fact, a quantitative approach may be useful as a tool to provide additional evidence or information on specific issues; however, a researcher should use such data with caution, without overestimating their explanatory power, and mostly in combination with other analysis [82]. Thus, a subsequent qualitative content analysis was carried out to support the study by involving descriptions of the manifest content as well as interpretations of the latent content, distant from the text but seen as interpretations of the underlying meaning or the ‘red thread’ between the lines in the text [38,77].

The process of research based on content analysis was structured into five phases: a theory-driven selection of the dimensions and categories of analysis; a process of definitions and coding for each category; the analysis of the documents; editing and extraction of place of findings; report of results [80]. These steps, or phases, were carefully followed to perform a quantitative and qualitative content analysis of annual reports of selected fast fashion.

#### Sample Selection

The fast fashion retailers, whose reports were analyzed using content analysis, were selected according to the following criteria [81]. Firstly, in order to obtain a comparable data set, as anticipated in the introduction, the sample was chosen from retailers that structured their annual reports and



sustainability reports in accordance with the guidelines of the Global Reporting Initiative (GRI). GRI standards are the most widely adopted global standards for sustainability reporting and enable companies worldwide to communicate their impact on critical sustainability issues such as climate change, human rights, governance, and social well-being. Founded on a multi-stakeholder process, this framework helps organizations to assess their economic, social, and environmental performance and impacts. A specific section of GRI indicators pertains to socially responsible supply chains, working conditions within supply chains, and suppliers; thus, the GRI database, freely available on the global reporting initiative website (<http://database.globalreporting.org/search>), was used to search for these reports.

Initially, the reports were selected on the basis of three filters: GRI-G4, the most current generation of GRI guidelines; year: 2015; sector: retailers (GRI Database) [83]. As described in Table A1 (see Appendix A), 53 reports were identified. As some (16) were non-English reports, they were omitted due to translation difficulties. Thirty-seven reports remained and, at this point, the specific sector of activity of retailers was considered in order to reduce the list to those operating only in the fast fashion sector. By eliminating retailers operating in different sectors, eight retailers remained relating to the apparel and fashion sectors and were then compared to the fast fashion retailers' list provided by Caro and Martinez in order to select those reflecting a fast fashion business model [40]. Only three retailers of those included in the sample pertained to fast fashion. As a result, their reports were analyzed firstly through a quantitative content analysis followed by a qualitative content analysis [36–38,78,79].

## Data Collection

The three PDF files of 2015 annual reports downloaded from the corporate websites were converted into word files. To perform a quantitative content analysis on these annual reports, a theory-driven selection of the dimensions and categories of analysis [80] was carried out together with a process of definitions and coding for each category. Next, the following keywords were used for selecting the pages pertaining to the main research questions: 'manufacturing', 'production', 'purchasing', and 'supplier'. Texts and pages that contained the respective keywords were copied from each file into three new word files, one for each fast fashion retailer. Subsequently, each file was analyzed using SAS Enterprise Miner 5.1 (SAS Institute, Cary, North Carolina, US) for data mining that solves the text ambiguities and normalizes the units of documents, for example, by converting the raw text file into a well-defined sequence of linguistically meaningful graphical forms (words). Afterward, the text miner for analyzing texts provided the frequency count of all the contained words in order to measure the frequency of the three keywords selected from a theory-driven analysis: 'cost', 'time', and 'sustainability'. At this point, since the vocabulary of the three reports was sometimes different (for example, in Retailer B's report suppliers were indicated as partners and as vendors in Retailer C), the results were complemented with a search for synonyms as a form of latent content. The percentage of related content in the reports was found through the word counts.

