



CORPORATE SUSTAINABILITY AS A COMPETITIVENESS FACTOR IN THE CONTEMPORARY TEXTILE INDUSTRY

Review paper
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ABSTRACT: *In an environment characterized by intense global competition, increasingly demanding consumer expectations regarding responsible business practices, and stricter regulatory frameworks in environmental protection and social responsibility, sustainability has become one of the most significant factors influencing the long-term business success and competitiveness of companies in the textile industry. The subject of this research is corporate sustainability as a factor affecting the competitiveness of companies operating in the contemporary textile industry. The research problem focuses on determining the role of implementing corporate sustainability principles in enhancing competitiveness in the modern textile industry, as well as identifying the benefits of integrating sustainable practices into business strategies and operational processes. The aim of the paper is to analyze the importance of corporate sustainability as a competitive factor in the contemporary textile industry, with particular emphasis on how implementing sustainable business practices improves market position and ensures the long-term sustainable competitiveness of textile companies. The study is based on the assumption that corporate sustainability positively influences companies' ability in the textile industry to respond to market demands, optimize resource utilization, and develop stronger relationships with consumers and other stakeholders. Based on an analysis of relevant scientific and professional literature, it is concluded that corporate sustainability represents a strategic instrument for enhancing competitiveness and creating long-term value in the contemporary textile industry.*

Keywords: Corporate sustainability, competitiveness, textile industry, sustainable business practices, competitive advantage.



KORPORATIVNA ODRŽIVOST KAO FAKTOR KONKURENTNOSTI U SAVREMENOJ TEKSTILNOJ INDUSTRIJI

APSTRAKT: U uslovima koje karakteriše intenzivna globalna konkurencija, sve izraženiji zahtevi potrošača za odgovornim poslovanjem i sve stroži regulatorni okviri u oblastima zaštite životne sredine i društvene odgovornosti, održivost postaje jedan od najznačajnijih faktora koji utiču na dugoročni poslovni uspeh i konkurentnost kompanija u tekstilnoj industriji. Predmet istraživanja koje je obavljeno u radu je korporativna održivost kao faktor koji utiče na konkurentnost kompanija u savremenoj tekstilnoj industriji. Problem istraživanja je utvrđivanje uloge koju primena principa korporativne održivosti ima u unapređenju konkurentnosti u savremenoj tekstilnoj industriji, kao i identifikovanje koristi koje proizlaze iz integrisanja održivih praksi u poslovne strategije i procese. Cilj rada je analiza značaja korporativne održivosti kao faktora konkurentnosti u savremenoj tekstilnoj industriji, uz stavljanje posebnog akcenta na načine na koje primena održivih poslovnih praksi omogućava unapređenje tržišne pozicije i obezbeđuje dugoročno održivu konkurentnost kompanija koje posluju u tekstilnoj industriji. U radu se polazi od pretpostavke da korporativna održivost ima pozitivan uticaj na sposobnost kompanija koje posluju u tekstilnoj industriji da odgovore na zahteve tržišta, optimizuju korišćenje resursa i izgrade kvalitetnije odnose sa potrošačima i ostalim zainteresovanim stranama. Na osnovu analize relevantne naučne i stručne literature, zaključuje se da korporativna održivost predstavlja strateški instrument za unapređenje konkurentnosti i stvaranje dugoročne vrednosti u savremenoj tekstilnoj industriji.

Ključne reči: Korporativna održivost, konkurentnost, tekstilna industrija, održivo poslovanje, konkurentska prednost.

