

Dynamic Sportswear Ltd

Compliance or Muddling through Sustainability?

A Perspective from Pakistani Textile Industry



Shamaila Gull

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Case Approved by: Dr. Bettina Palazzo, Business School of Lausanne,

INTRODUCTION

Being the 8th largest exporter of textile products in Asia, the 4th largest producer of cotton in the world with the 3rd largest spinning capacity in Asia after China and India, the Pakistani textile sector has become a significant textile contributor in the region. The economic output from this sector comprises 9.5% of the GDP, hence, making this sector the economic backbone of the country. Moreover, this sector employs more than 38% of the manufacturing workforce, contributes more than 63 - 68% of the total export earnings of the country and is a major source of foreign exchange earnings (Cleanclothes, 2015), thereby, enhancing the significance of this sector.

The increased competition among the clothes retailers has triggered a high concern for low cost strategies. As a result, the location of the suppliers has shifted from relatively high wage countries to low wage countries in developing regions such as South Asia including Bangladesh and Pakistan (Graafland, 2002). This shift has increased the competition among the textile organizations of these countries. In order to remain competitive in the international market, Pakistani textile organizations need to organize their efforts for addressing social and environmental issues, for example, un-safe working conditions. These issues have primarily resulted from the increased awareness of the social and environmental challenges faced by the global corporate sector. As a result, there have been increasing demands from the international customers of the local textile sector to address these issues. These demands have set standards resulting in compliance pressures on the local textile organizations doing business with the international customers. For this purpose, the local textile organizations regularly conduct compliance audits to ensure their customers about meeting the internationally expected business standards. These audits can help the organizations to identify risks, non-compliance with laws and company policies, and areas that need improvement (Cengage, 2015). However, these audits can only be effective when supplier organizations are empowered to manage their social and environmental responsibility themselves and buyer organizations ensure a greater security for their suppliers by engaging in long-term business relationships with them (BSR, 2007). The cited BSR¹ report also states that a conflict exists between buyers' desire to ensure socially and environmentally responsible business and their commercial purchase objectives. International buyers want their suppliers to be socially and environmentally responsible without increasing the purchasing prices. As long as buyer organization do not align the strategic goals of their sustainability or CSR departments with the economic goals of the purchasing department, the local textile industry will be confronted with an unsolvable conflict: acting responsibly while still being economically viable for its international clients. The economic constraints faced by the Pakistani textile organizations further complicate this situation of dealing with the compliance pressures and doing business in a profitable way.

Keeping in view the importance of this sector in the Pakistani industry, the textile sector of Pakistan was selected to be part of case studies written by research cohorts at Business School of Lausanne, Switzerland as part of doctoral dissertations. The primary purpose of writing these case studies was to add a knowledge base to the business sustainability perspective and related cultural dimensions of sustainable organizations in different regions of the world. The organizations selected from Pakistan not only belonged to the textile sector but they also had a comparative base of being exporters of hosiery products to some famous international brands such as Nike, Puma, Levis, Dockers, Adidas and many more. The focus of this case study

¹ Business for Social Responsibility (BSR) is an organization that works with businesses to create a just and sustainable world. Their role is catalyzing change within business by integrating sustainability into strategy and operations, and to promote collaboration among companies and their stakeholders for systemic progress toward a just and sustainable world. <http://www.bsr.org/en/about/>

is to highlight the existing business sustainability practices and the challenges related to their implementation faced by the textile organizations operating in Pakistan. One of the most popular definitions of business sustainability is given by John Elkington which considers sustainability as "accounting and reporting framework that measures an organization's progress along three lines: economic prosperity, environmental quality and social justice" and he even said it more simply in defining the Triple Bottom Line (TBL) approach of 'People, Planet and Profit' (Elkington, 1994).

In this developing region of South Asia, Pakistan is classified as a low-income economy by many rating agencies, (Malik, 2002) thus restricting the financial growth of the local textile industry. Despite limited economic resources, local organizations are still trying to put their share in safeguarding the social and environmental sources for a better living. However, the organizations addressing sustainability issues are far less in number in this developing region. Due to economic constraints, most organizations are operating on the concept of separating the firm's interests from the stakeholders' interests thus hiding the actual practices of the organization from what stakeholders actually demand (Crilly, Zollo, & Hansen, 2012). This happens when stakeholders do not have the same level of information because the information is retained by the management about the organization's affairs (Iqbal, Ahmed, Basheer, & Nadeem, 2012). For instance, despite the compliance pressures from multiple stakeholders such as NGOs, worker unions, community groups and customers, nothing much has been done to deal with the issue of fire safety at factory premises. Most of the local textile organizations still lack proper fire safety measures even after the horrible incident of factory fire in 2012 killing more than 300 workers (Zia-ur-Rehman, 2012). Many indicators of environmental hazards such as air pollution further show a dismal situation. Similarly, although Pakistan is a signatory to many social conventions such as International Labor Organization (ILO), most of the textile organizations are not responding appropriately to address the issues related to social compliance (Sheikh, 2004). On the contrary, to what is practiced by most of the Pakistani textile organizations, there are few organizations that have shown the responsibility to address the social and environmental issues beyond what is legally and ethically required. Such sustainable organizations are taking effective measures to meet internationally expected social standards along with a focus on preserving the natural environment. Dynamic Sportswear is one of such organizations which are trying to be conscious in owning their corporate responsibility towards social and environmental uplifting by adopting and implementing sustainability practices. The organization has started addressing the sustainability challenges by accepting the internationally expected business standards. Although the organization's efforts to address sustainability issues are obvious, the organization's position in the sustainability typology used in this case study analysis is still at an initial level, Business Sustainability 1.0, as it will be described in later sections.

Keeping in view the above mentioned discussion points, this case study will shed light on the business practices of Dynamic Sportswear (Private) Limited from a sustainability perspective. The main objectives of the case study will be to:

1. Assess the sustainability position of Dynamic Sportswear based on the on-going business practices.
2. Understand the cultural dimensions of Dynamic Sportswear from a sustainability perspective.
3. Analyze the positioning of Dynamic Sportswear on the Business Sustainability Typology Matrix presented by Dyllick and Muff (2015).
4. Contribute to a wider pool of case studies of sustainable organizations from various industries of different regions to facilitate an exchange of know-how among practitioners as well as between academia and the business world.

