



# **CSR and Business Sustainability in the Finnish Textile Industry: A Path to a Sustainable Future**

**An Archival Research Based on Qualitative Secondary Data in Form of Relevant Publications and Other Sources**

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### **CSR and Business Sustainability in The Finnish Textile Industry: A Path to a Sustainable Future**

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#### **Abstract**

The textile industry is one of the key sectors that fulfills one of people's necessities and thus is becoming an important aspect of human life. The textile industry is known for using a significant quantity of energy, water, and natural resources. Consumers are becoming more aware of the social, environmental, and economic negative effects that come with this sector. As a result, the adoption of sustainable approaches has increased and became a necessity nowadays in the textile industry. Finnish textile companies may benefit significantly from CSR's social, environmental, and economic values, which will ultimately increase their competitiveness for a sustainable future. The main objective was to investigate the role of CSR and social, environmental, and economic values in attaining business sustainability in Finland's textile industry. The goal was identifying the key factors that encouraged the implementation of CSR strategies in the industry. The Implementation Method was solely based on a qualitative research method that involved investigating secondary data in the form of relevant publications. The analysis included a comprehensive review of academic and non-academic sources, such as journal articles, reports, and case studies. The research results emerged, backed up with mind maps and verbatim quotes, show that focusing on the TBL pillars, along with CSR practices, have many positive impacts on the social, environmental, and economic values of the Finnish textile industry. Stakeholder involvement, strong leadership dedication, and the accessibility of resources are key factors that encourage the implementation of CSR practices. The key findings suggest that implementing CSR and sustainable practices is crucial for achieving business sustainability in the Finnish textile sector. Businesses that place a high priority on social, environmental, and economic values are more likely to succeed in the long run and have a positive impact on society and the environment.

#### **Keywords/tags (subjects)**

Business Sustainability, CSR, Environmental Value, Social Value, Economic Value.

#### **Miscellaneous (Confidential information)**

Confidential information is not disclosed in the paper.

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# 1 Introduction

In today's world, issues like climate change, chemical society, water scarcity, and human rights are prominently discussed through the lens of textiles and apparel. With regard to how individuals conduct their environmental, social, and economic lives, their manufacturing and consumption generate a number of problems and issues. The textile and apparel sectors are known for contributing significantly to waste and pollution in our ecosystem. Unsustainable habits in apparel product design, raw material selection, processing, production, and disposal are significant contributors to this issue. The obligation for ensuring a sustainable work environment is shared by all stakeholders, including manufacturers, consumers, buyers, governments, and nongovernmental organizations. The continuing worldwide rivalry for cleaner and lower-cost products, as well as a more favorable work atmosphere and fair wages, has grown to a satisfactory level in some countries. As a result, raising consciousness and directing them toward sustainable methods in the textile and clothing sectors for a better sustainable future.

Whether measured by manufacturing rate, sales, or environmental impact, the textile industry is vital to the global economy (Niinimäki et al., 2020). At the same time, everyone is a textile consumer, making the problem pertinent and crucial on all levels. Our present textile production and consuming methods are generally acknowledged to be unsustainable. Despite the fact that this is a wide business, efforts to reverse this unsustainable path appear to rely significantly on the efforts of particular groups, customers, or manufacturers.

The textile business is, by definition, an innovative industry, with the goal of predicting methods, trends, and customer behavior in real time. It is also a business where technological advances are quickly changing how textiles and fabrics are produced and used. That is why the implementation of innovative sustainable methods has grown and is now becoming a requirement in the textile sector.

## 1.1 Background, motivation, and purpose

The textile and apparel sectors are among the most polluting sectors in the world (Pätäri et al., 2016). Corporate social responsibility (CSR) is a word that is becoming increasingly important in

the current industrial society. The demand to implement sustainable methods to reduce its impacts and generate long-term benefit for all stakeholders is increasing, and the Finnish textile sector is no exception.

Sustainability implies satisfying our interests without jeopardizing future generations' abilities to fulfill their own. Sustainability is more than just being environmentally aware. Most notions of sustainability include measures for social and economic progress. CSR, however, is a concept where companies combine environmental and societal goals with organizational and financial goals. It relies on the concept that businesses can minimize their negative social and environmental impacts. It involves the steps a company takes to improve its impact on society and the environment. CSR also refers to companies using honest and moral business policies that benefit them in terms of profitability.

Finland is recognized as one of the world's most sustainable nations. It is due to its low population density and nature conservation. "The land of a thousand lakes" as it is called, improved greatly in terms of sustainable regulations. The country takes a big interest in renewable energy, lakes and rivers cleaning, and forest protecting.

This research aims to analyse how much CSR social, environmental, and economical values bring business sustainability to the Finnish textile industry for a sustainable future. Therefore, our research is going to discuss the importance of business sustainability by highlighting the impacts that CSR brings, along with social, environmental, and economical values, to help achieve a sustainable future.

## **1.2 Research objectives, questions, and approach**

For this case, there is one main question to answer: "How much CSR social, environmental, and economic values bring business sustainability to the Finnish textile industry for a sustainable future?".

The objective is to determine how much CSR social, environmental, and economic values contribute to business sustainability in the Finnish textile industry for a sustainable future through archival research based on secondary data in the form of relevant publications and articles.

This research paper is conducted using an inductive methodology within the context of the innovation management course in the fall of 2022.

### **1.3 Thesis structure**

This thesis is divided into six chapters. Along with the objectives, questions, and research approach, the introduction part also covers the background, motivation, and purpose.

The second chapter provides the key concepts from earlier research and theories in order to gather and discuss data that help with the creation of the research framework.

The research strategy is described in depth in the third chapter, and the data gathered through archival research based on secondary data in form of relevant publications is presented and analyzed in the fourth chapter.

In the fifth chapter, we draw conclusions based on the data acquired during the analysis of the findings in connection to the study's goals and research questions.

The sixth chapter concludes with a discussion of the study's shortcomings, the extent to which the research questions are addressed, and recommendations for further research.

## **2 Literature review**

### **2.1 Impacts of sustainability**

Environment, economy, and society are the cornerstones of sustainability. To help comprehend better the performance of a process, product, or system on environmental, economic, and social dimensions, sustainability evaluations must include all three elements.

### 2.1.1 Environmental impact

The textile industry has a major environmental impact throughout the life cycle of a textile product. Regardless of the industry's profitable economic impact, the environment has endured as a result of material consumption, pollution, and carbon gases output. With all of the difficulties associated with the textile industry at every step, from dye printing to the manufacturing of clothing goods, a large quantity of toxic waste is produced; as a result, world governments are adopting various policies to improve manufacturing while reducing environmental dangers. "The textile industry is among the most polluting industries due to its high resource intake, chemical usage and current business models which make it possible that textiles are considered as these disposable products." (Kämäräinen, 2020, p. 10). Because of the increased awareness of sustainability and the identification of environmental impacts, it is vital for the textile industry to implement sustainable production in its manufacturing line.

When producing textile products, the environmental impacts of the process should be considered. Resources should be made from ecofriendly raw materials, and hazardous emissions from the manufacturing process must be reduced to a minimum. Materials should also be easily recyclable, disposable and have no negative environmental consequences after usage. The use of water for example, is in high demand in the textile industry for procedures like dyeing and finishing fibers. Having adequate water to make textiles necessitates a larger use of energy and raises environmental concerns such as toxicity in polluted water. The amount of energy consumed, the amount of water used, and the number of gases emitted should all been taken into account. Many studies have been conducted to obtain the specific impacts relating to the damage caused to human health, ecosystem quality, and resources, which clarifies the qualities of ecological sustainability.

The concept of sustainability is commonly demonstrated by the concept of reduce, reuse, and recycle, which encourages customers and companies to decrease their usage of resources like water, land, and oil.



### **2.1.2 Social impact**

The term "sustainability" is now frequently used in biology, economics, sociology, ethics, and other fields. It is seen as a new mindset in which judgment must be directed by concepts of modernity, equality, global ecology, and biodiversity.

In the textile business, both natural and synthetic fibers are used to make fabric. Before the fabric is either stitched or knitted, the early stages of processing include filtering, combing, twisting, blending, and coloring. The competitiveness of the sector, both now and in the future, depends heavily on labor. The industry's ability to focus on and retain the proper number and quality of employees is determined by the workforce's expertise, efficiency, and incentive. In the context of a volatile economic climate, local labor laws and rules, as well as employee living costs, must be considered (Moktadir et al., 2018).

Customers are looking for textiles that are manufactured in an ethical way. As a result, the demand for sustainable and eco-friendly fabrics has risen. They may make responsible decisions while purchasing products, using them, and disposing of them. Most textile businesses now have sustainability as their top priority. Sustainable textiles manufacturing not only helps to prevent bad environmental repercussions, but it also ensures that millions of workers are paid fairly and work in a safe environment.

### **2.1.3 Economic impact**

The use of recyclable supplies in textile production opens up a new market for more employment opportunities, ensures a constant positive input of income into the economy, and reduces the consumption of raw materials and natural resources.

Because of the ecological risks of the textile industry, all the big businesses have adjusted their strategies to include sustainability as a fundamental notion. Companies who fail to adopt a sustainable strategy are at a disadvantage in terms of profitability and reputation. Using a sustainable approach may cut a lot of costs for the big companies.

The textile industry is a labor-intensive industry, which means additional personnel costs and inefficient processes. In addition, both the expense of capital and the consumption of energy are expensive. Due to the environmental issues associated with other textile raw materials, major companies in the textile industry are now using organic cotton in their products.

Companies are using environmentally friendly materials to ensure that the sustainable standards are followed, and manufacturing from these sustainable fibers, such as organic cotton, will improve the brand image. This is because the media and non-governmental organizations have highlighted the economic and environmental problems in the textile sector. People are becoming more aware of the issue of sustainability and are becoming more interested in buying sustainable goods. As a result, demand for sustainable goods is rising, and an overwhelming majority of customers are searching for clothing made of organic cotton. Consequently, there is an opportunity for retailers and textile businesses to market products made of organic cotton that will meet the requirements of consumers.

## **2.2 Finnish textile industry**

The 19th century marks the beginning of the long and notable history of the Finnish textile business. The industrial sector experienced a decline in the 1970s and 1980s, followed by a recovery in the 2000s. Over time, the industry has experienced major changes. The first textile factory was founded in Tampere in 1834 (Kinnunen & Kyläheiko, 2014). Due to the growth of modern manufacturing methods and markets, this sector saw substantial growth in the late 19th and early 20th centuries. However, since low-cost manufacturers from underdeveloped countries became more competitive, the industry began to fall in the 1970s and 1980s (Kyläheiko, 2013). Despite this, the sector has demonstrated resilience lately and is once more turning out to be an important contributor to the Finnish economy.

The textile sector in Finland has grown remarkably in recent years. The Finnish Textile and Fashion (2021) estimates that the sector's revenue rose 1.6% in 2019 to hit €1.5 billion. In 2019, the sector employed about 9,500 people, with a large number of businesses located in the Helsinki-Uusimaa area (Finnish Textile & Fashion, 2021). The biggest exporting destinations for Finland's textiles in recent years have been Sweden, Germany, and the United States (Finnish Textile & Fashion, 2021).

As textile consumption is increasing, the production of more environmentally favorable materials is urgently needed. Finland, as a leader country in sustainability, has often been named one of the best countries in sustainability rankings thanks to its ability to innovate solutions and ideas that encourage sustainable development in the textile industry. Customers are progressively recognizing the importance of sustainable production. That is why Finland gives great solutions for the textile ecosystem. From waste management and treatment to B2B and B2C sales, gathering and recycling, and waste disposal.

The importance of sustainability values in the Finnish textile sector is well recognized. Numerous businesses in this field have embraced environmentally positive resources and sustainable manufacturing techniques (Kyläheiko, 2013). The sector has also demonstrated its capacity to adopt new technologies, as proven by the investments made by businesses in robotics, 3D printing, and digitalization (Finnish Textile & Fashion, 2021).

The Finnish textile sector has a promising path, and it is anticipated that it will continue to expand in the years to come. A Business Finland report from 2019 predicts that between 2018 and 2024, the worldwide textile industry will expand at a rate of 4.4% annually. Finland is in a good situation to benefit from this expansion given its concentration on sustainability.

Finland has world-class expertise in creating eco-friendly ideas and developing game-changing textile innovations by combining between nature, technology, and sustainability. New sustainable textile fibers are hitting the market, and digitalization is accelerating global industrial reorganization (Kämäräinen, 2020).

Governments, customers, and the sector itself are awakening to the issues of a single-use-oriented business, but more work needs to be done to increase awareness and adjust attitudes and behavior to increase the business sustainability while keeping a high level of quality and affordable costs. The continuing industrial revolution will allow new businesses and companies to be created. Finland's industrial advantages are tied to its sustainable raw materials, bio-based resources, and smart technology.

Most of Finnish businesses continue to operate using outdated practices and views. Additionally, the vast majority of Finnish customers visit shops and fast-fashion retailers (Liukko, 2016). But over the past few years, there has been a major advancement. As more people begin to value sustainability, there is a change toward more sustainable consumption, and we can already see this new mindset beginning to influence purchasing choices. Additionally, a lot of the more recent apparel brands place a strong emphasis on social and ecological obligations (Liukko, 2016). In Finland, secondhand shops and flea markets are common. Customers of all ages and backgrounds buy used products. There are other places besides flea marketplaces where people can get used clothing: Three clothing banks are already available for users to use in Finland. New ones have appeared in Tampere and Järvenpää, but the longest one, Vaatelainaamo, has its base in Helsinki. Creating new business strategies, like apparel retailers, is necessary for the shift to sustainable consumption (Liukko, 2016).

Due to expensive labor expenses, the majority of the apparel and textile manufacturing has been moved outside of Finland. It is "rare" to find authentic Finnish apparel. Although the Finnish textile firms do not create everything in Finland due to the long manufacturing chain, their headquarters and decision-making offices are located in Finland. Finland produces many of its textiles through small businesses. Most fabrics on the Finnish market are imported because there isn't much local manufacturing. Environmental concerns are also playing a bigger role in customers' purchasing decisions. The ethical and social concerns of customers in Finland are beginning to be considered, particularly when it affects manufacturing carried out through foreign subcontracting. Additionally, regulations and working circumstances in the textile and apparel industries are being monitored.

Finland's textile business is primarily focused on the production of clothing and fabrics. The fashion and textile sector also includes footwear, leather products, fiberglass, mattresses, and other industry-related goods. It also includes selling and wholesale of textiles and apparel as well as maintaining textile and apparel.

Finland is an expert in digitalization and has deep knowledge of the technology needed for the creation of sustainable fiber and textiles. One of Europe's top research organizations, the VTT, stated in a press release in 2021 that the Finnish textile industry has a lot of promise for merging quality

design with ethically made products. For sustainable fiber and textile manufacturing to advance, the problems with artificial fabrics must be solved.

Finnish textile companies have produced innovative products using recycled and waste resources. Many companies, including Touchpoint and Infinite Fibre Company, use recycled materials as new, sustainably beneficial bio-based fibers. Additionally, Spinnova creates innovative, bio-based cloth fibers that are environmentally friendly. These companies offer circular economic answers to the global environmental problem (Sitra, 2015; Sitra, 2021).