Next, to enhance the rigor of the study, a qualitative content analysis was carried out not only on 2015 reports but also on a broader database [38]: all the annual reports of the three fast fashion retailers over the period from 2011 to 2018 were downloaded from their corporate websites. The process of qualitative content analysis consisted of several steps [80]. Firstly, to understand the topic as a whole, annual reports from the sample database were carefully read. Once data segments related to global sourcing locations and supplier networks were identified, tables were developed for the receipt of coded data from each annual report. Following careful organization of the qualitative findings into matrices, it was necessary to integrate, interpret, and synthesize these data and their meanings across study reports. Additionally, the current list of suppliers published on corporate websites was examined to gather specific data about sourcing locations and offshore supplier numbers by region. In this way, it was possible to obtain data showing a temporal evolution of the phenomenon. The decision to observe data pertaining to a long period (2011–2018) was addressed to strengthen the validity of the research findings. In theory-generated qualitative analysis, data saturation [39] is achieved when the

findings are fully grounded, and additional data would not enhance understanding or meaning [84], and this was the case.

## 5. Results

Table 1 contains the results of the quantitative content analysis carried out on 2015 annual reports while Tables 2–4 display the findings developed from the qualitative content analysis on annual reports published from 2011 to 2018. For all the fast fashion retailers, it was possible to collect data on current sourcing locations from the full list of suppliers/factories that they publish on their corporate websites. In contrast, within the annual reports, the disclosed information and available data were different: Retailer A provided precise data about sourcing locations and suppliers, Retailers B and C disclosed less data which, however, in the case of Retailer C was available for all the requisite years under consideration.

In order to provide an examination of sourcing location decisions, Table 1 shows the results of the quantitative content analysis, namely the percentage of content related to the three decision criteria of time, cost, and sustainability under investigation.

In Table 2, the overall data and information on sourcing destinations and organization (in 2015 and 2018) are summarized.

Table 3 displays the temporal evolution of sourcing locations examined through the evolution of offshore suppliers' localization by region. In fact, in making location decisions, companies need to consider factors strictly dependent on suppliers, such as suppliers' availability and manufacturing conditions in sourcing countries [5,7,74]. Thus, manufacturing sourcing locations are strictly related to suppliers' locations.

Finally, Table 4 focuses on deepening the criterion of sustainability considerations, by showing data and information about supplier rating systems, selection and management.

Retailer A distinguishes four levels based on their supplier's compliance to the Code of Conduct: full compliance (A), non-compliance with some non-relevant aspect (B), or with some sensitive but non-conclusive aspect (C), and infringements (Corrective Action Plan, CAP). In Retailer B, gold and platinum suppliers are those with the best performance in all areas, while silver suppliers are characterized by a lower level of compliance to sustainable standards and are, thus, evaluated regularly by reviewing their performance, and providing training and support for further improvement. Retailer C categorized suppliers into three classes (green, yellow, and red) and stated that it sourced products almost exclusively (98.5%) from factories that earned a green or yellow rating.

Moreover, the following extracts provide additional useful information to interpret the sourcing location decision criteria of the three fast fashion retailers.

**Table 1.** Results of the quantitative content analysis.

	<b>% Cost-Related Content</b>	<b>% Time-Related Content</b>	<b>% Sustainability-Related Content</b>
Retailer A	2.38	0.60	25.61
Retailer B	1.91	1.02	10.66
Retailer C	1.09	0.69	10.59

**Table 2.** Global and local sourcing countries in fast fashion retailers.

	Manufacturing	Sourcing Countries		% Local Sourcing		% Global Sourcing		Number of Suppliers and Factories		% Suppliers by Geographical Area		Sourcing Organization	
		2014	2018	2014	2018	2014	2018	2014	2018	2014	2018		
Retailer A	50% in-house, 50% outsourced	50 countries (Europe, Africa, America, and Asia)	43 countries (Europe, Africa, America and Asia)	55%	57%	45%	43%	1625 suppliers and 5382 production factories	1866 suppliers and 7235 factories	40% Europe, 46.7% Asia, 8.3% Africa, 4.9% America	35% Europe, 64% Asia and Africa, 1% USA	10 supplier clusters	12 clusters with Social Sustainability Teams
Retailer B	Totally outsourced	27 countries (EMEA, South Asia, Far East)	42 countries (EMEA, South Asia, Far East, Africa)	Less than 1%	2%	99%	98%	850 suppliers connected to 1926 factories	840 suppliers connected to about 1800 factories	25.3% EMEA, 30.7% South Asia, 44% Far East	23.9% EMEA, 30.3% South Asia, 44.3% Far East, 1.5% Africa	21 locally-based production offices in Europe, Asia, and Africa	A production office in every sourcing country
Retailer C	Totally outsourced	Greater China (27%), South Asia, South East Asia	40 countries (Greater China, South Asia, South East Asia)	2%	0%	98%	100%	300 suppliers and 1107 factories	700 vendors connected to about 774 factories	Greater China (27%), South Asia + Southeast Asia (62%), Row (11%)	Greater China (26%), South Asia + Southeast Asia (67%), America (5%), Row (2%)	Three top sourcing regions, sourcing teams	Sourcing Teams