In preparing this case study, we started with a comprehensive understanding of the sustainability concept and the relevant textile industry context from the literature. The literature review of both topics enabled the researcher to gather the relevant information that was required to serve the purpose of accomplishing the objectives of the case study. The information gathered from the literature review is used in the case study where required to support the arguments. The case study proceeds to describe the different phases of organizational change towards sustainability at Dynamic Sportswear with the help of theoretical literature, company documents and interviews conducted with various stakeholders. The discussion of these phases serves the objective 1 of the case, emphasizing the past and current business practices of the organization for moving towards sustainability. Interviews from company's stakeholders also provided important insights about the sustainability practices at Dynamic Sportswear Ltd. The details of interviewees are as follows:

Sr No.	Name	Designation
1.	Mr. Mobeen	Chief Executive Officer (CEO)
2.	Mr. Rao Muhammad Shahbaz	Manager Finance and Corporate Affairs
3.	Ms. Zill-e-Huma	Chief Merchandiser
4.	Ms. Rabia Arif	Supply Chain Manager
5.	Ms. Neelma Kazmi	Human Resource Officer
6.	Mr. Muhammad Shahzad	Compliance Specialist
7.	Mr. Muhammad Naveed	Production, Planning and Control Manager
8.	Mr. Shad Mustafa	Chief Executive Officer, Textile Marketing Company. (Supplier)

In order to understand the sustainability culture of Dynamic Sportswear which serves objective 2 of the case study, the Sustainability Culture and Leadership Assessment (SCALATM) survey was done in collaboration with Miller Consultants and the Business School of Lausanne, Switzerland. This survey examined the cultural dimensions of Dynamic Sportswear from a sustainability perspective through six variables including Organizational Leadership, Organizational Systems, Organizational Climate, Change Readiness, Internal Stakeholders and External Stakeholders. The analysis of these six cultural dimensions can be helpful in understanding the cultural characteristics of sustainable organizations. Moreover, the SCALA survey highlights different cultural aspects of Dynamic Sportswear which have supported the organization to reach its current position on Business Sustainability Typology Matrix (Dyllick & Muff, 2015). This typology helps us to understand the current and future sustainability challenges by focusing on concerns, values created and organizational perspective of sustainable organizations, thus, fulfilling the objective 3 of the case study.

The case will now proceed with a brief company background followed by various business phases of organizational change for Dynamic Sportswear over time. The sustainability culture at Dynamic Sportswear will then be assessed by using the findings of the SCALA survey by discussing its six dimensions. The discussion of the business phases and the cultural assessment will be used as the foundation for positioning Dynamic Sportswear on the Business Sustainability Typology matrix presented by Dyllick and Muff (2015). The case study closes with a discussion of key challenges faced by the local textile organizations with respect to sustainability.

COMPANY OVERVIEW

Dynamic Sportswear (Pvt) Ltd. is a family owned business in the manufacturing and exporting of socks from Pakistan since 1992. The company specializes in all types of Socks (Sports / Athletics / Casual) for Men, Ladies and Children. The company is considered to be one of the largest manufacturers and exporters of sport socks from Pakistan, with more than 600 employees, 333 knitting machines, covering an area of 220,000 square feet, a turnover of US\$18.0 million annually, and with a capacity of 70 million pairs per annum exporting to USA, Canada and Europe on a regular basis (Dynamic Sportswear (Pvt) Ltd, 2015).

Dynamic Sportswear is a fully integrated vertical unit. The company has unlimited design capability and can manufacture all types of heel formats (i.e. Y-Heel, Reciprocated / Real, Pouch, Tube) using latest computerized Italian Machines, equipped with latest in-house toe linking and over-locking, dyeing and finishing machines. The company is able to meet the most stringent and discerning requirements ranging from the upscale to the bulk economy market of socks. Moreover, the company is equipped to provide quality socks at the most competitive prices. Its customer portfolio includes prestigious organization such as Levis, Dockers, Nine West, Fruit of the Loom, Wrangler, Converse, Dunlop, Umbro and Departmental Store Chains of C&A and TESCO. Moreover, their socks can also be found at chain stores such as Target, Wal-Mart, Kohl's and Mervyn's (Dynamic Sportswear (Pvt) Ltd, 2015).

Dynamic Sportswear believes in and practices Total Quality Management and their all product range is certified by the OekoTex Standard 100² Certification (TESTEX Swiss Textile Testing Institute). The company is also a Worldwide Responsible Accredited Production³ (WRAP) and ISO 9001:2008⁴ certified. Various compliance audit companies such as SGS (the world's leading inspection, verification, testing and certification company), Intertek⁵, Cal Safety Compliance Corporation (CSCC) and Bureau VERITAS⁶ (BV) annually monitor

² The OEKO-TEX® Standard 100 is an independent testing and certification system for textile raw materials, intermediate and end products at all stages of production. It mainly deals with the impact of textiles and their chemical ingredients on the health and well-being of humans. https://www.oeko-tex.com/en/manufacturers/concept/oeko_tex_standard_100/oeko_tex_standard_100.xhtml The Oeko-Tex Standard is one of the most successful consumer health and safety standards in the textile industry. <https://center.sustainability.duke.edu/sites/default/files/documents/ecolabelsreport.pdf>

³ WRAP was formed out of the desire to create an independent and objective body to help apparel and footwear factories around the world verify that they are operating in compliance with local laws and internationally-accepted standards of ethical workplace practices. <http://www.wrapcompliance.org/>

⁴ ISO 9001:2008 sets out the criteria for a quality management system and is the only standard in the family that can be certified to (although this is not a requirement). It can be used by any organization, large or small, regardless of its field of activity. This standard is based on a number of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement. http://www.iso.org/iso/home/standards/management-standards/iso_9000.htm

⁵ Intertek Pakistan provides expert services to clients requiring independent and world-class, testing, inspection, certification and consulting services. As part of the global Intertek network, Pakistan supports clients operating inside the country and internationally. <http://www.intertek.com/pakistan/>

⁶ Created in 1828, Bureau Veritas is a global leader in Testing, Inspection and Certification (TIC), delivering high quality services to help clients meet the growing challenges of quality, safety, environmental protection and social responsibility. http://www.bureauveritas.com/wps/wcm/connect/bv_com/group/home/about-us/our-business/certification

the company's commitment with the customers as well as Certification Organizations' Code of Conduct. These certification companies do audits for multiple social (workplace safety, child labor, safety related trainings) and environmental issues (waste management, emissions control, waste water treatment). The factory is also equipped with its own waste water treatment unit to meet international environmental standards (Dynamic Sportswear (Pvt) Ltd, 2015).