The combination of Finnish design, automation, circular economy, and industrial manufacturing know-how provides the perfect environment for the mass customization and creation of next-generation, high-value textile alternatives. Sustainability in textile and fashion as well as knowledge-based usefulness present a special chance for Finland. Finland has some of the world's best understanding of bio-based basic materials and innovative technologies. Finnish expertise becomes more valuable when it is put to use. The time is now for Finland to adopt the world's most innovative and effective textile production system (Kamppuri et al., 2021).

The Finnish textile sector is undergoing a significant shift toward sustainability in terms of raw materials, production processes, product development, and the full cycle of life of fibers. This shift has necessitated an understanding of the possible future needs for growth, investments, and business possibilities for Finland's textile sector.

## **2.3 Business Sustainability**

Business sustainability is the ability of a company to endure and grow over time while decreasing its negative impacts on the environment, promoting social and economic sustainability, and maintaining moral values. For many businesses in the Finnish textile industry, sustainability is rising to the top of their priority lists. With numerous businesses engaged in the development, manufacture, and distribution of textiles, Finland's textile industry has made a significant contribution to the national economy. However, greater environmental concerns, shifting customer expectations, and international competition have all posed challenges for the sector.

Because of rising environmental and social concerns, business sustainability has become an increasingly crucial subject in recent years. The textile business is especially important because it is a significant polluter in the globe (Huang, 2018; Singh & Rajwani, 2017). In reaction to these concerns, the Finnish textile industry, which involves both clothing and home textile manufacturing, has undergone major changes in recent years (Elo, 2018). While there is evolving data of studies on business sustainability in the textile industry, studies on the Finnish context are limited.

Many studies have looked more widely into sustainable approaches in the textile business. For example, Singh and Rajwani (2017) discovered that corporate social responsibility and stakeholder restrictions drove sustainability practices, while Huang (2018) recognized a number of sustainability initiatives, including eco-labeling and waste reduction strategies. Furthermore, Muhammad et al. (2018) observed that there is a rising trend toward sustainable fashion and that consumers are ready to pay more for sustainable textiles. In recent years, the textile industry has started to consider business sustainability as a critical component. Companies need to find methods to lessen their environmental impact, increase social responsibility, and still be economically successful as customers become more sustainably aware. By generating equivalent amounts of environmental, social, and economic values with the available resources, innovation helps move companies and the economy move forward. Elo (2018) explored the sustainability practices of ten Finnish textile businesses and discovered that, while most companies had adopted some sustainability initiatives, the extent and complexity of these efforts varied significantly. Furthermore, many businesses encountered difficulties in implementing sustainability practices, such as a shortage of funding and expertise. These results are consistent with earlier research that has highlighted expense and a lack of incentives as challenges to adopting sustainable approaches in the textile business (Bocken et al., 2014; Tran, 2021).

The Finnish textile industry encountered a number of difficulties, including increased competition from cheap suppliers in Asia and Eastern Europe, shifting customer demands for sustainable and responsible products, and increasing ecological worries. Recently, the sector has seen a drop in employment and income, and many businesses have found it difficult to compete with lower-priced goods from other nations, according to a study by Finnish Textile and Fashion (2017). Despite these challenges, numerous textile businesses in Finland have realized the value of sustaina-

bility and taken action to improve their sustainability performance. Focusing on sustainable practices has become a popular strategy for many businesses, like the acquisition of sustainable resources, ecologically friendly manufacturing methods, and reducing waste. Companies like Marimekko, for instance, have implemented a number of sustainable manufacturing methods, such as the use of organic cotton and other resources, as well as the use of energy-efficient production techniques (Marimekko, 2021). Another important method used by Finnish textile businesses is to concentrate on sustainable product design and marketing. Many businesses have noticed the increasing demand for environmentally friendly and ethical clothes and have created product lines with sustainability in consideration. Finlayson, a Finnish textile business, for example, has created a collection of sustainable products, such as bed sheets made from organic cotton and other renewable resources (Finlayson, 2021).

In the Finnish textile industry, stakeholders such as the government, customers, and NGOs are equally as accountable for sustainability as firms. With programs like the Sustainable Textile Action Plan, which, through a number of measures, seeks to increase the viability of the textile industry, including supporting sustainable manufacturing and consumption, the Finnish government has been playing an important part in encouraging sustainability in the industry (Ministry of Economic Affairs and Employment, 2018).

Customers are essential in encouraging sustainability in the textile industry. Many customers are expecting sustainable and ethical products as they become more aware of the negative societal and ecological effects of clothing production. This resulted in the creation of many eco-labels that assist customers in identifying sustainable goods, including the Nordic Swan Ecolabel and the EU Ecolabel (Finnish Textile & Fashion, 2017). NGOs and other civic community groups are essential in advancing sustainability in the textile industry. For instance, the Finnish Association for Nature Conservation (FANC) has promoted eco-label creation and sustainable manufacturing techniques through a number of projects (Nissinen et al., 2017).

The adoption of CSR and TBL in the Finnish textile industry is critical for addressing the environmental and social effects of textile manufacturing and consumption. While CSR concentrates on a company's duty to its stakeholders, TBL takes a wider strategy by incorporating economic, social,

and environmental values. These two notions are not only compatible, but complementary to each other in order to achieve business sustainability in the Finnish textile sector.

### **2.3.1 Corporate Social Responsibility (CSR)**

Nissinen et al. (2017) describes CSR as, “A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis...in other words, companies taking responsibility for their impact on society”. Finland is frequently mentioned as a global pioneer in CSR and is a crucial component of the Scandinavian/Nordic identity. Some scholars believe that Scandinavia can be considered the home of "shared value creation" or the origin of some kind of CSR because of its long record of stakeholder involvement (Strand et al., 2015). A thorough background of CSR in Finland is provided by Mikkilä et al. (2015), who outline how it evolved over time. They categorize the progress of CSR in Finland into three phases: industrialization, the rise of environmental awareness, and globalization, and assert that Finland's development of CSR practices is similar to that of other Nordic and Central European nations. According to Mikkilä et al. (2015, p. 223), there has been a shift in corporate attitudes toward CSR practices. They claim that in the past, businesses worried that CSR would increase expenses, whereas the current mindset is that including CSR in business operations improves financial results because ethical business practices pay off more nowadays.

Corporate Social Responsibility has appeared as an important challenge in today's international corporate context. In reaction to the growing demand for socially responsible and sustainable manufacturing methods, the Finnish textile industry has experienced significant changes in recent years (Bhattacharya & Sen, 2012). The industry has come to recognize the value of CSR in improving a company's image, keeping stakeholder trust, and minimizing possible risks linked to environmental, social, and ethical problems. In this setting, the Finnish textile industry has been distinguished by a dedication to environmentally friendly products and fair labor conditions (Soininen et al., 2017). Nonetheless, there is still space for growth in terms of transparency and accountability (Kujala et al., 2018). Finnish textile businesses have addressed these problems in part by adopting international guidelines like the Global Reporting Initiative and the Ethical Trading Initiative (Kujala et al., 2018; Soininen et al., 2017). These guidelines provide businesses with rules for measuring and reporting on their sustainability and social responsibility efforts, which may enhance transpar-



ency and accountability. Based on EU orders, the rules require organizations to reveal their policies regarding the environment, workers, societal problems, human rights, and the battle against bribery and corruption. The records should also include an explanation of the organization's business strategy, the risks associated with its policies, and how they are handled (Ministry of Economic Affairs and Employment of Finland, 2022). Organizations choose to publish sustainability reports in order to improve their image or to react to societal pressure from different stakeholder groups. The legislation is written in a way that gives reporting companies flexibility when writing their reports, allowing the rules to be implemented to a wide number of industries. The GRI standards are used as a framework by the majority of Finnish enterprises that issue properly produced sustainability reports because they fulfill the reporting requirements under Finnish legislation (Sharma, 2022).

The Finnish textile business, which employs about 10,000 people and greatly boosts the GDP of the country, is an important element of the economy of Finland (Finnish Textile & Fashion, 2021). However, the sector confronts a number of sustainability issues, such as economic instability, societal disparity, and environmental deterioration. CSR practices can aid in resolving these issues and guaranteeing the sector's long-term survival. The use of ecologically friendly products and manufacturing techniques is one of the major CSR efforts carried out in the Finnish textile sector. Many businesses in the industry have shifted to using eco-friendly materials like organic cotton, recycled polyester, and other sustainable materials (World Wildlife Fund, 2022). To decrease their impact on the climate, businesses have also implemented sustainable manufacturing techniques, such as cutting back on water use and carbon emissions (Sitra, 2020). Social responsibility is an additional CSR practice that has drawn a lot of interest in the Finnish textile sector. This entails making certain that there are equal working conditions, defending human rights, and encouraging diversity and integration at work. Companies in the industry have put in place a variety of initiatives to encourage social responsibility, including making sure that working conditions are secure, offering equitable pay and benefits, and fostering employee wellbeing (Finnish Textile & Fashion, 2021). Another crucial component of CSR in the Finnish textile business is economic viability. This entails encouraging economic development and security while making sure that business practices don't fuel inequality or instability in the market. Companies in the sector have put in place a variety of strategies to encourage economic sustainability, like buying from regional vendors and contributing to community development initiatives (Finnish Textile & Fashion, 2021).

Collaboration among businesses, non-governmental organizations, and other groups has also been demonstrated to be successful in advancing CSR in the Finnish textile industry (Soininen et al., 2017). For example, involving stakeholders in the manufacturing process can result in more structured decision-making, improved communication, and a stronger sense of collective responsibility. Furthermore, collaboration can facilitate information sharing and skill development, allowing businesses to adopt sustainable practices more effectively. There is also proof that CSR practices can improve a company's economic performance, such as improved profitability and competitiveness (Bhattacharya & Sen, 2012; Kujala et al., 2018). This is due to the fact that socially responsible businesses can improve their image and strengthen relationships with stakeholders, leading to more profits and lower costs. Also, socially responsible companies can draw in and maintain personnel who are more motivated and dedicated to the organization's objectives. When businesses begin to consider their actions in terms of social and environmental impact rather than financial benefit, their continuous advance to success is inevitable. These companies not only receive recognition, but they also serve as a model for others, as current customers are interested in eco-friendly products that are linked to their social and financial preferences (Sharma, 2022).

It is widely accepted that society's growing knowledge of business virtues and obligations is what promotes CSR (Impact Project Consortium, 2013; Rhou et al., 2016). With a new paradigm known as "sustainable business", CSR is now seen as a business plan that can, in the long-term, help social sustainability (Kong et al., 2021; Moktadir et al., 2018). Environmental sustainability is one of CSR's main areas of importance, and the dimensions of CSR cover a broad variety of operations. Reducing environmental impacts is the primary goal of environmental CSR, which seeks to minimize any negative effects on the environment from companies' operations. The majority of CSR initiatives seem to be concerned with the climate; these include renewable energy capability, waste management, and water saving. These CSR efforts aim to promote both rapid economic development and better environmental efficiency. The buying and disposing of fabrics are also influenced by consumer behavior, and businesses in the textile industry can offer alternatives to consuming through recycling programs, nonprofits, and secondhand stores (Hvass, 2014).

CSR in Finland has been influenced by both local and international events. Industrialization, extensive exploitation of natural resources, and labor conditions motivated action on CSR in the early twentieth century. Whereas in the twenty-first century, the Finnish CSR discussion is frequently

connected to environmental consciousness and globalization. Local communities, non-governmental organizations, and customers, on the other hand, have greatly expanded their role as CSR stakeholders, while officials and trade unions have lost their important position in the Finnish CSR situation (Pätäri et al., 2016).

CSR is demonstrated in the introduction of ethical views, actions, or initiatives into business plans at the highest levels of management. It advocates for a shift away from "profit only" and toward a more complicated and broad combination of people, planet, and profit. CSR can be categorized into three categories: economic, social, and environmental. These three areas, or foundations, contain all of the objectives and actions that every morally responsible company should fulfill or stick to. The three pillars should be as equally balanced as possible.

### **2.3.2 Triple Bottom Line (TBL)**

Given that sustainability has gained popularity in the international business community, the TBL notion has received a lot of attention as a model for sustainable development. The TBL structure, which demonstrates the connections between sustainability's economic, social, and environmental values, has been implemented by companies all over the globe. The term "triple bottom line" (TBL) relates to a business structure that takes the economic, social, and environmental values of a company's operations into account. The TBL strategy seeks to produce value for all stakeholders concerned, like shareholders, personnel, clients, and the general public. The TBL model indicates that in order for companies to achieve sustainable growth, they must take into account the three pillars of sustainability (economic, social, and environmental). The social component is concerned with the effects that a company's operations have on society, while the economic dimension is more concerned with financial success and profitability. The environmental component focuses on how a company's activities affect the ecosystem.

The TBL idea has been actively implemented by the Finnish textile industry, which has a long history of supporting sustainable values. This sector consists of a number of operations, such as cloth producers, designers, merchants, and distributors. The Finnish textile industry has a strong reputation for quality and design, as well as for producing goods that are creative and sustainable. The commitment of Finland to sustainable growth is one of the biggest forces behind sustainability in the textile sector. Finland has taken an active role in supporting sustainable practices and has put

in place a number of laws to motivate companies to do the same. A number of initiatives and programs have been created by the Finnish government to promote sustainable development across a range of sectors, including the textile sector.

The Finnish textile industry has recently encountered a number of difficulties, including higher competition from low-cost manufacturers, shifting customer demands for sustainable and ethical products, and raising environmental concerns. In recent years, the industry has witnessed a drop in employment and income, and many businesses have found it difficult to compete with lower-priced goods from other nations, according to a study by Finnish Textile and Fashion (2017).

Despite these difficulties, there are opportunities for the Finnish textile industry to successfully apply the TBL idea. Focusing on sustainable manufacturing practices, like the implementation of sustainable materials, energy-saving production methods, and waste minimization efforts, has become a popular strategy for many businesses. For example, one important approach used by Finnish textile businesses is to concentrate on sustainable product creation and marketing. Growing consumer desire for sustainable and ethical products is one of the possibilities. According to a 2020 study performed by the Finnish Consumer Society, 70% of Finnish consumers value sustainability when buying products (Nissinen et al., 2017). Companies can distinguish themselves from their competition by implementing sustainable practices and communicating their sustainability efforts to their consumers. Many businesses have noticed the increasing demand for sustainably friendly and ethical textiles and have created product lines with sustainability in mind. Another possibility is the Finnish government's support for sustainable growth. The Finnish government has launched a number of projects and policies to support sustainable growth, including the National Climate and Energy Strategy, which seeks to cut carbon gas output by 80% by 2030 (Ministry of Economic Affairs and Employment, 2020). These efforts and strategies can give businesses the support and benefits they need to engage in sustainable practices and enhance their TBL success.

The TBL can never be achieved without the presence and implementation of its three pillars: Environmental, Social, and Economic. The main objective is for Finnish textile companies for a sustainable future is to be able to combine these three values without disregarding any of them in order to achieve business sustainability.

### 2.3.2.1 Environmental Value

The environmental element refers to an organization's duty for the use of natural resources and the environmental effects of its activities. Ecological efficiency can be evaluated through life-cycle assessment of natural resources, the number of pollutants and waste produced by business activities, or environmental risk management practices (Saltevo, 2018). Environmental value in business refers to longevity, but in terms of which materials the manufacturing process may use, how materials are used and restored, the total environmental impact of the product, and where the product ends up after disposal.

Textile goods have an effect on the world at every stage of their lifecycle. However, rapid development in the manufacturing sector is critical to the economy. In recent years, the Finnish textile industry has advanced significantly in terms of sustainability. To lessen their impact on the environment, businesses have adopted a number of tactics. Utilizing sustainably responsible materials like organic cotton, recycled polyester, and renewable fabrics is one of the most popular tactics. For instance, Marimekko has used more sustainable materials in their textile manufacturing (Vehmas et al., 2018).