**Table 3.** Offshore suppliers by region in fast fashion retailers.

	2011	2012	2013	2014	2015	2016	2017	2018
Retailer A								
EMEA	41%	41%	41%	40%	40%	37%	35%	35%
Asia	46%	47%	46%	47%	48%	52%	54%	56%
America	4%	5%	5%	5%	4%	4%	3%	1%
Africa	9%	8%	8%	8%	8%	8%	8%	8%
Tot Suppliers	1490	1434	1592	1625	1725	1805	1824	1866
Retailer B								
EMEA	29%	26%	23%	25%	25%	-	-	24%
South Asia	29%	31%	32%	31%	32%	-	-	30%
Far East	42%	43%	45%	44%	43%	-	-	44%
Africa	0%	0%	0%	0%	0%	-	-	2%
Tot Suppliers	747	785	872	850	820	-	-	842
Retailer C								
Sourcing countries	50	40	40	40	40	40	50	40
China	27%	26%	28%	27%	24%	23%	22%	21%
Vietnam	-	-	-	-	-	25%	25%	28%
Local sourcing	2%	2%	2%	2%	1%	0	0	0
Tot Suppliers	1020	1000	1000	1000	1000	800	800	700

At Retailer A, “we rate factories based on the quality and cost of their product” . . . “the factories used by our suppliers form part of our supply chain and are subject to all of our programs and standards concerning quality, manufacturing, product health and safety, and environment. They are also subject to all of the labor and social principles set out in Retailer A’s Code of Conduct for Manufacturers and Suppliers” (Retailer A Report, 2015). At Retailer B, “We have high expectations of our suppliers in terms of quality, price, lead-times and sustainability . . . .We choose and reward responsible partners who share our values and are willing to work transparently with us to improve their social and environmental performance . . . . We set high standards for our suppliers and regularly monitor how well they live up to them.” . . . “Actively communicating with governments its commitment to reflect increased wages in prices paid to suppliers and the need for fairer wage fixing processes. Most important of all is Retailer B’s willingness to collaborate with other brands to drive significant and lasting change in the industry” (Retailer B Report, 2015). At Retailer C, “we explicitly prohibit the use of forced labor in the making of our products . . . . Code of Vendor Conduct (COVC) establishes requirements that all factories must meet to do business with Retailer C.” . . . “Because many of these issues touch on systemic challenges, we know that we can’t tackle them on our own and have partnered with governments, NGOs, trade unions and other brands and retailers to come up with innovative solutions” (Retailer C Report, 2015).