The above description shows that Dynamic Sportswear is engaged in third party certifications for various standards. The main reasons behind this are the social and environmental challenges faced by the textile sector of the country. As mentioned above, these challenges are mostly compliance-driven in the industry of a developing country like Pakistan. This view is also endorsed by the interviewees of this case study. However, a consistent commitment of organizational leadership at Dynamic Sportswear with product quality, without any compromise on social and environmental aspects, has enabled them to meet the compliance requirements.

PHASES OF ORGANIZATIONAL CHANGE FOR SUSTAINABILITY

Dynamic Sportswear went through different business phases while progressing on its journey towards sustainability. This journey was a challenge for an organization operating in a developing country with corresponding contextual constraints. According to a research (Kazmi & Takala, 2014), the current constraints faced by the textile sector of Pakistan involve:

- obsolete technological solutions and infrastructure
- unskilled or poorly trained human resources
- lack of capacity to meet the certified standard levels
- lack of automated industrial operations
- lack of proper and effective marketing of textile products
- environmental challenges

Additionally, deprivation of labor rights, dangerous working conditions in the factories and discrimination against female workers are among the big issues in Pakistan's textile industry (Cleanclothes, 2015). In the presence of these constraints, it becomes very difficult for an organization to think beyond its economic interests and meet the internationally expected business standards. However, the commitment of Dynamic Sportswear's leadership to gain economic benefits without compromising on the social and environmental issues has facilitated the company to start travelling on the path of sustainability. The organization started its business with an initial phase: **Phase 1** of capitalizing on business economy with an ethical perspective. This phase describes the founding perspective of the organization with ethics as a base for having a long-term competitive edge.

Moving forward, **Phase 2** shows the progress of the business practices of Dynamic Sportswear on the sustainability continuum with mostly social concerns. In this regard, compliance with internationally defined social standards has helped the organization to win the trust of its foreign clients, thus, enabling the organization to compete with other compliant organizations on an international level.

Later on, **Phase 3** shows a consistent and progressive engagement of Dynamic Sportswear towards sustainability by involving a broader perspective of economic and social concerns along with environmental protection. This tri-faceted business perspective facilitated the organization to address the sustainability issues. The journey of Dynamic Sportswear from one-dimensional Economic perspective to a three-dimensional sustainability perspective is explained below by showing the organization's progress towards sustainability over the period of time.

Phase 1: Capitalizing on Business Economy

Dynamic Sportswear started its business operations as a family owned business in 1992 with only 10 knitting machines on its floor. The business was started in a traditional way with profit maximization as the main organizational goal. However, Dynamic Sportswear faced industrial constraints (mentioned above) thus limiting the organization's growth opportunities. The only possible way to progress and avail the limited opportunities available in the market was to maximize the shareholders' wealth. This sole economic business concern of Dynamic Sportswear was addressed by a strong commitment of the top management with the quality of its products. While pursuing this commitment, the organization got the ISO 9001 certification for its product quality in 2004. Moreover, this commitment for product quality also secured profitable customers for Dynamic Sportswear initially at the national and later on at the international level. An enhanced focus on product quality served the economic base of the organization through customer satisfaction, finally resulting in profit maximization. However, this economic perspective never compromised on ethical norms of the business (Interview Mobeen) as will be described later.

According to the interviewees at Dynamic Sportswear, 'Quality and Commitment' had been keys for the organization to achieve its economic goals. For this, organizational leadership never compromised on the quality of their products at any point in time. This 'Quality and Commitment' business perspective is strongly related to the ethical perspective of the leaders of Dynamic Sportswear. At this phase of the company's development the family values of the organization's owners were the foundation of the company's ethical climate. Business practices, led by these corporate ethical values, directly influenced the employees' performance at Dynamic Sportswear in a positive manner (Sabir, Iqbal, Rehman, Shah, & Yameen, 2012). The leadership of the organization used these ethical practices as a tool to achieve an improved performance of the employees at Dynamic Sportswear that resulted in economic gains. However, these ethical practices at Dynamic Sportswear were in contrast to the prevailing industrial norms during the decade of 90's.

The working conditions for the workers were below average and labor exploitation was a norm in the Sub-Continent in this era, with the Pakistani textile industry not being an exception. This was mainly due to weak law enforcement, lack of awareness and a high rate of illiteracy in the region. There was no significant textile organization that paid attention to raising the product quality without compromising on the basic business ethics. However, Dynamic Sportswear differentiated itself from other textile organizations based on its concern for raising product quality through ethical considerations for the employees which finally resulted in employees' commitment and loyalty for the organization. Additionally, these ethical considerations not only resulted in better product quality but also attracted the skilled workforce from the market and reduced employee turnover rate (Interview Naveed). Some examples of ethical practices adopted by Dynamic Sportswear are mentioned below.

Always paying the employees the minimum wage rate had been a practice at Dynamic Sportswear since its foundation in 1992 (Interview Mobeen). This is one example of Dynamic Sportswear's ethical practices that they adopted to reduce the impact of labor exploitation common in the industry. The organization had always paid the employees according to the wage rate set by the local government. This practice distinguished the organization from the rest of the local textile companies that did not pay the legal minimum wage, because the relevant authorities did not effectively enforce the law. This distinguishing practice of Dynamic Sportswear resulted in employees' commitment and better performance for the organization. It is important to mention that the current minimum wage rate paid by the organization is Rs. 13,000 (approx \$130) per month as required by the local government in 2015. However, the minimum industrial wage is still Rs. 7,000 (approx \$70) per month (Cleanclothes, 2015) which shows the dire state of workers' rights. It is important to mention that these low wages of the employees of supplier organizations are a result of low prices demanded by the international buyers due to increased global competition (Graafland, 2002).

Providing employees with a safe and hygienically sound working environment shows ethical commitment of the organization's leadership. The organization improved the working conditions of its employees through an increased focus on cleanliness by considering the need of hygiene for its employees. Since its beginnings, the organization has been engaged in proper waste disposal in order to provide a clean and healthy working environment for its employees. Being rare in the local textile industry, such practices also won the trust of the employees leading to better performance.

The core business process of knitting is known for its heavy production of liquid waste. This waste water was one of the main components of pollutants being discharged in main water streams by textile organizations. Despite legislations done by relevant authorities in mid 90s, no proper mechanism was adopted by the textile organizations to deal with this waste water generated as a result of bleaching and dyeing. In 1998, Dynamic Sportswear took the initiative of installing a waste water / effluent treatment plant (ETP) to treat this waste water, before dumping it into the main water streams. It was purely an ethical responsibility assumed by the management of Dynamic Sportswear without any pressure from law enforcing agencies or customers at that time. This practice won the trust of Dynamic's customers resulting in retaining and attracting a lucrative customer base for the organization and ultimately enhancing the organization's economic value.