The Finnish textile industry is constantly making progress in adopting ecologically sustainable business practices and has created outstanding results so far. The global environmental challenges facing the textile industry may be avoided, and the Finnish textile industry has suggestions to offer. For example, simply decarbonizing the electricity sector lowers industry emissions considerably. Transitioning from fuel oil to biomass and from natural gas to biogas are two other critical methods for reaching carbon neutrality (Sharma, 2022).

Finland's textile sector has also adopted sustainable methods of manufacturing. Companies are taking steps to lower their energy and waste generation. For instance, to lessen its carbon impact, the Finnish textile firm Finlayson has invested in environmentally favorable manufacturing methods, such as using biomass as a source of sustainable energy.

The use of eco-friendly products is one of the primary ways in which Finnish textile businesses promote sustainability. Many Finnish textile businesses, for example, use organic cotton that is produced without the use of toxic chemicals or synthetic fertilizers, as well as recovered materials such as recycled polyester and nylon (Laukkanen et al., 2016). These fabrics are more environmentally friendly than conventional textiles because they use fewer resources and generate less waste. Finnish textile companies are also looking into innovative manufacturing techniques to minimize their environmental effect. Some businesses, for example, use dyeing methods that use less water and energy, while others use 3D printing technology to make textile products with no waste (Kangas et al., 2017). Environmentally friendly textiles can greatly decrease an apparel product's environmental effect and improve its resilience throughout its life cycle with no changes to design practice or product development methods. The best method to guarantee the creation of sustainable products is to consider a product's ecological effects throughout its entire life cycle and to act where its constraints are highest.

### **2.3.2.2 Social Value**

The social value applies to an organization's duty to sustain and support behaviors that are compatible with the social objectives and principles of its staff and society at large. The TBL's social value component refers to the organizational perspective toward preserving and developing the human and social capital of the areas in which organizations work in order to generate value. The societal aspect of sustainability affects a company's corporate structure and its employees individually (Winter et al., 2013). On the other hand, Sancha et al. (2016) point out that the social dimension of sustainability affects both the organization's internal networks, such as its employees, and its external networks, like local communities, and that the requirements and welfare of both communities must be balanced by the company.

Social sustainability values are evaluated in the context of community engagement and development. For example, ethical manufacturing methods are one of the most important ways in which Finnish textile businesses promote social values in sustainability. Businesses are trying to guarantee that their manufacturing methods are free of exploitation, forced labor, and human trafficking (Gouldson et al., 2015). They are also trying to ensure that their suppliers and partners follow ethical standards, such as the International Labour Organization's (ILO) fundamental agreements on labor rights (Hollander et al., 2015). Fair labor rules are another way that Finnish

textile businesses promote social values. Many businesses are dedicated to giving their employees fair salaries, secure working conditions, and other advantages (Kuoppamäki et al., 2016). Some businesses have also formed alliances with labor unions and worker organizations in order to support equitable labor practices and protect their employees' rights (Hollander et al., 2015). Many Finnish businesses are trying as well to interact with local communities and trying to establish relationships with local human rights organizations, to ensure that their production methods align with community requirements and ideals (Gouldson et al., 2015).

Recycling centers help people with less education and those who have been out of work for a while find work. For example, Kontti, a network of thrift shops founded by the Finnish Red Cross, employs people who have been out of work for at least 500 days and offers them training and support for their future (Kontti, 2021; Sitra, 2020). Turning cotton fabrics into new fibers could create a local supply of textile materials in Northern Europe, which could support the growth of a regional textile value chain and the restoration of employment like spinning yarn that had previously been lost (Sitra, 2020). Furthermore, Cotton is used in a considerable part of the textile and apparel industries, and with increased demand for organic resources, producers and farmers are receiving more earnings and advantages. They would profit greatly from growing organic cotton because they save their farms by doing so in natural methods that do not use toxic material that are harmful to the environment. By encouraging the use of organic cotton in textile products, low-income farmers and people in the third world can benefit from this procedure, as the majority of cotton is grown in underdeveloped countries of the world.

Niyommaneerat et al. (2023) has given some indicators of social value such as rise in employment, advantages offered by project-related work (monetary compensation), relationships developed within the community, human resource development and training (training courses), community health and safety, and the acquisition of environmentally-friendly products. Niyommaneerat et al. (2023) explains that implementing these values will help achieve societal benefits like: Operational effectiveness (labor hours per unit, production level, supply chain transparency), as well as sustainability performance (number of errors or incidents, number of stakeholders involved), and also circular value creation (jobs generated, total economic contribution).

While Finnish textile businesses have made important progress in encouraging social values, there are still obstacles to overcome. One of the most difficult tasks is balancing societal sustainability with economic success in the global market. The Finnish textile sector is small in comparison to other textile-producing countries, making it challenging for Finnish firms to compete on an international basis. Furthermore, limited funding in the industry can make it more challenging for businesses to engage in sustainable production methods (Kuoppamäki et al., 2016). Consumers will pay more for clothing from companies that adhere to social standards, pay fair salaries, use organic fabrics, or produce more lasting products. As a result, in order for quick fashion to be more accountable and influence consumer buying behavior, their products must be viewed through the eyes of the customer (Tran, 2021).

However, by continuing to emphasize sustainable social ideals and working with stakeholders, Finnish textile businesses can support social sustainability and work toward a more sustainable future.

### **2.3.2.3 Economic Value**

When it comes to the economic element of the TBL, the majority of businesses think they are in a good position. A company must be profitable in order to survive. Economic value's major goal is to maintain its income stream. In opposition to the environmental and societal values of sustainability, the economic component is quantifiable and emphasizes resource efficiency and return on investment (Winter et al., 2013). Additionally, the economic value of sustainability is linked to company performance, market share, and sales (Gimenez et al., 2012). The economic component also takes into account a company's competitiveness and long-term success (Winter et al., 2013). Giunipero et al. (2012) claim that a lack of CEO support, the expenses of sustainability and economic circumstances, a lack of sustainability standards and appropriate laws, and an imbalance between short-term and long-term goals are among the factors preventing companies' efforts to be sustainable.

Textile and clothing products influence the economy at every stage of their lifecycle. However, rapid development in the manufacturing sector is crucial to the economy. The use of recycled materials in the manufacture of textiles offers an extra space for the economic global profit to grow.



Sustainable clothing will create a new market for more employment possibilities, a steady revenue flow to the economy, and a decrease in raw materials and virgin materials.

One of the key success factors that guarantees a company's long-term viability is innovation since innovative companies are more ready to respond to the new challenges of the competitive environment (Andronikidis et al., 2020; Cegarra-Navarro et al., 2016; Turner et al., 2020). There must also be a shift in views since innovation comes with challenges, and reliance on current resources can be overcome through partnerships with suppliers (Karell & Niinimäki, 2019). Furthermore, Karell and Niinimäki (2019) affirm that, due to rapid technological developments, businesses in the fashion sector should be ready for continuous trade with fiber producers and sorters. When businesses adopt sustainable methods in their operations, it contributes to a greener future for customers and offers up opportunities for innovation and development. Companies with green operations can maintain a sustainable competitive advantage over other businesses as regulations become stricter and consumers become more conscious (Kumar et al., 2015). According to Saeidi et al. (2015), when a business acts in a sustainable manner, the higher the client satisfaction, the better the company's image, and its competitive advantage. It has been proven that having a strong market image leads to higher revenue flows, profits, and sales. Furthermore, a strong image influences the product quality and gives more loyal customers.

The Finnish Committee on Sustainable Consumption and Production has proposed many economic methods for guiding manufacturing and consumption toward sustainability, many of which could also be implemented for textiles. Consumer-related proposals include lowering the value added tax on repair services and sustainable products and services; increasing the tax deduction for local expenditures to repairing services; and generating revenue from share-use tax-free up to a certain limit. Some suggestions for producers include emission and natural resource limits for various sectors, as well as taxation based on emissions and environmental effects (Nissinen et al., 2017)

To increase economic value efficiently, the Finnish textile sector is progressively implementing practices such as circular economy and SSCM. CE's economic values include resource efficiency and brand uniqueness, whereas SSCM's economic values include minimizing risks and innovation. Businesses in the Finnish textile industry can increase their economic value while contributing to business sustainability by incorporating CE and SSCM concepts into their operations.

### *A. Circular Economy (CE)*

As the world tries to move toward more sustainable practices of manufacturing and consumption, the CE notion has received a lot of attention recently. With businesses implementing circular economy concepts in their operations, the Finnish textile industry is a crucial participant in this change. Industry studies emphasize the critical significance of regional, national, and international strategies that support ethical and sustainable economic choices in order to accelerate the shift to CE (European Environment Agency, 2019).

According to the British Standards Institution (2017), CE applies to a beneficent and continuous economy that strives to maintain products, elements, and resources at their maximum usefulness and worth at all times, differentiating between technological and biological cycles. It has altered manufacturing and usage structure and introduced new business models (Nissinen et al., 2017). In order for a company to move to CE and become not only sustainable but circular, it must completely or partially innovate its business strategy (Geissdoerfer et al., 2017). This will ensure that the value of raw materials and final products is maintained throughout the entire value chain (Lüdeke-Freund et al., 2019). The definition of CE given by Geissdoerfer et al. (2017) is "a regenerative system in which resource input and waste, emission, and energy leakage are minimum by slowing, closing, and narrowing material and energy loops." They claim that having durable designs and the ability to fix, reuse, keep, refurbish, remanufacture, and recover textile products are key to achieving CE.

The CE system is a business strategy that seeks value throughout product life cycles, uses, and reuses materials as efficiently as possible, and is meant to be restorative or regenerative (Koszewska, 2018). The European Union has recognized the significance of the shift to a CE. The establishment of the Circular Economy Plan, which was approved by the European Commission on December 2, 2015, was a major driver for this change. The strategy included an Action strategy for promoting the circular economy at each step of the value chain, with the aim of completing the circle on product lifecycles. To shift from the "take, make, use, and dispose" framework to a circular one, waste must be eliminated through the improved design of resources, products, structures, and business models, as well as the preservation of materials, the use of renewable energy, and the elimination of toxic chemicals from use. The textile and apparel sector, as a crucial consumer

resources industry, is an excellent example of the limitations of the current linear economy framework: take-make-waste (Koszewska, 2018). Through process enhancements, higher product and material reuse, and a shift to the use of sustainable energy sources, manufacturing operations can be planned for minimizing resource consumption and waste production (MacArthur et al., 2016).

Consumer views toward CE have been studied in the past. According to Vehmas et al. (2018), customers like the concept of recycling their old clothes to new ones. They also stress that customers in Finland are usually more likely to return their used clothes for reuse than toss them out. The literature has addressed companies' views and preparedness for CE adoption to some degree. However, there hasn't been much coverage of Finnish industries, particularly the textile industry. As more and more policies utilizing CE are developing, it is clear that CE will play a significant role in the future of the textile business. However, the adoption of circular economy concepts by the Finnish textile sector has advanced significantly in the last few years. A study by the Finnish Innovation Fund Sitra (2019) claims that the Finnish textile and apparel industry is a worldwide pioneer in circular economy, with businesses at the forefront of sustainable manufacturing methods. According to the same study, a number of Finnish businesses have created significant circular economy strategies, including the use of recycled resources and the creation of take-back initiatives. As the cornerstone of the circular economy, circular business models must be designed to create value by closing production loops along their own supply chains (Lüdeke-Freund et al., 2019).

Other initiatives that had a huge role in advancing the Finnish textile sector towards circular economy is collaborative initiatives. It is where businesses are working together to create circular economy approaches, as well as with other parties like customers, the government, and NGOs. This involves programs like the Finnish Textile and Fashion circular Economy Roadmap, which tries to speed up the industry's shift to a circular economy (Finnish Textile & Fashion, 2021).

Circular economy has also become an important subject of importance for the Finnish Textile and Fashion Industry. A plan for the sector's shift to circular economy is being developed by the sector along with textile companies. With businesses and trade associations dedicated to encouraging change, the circular economy's opportunities for the Finnish textile sector seem positive. Accord-

ing to the Finnish Innovation Fund Sitra (2019), the sector offers chances for innovation and development in areas like recycling and sustainable material purchase, and it has the potential to become a leader in circular economy.

There are numerous study projects concentrating on CE in Finland, demonstrating that academics recognize the significance of CE in the future. In order to co-create resource-conscious textile businesses, the study project FINIX conducts innovative scientific research on sustainability elements of textile systems (FINIX, 2019). To produce more sustainable methods, the apparel and textile industries can use CE as a method. According to the Ellen McArthur Foundation (2012), CE is “an industrial system that is restorative or regenerative by intention and design”. They claim that the objective is to substitute the idea of products’ end of life, which can be done by saving natural resources, utilizing sustainable energy sources, and avoiding toxic chemicals.

CE would be beneficial to textile businesses and companies by generating more and higher profit margins, lowering volatility and enhancing supplier security, increasing demand for business services, and enhancing customer engagement and loyalty (Ellen McArthur Foundation, 2015). The industry's transition to CE is being supported by new product designs that promote recycling, textile waste laws, demand for recycled fibers, and consumer demand for products produced from recycled resources (Kant Hvass & Pedersen, 2019). Kant Hvass and Pedersen (2019) also corroborate that despite receiving an offer after giving their clothing to a product take-back location, customer product return rates are typically very low. Therefore, it is critical for businesses to get to know their consumers better and understand their requirements for buying, consuming, and disposing. A customer interaction strategy that emphasizes the product life cycle and educates consumers about the reuse and recycling potential of their apparel should be implemented (Kant Hvass & Pedersen, 2019).

In the research done by Karell and Niinimäki (2019), they emphasize the value of the design process and the designer's part in connection to closed-loop textile recycling. Their research showed that designers have little ability to make choices that support closed-loop cloth recycling and that designers are dependent on different supply chain participants. First, product storability should be taken into account by designers since it connects the design and recycling stages. Recycling and sorting both face difficulties with material intake, according to Karell and Niinimäki (2019), but

they also each have specific problems linked to processes. They proceed to say that the recognition of resources occurs during the resource sorting stage, and that if the recognition procedure is unreliable, the resources cannot be moved to the recycling stage. Various resource blends and product structures can disrupt this automatic sorting and affect the recycling process. Karell and Niinimäki (2019) have also found a number of solutions that illustrate the work of fashion designers in the future. First, material selection, material combining, product development, and surface finishing are the most crucial elements that must be taken into account when designing for circularity. Additionally, she foresees that various web tools will play a significant part in designers' education on CE and facilitate their work while under time and cost constraints. As obstacles arise from innovation, attitudes must also shift. Dependence on the resources available at the moment can be surmounted through partnerships with suppliers. Furthermore, according to Karell and Niinimäki (2019), businesses in the fashion sector must be ready for ongoing communication with fiber producers and fabric sorters due to the quick advancements in technology. It will be economically feasible to collect and organize fabrics, but doing so also calls for a shift in design principles to better meet the needs of recyclers. To effectively complete the circle in textile recycling, dialogue between recycling, separating, and design is necessary, which practically means that designers' expertise should be spread beyond processes and practices in which they are the only participants. It is necessary to have a material understanding linked to various recycling techniques as well as knowledge of cloth sorting technology. Clothing businesses want to use recycled materials in their goods, so there is already some dialogue between creation, sorting, and recycling (Karell & Niinimäki, 2019).