**Table 4.** Sustainability considerations in fast fashion retailers: supplier selection and management.

Supplier Categorization and Rating						Supplier Selection and Management	Best Practices	Forms of Stakeholder Engagement	
Retailer A  Five categories. Strategic suppliers (A+B) are responsible for 93% of total production in 2014 and 96% in 2018		<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	Compliance to Code of Conduct for Manufacturers and Suppliers, initial assessment and others over time through audits	Audit teams to verify compliance to Code of Conduct; classroom training for suppliers; management systems for the supply chain traceability; Implementation of the Strategic Plan for Stable and Sustainable Supply Chain 2014-2018 Workers at the centre Programmes Work In Supplier Clusters.	Global Framework Agreement with IndustriALL Global Union and alliances with the International Labour Organization (ILO), the UN Global Compact and Better Than Cash Alliance. Participation in ACT (Action, Collaboration, Transformation), the Ethical Trading Initiative and the Bangladesh Accord
	A	42%	42%	38%	36%	35%			
	B	43%	46%	51%	53%	56%			
	C	8%	7%	5%	5%	4%			
	Rejected	4%	3%	3%	2%	2%			
Retailer B  Four categories. Strategic suppliers (platinum+gold) responsible of 60% of total production in 2014 and 2018		<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	Compliance to Code of Conduct, initial assessment and others over time through audits, Individual meetings, 130 sustainability experts.	Full Audit Programme (FAP), Index Code of Conduct (ICoC), anonymous supplier surveys, close relations and constant dialogue with business partners, monitoring, assessment, training, reporting.	Several Partnerships with (among others): Better Cotton Initiative (BCI), Sustainable Apparel Coalition (SAC), Fair Labor Association (FLA), Fair Wage Network (FWN), Better Work, International Labour Organisation (ILO), UNI Global Union, WWF, Ethical Trading Initiative (ETI), Fair wage network (FWN).
	Platinum	-	-	-	-	1.28%			
	Gold	-	-	-	-	16.27%			
	Silver	-	-	-	-	52.26%			
Other	-	-	-	-	30.19%				
Retailer C  Three categories. Strategic suppliers (green + yellow) represent 84% of suppliers in 2014 and 98% in 2018		<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	Compliance to Code of Vendor Conduct (COVC). Assessments and development of a country-specific approach to assessing risk and improving work in factories	Sourcing teams & sustainability teams; assessing & approving factories; training; compliance with Code of Vendor Conduct; Better Program for monitoring factories; visits; interviews; factory rating.	Partnerships with: Verité, Alliance for Bangladesh Worker Safety, Better Work's Workplace Cooperation Program, Project on Sustainable Labor Practices in Global Supply Chains, International Labor Organization (ILO) Cornell Project on Sustainable Labor Practices, Life and Building Safety Initiative (LABS).
	Green	12.2%	42.3%	35%	36.9%	38.6%			
	Yellow	36.2%	39.2%	48.9%	58.1%	59.4%			
	Red	18.7%	18.5%	16%	5%	1.8%			

## 6. Discussion

The globalization of the fashion industry has highlighted the significance of manufacturing location decisions [4–6] in global sourcing for reaching higher competitiveness [1–3,7]. During the last decades, apparel companies have created global production networks [54] moving their manufacturing to developing countries looking for minimum labor cost [8]. However, many environmental and social issues arose [9] and fast fashion retailers [21–24] have been the most affected by sustainability concerns and criticism. In fact, to produce fashion garments at low-cost and quickly, fast fashion retailers have made a significant use of natural resources and chemicals [44], beyond exploiting questionable manufacturing working conditions. Nonetheless, they are trying to make more sustainable their manufacturing sourcing [15–17] and, in this perspective, an in depth analysis of results allows exploring whether, beyond cost and time [30], also sustainability considerations may represent a new decision criterion able to orientate sourcing location decisions in fast fashion retailers.

The first three columns of Table 1 display the quantitative content analysis's results [79,81,82] as a percentage of content related to each key decision criterion (namely, cost, time, and sustainability). Among the three investigated criteria, sustainability has the highest percentage of related content with on average 15.62% versus 1.79% of cost-related content and 0.77% of time-related content. Specifically, Retailer A emerges as the fast fashion retailer paying most attention to sustainability considerations. The frequency count of sustainability-related content is 25.61% indicating one word in four is associated with this topic; therefore, Retailer A has the highest level of disclosure about its social and environmental sustainability amongst the three. These results appear to make sustainability aspects as very important in selecting new sourcing locations and suppliers when entering into manufacturing agreements. In evaluating new locations, as proposed in the new theoretical framework, fast fashion retailers seem to pay great attention to prevent scandals or accidents coupled with the hidden cost [59] of sustainability's negligence at suppliers' factories. However, these first results need to be combined with a deeper examination of data and information obtained through the qualitative content analysis [38,39,80] of annual reports, whose results are contained in Tables 2–4.