A canteen was also opened within the factory premises in 1999 for providing the employees with clean and hygienic food at a very nominal price. The food was provided to the employees at subsidized rates by the organization with no quality difference for any hierarchical level. Employees from all the managerial and non-managerial levels enjoy the same kind of food with the same services for all. In a developing country like Pakistan, where social class discrimination is a common and the majority of the corporate sector has a money making mindset, such ethical initiatives create an exception in the industry especially for the workers.

Finally, Dynamic Sportswear has always taken its prime responsibility to run this family-owned business in an ethical way. The ethical considerations guided the organization's dealings with its multiple stakeholders including customers, employees and suppliers, resulting in profitable and trustworthy relations with these stakeholders. For instance, a supplier mentioned ethics as the main reason for their business partnership with Dynamic Sportswear. He said:

"They always had a clear ethical footprint which is the main reason of doing business with them for over 20 years. Good moral and ethical background of the owners had been keys for the success of their business."

(Interview Mustafa)

Ethical motivation could be considered as the only possible reason for avoiding labor exploitation and dealing responsibly with the stakeholders when there was weak law enforcement and monitoring by relevant authorities in the local textile industry. The implementation of the ethical practices helped the organization to capitalize on its economic success (through employees' commitment, profitable customers, trustworthy suppliers), thus, creating a competitive edge for the long-term survival of the organization. Moreover, the ethical values held by the founders helped the organization to pave its way for moving forward towards a broader perspective of responsible business with social responsibilities as a top priority.

Phase 2: Managing Social Issues

With the growth in business Dynamic Sportswear also broadened its frame of responsibilities. The ethical mindset of the organization's leadership led it to include corporate responsibilities towards social issues. In an operative context where labor exploitation, child labor, poor health and safety conditions and violation of laws are considered to be the norm, it becomes difficult for the organizations to go against the odds. However, Dynamic Sportswear became an exemplary organization by addressing the social concerns faced by the local textile industry at the time when no other significant organization acted responsibly. For instance, contrary to the common practice in the industry, the management of the organization strictly followed the laws of child labor. According to the Pakistani Employment of Children Act 1991, the minimum age limit for a child to work is 14 years. However, "the 18th amendment in the constitution has actually raised the minimum age up to 16 years without amending the labor laws, so contradiction continues" (paycheck, 2015). It is very important for textile organizations to abide by the laws of child labor due to the dangerous nature of work and the handling of chemicals at a textile organization. Because of this, Dynamic Sportswear had always employed persons who were above 18 years of age, going even beyond child labor laws and common sustainability standards. This perspective has enabled the organization to capitalize on human resources of the organization by dealing with a social issue that may restrict the entry of local textile organizations to the international markets, if not addressed.

When Dynamic Sportswear entered the American market to export its products to brands such as LEVIS, it further enhanced its focus on resolving the social dilemmas present in the industry (Interview Shahbaz). In pursuing this, Dynamic Sportswear again set an example by conducting its first social compliance audit in 1998 when such audits were still unheard of in the local textile industry. This compliance audit was done to assure the foreign clients about safe practices adopted by the organization for its employees. However, it was not an easier task for the organization to fulfill the formal requirements of the audit as there were no examples present at that time in the local textile industry. But the responsible leadership of the organization did not let these hurdles stop its way to meet its obligations towards a better working environment. Instead of doing this audit as mere window-dressing to satisfy its customers, Dynamic Sportswear sought help from one of its customers i.e. LEVIS to guide their staff in the audit requirements and procedures (Interview Shahbaz). It is important to mention that fake compliance audits are highly common in practice in the local industry due to corruption in the country. Many textile exporters bribe the auditors to get fake compliance certificates to authenticate their malpractices (Interview Mustafa). Due to the strong ethical culture at Dynamic Sportswear corrupting auditors was not an option here. The organization only had to organize its procedures according to the compliance requirements along with a few additional measures.

Dynamic Sportswear considers workplace health and safety measures an integral part of its business operations (Interview Huma). Consequently, the organization conducts safety related trainings, measures to reduce accident rates and noise testing. The organization started training its employees for fire safety and other workplace hazards as an initial step in collaboration with Civil Defense Services⁷. These training programs equipped the employees with basic knowledge to deal with workplace mishaps. Additionally, supervisors are trained to further facilitate safety measures to lower level staff (Interview Rabia).

Similarly, reducing the accident rate has also been a priority of Dynamic Sportswear. The top management has been committed to provide a safe and sound work place to its employees but illiteracy poses a big challenge to educate the employees in adopting safe work practices. The labor-intensive nature of the textile industry, with lack of education and awareness, further complicates the problem in a developing country’s context. However, despite these challenges, Dynamic Sportswear is determined to reduce the operational hazards to a minimum. In this regard, guiding posters were pasted everywhere in the factory premises with precautionary signs for the employees to remember and follow. These posters helped the employees to follow the safety measures on a routine basis thus reducing the workplace casualties. The guiding signs in these posters include wearing masks, metal gloves and earplugs while working in the assembly area. All such measures have reduced the accident rate at Dynamic Sportswear to a significant extent. The following figure shows the record of accidents and injuries at Dynamic Sportswear for the year 2014. The record shows that only minor injuries i.e. small cuts and bruises occurred while no major injury such as physical disability or death have happened in 2014 because of the safety measures adopted by the organization.