### *B. Sustainable Supply Chain Management (SSCM)*

Sustainable supply chain management is known as the inclusion of sustainable aspects into the decision-making process of supply chain management. SSCM implies creating sustainable supply chain strategies, putting these strategies into practice, tracking these practices, and assessing their efficacy (Sarkis, 2012).

Cost savings, improved company image, and customer loyalty are just a few advantages of SSCM implementation. Additionally, SSCM assists businesses in complying with regulations and lowers the possibility of supply chain problems. Adopting SSCM, though, can also be difficult due to

higher expenses, an absence of community involvement, and the complexity of estimating the effects of sustainability practices.

With customers expecting supply chain transparency and sustainably friendly products, the sector is also under growing pressure to implement sustainable strategies (MTT Agrifood Research Finland, 2014). Several economic obstacles have been encountered by the Finnish textile sector, such as competition from low-cost nations, shifting customer preferences, and the COVID-19 pandemic's effects. In order to overcome these obstacles, businesses in the Finnish textile sector have started implementing sustainable practices, such as using sustainable materials, minimizing waste, and enhancing energy efficiency. For instance, the Finnish clothing and textile designer Marimekko has pledged to only use environmentally friendly materials and to have a minimal effect on the ecosystem (Marimekko, 2021).

Companies in the Finnish textile sector stand to profit heavily from the implementation of SSCM methods. The advantages include:

- Cost reduction: SSCM techniques like waste reducing, energy economy, and sustainable material acquisition can lower running expenses in the supply chain. For instance, using energy-saving equipment can reduce expenses as well as energy usage.
- Improved reputation: Adopting SSCM can help a company's name and brand image. A good image can boost sales, improve consumer loyalty, and draw in more clients.
- Increased Competitiveness: Businesses that implement SSCM practices can obtain a competitive leverage by setting themselves apart from competition. Additionally, adopting sustainable supply chain practices can help organizations fulfil regulatory requirements and satisfy consumer demand for sustainable products.

To optimize the economic advantages of SSCM practices companies in the Finnish textile industry should take into account creating a sustainability strategy that is in line with their corporate goals and customer demands. To evaluate the success of sustainability practices, the plan should include precise objectives, benchmarks, and measurements. Also, collaboration with vendors is crucial for

the effective application of SSCM practices. To enhance sustainability performance and lessen the negative effects of the supply chain, businesses should collaborate with their suppliers. Businesses should as well develop measures to assess the success of their SSCM practices and frequently review their progress. They can find areas for development and make the required adjustments with the aid of routine monitoring and assessment.

## **2.4. Identified Research Gap**

The literature review shows that business sustainability, even though considered as an important aspect of modern business, is still ignored, and disregarded in most industries and most importantly the textile industry in Finland. It is no secret that without the adoption of business sustainability methods, the textile industry is considered as one of the most harmful industries environmentally, socially, and economically.

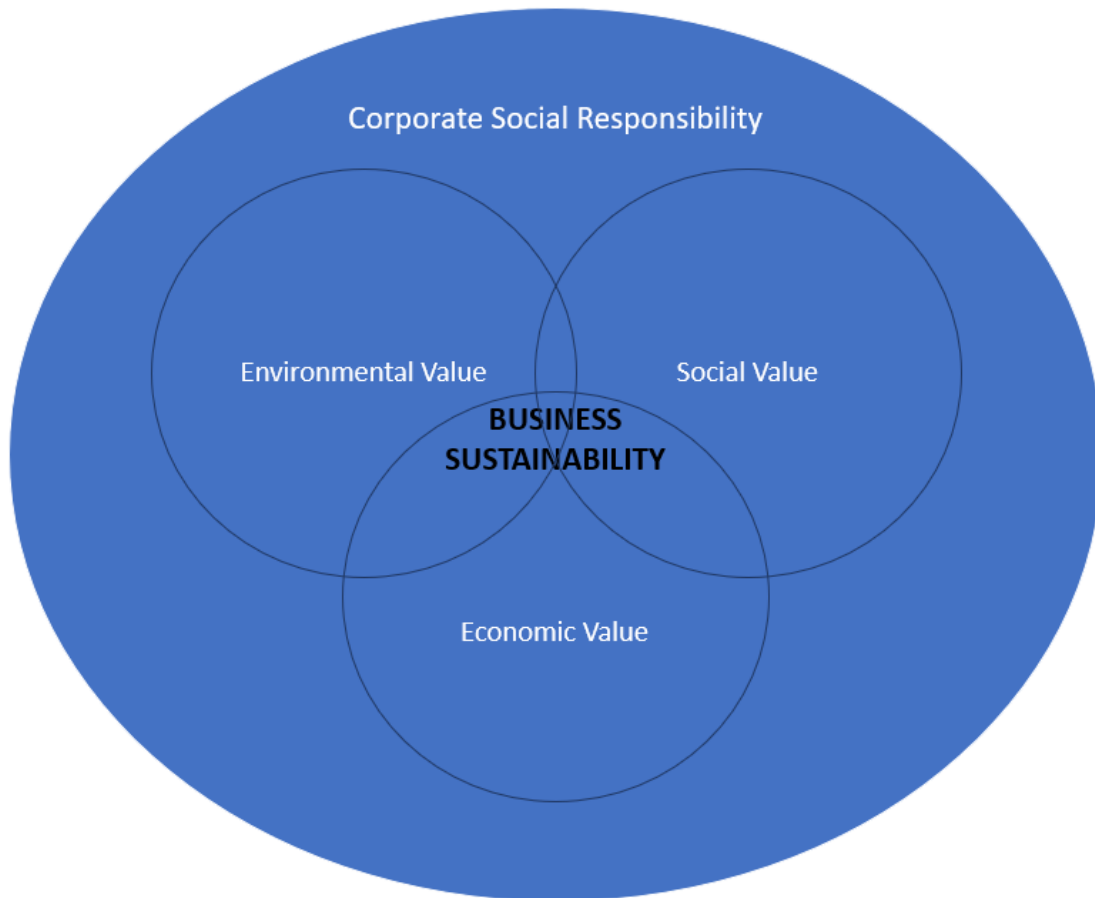
From the literature review we can also conclude that there are not enough publications talking about how much CSR social, environmental, and economic values bring business sustainability to the textile industry for a sustainable future, especially in the Finnish context. Most literatures only address one notion without mentioning the others or without linking them with each other, which is done in this paper. This thesis is about finding the link between CSR and the social, environmental, and economic values in order to achieve business sustainability in the Finnish textile sector.

## **2.5. Research Framework**

The research framework of this thesis was based on Max Thomsen's publication from 2021 (Business Models for Sustainability: Sustainability at the core of business strategy and its implementation). The publication is about the novel concept of business models for sustainability (BMfS) for their practicability.

In our research, the concept "Business Sustainability" was taken into the context of the Finnish textile sector. The main question is: How much CSR social, environmental, and economic values bring business sustainability to the Finnish textile sector for a sustainable future?

Here is a visual representation of the structural model based on the tree structure of the codebook:



**Figure 1:** Visual representation of the structural model based on the tree structure of the codebook (Own Interpretation).

And here is a table also based on the structure of the codebook with a “Construct”, “Measurement Item”, and “Source” columns:

| <i>Construct</i> | <i>Measurement Item</i>                                       | <i>Source</i>                                     |
|------------------|---|---|
| Social Value     | Equality, Inclusion, Community Development, Labour Standards. | Gouldson et al. (2015)<br>Hollander et al. (2015) |



|                     |  |   |
|---------------------|--|---|
|                     |  | <p>Kuoppamäki et al. (2016)</p> <p>Niyommaneerat et al. (2023)</p> <p>Sitra (2020)</p>                                  |
| Environmental Value | Renewable Resources, Low Emission, Charity for Environmental Purpose.  | <p>Kangas et al. (2017)</p> <p>Laukkanen et al. (2016)</p> <p>Sharma (2022)</p> <p>Vehmas et al. (2018)</p>             |
| Economic Value      | Earnings, Shareholder Value, Financial Resilience.   | <p>Gimenez et al. (2012)</p> <p>Karell and Niinimäki (2019)</p> <p>Saeidi et al. (2015)</p> <p>Winter et al. (2013)</p> |
| CSR                 | Health and Security, Diversity, Respect, Satisfaction, Green House Gas Emissions, Quantity of Waste, Efficiency in Energy Use. | <p>Kujala et al. (2018)</p> <p>Sharma (2022)</p> <p>Sitra (2020)</p> <p>Soininen et al. (2017)</p>                      |

|                         |   |  |
|-------------------------|---|--|
| Business Sustainability | Cross section between social, economic, and environmental values. | Finlayson (2021)<br><br>Huang (2018)<br><br>Marimekko (2021)<br><br>Muhammad et al. (2018)<br><br>Singh and Rajwani (2017) |
|-------------------------|---|--|

**Table 1:** Table based on the structure of the codebook (Own Interpretation).

### 3. Research methods and implementation

#### 3.1. Research context

In recent years, the Finnish textile sector has experienced major changes, with an increasing emphasis on sustainability. The industry is confronted with a number of sustainability issues, including pollution, labor exploitation, and financial viability.

As a result, many businesses in the industry have embraced Corporate Social Responsibility (CSR) practices, as well as environmental, social, and economic values, to achieve business sustainability.

The purpose of this bachelor's thesis is to examine how these practices involving social, environmental, and economic values contribute to business sustainability in the Finnish textile industry. Through an analysis of existing literature and case studies of textile companies, this paper will provide insights into how companies can leverage the use of those practices efficiently to promote business sustainability in the Finnish textile industry.

## **3.2. Research design**

### **3.2.1. Research purpose**

The study takes an exploratory method, which is ideal for exploring complex and comparatively unexplored research topics. This method allows for more adaptability in data gathering and analysis, as well as the revelation of new outcomes and findings. The qualitative data gathering, and analysis technique is applied in this research because it is best adapted to exploring the insights and views of other publications on related subjects.

### **3.2.2. Research philosophy**

The research philosophy of this paper is interpretivism, as it attempts to understand the subjective experiences and views of the Finnish textile sector regarding CSR strategies and business sustainability. To collect data and develop conclusions about the research topic, the study uses a qualitative research method. The goal is to obtain a thorough knowledge of the factors that affect the adoption and efficacy of CSR practices linked to social, environmental, and economic values in the Finnish textile sector. The study uses archival research to investigate the experiences of textile industries that have implemented CSR practices and their effect on sustainability. The research methodology also relies on critical thinking as it attempts to examine the influential relations and broad differences that shape the textile industry's sustainable challenges. Overall, the research philosophy of this thesis is to provide a complete and detailed overview of the role of CSR practices in supporting business sustainability in the Finnish textile industry.

### **3.2.3. Research approach**

This thesis uses a qualitative case study method in its analysis. The research concentrates on several case studies of textile businesses that have implemented CSR practices linked to social, environmental, and economic values to support business sustainability. Given that there is little actual research on the connection between CSR practices and business sustainability in the Finnish textile industry, the research methodology is inductive. The research uses secondary data sources, such

as reports and academic literature, to provide context and background information on the industry's sustainability challenges. The gathered data is examined to find patterns and concepts that are used to develop observations into the research question.

#### **3.2.4. Research strategy/method/s**

The research strategy for this paper is to use secondary data collecting methods. This entails a review of existing publications on CSR, business sustainability, and the Finnish textile sector. This will include academic literature, reports, and government publications. The secondary data collection aims to provide a contextual overview of the sustainability challenges confronting the Finnish textile industry, as well as the current state of studies on CSR practices and business sustainability in the industry. The case study methodology is used to examine the experiences of textile businesses that have adopted CSR practices linked to social, environmental, and economic values. The case studies give an in-depth knowledge of the values that impact CSR practice implementation and effectiveness in achieving business sustainability.

#### **3.2.5. Methodological choice**

This study adopts a qualitative research approach, relying on secondary data sources to gather and analyze information. The data sources include academic journals, industry reports, and case studies published since 2012. This thesis mainly adopts a mono method in the form of archival research and mixed methods in form of multi-case comparative study based on archival research. The data is analyzed using thematic analysis to identify patterns and themes related to CSR practices, social, environmental, and economic values, and business sustainability in the Finnish textile industry.

#### **3.2.6. Time horizon**

This research investigates the research topic using a longitudinal method based exclusively on secondary data sources starting from 2012. The time horizon for this research is from 2012 to the present, providing a review of developments and changes in the adoption of CSR practices as well as social, environmental, and economic values in the Finnish textile sector.

The use of secondary data sources allows for a thorough examination of current literature, studies, and articles on CSR practices and their effect on business sustainability. By restricting the data sources to those from 2012 and later, the study aims to provide an up-to-date and accurate analysis of the status of social, environmental, and economic practices in the Finnish textile sector for a sustainable future.

### 3.3. Data collection

This paper uses secondary qualitative data in form of relevant publications, articles, and reports. Some of the data included in the report might be from quantitative results or data. Here is a table that represents an illustration of the codebook that has been used during the data gathering and analysis phase:

| <b>Code</b>         | <b>Definition</b>  | <b>When to use</b>  | <b>When not to use</b>   |
|---------------------|--|---|--|
| Social Value        | <p>Social value measures the positive value businesses create for the economy, communities, and society.</p> <p>The units of social value measurement relate to (Equality, inclusion, community development, labour standards)</p>                           | Use this code to identify the evidence of social value creation measured by relevant units. | Don't use for publications that talk about creation of other values than social values.        |
| Environmental Value | <p>Environmental values that take into consideration reducing the impacts on natural resources and the environment.</p> <p>The units of environmental value measurement relate to (Renewable resources, low emission, charity for environmental purpose)</p> | Use this code to identify environmental values measured by relevant units.                  | Don't use for publications that talk about creation of other values than environmental values. |

|                         |   |  |  |
|-------------------------|---|--|--|
| Economic Value          | <p>Financial values that affect businesses and persons. The revenue in processes, services, and products that reduces the costs and/or increases revenue (sales) improving the bottom line of profitability.</p> <p>The units of economic value measurement relate to (Earnings, shareholder value, financial resilience)</p>   | Use this code to identify evidence of created economic values measured by relevant units.                            | Don't use for publications that talk about creation of other values than economic values.                            |
| CSR                     | The concept of Corporate Social Responsibility states that businesses should evaluate how their actions may affect the environment and society.   | Use this code to find examples of CSR in the textile industry and the results they bring.                            | Don't use for publications that talk about other CSR examples than in textile industry.                              |
| Business Sustainability | <p>Combining economic progress, environmental protection, and social well-being while meeting the requirements of the present generation without sacrificing those of the next.</p> <p>The units of business sustainability measurement relate to the sum of social, environmental, and economic values measurement units for a sustainable future.</p> <p>Cross section between social, economic, and environmental value.</p> | Use this code to identify evidence of created social, environmental, and economic values measured by relevant units. | Don't use for publications that talk about creation of other values than social, economic, and environmental values. |

**Table 2:** Table representing the codebook used in this research.

### 3.4. Data analysis

During the data gathering and analyzing phase, the author used a computer assisted qualitative data analysis tool called NVivo 12, which is a program that assists organizing data from different sources, including research papers and books, into nodes to help better visualize and arrange them (*Appendix 1*). By coding the corresponding references into the right nodes, the author was able to gather a number of citations from relevant publications and sources and code them accurately. The nodes are designed to divide different notions in order to develop and perform a thorough comprehensive analysis of the data given. Some of the nodes have sub-nodes, which respectively have also their own sub-nodes (*Appendix 2*). This method helps in mapping the author's ideas better in order to make the data collection and analysis less complicated and simpler.