Firstly, the findings show the significance of global sourcing [1–3,7] for fast fashion retailers that have adopted a formal organization by setting up locally-based production offices (Retailer B), supplier clusters (Retailer A), or sourcing teams (Retailer C) in their top sourcing regions. A similar organization is necessary to govern the growing complexity of global sourcing [55] due to the dispersion of manufacturing from multiple providers in different sourcing locations around the world. In fact, as described in Tables 2 and 3, all the examined retailers have expanded manufacturing worldwide, creating global production networks [54] and outsourcing to a network of offshore suppliers [21,22] the total production (as is the case for Retailers B and C), or partial production combined with in-house manufacturing (for Retailer A). The presence on site of companies' representatives is likely due to favor the development of good relationships with the local community beyond to support a process of learning to mitigate an external challenge as argued by Manning [61].

By examining sourcing countries in Tables 2 and 3, it is shown that Retailers B and C primarily target low-wage countries such as China, South Asia, and the Far East as sourcing destinations, and appear to reveal low cost as the most relevant criterion for selecting their sourcing locations [8,28–30]. In contrast, Retailer A is the only one to safeguard a proximity sourcing since 55% of the total manufactured volume was sourced in 2014 in Spain, Portugal, and Morocco and this percentage further increased in 2018 to reach 57% (Retailer A, Reports 2015, 2018). This may be due to the Retailer A's need of shortening the time to market, by emphasizing the time decision criterion [22,23] over the cost criterion and by benefiting from the availability of a local qualified workforce and well-developed infrastructures in near sourcing locations [7,68]. On average, Retailer A is able to process an order and deliver products to European stores in 24 h with a maximum of 48 h for American and Asian stores. Furthermore, manufacturing appears to be disseminated amongst various sourcing locations (in Table 3). According to the proposed theoretical framework on sourcing locations in fast fashion retailers, this choice may be seen as related to the exploiting of specific location-based conditions [64,66,67] that consequently

allow obtaining the right mix of efficiency (cost criterion) and speed (time criterion) to arrive at greater flexibility [24].

Thus, findings show that manufacturing offshoring is proven primarily to be directed at low-cost destinations [67] in fast fashion retailers; in fact, in two cases out of three (see Table 3), the highest density in terms of supplier number pertains to Asian and Far East countries. Furthermore, the percentage of these countries as sourcing destinations within the whole supplier base remains quite stable (in Retailer B) or even increases (in Retailer A) over the period 2011–2018. A slightly different situation pertains to Retailer C, where global sourcing from China has been gradually decreasing in favor of Vietnam (from 27% in 2011 to 21% in 2018 when 28% of total sourcing comes from Vietnam). This can be explained with the rise of Chinese labor costs due to the imposition for foreign companies to fix higher minimum wages as a consequence of the explosion of workers' strikes in several production centers; thus, this made China less attractive as a sourcing destination in favor of other countries. Relevant sourcing countries are Africa, Bangladesh, Vietnam, and India that were designated as key future destinations for apparel sourcing in McKinsey's report on global sourcing [85]. Africa was already present as a sourcing location for Retailers A and C, and appears among Retailer B's destinations in 2018 (see Table 2).

According to previous studies [27,29,30,68,69], these findings show that in two cases out of three a preponderant influence of the cost criterion outweighs the time criterion in orientating the sourcing location decisions of fast fashion retailers. Moreover, it is reasonable to presume that for Retailer A the time criterion takes priority over the cost in order to preserve a short lead-time [22,23,30] and, in fact, Retailer A through proximity sourcing can reduce its time to market and exploit the advantageous manufacturing conditions offered by locations sited nearby [4,5].

Up to this point, the discussion was focused on examining cost and time decision criteria in sourcing location decisions, however, to investigate the role played by sustainability considerations as additional key decision criterion, Table 4 and the subsequent content extracts provide some interesting insights on fast fashion suppliers. In fact, fast fashion retailers are considered accountable also for the activities of their supply chain members and, primarily, for their suppliers [16,17]; consequently, they are supposed to pay great attention in composing the offshore supplier network to prevent potential external challenges [61] at suppliers' factories.