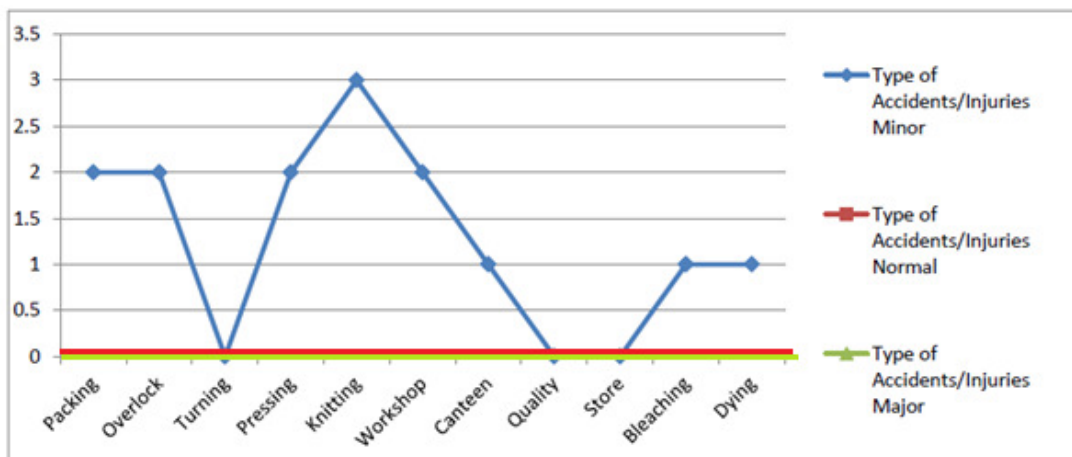


Figure 1: Summary Record of Accidents and Injuries

Textile manufacturing organizations cause a serious threat to the health and safety of their employees through air and noise pollution, if not handled properly. The employees working in assembly areas are specifically under threat of air and noise pollution generated by machines. Dynamic Sportswear realized this fact and adopted proper measures to secure its employees from these threats. The organization is engaged with renowned laboratories, which conduct air and noise testing for the employees on regular basis (Interview Naveed). This regular monitoring of air and noise in the factory premises is also a non-practiced

⁷ Civil Defense in modern times is very essential for a civilized society. As the Civil Defense is always ready for the protection of any person, property, place or thing during any hostile attack, whether from air, land or sea.. During the peace times humanity also faces other most dangerous calamities whether these are man-made or natural. <http://www.civildefence.gov.pk/page.php?id=1>

norm of the local textile industry and significantly differentiates Dynamic Sportswear from its competitors in a positive way. Moreover, this measure has addressed not only the social aspect of this issue but also helped in reducing the environmental impact of air and noise pollution.

In short, Dynamic Sportswear owns its responsibility to cater to the social issues faced by the local textile industry. The compliance audits, prevailing wage rates, healthy and safe working environment, educating and training the workers are significant contributions that have given long-term benefits to the company in the form of social and economic values (Interview Naveed). Due to this engagement for social issue Dynamic Sportswear has become a preferred employer in the industry. However, the pressure from the international customers to fulfill social standards on the competitive textile manufacturers is growing. (Interview Arshad). Dynamic Sportswear's willingness to accept the compliance challenges enabled it to get the third party social certifications. These certifications mainly include WRAP and OEKO-TEX Standard 100 certifications. Additionally, the organization is participating in the Business Social Compliance Initiative⁸ (BSCI) code of conduct.

In addition to the workplace safety, local labor laws and the third party certifications require the organizations to meet the workplace standards related to working hours, rest times, freedom of association, discrimination, harassment and unions. Dynamic Sportswear strictly follows these standards by allowing a maximum of 54 work hours (including overtime) per week for the workers. These work hours include 1 hour rest time after every 5 hours work shift. Moreover, the company also facilitates the freedom of employees to have their religious, professional or political associations. In this regard, a workers' welfare council (workers' union) has also been established which has elected members from all the sections of the organization. Female workers are also part of this council without any discrimination. This council ensures the workers' rights by raising voice against any workplace harassment or abuse.

Finally, strict law enforcement is required to deal with the societal issues, such as corruption, often faced by developing societies. In the Pakistani textile industry, this issue has resulted in getting fake certifications to meet compliance standards. Such societal issues run against the true spirit of the compliance pressures and the results are mere window-dressing. However, in the case of Dynamic Sportswear, the organization's ethical foundation opened a way to accept the compliance pressures and act appropriately accordingly without fraud. Dynamic Sportswear's deliberate efforts to address the social issues faced by the local textile industry created social values (safe working environment, employee training, no to child labor) for its stakeholders along with a positive economic impact. These deliberate efforts embarked the organization on the journey of sustainability with an additional focus on environmental concerns.

Phase 3: Moving to Business Sustainability

Creating a business case for sustainability requires identifying economic opportunities and further harnessing these opportunities with social and environmental initiatives. Along with its economic and social concerns, Dynamic Sportswear managed to invest in such initiatives that were helpful in reducing the organization's

⁸ The BSCI Code draws on important international labor standards protecting workers' rights such as International Labor Organization (ILO) conventions and declarations, the United Nations (UN) Guiding Principles on Business and Human Rights as well as guidelines for multinational enterprises of the Organization for Economic Co-operation and Development (OECD). It sets out 11 core labor rights, which participants and their business partners commit to implementing within their supply chains in a step-by-step development approach. <http://www.bsci-intl.org/content/bsci-code-conduct>. It is important to mention that few standards such as BSCI also face criticism from researchers and related activists due to the unacceptable methods of implementation of such standards. For instance, there is a marginal role of stakeholders in the design and governance level of the organizational systems supported by BSCI standards.

environmental footprint. These investments for environmental protection, along with the initial two business concerns i.e. economic and social, facilitated the organization to embrace the idea of sustainability. It is important to mention that addressing the social and environmental issues was primarily triggered by the ethical mindset of the organization's top management that was brought in from the family values of the owners. However, compliance pressures from foreign customers also played a vital role in this regard. The following paragraphs will shed light on Dynamic Sportswear's sustainability journey with more focus on environmental initiatives:

In order to reduce the environmental footprint, Dynamic Sportswear laid down a 3 km long drainage pipe in 2004. This drainage pipe was laid down with the approval of relevant authorities to dispose-off the wastewater generated by the production site into the main drain of the city. Dynamic Sportswear paid the entire cost of the drainage pipe. In contrast to this responsible behavior, the other organizations operating in the vicinity used to put their wastewater into the nearby clean water irrigation canal. This criminal negligence was happening due to weak monitoring by regulatory authorities. Dynamic Sportswear, however, recognized its responsibility to reduce the environmental footprint of polluting the clean canal water used for irrigation purposes by investing in this drainage pipe. This drainage pipe has also reduced the environmental hazard for the community living nearby the factory.

As discussed earlier, an effluent-treatment-plant (ETP) was installed in the organization to treat the wastewater produced by the company caused by of the bleaching of the yarn. The growth in business, in later years, also involved the dyeing of yarn and socks that generated a more harmful kind of wastewater. This wastewater required an advanced ETP with a capacity to treat the pollutants in a more effective way. For this purpose, a state-of-the-art ETP was installed in 2012 that operates round-the-clock. This ETP has a capacity to treat around 50 - 60 m³ of wastewater per hour which is slightly above than the average capacity of many local textile organizations of the same size i.e. 40 – 50 m³ / hour. It is important to mention that in contrast to the around-the-clock operation of ETP at Dynamic Sportswear; most of the other textile organizations run the ETP plants on need basis merely for getting the audit approvals (Interview Mobeen). Investing in ETP and treating waste water before discharging it into the drains is an important environmental contribution by Dynamic Sportswear towards community safety at large.