NVivo was used by the author in order to collect, organize, and analyze qualitative data from relevant publications and help answer the research question. Making a codebook had an important role in this process. It consists of the main keywords of the research, along with their definition, and when to use or not use them during the coding phase. Following the codebook as a guide helped the author save a lot of time by knowing exactly what to look for in the secondary data collected and answer the research question based on that.

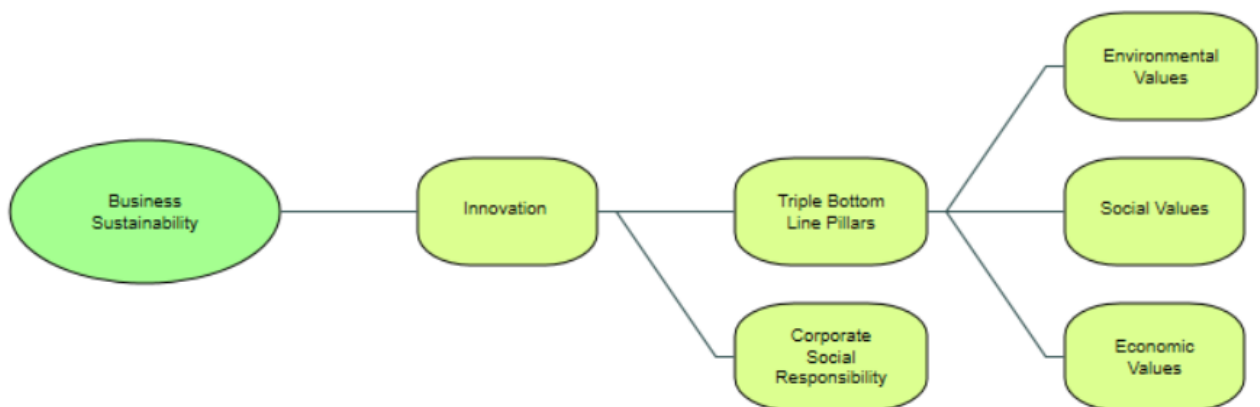
### 3.5. Ethical considerations

This study's ethical considerations involve guaranteeing that the secondary data used in the research is obtained legitimately and ethically, with proper regard for data privacy and confidentiality. Recognizing any constraints and possible biases in the data and its analysis from a critical and neutral point of view. To that end, this study aims to avoid bringing harm to any individuals or groups, as well as to share the research results in an objective and transparent way. Overall, by sticking to these ethical principles, this research not only produces accurate and reliable results, but it also contributes to the research process's social responsibility and liability.

## 4. Research Results

In this research, the connection between corporate social responsibility (CSR) and the triple bottom line (TBL) was examined, as well as the role each played in the Finnish textile sector in achieving business sustainability. The objective is to answer the main research question: “How much CSR social, environmental, and economic values bring business sustainability to the Finnish textile sector for a sustainable future?”. The data was gathered by analyzing qualitative secondary data in the form of relevant publications on NVivo 12, by uploading the secondary data (*See Appendix 1*) and coding the relevant references into the correspondent nodes (*See Appendix 2*).

### 4.1. Business Sustainability

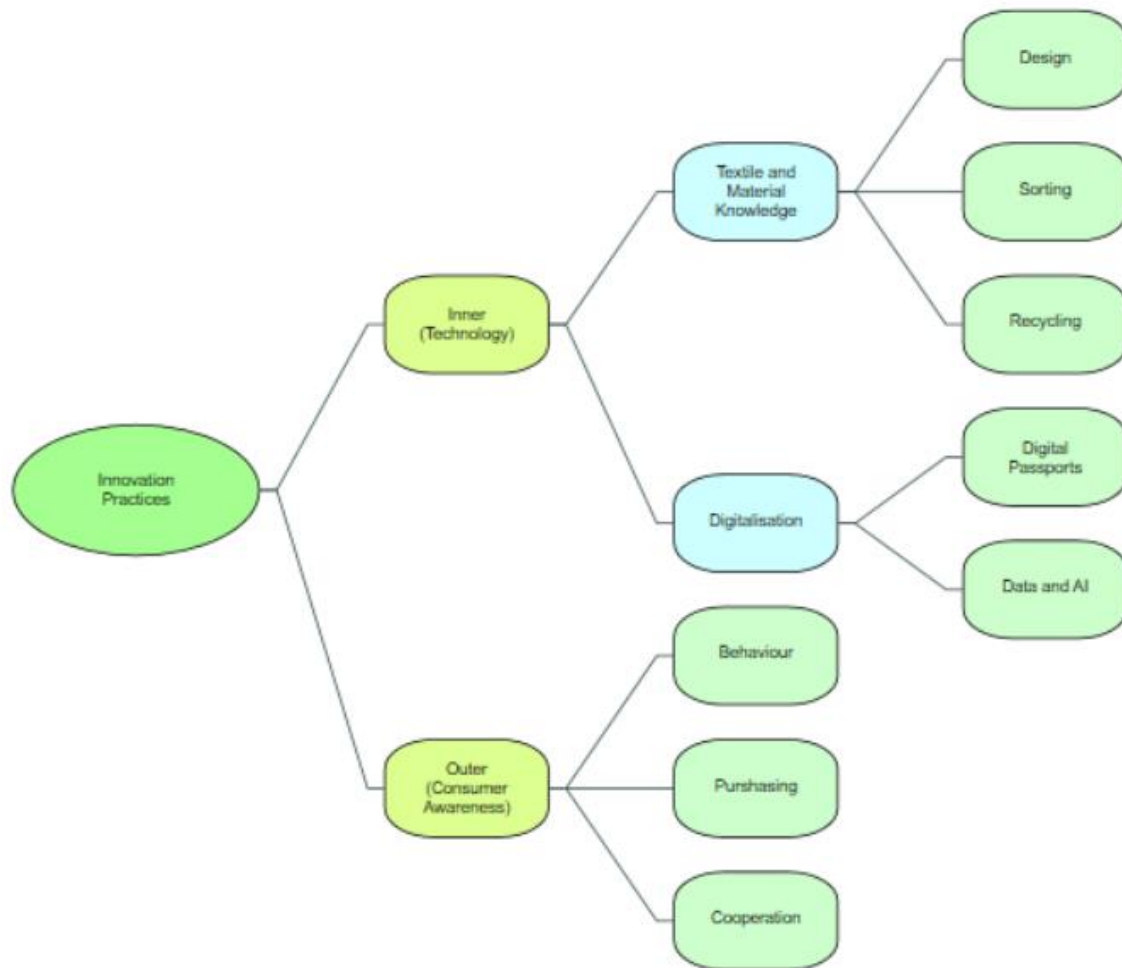


**Figure 2:** Mind map generated from NVivo 12 illustrating how can Business Sustainability be achieved through Innovation – Computer Assisted Qualitative Data Analysis Tool

The mind map above shows the different practices that help in achieving business sustainability for textile companies. Innovation is the main key to successfully attain the objective of this research, and in the next parts, the author is going to elaborate further and present the results from each of the notions above (*Figure 2*).

### 4.2. Innovation Practices





**Figure 3:** Mind map generated from NVivo 12 showing different Innovation Practices – Computer Assisted Qualitative Data Analysis Tool

In this part, we are going to analyse examples of innovation practices, other than TBL and CSR, and how can adopting them contribute to achieving business sustainability **(Figure 3)**.

To answer this question, we need to understand what innovation in the context of the textile industry is. In the textile sector, innovation involves the developing of new concepts, methods, and technologies to enhance the production process, resources, and products. It involves identifying unique and creative methods to handle business challenges and opportunities in order to make products that are better in terms of quality, performance, sustainability, and cost-effectiveness. As Saltevo (2018, p. 33) says “Innovation plays an important role in pushing businesses and the economy forward to the next level of producing equally environmental and social, as well as economic value, with given resources.” **(Appendix 4.1)**.

We have divided the innovation practices into two main parts: The first is inner, which means it can be adopted by the company. And the second is outer, which means it can be achieved by the customers.

Technology adoption is promoted in the textile industry for a number of reasons. “Knowledge in textile sorting technology and material knowledge related to different recycling methods is needed” Kämäräinen (2020, p. 23) cite. She also emphasises that “Some communication between design, sorting and recycling is already emerging as clothing companies want to use recycled materials in their products” (**Appendix 4.2**).

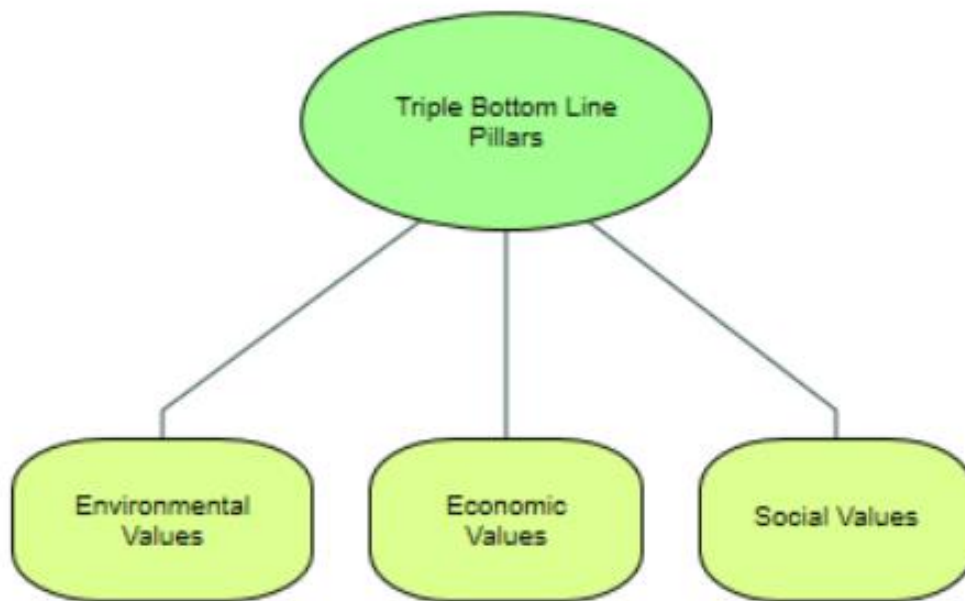
Digitalisation on the other hand is yet another important practice used in the Finnish textile sector. Kamppuri et al. (2021, p. 11-12) say that “Finnish excellence in design, digitalisation and industrial production provides excellent preconditions for the creation and mass customization of next-generation, high-value-added textile solutions. Big data and AI are the key to use the data for nearly perfect prediction. These together lead not only to maximum end user satisfaction and profits, but also minimal environmental impact.” (**Appendix 4.3**). They also emphasize that “EU’s Initiative on Sustainable Product Policy is currently promoting the use of digital product passports. Digital passport could carry information that may with the product throughout its life cycle. The accompanying knowledge that the textile product carries will promote traceability that in turn could be a significant competitive advantage for new Finnish fibers and products processed from them.” (**Appendix 4.3**).

Kamppuri et al. (2021, p. 10) also highlight consumer awareness as an innovation practice that cannot be disregarded. They say that “Sustainability and responsibility are growing trends and these values are transforming into behaviour, purchasing and cooperation trends. Behaviours are catching up the values. In addition to the growing consumer awareness, textile producers and brand owners emphasize the importance of sustainability and responsibility.” (**Appendix 4.4**).

The results show that to achieve business sustainability, innovation is a must. However, to make it clearer, textile companies should look at innovation in a way that it is not only influenced by their

decisions, but also their customers'. There are many innovative ways that can help achieving business sustainability such as: Technology, textile and material knowledge, digitalisation, and consumer behaviour (**Figure 3**).

### 4.3. Triple Bottom Line Pillars



**Figure 4:** Mind map generated from NVivo 12 illustrating the three pillars of Triple Bottom Line (TBL) – Computer Assisted Qualitative Data Analysis Tool

In this part, we are going to present the notion of Triple Bottom Line and analyse its three main pillars: Environmental, social, and economic values (**Figure 4**).

Elkington (2018) defines the TBL and says that “The triple bottom line is a sustainability framework that examines a company’s social, environmental, and economic impact.” (**Appendix 5.1**).

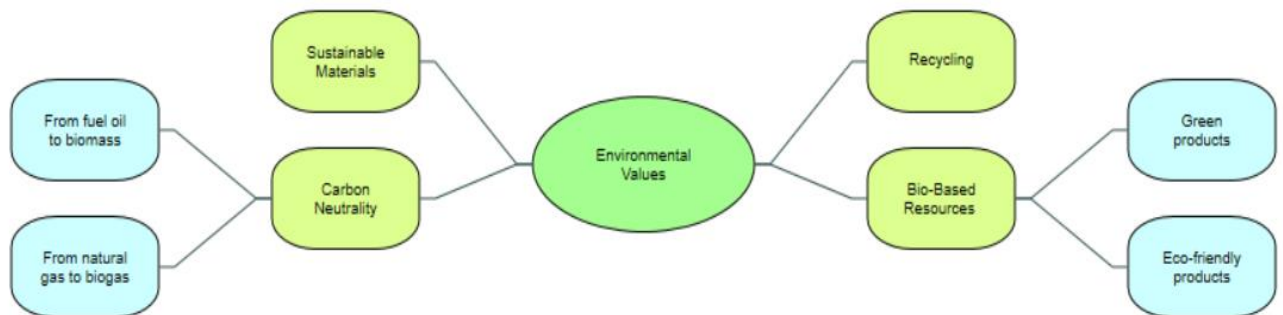
The importance of implementing the three pillars on an equal level is highlighted by Matthes et al. (2021, p. 10) as they said “The TBL promotes a change in paradigm through which companies grow

as concerned and become just as active about their environmental and social impacts as they are about their financial performance.” (**Appendix 5.2**). The TBL paradigm is solely based on the combination of its three components, as they are linked with each other and the idea of disregarding one of them is not possible. As Matthes et al. (2021, p. 10) emphasise “The TBL idea encompasses prioritizing long-term financial solidity and stability over short-term profits. Secondly, it demands the consideration of the company’s impact on not only its shareholders, but also all other relevant stakeholder groups, such as employees or local communities. In relation to the natural environment, TBL-oriented companies recognize the limitation of resources and the impacts of their business processes.” (**Appendix 5.2**).

Sharma (2022, p. 12) shows the importance of adopting the TBL approach by saying that “This concept is based on three pillars, and these three Ps are also known as people, planet, and profit. One portion represents humans, one represents the earth, and one represents profit in the triple bottom line. The popularity of this approach is not limited to a few business areas, but it is widely considered significant in every corporate process. TBL focuses on the three sustainable development perspectives: environmental, social, and economical.” (**Appendix 5.3**).

These textual interpretations and quotes bring us to the conclusion that the Triple Bottom Line notion is an effective tool that can be used by implementing all of its three values without leaving one of them out (**Figure 4**). The results show that adopting environmental, social, and economic values can put a company in a competitive advantage. And that the TBL bring benefits to all parties involved, not only financially, but also socially and ecologically.

### 4.3.1. Environmental Values



**Figure 5:** Mind map generated from NVivo 12 showing different practices related to the environmental values of TBL – Computer Assisted Qualitative Data Analysis Tool

For this part, we will explain the importance of the environmental values, and show examples of practices that help textile companies achieve business sustainability. The environmentally sustainable practices are recycling, bio-based resources, carbon neutrality, and sustainable materials **(Figure 5)**.