Fast fashion retailers consider as "strategic suppliers", those who have demonstrated good compliance with established sustainability indicators and are, thus, worthy of manufacturing large volumes of clothing and forging long-term business relationships with them [70]. Strategic suppliers are responsible for 96% of manufacturing for Retailer A and 60% for Retailer B; for Retailer C, they represent 98% of suppliers (first column of Table 4). According to the previous academic literature [15,17–19], fast fashion retailers appear to maintain a balance between social, environmental, and economic goals. In fact, they base their supplier selection and ongoing relationship on an initial assessment conducted by internal and external auditors aimed at judging the level of supplier compliance to a set of standards contained within codes of conduct [49]. They monitor and rate factories through specific audits and procedures to allow the traceability of supply chain processes and be ready to engage with corrective actions [46,50]. Beyond supplier rating systems and best practices at sourcing locations, as shown in the last column of Table 4 and in line with previous studies [42,43], fast fashion retailers realize forms of stakeholder engagement entering into partnerships and cooperating with governments, non-governmental organizations (NGOs), and industrial organizations. All of the fast fashion retailers under consideration support several NGOs to improve the living conditions of workers in foreign sourcing locations [43]. For instance, Retailers A and B signed the "Accord on Fire and Building Safety in Bangladesh" in May 2013 after the Rana Plaza collapse and, currently, collaborate with several organizations to promote ethical working conditions and sustainable development in foreign emerging countries.

Fast fashion retailers cooperate with other competitors in order to achieve concerted actions that will have a deeper influence on the apparel industry in low-wage countries. In this way, they achieve

two results: firstly, they display a commitment in responding to stakeholders' requirements in regard to the adoption of more sustainable practices inside their supply chains [49,50]. Moreover, from a competitive point of view, cooperation with competitors could also be considered as a strategy to safeguard their own brand reputation in the case of supplier scandals, which could affect all the brands involved in an agreement and not only an individual brand.

In accordance with the proposed new 'Theoretical Framework on Sourcing Locations in Fast Fashion Retailers', sustainability issues at supplier factories seem to be managed as external challenges that fast fashion retailers appear to cope through a mitigation strategy [59,61]. In fact, as displayed in Figure 1, they develop best practices [43,48] to prevent sustainability issues at suppliers' factories and undertake forms of stakeholder engagement [49,50] to monitor sourcing locations in order to evaluate suppliers over time (through ranking systems, audits, visits, and training) and detect new sustainability issues as soon as possible.

The widespread predominance of low-wage countries as sourcing destinations for fast fashion retailers (Tables 2 and 3), which leads to the almost absence of near sourcing locations in two cases out of three, seems to indicate that cost is the main decision criterion for sourcing locations of fast fashion retailers. Nonetheless, exactly for this reason, sustainability considerations also emerge as an additional key criterion to consider in sourcing location decisions since issues at offshore sourcing factories could impact on the reputation of fast fashion brands. Thus, this study confirms and extends previous research about offshoring location decisions [4–7,27,29] by introducing sustainability as a new additional decision criterion considered by fast fashion retailers [30] in selecting sourcing countries. In fact, these findings corroborate Fine's research (2013), fast fashion retailers have embraced a more ethical perspective in respect of their manufacturing [7,34] since, as well as cost and time [30], sustainability considerations result as a critical factor to regard in assessing sourcing locations due to the hidden cost they can cause [59]. The tragedies in Bangladesh and the consequent reputation damage for the involved apparel brands highlighted a low degree of control that fast fashion retailers held over the cause of external challenges occurred in their suppliers' factories in 2013. Thus, they became aware about the urgency to adopt a mitigation strategy [61] in order to prevent new disasters and to help low-wage countries to grow in a sustainable way.