An independent Health & Safety committee was established in 2012. This committee is responsible for ensuring social and environmental safety and for reducing the negative impacts of business operations. The members of this committee have expert knowledge of social and environmental issues faced by the textile industry. These members meet on regular basis to deliberate on issues such as the energy crisis, operational risk assessment and related training programs (Interview Neelma). The committee is also responsible for formulating social and environmental goals. These goals are incorporated in the performance evaluations of the employees for proper assessment and implementation. Major contributions of this committee, so far, have been to take measures for energy conservation and placing the safety posters in the native language of workers for a better understanding. These posters also helped reducing the number of accidents while working in the assembly area (Interview Shahzad). In short, establishing this committee facilitated the implementation of sustainability practices with a combined focus on social, environmental and economic concerns.

Energy conservation and innovating renewable energy sources are also part of the company's sustainability initiatives. "The ecological footprint of humans on earth increases with energy use and we have to address

the compromises of our relationships with non-renewable energy” (Weinstein, Turner, & Ibanez, 2013). Dynamic Sportswear realizes the importance of renewable energy sources and is trying to adopt energy substitutes to reduce its environmental footprint. These energy substitutes include: solar panels, steam from boilers and light-emitting diodes (LED). In 2013, solar panels were installed as a measure to reduce the energy consumption from non-renewable sources such as fuel. These solar panels have started contributing to the energy system of the organization in an effective way. Although the current contribution of these solar panels is less than 10% of the total energy requirement of the organization the management of Dynamic Sportswear is determined to install more solar panels.

Another important step to save energy was taken in 2013 in the form of using steam from boilers. This steam is used as an energy substitute to run the chillers which otherwise operate on power from fuel. This particular initiative has also contributed to reducing the carbon footprint of the organization to a significant extent.

Similarly, in 2014 LED lights were installed in most of the factory premises. These LED lights operate by consuming very little power and thus help the organizations to save energy as well as cost. Electric meters were also installed at various sections of the organization to monitor the energy usage. These electric meters also help the employees to do self-audits of their energy consumption. Moreover, the LED lights and electric meters helped in reducing the energy cost of the organization by almost 20% (Interview Shahbaz).

Finally, energy conservation measures taken by Dynamic Sportswear have reduced the consumption of energy from sources such as oil, thus, reducing the carbon footprint by 15935 kg in last one year. This carbon reduction is equivalent to planting 797 trees for safeguarding the natural environment.

It is evident from many global researches that clean drinking water sources are quickly depleting. This has posed a serious challenge for all the responsible entities of the society to adopt strict measures for preserving clean water sources. In this regard, Dynamic Sportswear has installed a clean drinking water plant for its employees. The main reason behind this plant was the limited access to drinking water in the remote area where the factory is located. The organization invested in this initiative in order to provide the employees with clean and safe drinking water. The purpose, however, does not end here. Keeping in view the importance of clean water, the organization put water meters at different consumption sites in the factory premises to monitor the water consumption on regular basis. These water meters not only allow the regular monitoring of water consumption for various purposes but also make the employees conscious about the worth of clean water.

A proper system for waste management has been adopted to deal with the solid waste generated by the business operations. The organization has collaborated with waste management vendors such as A.T. Waste Management⁹ that is approved by the relevant authorities for their specialized services in this regard (Interview Shahbaz). These vendors are responsible to dispose-off the hazardous waste materials such as ETP sludge and chemical packaging. The management of Dynamic Sportswear fully coordinates with the waste vendors to ensure the safe disposal of waste materials.

Apart from these major environmental protection and work safety initiatives, the organization is also concerned about other relatively minor issues that can affect the environment: paper wastage control, lead

⁹ <http://atwm.com.pk/>

free packaging, use of dangerous chemicals and BHT¹⁰ free poly bags. These minor but important concerns also help in reducing the environmental footprint caused by the production site.

All the above mentioned phases of organizational change highlight the economic, social and environmental concerns of the business. These economic (employee commitment, profitable customers, reduced employee turnover), social (wage rates, safe working conditions, noise testing) and environmental (waste management, energy conservation, clean water conservation) concerns addressed by Dynamic Sportswear serve the sustainability perspective of the organization. Additionally, these concerns facilitated the organization to travel upon the path of sustainability by giving it a long-term competitive advantage in the local textile sector.

¹⁰ Plastic packaging material, like poly bags, can contain BHT (butylated hydroxy toluene). This is an antioxidant that prevents ageing of the plastic and can be transferred to the fabric. There are many studies which demonstrate that BHT accumulates over time in the body, having a toxic impact on the lungs, liver and kidneys amongst other negative effects. <http://thegoodhuman.com/2009/09/24/what-is-bht-butylated-hydroxytoluene-and-why-you-should-avoid-it/>

SUSTAINABILITY CULTURE AND LEADERSHIP ASSESSMENT SURVEY

It is very important for an organization to understand the role of leadership and culture in adopting sustainability. The pathway for the adoption of business sustainability leads through the implementation of a sustainability-oriented organizational culture (Linnenluecke & Griffiths, 2010). Sustainability values cannot be created without making them part of the accepted values and norms of the organization i.e. organizational culture. These accepted values and norms then embed sustainability into the daily operation of the business. Therefore, it is important for practitioners to understand the dynamics of sustainability culture for the overall implementation of sustainability by an organization. In order to understand the depth of the sustainability culture at Dynamic Sportswear, the SCALA survey was conducted. The SCALA™ survey *“is an assessment instrument composed of items pertaining to culture and leadership. The assessment contains both sustainability-specific content as well as more general organizational climate content that has been demonstrated or asserted in other research to impact the execution of sustainability strategies”* (SCALA, 2014). This survey will help the readers to assess the perception of Dynamic Sportswear’s employees regarding sustainability culture and the performance of the leadership to create sustainability values.

The SCALA survey (Appendix) was used as a quantitative measure in this case study. It was conducted organization-wide as an online survey by sending the questionnaires to employees via their email addresses. The survey comprised 30 questions developed by Miller Consultants, 10 questions added by the Business School of Lausanne (BSL) and 2 questions added by the researcher to gain an insight about the employees’ perspective of organizational sustainability. The questionnaire was in English, and the questions were a mix of open and close-ended questions. Close-ended questions were answered on a five-point Likert scale with responses ranging from “Strongly Agree” to “Strongly Disagree.”