Saltevo (2018, p. 31) says that “The ecologic dimension refers to a company’s responsibility of the use of natural resources and of the impacts subjected to the environment by its operations. Ecological performance can be measured through e.g., by the use of natural resources through life-cycle evaluation, amount of emissions and pollution caused by company operations, or environmental risk management practices.” **(Appendix 6.1)**.

Sustainable material use is an important practice that Finnish textile businesses are using more and more nowadays. Karthik and Gopalakrishnan (2014a, p. 2) say that “Environmentally preferred fibres /textiles can significantly reduce the environmental impact and increase the resourcefulness of an apparel product throughout the garments life cycle without change to design practice or product development processes.” **(Appendix 6.2)**.

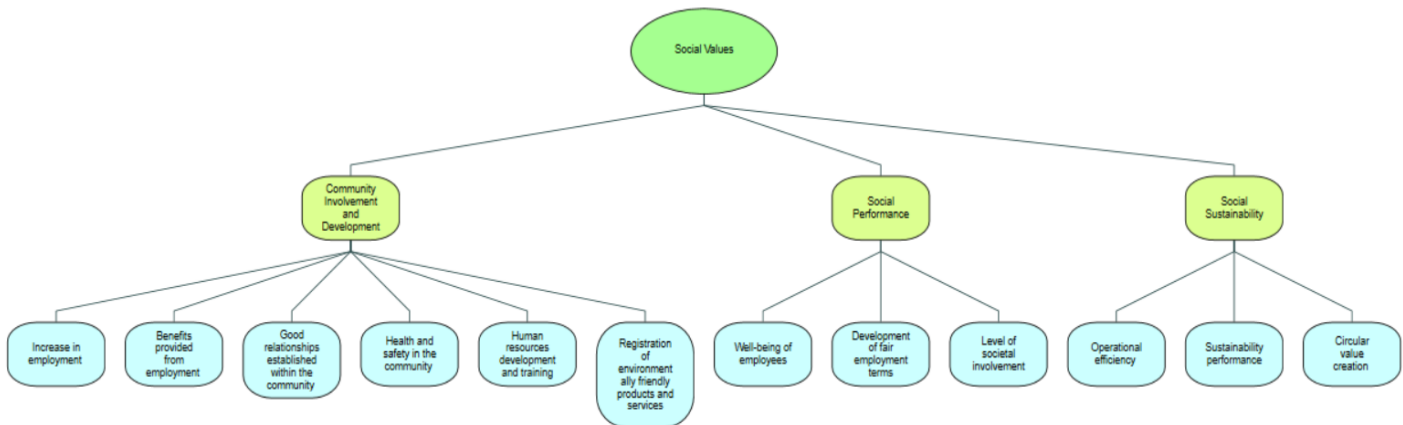
As for the example of carbon neutrality, Sharma (2022, p. 26) emphasises that “The worldwide environmental difficulties facing the textile sector may be overcome, and the Finnish textile industry has ideas to provide. For instance, the decarbonisation of the energy sector alone significantly reduces industry emissions. Other essential strategies for achieving carbon neutrality include transitioning from fuel oil to biomass and from natural gas to biogas.” (**Appendix 6.3**).

Recycling on the other hand, has always been a notorious practice for environmentally beneficial results. Karthik and Gopalakrishnan (2014a, p. 2) highlight the importance of recycling and say that “Environmental sustainability in business refers to longevity, but in terms of which natural resources the production process might draw upon, how resources are used and replenished, the overall impact of the final production on the environment, and where the product ends up following its disposal. The textile and apparel products impact the environment at every point along the product’s lifecycle.” (**Appendix 6.4**).

The use of bio-based resources has risen in the recent years because of the high demand of green textile products. As Karthik and Gopalakrishnan (2014a, p. 2) say “Today, people have started looking for Green Products everywhere. In terms of textile products, the purchasing decisions of consumers were previously based upon comfort, style, aesthetic appeal, etc., but now more on eco-friendliness of products. Many clothing companies have started providing clothes made from eco-friendly fabrics, and the demands for these green products are increasing.” (**Appendix 6.5**).

The results generated show that the adoption of these practices is not only beneficial for the environment but also for the textile companies themselves. Environmental values are an essential part of the Finnish textile sector nowadays, and the fact that customers prefer ecological friendly products more is a clear sign of the importance of these practices and values.

#### **4.3.2. Social Values**



**Figure 6:** Mind map generated from NVivo 12 showing different practices related to the social values of TBL – Computer Assisted Qualitative Data Analysis Tool

For this part, we will explore the importance of the social values, and show examples of practices that help textile companies achieve business sustainability. These socially sustainable practices include job creation, social sustainability, social performance, community involvement and development (**Figure 6**).

Starting with community involvement and development, Niyommaneerat et al. (2023, p. 9) highlight the importance of this practice by saying that “Social sustainability indicators are considered within the aspects of community involvement and development.” (**Appendix 7.1**).

They also gave the six main categories of this practice:

- “- The increase in employment resulting from the project operation.
- The benefits provided from employment resulting from the project operation, income in terms of monetary benefits.
- The good relationships established within the community as a result of the project operation.
- Health and safety in the community resulting from the project operation.
- Human resources development and training: The projects need to provide a training programme that expands community knowledge. For example, training related to community participation in the installation or maintenance of a biogas system.
- Registration of environmentally friendly products and services.” (**Appendix 7.1**).

Social sustainability on the other hand, has been mentioned by Niyommaneerat et al. (2023, p. 9) where they say:

“Social sustainability indicators include the following:

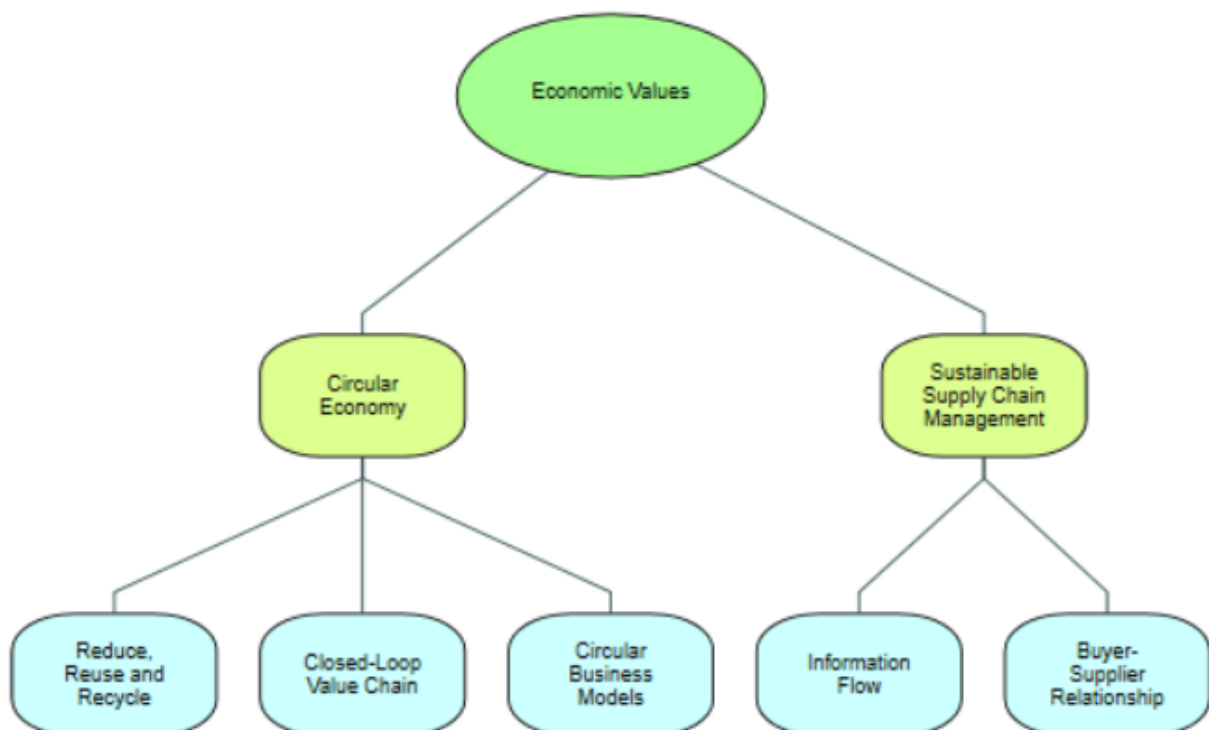
- Operational efficiency (labour hours/unit, productivity level, supply chain transparency).
- Sustainability performance (local stakeholders engaged, customers reached, number of accidents or incidents).
- Circular value creation (jobs created, social enterprises started, total economic contribution).”

**(Appendix 7.2).**

Finally, social performance is defined by Saltevo (2018, p. 31) as “a company’s responsibility to uphold and promote practices that are aligned with social interests and values amongst its community of employees and society at large. Social performance can be measured through e.g., the well-being of employees, development of fair employment terms, or the level of societal involvement.”

**(Appendix 7.3).**

#### 4.3.3. Economic Values





**Figure 7:** Mind map generated from NVivo 12 showing different practices related to the economic values of TBL – Computer Assisted Qualitative Data Analysis Tool

For this part, we will highlight the necessity of the economic values that include the principles of circular economy and sustainable supply chain management. We will analyse further each of the two notions and present the practices related to them (**Figure 7**).

### **A. Circular Economy**

The British Standards Institution (2017) defines circular economy as “an economy that is restorative and regenerative by design, and which aims to keep products, components and materials at their highest utility and value at all times, distinguishing between technical and biological cycles.” (**Appendix 8.1**). CE is described by Ellen McArthur Foundation (2012) as “an industrial system that is restorative or regenerative by intention and design.” (**Appendix 8.1**).

Kämäräinen (2020, p. 7) on the other hand says that CE is “a regenerative system in which resource input and waste, emission, and energy leakage are minimum by slowing, closing, and narrowing material and energy loops.” (**Appendix 8.2**). Savolainen (2022, p. 11) highlight that “CE of textiles has been proposed to replace the currently prevailing linear economy model, and the aim is to shift from take-make-waste towards the 3R principle, known as Reduce, Reuse and Recycle.” (**Appendix 8.2**). Savolainen (2022, p. 11) explains further:

- “• Reduce, is based on the prevention of textile waste by changing consumption habits. When consumers are encouraged to question their purchasing decisions and only to purchase when is necessary, we are avoiding the accumulation of unnecessary textiles that would eventually end up as textile waste.
- Reuse, focuses on using a piece of clothing again, extending its life cycle by passing clothing on to new owners through second-hand shops or online platforms.
- Recycle, refers to the recovery of the valuable raw materials of post-consumer textile waste for use in new, similar products. The recycling of textiles includes the collection and handling as well as the processing of textiles.” (**Appendix 8.2**).

Another CE practice would be the notion of the closed-loop value chain. Savolainen (2022, p. 12) explains that “Textile collecting and sorting points need to come up with new processes and material sorting technologies. Governments need to introduce legislative drivers, such as waste prevention targets. Brands and retailers need to create new business models, including circular strategies, collaborating with ‘closed loop’ partners with different sorters, collectors, and recyclers.” **(Appendix 8.3).**

The third CE practice is the circular business model. Savolainen (2022, p. 19) explains the importance of this notion and says “In the context of textile industry, to disrupt the current linear economy model, new, circular business models to producing, accessing, and maintaining textiles are essential. Extending the life expectancy of a garment is one key issue in the sustainability of the textile industry.” **(Appendix 8.4).** Sharma (2022, p. 18) on the other hand elaborates more “The idea of a circular economy encompasses much more than just a straightforward waste management system. It necessitates a far more thorough examination of the development of dramatically different solutions over the complete life cycle of any activity. It fundamentally refers to how processes, environments, and economies interact.” **(Appendix 8.4).** Sharma (2022, p. 19) goes on and explains “The circular economy is, without a doubt, the best strategy for pursuing the path of sustainable development, especially in the textile industry, as adopting the circular economy model results in an economy that can lower costs for businesses, according to an analysis of the upcoming opportunities resulting from the circular economy.” **(Appendix 8.4).**

The relationship between the three previously mentioned CE practices is highlighted by Savolainen (2022, p. 13) where she says that “Due to the current model being very unsustainable for society and for the environment, the establishment of a ‘closed loop’ value chain is in order. With a closed value chain, a textile piece that is in a condition that it is not appropriate for use or reuse, is returned to the textile value chain as raw materials for new, similar products with material recycling and recovery.” **(Appendix 8.5).** Following this process and implementing the three practices in a textile organization’s business model would help achieve circular economy. This economic value, if applied properly, will make the company’s plan to reach business sustainability easier and simpler.

## **B. Sustainable Supply Chain Management**

Sustainable supply chain management includes involving economic and financially viable practices into the supply chain lifecycle, from product design and development to material selection. The two main practices involved in SSCM are: Information flow and supplier-buyer relationship.

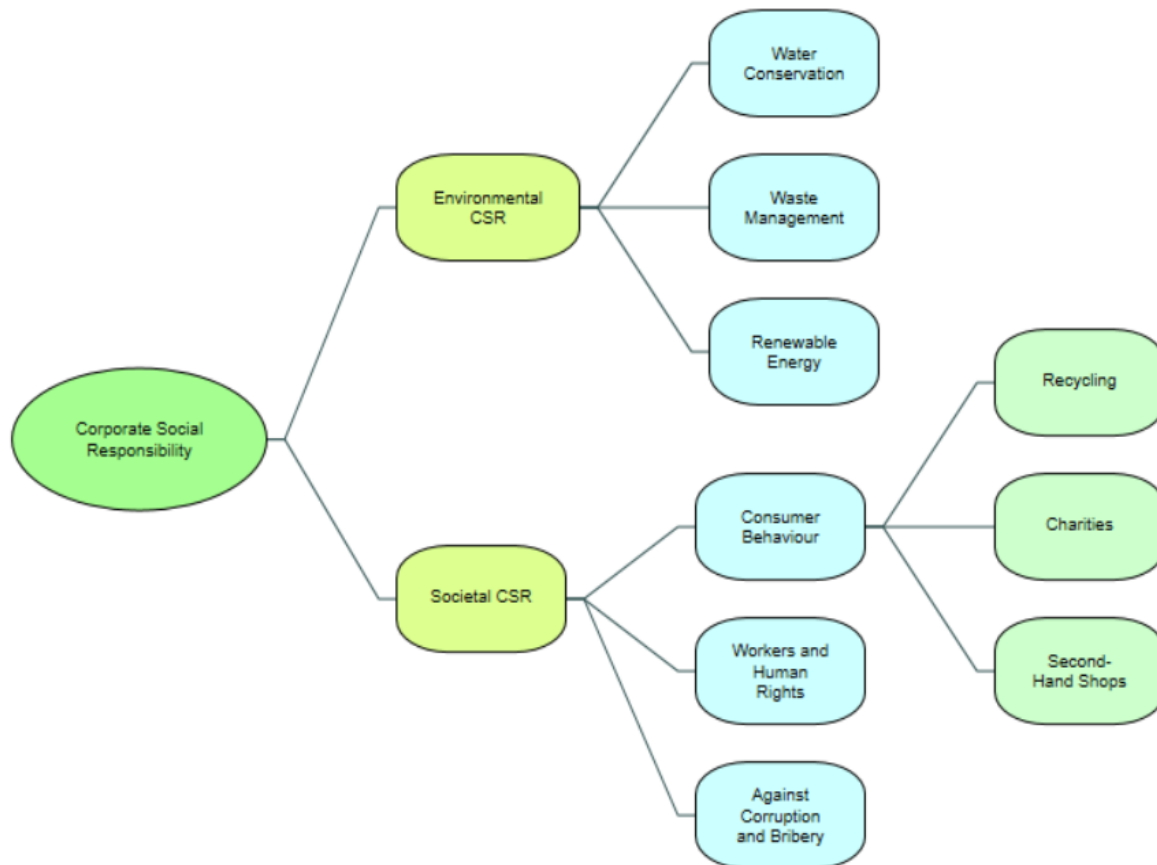
Kullas (2018, p. 27) suggests that “Customer pressure is one of the most influential factors that motivate the firms to engage in sustainable supply management.” **(Appendix 9.1)**. Kullas (2018, p. 28) also highlights the benefits of adopting SSCM “Sustainable supply management may also improve the competitive advantage of the buyer by enhancing the reputation of the firm as well as retain the customer loyalty.” **(Appendix 9.1)**.