Furthermore, a deeper understanding of the critical role played by sustainability considerations in sourcing location decisions and supplier selection together with a consequent efficient management of sustainability best practices have enabled fast fashion retailers to achieve a strategic sourcing orientation [63] with benefits in both reputational and economic terms. In fact, each one of the fast fashion retailers considered in this study has received numerous awards and recognition for its social, environmental, and economic performance. They are all listed among the Best Global Retailers (Global Powers of Retailing Top 250, Deloitte (London, UK)) [86], a list that classifies global retailers based on their revenues (economic performance); their store brands are also included among the Best Global Brands (social performance) (Interbrand, 2019) [87]. Thus, all the efforts Retailers A, B, and C have made in achieving or disclosing higher traceability and transparency of their supply chain together with sustainable best practices at suppliers' factories, seem to have contributed towards building a strategic sourcing reputation [62,63] for their brands, in line with the proposed new theoretical framework (displayed in Figure 1).

## 7. Conclusions

The purpose of this study was to investigate global sourcing strategies of leading fast fashion retailers in order to understand whether the decision criteria influencing sourcing locations have changed over time to meet stakeholders' requirements [14,49,50] by embracing a more ethical approach [34]. A new Theoretical Framework on Sourcing Locations in Fast Fashion Retailers was proposed and a content analysis [35–39] of annual reports of selected fast fashion retailers was carried out. To the Author's knowledge, it represents the first framework to analyze the role played by sustainability considerations within sourcing location decisions in fast fashion retailers. The findings



have highlighted that fast fashion retailers continue to select sourcing markets mainly based on the cost factor; however, they reflect a greater sustainable perspective related to their manufacturing location decisions, by extending previous academic research [7,34].

In fact, the theoretical contribution of the present study is twofold. Firstly, the research contributes to the academic literature on offshoring location decisions [4,5,7,27,29] in global sourcing [8,29,53,54] by proposing for the first time a new theoretical framework on sourcing locations in fast fashion retailers that identifies sustainability considerations as a new criterion assessed in location decisions. While in the past academic literature [70–72,74], geographic location decisions have been largely based on quantitative cost measures often ignoring qualitative criteria, in this study, according to Fine [34], the findings have displayed a more ethical approach in global sourcing strategies of fast fashion retailers. Beyond the traditional decision criteria of cost and time [30], sustainability considerations emerge as a new critical aspect for location decisions since sustainability issues at suppliers' factories can represent external challenges that hide relevant costs [59,61]. Additionally, the research contributes to the academic studies on sustainability in fashion supply chain management [16,42,43,49,50,77], by offering an examination of tools and procedures realized by leading fast fashion retailers in order to assess and monitor the adoption of sustainable practices across globally dispersed manufacturing networks.

The value of this research is further strengthened by the specific context of analysis, namely that of fast fashion that is one of the main targets of criticism from public opinion for low transparency and unsustainable practices inside their supply chains. Moreover, the long period (2011–2018) of data observation carried out to support and strengthen the findings provides additional value to the study.

The findings have also a number of managerial implications; firstly, managers of fast fashion companies should be very wary about the hidden cost associated with unsustainable practices at their suppliers and consider this cost when assessing new suppliers to insert in their portfolio. Secondly, another important finding useful to practitioners is the opportunity managers have to “share” this hidden cost with competitors, as in the case of Retailers A, B, and C that cooperate with several international organizations such as the International Labor Organization (ILO). Similar cooperation could encourage fast fashion managers to become supporters of NGOs operating in their sourcing markets in order to jointly defend their brand reputations. Thirdly, fast fashion managers, whose companies are slow in developing sustainability policies for offshore suppliers, can learn from the experience of Retailers A, B, and C and replicate their global sourcing organization and procedures. Finally, the research highlights the significance for fast fashion retailers of disclosing and reporting actual sustainable practices to stakeholders in order to receive recognition and rewards for their commitment as, for example, the inclusion in well-regarded international sustainability rankings, such as those published by Interbrand and Deloitte.