1. INTRODUCTION

The textile and apparel industry played a crucial role in the early stages of industrialization, driven primarily by simple technologies, labor-intensive production processes, and relatively low capital investment [1]. During the eighteenth and nineteenth centuries, the textile industry was the first sector to undergo industrialization in most countries. From the beginning of its development to the present day, the textile industry has been recognized as one of the sectors with significant negative environmental impacts, primarily reflected in pollution and the generation of large amounts of waste ultimately disposed of in landfills. The contemporary textile industry faces numerous challenges resulting from changes occurring across all segments of the business environment. Among the most significant changes affecting the textile industry are market globalization, rising consumer demand, evolving regulatory frameworks, and a growing emphasis on environmental protection and business sustainability. The textile industry is considered one of the sectors with a substantial impact on energy consumption, natural resource use, and waste generation. Due



to these adverse effects, companies in the textile industry are increasingly under pressure to align their business activities with the principles of sustainable development [2]. Under such circumstances, adherence to the principles of corporate sustainability, in addition to representing companies' ethical and social responsibilities, has become a significant factor influencing their long-term competitiveness.

2. CORPORATE SUSTAINABILITY

The term corporate sustainability refers to the integration of economic, environmental, and social dimensions into companies' business activities, strategies, and decision-making processes [3]. The primary objective of corporate sustainability is to enable companies to generate profits while simultaneously reducing the negative environmental impacts of their operations and contributing to the well-being of employees, local communities, and other stakeholders.

The implementation of the corporate sustainability concept in the textile industry is based on the responsible use of resources, the adoption of environmentally friendly materials and production methods, the improvement of working conditions, and the development of business models founded on the principles of the circular economy [4]. Corporate sustainability can be defined as the ability of companies to meet the needs of current stakeholders through their business activities without compromising the opportunities available to future generations to satisfy their own needs [3].

The concept of corporate sustainability is grounded in the responsible use of resources across all business functions, the reduction of negative environmental impacts, respect for ethical principles and employees' rights, and the creation of economic value in a sustainable manner. The growing importance of corporate sustainability in the contemporary textile industry is primarily a consequence of increasing demands for transparency and accountability in all aspects of business operations.

Corporate sustainability is based on aligning the economic, environmental, and social objectives of companies with the aim of creating long-term value and ensuring profitable business performance [3]. Operations within the textile industry generate significant negative impacts on the environment, particularly in the ecological dimension. Textile production is highly energy-intensive and requires substantial quantities of water and chemicals, while simultaneously generating large amounts of waste and greenhouse gas emissions. In addition to environmental concerns, the textile industry is also associated with significant issues related to working conditions and labor rights. The need to achieve the lowest possible production costs places strong pressure on companies to reduce labor expenses, which constitute a substantial share of total operating costs. As a result of these negative impacts, companies operating in the textile industry are increasingly expected to base all aspects of their business activities on the principles of sustainable development.

3. ADVERSE ENVIRONMENTAL IMPACTS OF THE TEXTILE INDUSTRY

The negative impacts of the contemporary textile industry on the environment are extensive and highly diverse. An additional concern is the fact that these adverse effects continue to



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increase, making them an ever-growing threat. One of the most significant factors contributing to the expansion of the textile industry's environmental footprint is the development of fast fashion, which is based on low-cost, lower-quality products with short life cycles. Fast-fashion products are typically used for only one season before being discarded and becoming waste, despite often remaining fully functional and suitable for continued use. The development of the fast-fashion model has been driven by manufacturers' efforts to significantly increase sales volumes and profits while largely disregarding the substantial negative consequences for the natural environment and resource consumption [5].

The importance of corporate sustainability in the textile industry is best illustrated by data concerning the negative effects of clothing production. More than one billion garments are produced globally each year. The production of these garments generates over 1.2 billion tons of carbon dioxide emissions and releases more than 500,000 tons of microplastic fibers into aquatic ecosystems annually [6]. In 2024 alone, approximately 92 million tons of textile waste were generated throughout the various stages of the textile product life cycle [5]. More than half of this waste consisted of products discarded while still fully functional, often undamaged and suitable for continued use.

The negative impacts of the textile industry and the insufficient implementation of corporate sustainability principles can be clearly observed through the extremely low percentage of textile products that are recycled. Only 15-20% of total textile waste is collected for recycling or reuse, despite the fact that a substantial portion remains functional and reusable. More than 80% of discarded garments are sent to landfills or incinerated at the end of their life cycle, resulting in significant environmental pollution and unnecessary losses of the resources used in their production [7]. These numerous and substantial negative effects create a strong imperative for companies operating in the textile sector to implement corporate sustainability principles across all aspects of their business operations.