Information flow between different departments involved in the supply chain is critical. Kullas (2018, p. 30) says that “Sustainable supply management practices enable the information flow between the buyer and the supplier and also allow the buyer firm to know more about its suppliers.” **(Appendix 9.2)**.

The supplier-buyer relationship on the other hand needs to be respected and carefully implemented due to its importance and big role in the supply chain. Kullas (2018, p. 30) explain that “Buyer-supplier relationship has been recognized to have a tremendous impact on the profitability of the entire supply chain.” **(Appendix 9.3)**.

The supply chain is a crucial part of an organization’s operation. Implementing sustainability in the supply chain management, not only benefits the company financially, but also increases its brand-image and customer loyalty. The relationship between the two practices discussed show that in order to have an information flow in the first place, there should be a supplier-buyer relationship established beforehand.

#### **4.4. Corporate Social Responsibility**



**Figure 8:** Mind map generated from NVivo 12 showing the main two pillars of CSR and the practices related to each of them – Computer Assisted Qualitative Data Analysis Tool

In this part, the author will discuss the results of the different practices of CSR and how can they help achieve business sustainability for the Finnish textile companies. Corporate social responsibility, as defined by the Environment European Commission (2022) as, “A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis...in other words, companies taking responsibility for their impact on society.” (**Appendix 10.1**). Bhusal (2018, p. 2) explains in the Finnish context that “CSR in Finland has been affected by local as well as global realities. In the early years of the twentieth century, industrialization, heavy use of natural resources and working conditions of labourers inspired debate and action on CSR. Whereas the Finnish CSR debate of the twenty-first century is often linked to environmental awareness and globalization. On the other hand, the role of local communities, non-governmental organizations and consumers has significantly increased.” (**Appendix 10.2**).

The environmental side of CSR is often discussed and considered very important. Niyommaneerat et al. (2023, p. 6) say that “The dimensions of CSR refer to a wide range of actions, and one primary focus of CSR is the environment. Environmental CSR aims to reduce any damaging effects on the environment from business processes or project initiatives by reducing environmental impacts as a core mission.” (**Appendix 10.3**). They proceed to clarify that “Most CSR activities appear to be environmentally related; these may include water conservation, waste management, and renewable energy capacity. Therefore, these CSR projects aim for environmental performance and significant market potential.” (**Appendix 10.3**). It concludes to show how rewarding and beneficial it is to adopt these practices.

On the other hand, societal CSR is the other essential part of the whole concept. There would not be CSR without the social pillar. However, consumer behaviour plays a major role in facilitating textile companies’ efforts to achieve societal CSR. As Savolainen (2022, p. 26) cited “Consumer behaviour is also crucial in acquiring and disposing of textiles, and textile companies can offer alternative ways to consume in the form of recycling activities, charities, and second-hand shops.” (**Appendix 10.4**). Also, according to Sharma (2022, p. 37) “Based on an EU directive, the law mandates that companies disclose their policies towards the environment, workers, social issues, human rights, and the fight against bribery and corruption.” (**Appendix 10.4**).

The results show that by applying these practices and adopting the CSR concept within the company, the Finnish textile sector is looking for great benefits and profits in return, as well as achieving business sustainability faster.

## **5. Discussion**

### **5.1. Limitations, reliability, and validity**

There are some limitations that were encountered when conducting this research. The author’s capability to collect information from primary sources was restricted because of the use of qualitative secondary data. Additionally, the author was limited by the quantity and quality of the mate-

rial that already exists on CSR and business sustainability in the Finnish textile industry. Furthermore, the research only examines the Finnish textile industry, which may restrict the relevance of the results to other industries or countries.

The author used accurate techniques for collecting and analyzing the secondary data to assure the validity of the study. In order to guarantee reliability, the author closely assessed the reliability of the sources and double-checked the data gathered from various sources. In order to ensure the validity of the results, the author also followed a structured process when choosing the relevant publications, relying on the most recent and relevant material.

The research's validity is critical for ensuring that the conclusions correctly represent the reality of CSR and business sustainability in the Finnish textile industry. The use of many sources and a methodical strategy for choosing the relevant publications served to ensure the validity of the research. Also, the author applied a critical analysis strategy to assess the material and prevent any prejudices or mistakes in the assessment of the data. The author agrees that the study might not have taken into account other variables that might have an effect on CSR and business sustainability in the Finnish textile industry.

## **5.2. Answering the research questions**

Throughout this research, one main question was asked by the author: “How much CSR social, environmental, and economic values bring business sustainability to the Finnish textile industry for a sustainable future?”.

To answer this research question, the author highlighted that CSR practices can provide substantial social, environmental, and economic benefits to Finnish textile businesses. Many companies, for example, have implemented sustainable manufacturing methods such as using organic and recycled materials, minimizing water and energy usage, and reducing waste and pollution. These practices have not only lowered these companies' environmental footprints, but have also improved their brand image, increased consumer loyalty, and strengthened their reputations as ethically conscious companies. Similarly, many businesses have implemented social CSR strategies like

ethical sourcing, equitable trade, and labor rights. These strategies have not only enhanced employee working conditions, but have also increased the companies' societal effect, promoted community involvement, and attracted and kept talent. In addition, many businesses have implemented economic CSR practices such as job creation, innovation, and differentiation. These practices have created new business opportunities and have additionally improved these firms' competitiveness and profitability, allowing them to invest in new technologies and maintain operations in the long term.

Finally, after presenting the results along with the literature review, this research has confirmed that reaching business sustainability in the Finnish textile industry can be achieved by the combination of CSR and social, environmental, and economic values. Although implementing sustainable business practices is not that simple, the potential benefits make it worthwhile for the Finnish textile businesses.

### **5.3. Dialogue between key results and knowledge base**

The research on CSR and sustainable business practices indicates that businesses that use sustainable business principles can profit from greater profitability, improved image, and better stakeholder relationships (Carroll, 2015; Porter & Kramer, 2011). The results of this research from **section 4** are in support of this knowledge base, as it was observed that Finnish textile businesses that have implemented sustainable business methods have been able to improve their financial performance, draw in more customers, and enhance their brand image.

In the literature review, within **section 2.3**, it has been shown that the adoption of CSR and TBL values in the Finnish textile industry is critical for addressing the environmental and social effects of textile manufacturing and consumption. While CSR concentrates on a company's duty to its stakeholders, TBL was found to take a wider strategy by incorporating economic, social, and environmental values.

In **section 2.3.1**, the notion of CSR was further discussed, and it was categorized into two main categories: social, and environmental. These areas, or foundations, contain all of the objectives and actions that every morally responsible company should fulfill or stick to. The results in **section 4.4**

show that the two pillars should be as equally balanced as possible. It has been approved according to Mikkilä et al. (2015, p. 223), that there has been a shift in attitudes in the Finnish textile companies toward CSR practices. They claim that in the past, businesses worried that CSR would increase expenses, whereas the current mindset is that including CSR in business operations improves financial results because ethical business practices pay off more nowadays.

On the other hand, the TBL notion was explained in detail in **section 2.3.2** and has been divided into three categories: Social value, environmental value, and economic value. Each value has been discussed separately based on the previous existing studies regarding this topic. It has been confirmed in the results in **section 4.3** that the purpose for Finnish textile companies for a sustainable future is to be able to combine these three values without disregarding any of them in order to achieve business sustainability. The results showed that the TBL can never be achieved without the presence and implementation of its three pillars and their practices.

The research also offers new perspectives to the literature currently available about CSR and business sustainability. It has been found that Finnish textile businesses are employing these strategies more and more in their daily practices. This indicates that Finnish textile businesses are becoming more conscious of the value of CSR and sustainable business practices (Lauring & Selmer, 2012).

#### **5.4. Compliance with research ethics guidelines**

This research explored CSR along with social, environmental, and economic values to accomplish business sustainability in the Finnish textile industry by using secondary data from relevant publications.

The problem of confidentiality and privacy was one that raised ethical questions when using secondary data. Since published data was used in this research, all of the information was already in the public domain and did not require permission or secrecy. To prevent plagiarism, it was crucial to make sure that the information used in the research is properly referenced and precisely attributed to its original source.



The issue of prejudice is one more ethical concern faced during the use of secondary data. It was important to make sure the publications chosen are neutral and unbiased, and that the data provided in the publications is credible and correct. To guarantee the accuracy and reliability of the data used in this research, only reviewed publications were studied.

Additionally, it was essential to recognize any conflicts of interest that developed while carrying out the research. The authors of the chosen publications, organizations that assisted with the research, and any possible conflicts of interest they may have, have been considered.

It is crucial to make sure that the research respondents or volunteers are not harmed in any way. However, there were no subjects or participants to harm in this research since no primary data was done. However, it was essential to make sure that no stakeholders or companies in the Finnish textile industry were negatively affected by any conclusions and results that were drawn from this research.

## **6. Conclusions**

### **6.1. Key Findings**

The Finnish textile industry faces growing pressure to adopt sustainable practices that minimize its environmental footprint, enhance social responsibility, and create economic value. CSR practices can bring significant benefits to firms in the industry, including improved brand image, customer loyalty, stakeholder engagement, financial performance, and competitiveness.

This study proved that the adoption of CSR practices in the Finnish textile industry can enhance business sustainability, creating value for all stakeholders and paving the way for a sustainable future. Therefore, it is recommended that firms in the Finnish textile industry prioritize the adoption of sustainable practices and CSR activities to achieve long-term success and create a positive impact on society and the environment.

in recent years The adoption of sustainable approaches has advanced in the Finnish textile industry . Still, there is room for progress, especially in the fields of circular economy and

sustainable supply chain management. In the Finnish textile industry, CSR is an essential part of achieving business sustainability. The environment, the society and the business's bottom line all benefit when CSR practices are implemented into their operations.

In order to maintain social sustainability in the Finnish textile industry, it is important to support equitable labor laws, human rights, and secure and healthy working conditions. Although the industry has made progress in these areas, more must still be done to guarantee that employees are treated equally and with respect. The Finnish textile industry is committed to environmental sustainability, which includes lowering its carbon impact, water use, and waste disposal. To lessen their effect on the environment, businesses in the industry have adopted a variety of sustainable practices, such as using eco-friendly products and consuming less energy. The Finnish textile industry's economic sustainability depends on generating long-term value for all stakeholders involved, including shareholders, personnel, and the community. Sustainable business practices have a beneficial effect on a company's financial performance and make it easier for it to adjust to shifting market circumstances.

The key findings indicate that adopting CSR and sustainable practices is vital for reaching business sustainability in the Finnish textile industry. Businesses with a strong emphasis on social, environmental, and economic values are more likely to thrive in the long term and have a beneficial influence on society and the environment. However, there is still space for improvement, and organizations in the industry need to keep working to increase the sustainability of their business practices.

## **6.2. Managerial implications**

Based on the key findings of this study, multiple managerial implications can be drawn for companies in the Finnish textile industry. For example, implementing CSR practices into business operations of Finnish textile firms. Managers should emphasize sustainable business policies that support social and environmental benefits while also improving their businesses' profitability. This can be accomplished through the implementation of sustainable policies in areas such as supply chain management, labor standards, and environmental sustainability. Companies can benefit society and the ecosystem while also improving their image.

There is also improving supply chain transparency. Businesses should emphasize supply chain transparency to ensure that their products are obtained responsibly and sustainably. This can be accomplished by putting in place strong supply chain management systems and collaborating closely with suppliers to support sustainable practices.

Companies should emphasize social values by supporting ethical labor policies, establishing secure and healthy working environments, and protecting human rights. This can be accomplished by paying workers fairly, giving benefits, and providing chances for growth and development.

Businesses should also emphasize environmental values by lowering their carbon impact, decreasing pollution, and saving resources. This can be accomplished by using environmentally favorable products, lowering energy usage, and implementing sustainable manufacturing practices.

Economic values should be prioritized as well by generating long-term benefits for all parties, including shareholders and employees. This can be accomplished by implementing long-term business models that emphasize social and environmental ideals while making profits.

### **6.3. Recommendations for future research**

This thesis emphasizes the need for further research into the effects of sustainable business practices in the Finnish textile industry.

While the analysis of the literature review along with the research results uncovered evidence of the beneficial effects of sustainable business strategies on the performance of Finnish textile businesses, additional research is required to provide a more thorough knowledge of the impacts of sustainable business practices on the industry.

Future studies could examine the role of groups such as customers, workers, and non-governmental organizations (NGOs) in supporting and encouraging sustainable practices in the Finnish textile industry. This would allow a deeper understanding of how stakeholders can work together to promote business sustainability.

This research examined CSR and sustainable practices in the Finnish textile industry using secondary data assessment. Primary data gathering through interviews, questionnaires, or case studies could be used in the future to gain a more in-depth knowledge of the challenges and possibilities encountered by businesses in this industry. Further research, including primary data collection, is necessary to build on the insights gained from this study and to provide a more comprehensive understanding of CSR and business sustainability in the textile sector.