This research has certain limitations, the most notable being the scale of the research. Even if the analyzed fast fashion retailers were selected rigorously and are leading companies in the fast fashion industry, the results cannot be generalized. Future research could try to deepen the present analysis by investigating more companies even if it may be difficult to find additional apparel corporations with a similar number of offshore suppliers. As the study relies mainly on annual reports and, although they are corporations with a high level of accountability and transparency, additional sources of information such as face to face interviews with managers would surely enhance the discussion, strengthen the conclusions and make them more valid and generalizable. Moreover, the problem of overcoming sustainability issues through a window-dressing activity [16,42,47] may remain. However, the efforts currently taken by leading fast fashion retailers in making their business models more sustainable are undeniable. Thus, there are many directions for future research such as investigating customers' awareness of fast fashion retailers' commitment towards sustainability, which could be valuable. Moreover, future research could also apply a case study methodology by approaching small- and medium-sized fast fashion companies, in order to examine their sourcing strategies and make a comparison with those of large retailers for instance in terms of procedures, locations, and sustainability best practices.

In conclusion, the adoption of sustainable best practices in sourcing locations can contribute to building a strategic sourcing reputation for fast fashion retailers, shifting away from traditional offshoring to a new “Right-Shoring”.

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## Appendix A

**Table A1.** Sample Selection.

<b>Retailers</b>	<b>Country</b>	<b>English</b>	<b>Sector</b>
Retailer 1	Japan	YES	supermarket chain
Retailer 2	Iceland	YES	food
Retailer 3	Usa	YES	high tech
Retailer 4	Netherlands	NO	
Retailer 5	Poland	NO	
Retailer 6	United Arab Emirates	YES	beauty, fashion and gift
Retailer 7	Spain	NO	
Retailer 8	Belgium	YES	food
Retailer 9	Russian Federation	YES	apparel children’s goods
Retailer 10	Taiwan	YES	operation of department stores
<b>Retailer 11 Retailer C</b>	<b>Usa</b>	<b>YES</b>	<b>apparel</b>
<b>Retailer 12 Retailer B</b>	<b>Sweden</b>	<b>YES</b>	<b>apparel</b>
Retailer 13	Colombia	YES	furniture
Retailer 14	Sweden	YES	food
Retailer 15	Chile	NO	
<b>Retailer 16 Retailer A</b>	<b>Spain</b>	<b>YES</b>	<b>apparel</b>
Retailer 17	Japan	YES	electronics
Retailer 18	New Zealand	YES	travel and adventure outdoor apparel
Retailer 19	Finland	YES	food
Retailer 20	United Kingdom	YES	home retailing
Retailer 21	Belgium	NO	
Retailer 22	USA	YES	home retailing
Retailer 23	Peru	NO	
Retailer 24	Greece	YES	food processing
Retailer 25	UK	YES	home, furniture, food, apparel, etc.
Retailer 26	Japan	YES	fashion and accessories
Retailer 27	Switzerland	YES	food processing
Retailer 28	Japan	YES	convenience stores
Retailer 29	Australia	YES	department stores
Retailer 30	Spain	NO	
Retailer 31	Taiwan	NO	
Retailer 32	Taiwan	NO	
Retailer 33	Austria	NO	
Retailer 34	austria	NO	
Retailer 35	Finland	NO	
Retailer 36	USA	YES	merchandise
Retailer 37	Japan	YES	convenience, grocery, clothing stores
Retailer 38	Chile	NO	
Retailer 39	Taiwan	YES	department stores
Retailer 40	Finland	YES	retail trade
Retailer 41	Taiwan	NO	
Retailer 42	Taiwan	NO	
Retailer 43	USA	YES	department stores

Table A1. Cont.

Retailer 44	Germany	NO	food processing
Retailer 45	USA	YES	home retailing
Retailer 46	USA	YES	luxury jewellery
Retailer 47	USA	YES	apparel and home fashion
Retailer 48	USA	YES	industrial & construction
Retailer 49	USA	YES	department stores
Retailer 50	MEXICO	YES	department stores
Retailer 51	Australia	YES	department stores
Retailer 52	South Africa	YES	department stores
Retailer 53	Italy	YES	travel retailing

Source: GRI Data Base. Authour's elaboration [83].

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