Over the past three decades, textile companies have increasingly focused on activities aimed at improving sustainability and reducing the negative impacts generated by their operations, particularly in the areas of environmental protection and resource utilization. By emphasizing corporate sustainability, companies seek to build an image of organizations that care about environmental protection and social responsibility. The importance of sustainability is further reinforced by the fact that consumers are increasingly considering the sustainability characteristics of fashion products when making purchasing decisions, making sustainability one of the most influential factors in consumer choice [7].

Textile companies can undertake numerous initiatives to reduce the adverse impacts associated with the production and use of their products. The most important of these include the production of environmentally friendly products, ensuring transparency throughout supply chains, minimizing environmental damage, and emphasizing product reuse, recycling, and the production of new goods from materials recovered from discarded textile products [8].



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Corporate sustainability represents a contemporary business management concept that integrates environmental, economic, and social objectives into corporate strategies. Its primary purpose is to create long-term value for both the company and its stakeholders. The main difference between corporate sustainability and traditional approaches to management in the textile industry lies in the objectives pursued. Traditional approaches primarily focus on profit maximization, whereas corporate sustainability emphasizes achieving a balance between economic performance, environmental protection, and social responsibility.

The textile industry faces numerous sustainability-related challenges. Textile production requires large quantities of water, energy, and chemicals, making it one of the industries with the most significant impacts on the natural environment and local communities. According to the United Nations Environment Programme (UNEP), the textile industry contributes substantially to global carbon dioxide emissions and, due to the extensive use of dyes and chemicals during production processes, is among the largest contributors to water pollution worldwide [9,11]. The environmental consequences associated with textile production have led to increasing pressure from consumers, investors, and regulatory authorities on companies to improve the sustainability of their business models and operations.

4. CORPORATE SUSTAINABILITY AS A FACTOR OF COMPETITIVENESS IN THE TEXTILE INDUSTRY

The implementation of corporate sustainability enables companies to effectively and comprehensively meet the demands for transparency and responsible business practices imposed by consumers, investors, public authorities, and other stakeholder groups. The importance of corporate sustainability is reflected in the fact that it has become a significant source of competitive advantage in the contemporary textile industry [13,14]. The integration of sustainability principles into the operations of textile companies generates numerous positive outcomes, including reduced operating costs, more efficient resource utilization, enhanced corporate and brand reputation, and increased customer loyalty [9,10].

Adherence to sustainable business principles enables companies to manage risks related to climate change, market fluctuations, and regulatory requirements more effectively. The importance of sustainability in the modern textile industry extends far beyond its ethical dimension. Corporate sustainability has become a strategic instrument through which companies protect and strengthen their market positions and secure long-term competitiveness.

The textile industry is one of the sectors in which corporate sustainability plays a particularly important role. Companies operating in this industry face numerous challenges related to natural resource consumption, greenhouse gas emissions, waste management, and labor conditions throughout their supply chains. The adoption of sustainability-oriented business models, circular economy principles, and Environmental, Social, and Governance (ESG) standards enables textile companies to improve operational efficiency



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and transparency while simultaneously strengthening consumer trust. Numerous studies indicate that the implementation of corporate sustainability and circular economy principles has a significant positive impact on the competitiveness of textile companies [12,15]. Increased competitiveness is primarily achieved through enhanced corporate reputation, greater investment activity, and the creation of long-term value resulting from sustainable business practices.

One of the distinctive characteristics of the textile industry is its high dependence on human labor, which increases the importance of the social dimension of sustainability. A large proportion of textile industry employees perform relatively simple tasks and receive low wages. Low production costs, in which labor costs represent a substantial component, are often a central element of cost-leadership strategies adopted by textile companies. Consequently, the implementation of corporate sustainability principles in this area may have certain short-term negative effects on competitiveness due to increased labor costs associated with improving working conditions and employee welfare [16]. However, these investments often generate long-term benefits through improved employee satisfaction, productivity, and corporate reputation.