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## Appendices

**Appendix 1:** A screenshot showing the publications uploaded as secondary data (from the NVivo 12 program).

The screenshot displays the NVivo 12 Pro interface. The main window shows a list of publications under the heading 'Publications (Textile Sustainability)'. The list includes columns for Name, Codes, and References. Below the list, a preview of a document page is visible, showing a table of contents and the beginning of a '2.2 Methodology & Procedure' section.

| Name   | Codes | Referen |
|--|-------|---------|
| Roadmapping Corporate Social Responsibility in Fin     | 0     | 0       |
| A view of Sustainable Refashioning clothing's enviro   | 2     | 4       |
| A view of Sustainable Refashioning clothing's enviro   | 2     | 3       |
| SUSTAINABLE BUSINESS MODELS AN EXPLORATOR              | 3     | 3       |
| How Sustainable is the Fashion Industry                | 2     | 8       |
| How social, environmental, and economic CSR affec      | 0     | 0       |
| A BUSINESS ECOSYSTEM APPROACH FOR CREATIN              | 4     | 4       |
| Finland_as_a_forerunner_in_sustainable_and_knowle      | 2     | 12      |
| Exploring Organizational Sustainability of Industry 4  | 2     | 2       |
| Complementarity between CSR dimensions and inn         | 1     | 1       |
| - Max Thomsen  | 2     | 7       |
| - Sustainability indicators to achieve a circular econ | 4     | 10      |
| USAGE OF ORGANIC COTTON IN FINNISH TEXTILE I           | 1     | 3       |
| SUSTAINABLE SUPPLY MANAGEMENT IN SMES                  | 5     | 38      |
| Motivation for Corporate Social Responsibility (CSR)   | 1     | 4       |
| The_analysis_of_selected_resource_management_to        | 2     | 3       |
| An overview on corporate response towards sustain      | 0     | 0       |
| Three Future Scenarios of Policy Instruments for S     | 1     | 1       |

**Appendix 2:** A screenshot showing the nodes created during data analysing phase (from NVivo 12 program).

The screenshot displays the NVivo 12 Pro interface showing the 'Nodes' list. The list includes columns for Name, Files, and References. Below the list, a preview of a document page is visible, showing a section titled 'CSR' with highlighted text and references.

| Name                     | Files | References |
|--------------------------|-------|------------|
| Business Sustainability  | 14    | 52         |
| CSR                      | 7     | 16         |
| TBL                      | 7     | 30         |
| Economic Value           | 8     | 15         |
| CE                       | 9     | 81         |
| SSCM                     | 1     | 20         |
| Environmental Value      | 4     | 6          |
| Social Value             | 7     | 10         |
| Finnish Textile Industry | 4     | 17         |
| Impacts Textile Industry | 0     | 0          |
| Economic Impacts         | 1     | 4          |
| Environmental Impacts    | 11    | 37         |
| Social Impacts           | 3     | 6          |

**Appendix 3:** A figure illustrating Sustainable Value (from Evans et al., 2017, p. 600).



**Appendix 4:** Quotes from relevant publications to highlight the evidence of Figure 3.

| <b>Innovation Practices</b>                         |  |
|---|--|
| <b>Appendix 4.1.</b> Definition of Innovation       | “Innovation plays an important role in pushing businesses and the economy forward to the next level of producing equally environmental and social, as well as economic value, with given resources.” (Saltevo, 2018, p.33) |
| <b>Appendix 4.2.</b> Textile and Material Knowledge | “Knowledge in textile sorting technology and material knowledge related to different recycling methods is needed” (Karell & Niinimäki, 2019, as cited in Kämäräinen, 2020, p.23)   |

|  |  |
|--|--|
|  | <p>“Some communication between design, sorting and recycling is already emerging as clothing companies want to use recycled materials in their products” (Karell &amp; Niinimäki, 2019, as cited in Kämäräinen, 2020, p.23)</p>  |
| <p><b>Appendix 4.3.</b> Digitalisation</p>     | <p>“Finnish excellence in design, digitalisation and industrial production provides excellent pre-conditions for the creation and mass customization of next-generation, high-value-added textile solutions. Big data and AI are the key to use the data for nearly perfect prediction. These together lead not only to maximum end user satisfaction and profits, but also minimal environmental impact.” (Kamppuri et al., 2021, p.11)</p> <p>“EU’s Initiative on Sustainable Product Policy is currently promoting the use of digital product passports. Digital passport could carry information that may with the product throughout its life cycle. The accompanying knowledge that the textile product carries will promote traceability that in turn could be a significant competitive advantage for new Finnish fibers and products processed from them.” (Kamppuri et al., 2021, p.11-12)</p> |
| <p><b>Appendix 4.4.</b> Consumer Awareness</p> | <p>“Sustainability and responsibility are growing trends and these values are transforming into behaviour, purchasing and cooperation trends.</p>  |

|  |  |
|--|--|
|  | <p>Behaviour are catching up the values. In addition to the growing consumer awareness, textile producers and brand owners emphasize the importance of sustainability and responsibility.” (Kamppuri et al., 2021, p.10)</p> |
|--|--|

**Appendix 5: Quotes from relevant publications to highlight the evidence of Figure 4.**

| <b>Triple Bottom Line (TBL)</b>               |  |
|---|--|
| <p><b>Appendix 5.1.</b> Definition of TBL</p> | <p>“The triple bottom line is a sustainability framework that examines a company’s social, environmental, and economic impact.” (Elkington, 2018)</p>  |
| <p><b>Appendix 5.2.</b> Importance of TBL</p> | <p>“The TBL promotes a change in paradigm through which companies grow as concerned and become just as active about their environmental and social impacts as they are about their financial performance.” (Thomsen, 2021, p.10)</p> <p>“The TBL idea encompasses prioritizing long-term financial solidity and stability over short-term profits. Secondly, it demands the consideration of the company’s impact on not only its shareholders, but also all other relevant stakeholder groups, such as employees or local communities. In relation to the natural environment, TBL-oriented companies recognize</p> |



|                                     |   |
|-------------------------------------|---|
|                                     | the limitation of resources and the impacts of their business processes.” (Thomsen, 2021, p.10)   |
| <b>Appendix 5.3.</b> Pillars of TBL | “This concept is based on three pillars, and these three Ps are also known as people, planet, and profit. One portion represents humans, one represents the earth, and one represents profit in the triple bottom line. The popularity of this approach is not limited to a few business areas, but it is widely considered significant in every corporate process. TBL focuses on the three sustainable development perspectives: environmental, social, and economical.” (Sharma, 2022, p.12) |

**Appendix 6:** Quotes from relevant publications to highlight the evidence of Figure 5.

| <b>Environmental Values</b>                             |   |
|---|---|
| <b>Appendix 6.1.</b> Definition of Environmental Values | “The ecologic dimension refers to a company’s responsibility of the use of natural resources and of the impacts subjected to the environment by its operations. Ecological performance can be measured through e.g., by the use of natural resources through life-cycle evaluation, amount of emissions and pollution |

|   |  |
|---|--|
|   | caused by company operations, or environmental risk management practices.” (Saltevo, 2018, p.31)   |
| <b>Appendix 6.2.</b> Sustainable Material | “Environmentally preferred fibres /textiles can significantly reduce the environmental impact and increase the resourcefulness of an apparel product throughout the garments life cycle without change to design practice or product development processes.” (Gopalakrishnan & Karthick, 2014, p.2)  |
| <b>Appendix 6.3.</b> Carbon Neutrality    | “The worldwide environmental difficulties facing the textile sector may be overcome, and the Finnish textile industry has ideas to provide. For instance, the decarbonisation of the energy sector alone significantly reduces industry emissions. Other essential strategies for achieving carbon neutrality include transitioning from fuel oil to biomass and from natural gas to biogas.” (Sharma, 2022, p.26) |
| <b>Appendix 6.4.</b> Recycling            | “Environmental sustainability in business refers to longevity, but in terms of which natural resources the production process might draw upon, how resources are used and replenished, the overall impact of the final production on the environment, and where the product ends up following its disposal. The textile and apparel products impact the environment  |

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|  | at every point along the product’s lifecycle.”<br>(Gopalakrishnan & Karthick, 2014, p.2)   |
| <b>Appendix 6.5.</b> Bio-Based Resources | “Today, people have started looking for Green Products everywhere. In terms of textile products, the purchasing decisions of consumers were previously based upon comfort, style, aesthetic appeal, etc., but now more on eco-friendliness of products. Many clothing companies have started providing clothes made from eco-friendly fabrics, and the demands for these green products are increasing.” (Gopalakrishnan and Karthick, 2014) |

**Appendix 7:** Quotes from relevant publications to highlight the evidence of Figure 6.

| <b>Social Values</b>                                       |   |
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| <b>Appendix 7.1.</b> Community Involvement and Development | <p>“Social sustainability indicators are considered within the aspects of community involvement and development.” (Niyommaneerat et al., 2023, p.9)</p> <p>“- The increase in employment resulting from the project operation.</p> <p>- The benefits provided from employment resulting from the project operation, income in terms of monetary benefits.</p> |

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|   | <ul style="list-style-type: none"> <li>- The good relationships established within the community as a result of the project operation.</li> <li>- Health and safety in the community resulting from the project operation.</li> <li>- Human resources development and training: The projects need to provide a training programme that expands community knowledge. For example, training related to community participation in the installation or maintenance of a biogas system.</li> <li>- Registration of environmentally friendly products and services.” (Niyommaneerat et al., 2023, p.9)</li> </ul> |
| <p><b>Appendix 7.2.</b> Social Sustainability</p> | <p>“Social sustainability indicators include the following:</p> <ul style="list-style-type: none"> <li>- Operational efficiency (labour hours/unit, productivity level, supply chain transparency).</li> <li>- Sustainability performance (local stakeholders engaged, customers reached, number of accidents or incidents).</li> <li>- Circular value creation (jobs created, social enterprises started, total economic contribution).” (Niyommaneerat et al., 2023, p.9)</li> </ul>   |
| <p><b>Appendix 7.3.</b> Social Performance</p>    | <p>“A company’s responsibility to uphold and promote practices that are aligned with social interests and values amongst its community of employees and society at large. Social performance can be measured through e.g. the well-</p>  |

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|  | being of employees, development of fair employment terms, or the level of societal involvement.” (Saltevo, 2018, p.31) |
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**Appendix 8:** Quotes from relevant publications to highlight the evidence of Figure 7.

| <b>Circular Economy (CE)</b>                |  |
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| <b>Appendix 8.1.</b> Definition of CE       | <p>“An economy that is restorative and regenerative by design, and which aims to keep products, components and materials at their highest utility and value at all times, distinguishing between technical and biological cycles.” The British Standards Institution (2017)</p> <p>“An industrial system that is restorative or regenerative by intention and design.” Ellen McArthur Foundation (2012)</p>                        |
| <b>Appendix 8.2.</b> Reduce, Reuse, Recycle | <p>“A regenerative system in which resource input and waste, emission, and energy leakage are minimum by slowing, closing, and narrowing material and energy loops.” (Geissdoerfer et al., 2017, as cited in Kämäräinen, 2020, p.7)</p> <p>“CE of textiles has been proposed to replace the currently prevailing linear economy model, and the aim is to shift from take-make-waste towards the 3R principle, known as Reduce,</p> |

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|   | <p>Reuse and Recycle.” (Ellen Mac Arthur Foundation, 2017, as cited in Savolainen, 2022, p.11)</p> <ul style="list-style-type: none"> <li>“• Reduce, is based on the prevention of textile waste by changing consumption habits. When consumers are encouraged to question their purchasing decisions and only to purchase when is necessary, we are avoiding the accumulation of unnecessary textiles that would eventually end up as textile waste.</li> <li>• Reuse, focuses on using a piece of clothing again, extending its life cycle by passing clothing on to new owners through second-hand shops or online platforms.</li> <li>• Recycle, refers to the recovery of the valuable raw materials of post-consumer textile waste for use in new, similar products. The recycling of textiles includes the collection and handling as well as the processing of textiles.” (Savolainen, 2022, p.11)</li> </ul> |
| <p><b>Appendix 8.3.</b> Closed-Loop Value Chain</p> | <p>“Textile collecting and sorting points need to come up with new processes and material sorting technologies. Governments need to introduce legislative drivers, such as waste prevention targets. Brands and retailers need to create new business models, including circular strategies, collaborating with closed-loop partners with different sorters, collectors, and recyclers.” (Savolainen, 2022, p.12)</p>   |

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| <p><b>Appendix 8.4.</b> Circular Business Model</p>          | <p>“In the context of textile industry, to disrupt the current linear economy model, new, circular business models to producing, accessing, and maintaining textiles are essential. Extending the life expectancy of a garment is one key issue in the sustainability of the textile industry.” (Savolainen, 2022, p.19)</p> <p>“The idea of a circular economy encompasses much more than just a straightforward waste management system. It necessitates a far more thorough examination of the development of dramatically different solutions over the complete life cycle of any activity. It fundamentally refers to how processes, environments, and economies interact.” (Sharma, 2022, p.18)</p> <p>“The circular economy is, without a doubt, the best strategy for pursuing the path of sustainable development, especially in the textile industry, as adopting the circular economy model results in an economy that can lower costs for businesses, according to an analysis of the upcoming opportunities resulting from the circular economy.” (Sharma, 2022, p.19)</p> |
| <p><b>Appendix 8.5.</b> Link between the three practices</p> | <p>“Due to the current model being very unsustainable for society and for the environment, the establishment of a ‘closed loop’ value chain is in order. With a closed value chain, a textile piece that is in a condition that it is not</p>   |

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|  | <p>appropriate for use or reuse, is returned to the textile value chain as raw materials for new, similar products with material recycling and recovery.” (Matthes et al., 2021, as cited in Savolainen, 2022, p.13)</p> |
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**Appendix 9: Quotes from relevant publications to highlight the evidence of Figure 7.**

| <b>Sustainable Supply Chain Management (SSCM)</b>       |   |
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| <p><b>Appendix 9.1.</b> Importance of SSCM</p>          | <p>“Customer pressure is one of the most influential factors that motivate the firms to engage in sustainable supply management.” (Ageron et al., 2012, as cited in Kullas, 2018, p.27)</p> <p>“Sustainable supply management may also improve the competitive advantage of the buyer by enhancing the reputation of the firm as well as retain the customer loyalty.” (Yang &amp; Zhang, 2017, as cited in Kullas, 2018, p.28)</p> |
| <p><b>Appendix 9.2.</b> Information Flow</p>            | <p>“Sustainable supply management practices enable the information flow between the buyer and the supplier and also allow the buyer firm to know more about its suppliers.” (Yang &amp; Zhang, 2017, as cited in Kullas, 2018, p.30)</p>  |
| <p><b>Appendix 9.3.</b> Supplier-Buyer Relationship</p> | <p>“Buyer-supplier relationship has been recognized to have a tremendous impact on the profitability of the entire supply chain.”</p>   |



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|  | (Ghadimi et al., 2016, as cited in Kullas, 2018, p.30) |
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**Appendix 10:** Quotes from relevant publications to highlight the evidence of Figure 8.

| <b>Corporate Social Responsibility (CSR)</b>     |  |
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| <b>Appendix 10.1.</b> Definition of CSR          | “A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis...in other words, companies taking responsibility for their impact on society.” The European Commission (2015)   |
| <b>Appendix 10.2.</b> CSR in the Finnish Context | “CSR in Finland has been affected by local as well as global realities. In the early years of the twentieth century, industrialization, heavy use of natural resources and working conditions of labourers inspired debate and action on CSR. Whereas the Finnish CSR debate of the twenty-first century is often linked to environmental awareness and globalization. On the other hand, the role of local communities, non-governmental organizations and consumers has significantly increased.” (Pätäri et al., 2016, as cited in Bhusal, 2018, p.2) |

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| <p><b>Appendix 10.3.</b> Environmental CSR</p> | <p>“The dimensions of CSR refer to a wide range of actions, and one primary focus of CSR is the environment. Environmental CSR aims to reduce any damaging effects on the environment from business processes or project initiatives by reducing environmental impacts as a core mission.” (Niyommaneerat et al., 2023, p.6)</p> <p>“Most CSR activities appear to be environmentally related; these may include water conservation, waste management, and renewable energy capacity. Therefore, these CSR projects aim for environmental performance and significant market potential.” (Niyommaneerat et al., 2023, p.6)</p> |
| <p><b>Appendix 10.4.</b> Social CSR</p>        | <p>“Consumer behaviour is also crucial in acquiring and disposing of textiles, and textile companies can offer alternative ways to consume in the form of recycling activities, charities, and second-hand shops.” (Hvass, 2014, as cited in Savolainen, 2022, p.26)</p> <p>“Based on an EU directive, the law mandates that companies disclose their policies towards the environment, workers, social issues, human rights, and the fight against bribery and corruption.” (Sharma, 2022, p.37)</p>  |