The sample was chosen from the population of 40 executive level employees. The survey was conducted online by sending the questionnaire to 24 employees based on the email addresses provided by the company. The sample size was N= 13 after having a response rate of almost 50%. The sample was chosen in consultation with Dynamic Sportswear’s management through a random sampling technique and it represented senior, middle and first-line management of the organization. Demographically, the respondents were 77% male and 23% female. The organization-wide survey involved 2 corporate-level executives, 2 senior managers, 6 mid level managers, 2 first line managers and 1 from other positions. According to age groups, 1 respondent belonged to the age group of 51-60 years, 2 respondents were of 41-50 years of age, 4 respondents belonged to 31-40 years age group and 6 respondents were between 20-30 years of age. The survey consisted of questions related to the following six variables:

- Organizational leadership
- Organizational systems
- Organizational climate
- Change readiness
- Internal stakeholders
- External stakeholders

The survey results for the above mentioned variables will now be explained to get a better understanding of Dynamic Sportswear’s culture regarding sustainability.

Organizational Leadership

Organizational leadership refers to those who possess formal authority from the top of the organization and at various organizational ranks (Miller-Consultants, 2015). The long-term success of the organization depends on the strength of its leadership. Organizations whose leaders have a clear vision for sustainability will be in a better position to achieve the goals of sustainability. The SCALA results for Dynamic Sportswear show that 54% of the respondents (N=13) either agree or strongly agree that their leaders have a clear vision for sustainability. Similarly, 85% of the respondents agreed that leaders of this company take a long-term view when making decisions.

Furthermore, while expressing their views about Dynamic Sportswear's leadership in the SCALA survey, 69% of the respondents (N=13) either agree or strongly agree that leaders of this company integrate sustainability into their decision-making. 62% of the respondents also believe that leaders of this company are able to inspire others about sustainability focused issues. When asked about the willingness of the leaders to take measured risks in the pursuit of sustainability 54% agreed and 15% of the respondents strongly agreed with the statement.

Two important aspects of effective leadership are commitment and knowledge possessed by the organization's leaders. In the SCALA survey, 69% of the respondents (N=13) agreed or strongly agreed that leaders of this company are personally committed to issues pertaining to sustainability. A very high percentage of respondents i.e. 92% also believe that leaders of this company are knowledgeable of the issues pertaining to sustainability. Finally, 85% of the respondents agree or strongly agree to the statement that the leaders of this company have a clear business case for pursuing the goals of sustainability.

It can be inferred from these results that the leadership of Dynamic Sportswear is striving to diffuse the sustainability phenomenon into the company culture. However, continuous engagement and commitment of leadership is required to develop a sustainable culture.

Organizational Systems

The SCALA survey also assessed the employees' perception about embedding sustainability in the organization's systems. *"These systems consist of a structured framework of practices and procedures that enable the organization to execute in a consistent and lasting manner"* (Eccles, Perkins, & Serafeim, 2012). The SCALA data for Dynamic Sportswear shows that 54% of the respondents (N=13) agree or strongly agree that the company has embedded sustainability into the operating procedures and policies. 75% of the interviewees also endorsed the SCALA results for embedding sustainability into the organization's daily operations.

Additionally, 69% of the respondents also believe that the company has integrated sustainability-related goals into the performance management system. However, only 31% of the respondents agree that rewards and compensations are clearly linked to the organization's sustainability goals. These contradictory results lead to an assumption that the performance management system of Dynamic Sportswear not yet fully includes sustainability as an integral part. This could be done by assigning sustainability goals to the employees with measurable outcomes and linking these outcomes with rewards and compensations.

According to a previous research “sustainable companies are far more likely to have enterprise-wide management systems for executing sustainable strategies” (Eccles, Perkins, & Serafeim, 2012). The SCALA survey results for Dynamic Sportswear show that 62% of respondents agree to the statement that the organization has an enterprise-wide management system for sustainability.

Lastly, the SCALA survey results show that although the organization has systems in place there is a need for continuous sustainability-related efforts to fully integrate sustainability into these organizational systems.

Organizational Climate

Organizational climate refers to the characteristics of the internal environment of an organization. These characteristics may include trust, innovation and learning. According to Eccles, Perkins, & Serafeim, “companies with an established organizational culture that includes strong capabilities for change, a commitment to innovation and high levels of trust have a significant advantage” (Eccles, Perkins, & Serafeim, 2012). 46% of the respondents (N=13) of the SCALA survey agreed to the statement that the level of trust within this organization is high. While 38% of the respondents agree or strongly agree that the organization rewards innovation. These results again show that the organization needs to incorporate the sustainability perspective more into its culture by promoting trust, innovation and learning among its employees. An organization cannot become sustainable without these sustainability-related cultural aspects.

The extent to which an organization supports learning of its employees is another aspect to gauge its organizational climate. In SCALA 85% of the respondents (N=13) agree or strongly agree to the statement that continual learning is a core focus of this organization. Furthermore, 38% of respondents are of the view that people in this organization are encouraged to learn more about sustainability from external sources. This result may lead to an assumption that the organization does not put much focus on employees’ formal training regarding sustainability. There are very few training programs that are focused on sustainability issues as also stated by the interviewees.

Finally, 77% of respondents either agree or strongly agree that a commitment to sustainability is essential to the company’s success in the long-term. It can be inferred from these results that Dynamic Sportswear needs more persistent efforts to make its organizational climate supportive to implement sustainability practices.

Change Readiness

Change readiness is an important cultural element that enables the process of sustainability (Eccles, Perkins, & Serafeim, 2012). With regard to this, the SCLA survey shows that 62% of the respondents (N=13) believe that the company has a strong track record of implementing large-scale change successfully while 69% respondents believe the same for implementing incremental (small, continuous) change. 5 out of 8 interviewees also endorsed the SCALA results for change readiness through their personal experiences with Dynamic Sportswear.

Moreover, challenging the status quo is also an indicator to bring positive changes in organizational practices. In this regard, 77% of the respondents agree or strongly agree that people in this company actively challenge the status quo. These results support the view that Dynamic Sportswear has started travelling towards sustainability by promoting sustainable business practices that are unfortunately not yet commonplace in Pakistan.