The application of corporate sustainability principles can significantly enhance the competitiveness of textile companies. One of the most important benefits is increased operational efficiency resulting from the more rational use of resources. Investments in energy efficiency, renewable energy sources, material recycling, and waste reduction contribute to substantial reductions in operating costs and improvements in profitability [7]. Socially responsible business practices also create shared value for both companies and society. Consequently, investments in sustainability should not be viewed as additional expenses but rather as strategic investments that generate valuable competitive advantages. In addition to economic benefits, corporate sustainability can significantly strengthen non-economic sources of competitiveness, particularly corporate reputation and brand value. Modern consumers increasingly consider sustainability-related factors when purchasing clothing, including product origin, production conditions, and environmental impacts associated with manufacturing processes. Research findings indicate that consumers tend to prefer products offered by brands that adhere to sustainability principles, conduct business responsibly, and maintain transparent supply chains [2]. In the textile industry, this trend is reflected in the growing popularity of sustainable fashion, increasing demand for products made from organic or recycled materials, and the wider adoption of circular economy models.

The implementation of corporate sustainability principles also facilitates access to financing sources, including investment funds and capital markets. Business sustainability has become an increasingly important factor in investment and financing decisions concerning textile companies. Organizations with higher levels of sustainability performance often enjoy easier access to capital, lower financing costs, and greater investor confidence [17]. Furthermore, compliance with international sustainability standards and transparent sustainability reporting have become important mechanisms for differentiation and the achievement of competitive advantages.



Research findings further suggest that textile companies that incorporate corporate sustainability principles into their operations demonstrate higher levels of risk management effectiveness compared to their competitors. Contemporary textile companies face numerous challenges, including resource scarcity, climate change, shifting consumer preferences, and evolving regulatory requirements [18]. Organizations that proactively integrate sustainability into their business strategies are generally more adaptable to change and more resilient to market disruptions. From a long-term perspective, one of the most significant competitive advantages generated through corporate sustainability lies in the development of stable and resilient business models capable of withstanding various environmental and market challenges.

5. CONCLUSION

Over the past two decades, there has been a continuous upward trend in consumer interest in clothing produced in accordance with corporate sustainability principles. This growing interest places an imperative on companies operating in the textile industry to invest further in innovation and the implementation of sustainable business practices. In addition to consumer pressure, companies are also facing obligations in the form of legal regulations, international standards, and investor requirements, which compel them to base their operations on the principles of social responsibility and transparency.

These changes have resulted in an increased importance of corporate sustainability, which has become a significant source of competitive advantage for companies. The most important positive effects of implementing corporate sustainability in textile companies include cost optimization, access to new markets, strengthened corporate reputation, and increased customer loyalty. The elements associated with corporate sustainability are complex and encompass all segments of corporate operations.

Corporate sustainability requires textile companies to use environmentally friendly raw materials, improve energy efficiency, reduce water consumption, recycle materials, and ensure responsible waste management. Its implementation also involves providing safe and fair working conditions, respecting human rights, and ensuring ethical business conduct across all stages of production. An increasingly important aspect of corporate sustainability is the circular economy, which aims to extend the life cycle of products through reuse, recycling, and repair.

In contemporary markets, corporate sustainability has become one of the fundamental and most important elements on which textile companies base their competitiveness. Through the integration of economic, environmental, and social aspects of business, textile companies can improve operational efficiency, reduce costs, strengthen brand reputation, attract investors more easily, and manage risks more effectively. In today's business environment, characterized by increasing consumer demands and stricter regulatory frameworks, the implementation of sustainable business practices and adherence to corporate sustainability principles have become essential requirements. Without them, it is not possible to ensure profitability and long-term sustainable competitive advantages.



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