Internal Stakeholders

The execution of any sustainability strategy needs the personal engagement of employees (Eccles, Perkins, & Serafeim, 2012). The SCALA survey shows that the company has a clear strategy for engaging all internal stakeholders in its sustainability efforts where 54% of the respondents agree to the statement. While 69% agree and 15% strongly agree that by and large, people in this company are engaged in work that is connected to sustainability goals. 38% of the respondents agreed to the statement that employees feel valued in Dynamic Sportswear while 38% of the respondents also believe that the desire to engage employees also led the company to start addressing sustainability issues.. These low percentage results are an alarm sign for the organization to consider what needs to be done to improve the employees' perception of feeling valued. This is mainly because sustainable culture requires higher level of employee engagement for achieving the sustainability goals.

External Stakeholders

According to Eccles, Perkins and Serafeim (2012), *"companies that thrive with a sustainability strategy realize the importance of reaching beyond their own internal boundaries to a variety of external stakeholders"*. In this respect, the SCALA survey shows that 46% of the respondents agree or strongly agree to the statement that the company has mechanisms in place to engage actively with external stakeholders about its sustainability efforts. The result implies that there is a need for more effective mechanisms to engage external stakeholders in adopting and implementing sustainability.

Additionally, 62% of the respondents believe that the company encourages sustainability in its supply chain while 62% of the respondents also agreed that the company sends a clear and consistent message to external stakeholders about its commitment to sustainability. For instance, the organization's corporate policy statement is: *"It is Dynamic Sportswear's policy to operate in a safe and responsible manner that respects the environment and the health of our employees, our customers and the communities where we operate. We will not compromise environmental, health or safety values for profit or production"*.

In short, an enhanced focus is required to engage the external stakeholders of the organization in sustainability-related goals and efforts for a significant impact.

The sustainability culture assessment of Dynamic Sportswear shows that although the organization has started implementing sustainability practices in its operations, there is still a lot more to do in this regard. For example, the performance management system needs to be more effective in terms of measuring the impact of sustainability practices. Similarly, measures should be taken to properly train the employees about sustainability issues in a more comprehensive way so that they can understand the impact of social and environmental values created by the organization. More effective mechanisms to engage the internal and external stakeholders in achieving sustainability goals are also required to develop a value-driven sustainability culture. Finally, the percentage results show that the development of sustainability culture at Dynamic Sportswear is at its initial stages. Dedicated and persistent efforts of organizational leadership are required to implement credible and effective sustainability practices.

The case study so far has enabled the readers to know about different organizational phases of Dynamic Sportswear while progressing on the journey towards sustainability. The SCALA survey assessment further explored the journey by understanding the strength of the sustainability culture of the organization. These

two sections of the case study i.e. the phases of the organizational development overview and the SCALA survey will now lead to position Dynamic Sportswear on Business Sustainability Typology Matrix (Dyllick & Muff, 2015). This positioning will gauge how far the organization has travelled to embrace the idea of true sustainability.

POSITIONING DYNAMIC SPORTSWEAR ON BUSINESS SUSTAINABILITY TYPOLOGY MATRIX

This business sustainability typology presented by Dyllick and Muff (2015) examines the sustainability progress of an organization based upon three elements: a) concerns b) values created c) organizational perspective. The assessment of these three elements then places an organization on one of the three stages of business sustainability:

1. Business Sustainability 1.0 (Redefined Shareholder Value Management)
2. Business Sustainability 2.0 (Managing for the Triple Bottom Line)
3. Business Sustainability 3.0 (True Sustainability)

Dynamic Sportswear’s position on this typology will be determined based upon the information gathered in previous sections of the case study.

BUSINESS SUSTAINABILITY TYPOLOGY (BST)	Concerns (What?)	Values created (What for?)	Organizational perspective (How?)
Business-as-usual	Economic concerns	Shareholder value	Inside-out
Business Sustainability 1.0	Three-dimensional concerns	Refined shareholder value	Inside-out
Business Sustainability 2.0	Three-dimensional concerns	Triple bottom line	Inside-out
Business Sustainability 3.0	Starting with sustainability challenges	Creating value for the common good	Outside-in
↓			
The key shifts involved:	1 st shift: broadening the business concern	2 nd shift: expanding the value created	3 rd shift: changing the perspective

Figure 2: A framework presenting different stages of business sustainability

Concerns

According to Dyllick and Muff, traditional business organizations focus entirely on their economic concerns by maximizing the profit for shareholders. In contrast to this, the sustainability perspective is broader with a combined focus on economic, environmental and social concerns (Dyllick & Muff, 2015). This multi-faceted

focus of sustainable organizations gives them a long-term competitive advantage in terms of sustainability. As shown in the previous discussion, Dynamic Sportswear addresses the sustainability challenges by adopting its three dimensional concerns i.e. environmental, social and economic.

The environmental concerns at Dynamic Sportswear are mainly addressed in the form of solid waste management, effluent treatment plants, energy conservation by installing solar panels and LED lights, water usage monitoring, carbon footprint reduction, paper wastage control, biodegradable (BHT free) packaging and installing a drainage pipe to save the clean water irrigation canal.

The social challenges have always been a focus of the organization. These challenges emerged out of the ethical approach of the business owners. Safe working environment, reduced operational risks, saying no to child labor, training and education, paying according to the prevailing wage rates, air and noise testing, a hygienic workplace and providing the employees with clean drinking water are the examples of social sustainability contributions by Dynamic Sportswear.

The economic concern is depicted through the phase 1 of organizational change in the earlier section of this paper. An initial business focus resulted in addressing economic concerns by raising the product quality, reducing employee turnover rate, creating a profitable customer base and long-term relationships with stakeholders.

Addressing these multi-dimensional sustainability concerns identifies Dynamic Sportswear as a Business Sustainable 1.0 organization. However, according to Dyllick and Muff's business sustainability typology (2015), Dynamic Sportswear might already be a Sustainability 2.0 organization because it does address social, environmental and economic concerns. To verify if Dynamic Sportswear has already made this jump from 1.0 to 2.0 we need to explore how Dynamic Sportswear fulfills the other two elements of the BST: values created and organizational perspective.

Values Created

For Sustainability 1.0 organizations, *"business success still is evaluated from a purely economic view and remains focused on serving the business itself and its economic goals. The values served may be somewhat refined, but still oriented toward the shareholder value"* (Dyllick & Muff, 2015). However, *"Business Sustainability 2.0 means broadening the stakeholder perspective and pursuing a triple bottom line approach. Value creation goes beyond shareholder value and includes social and environmental values"* (Dyllick & Muff, 2015).

The earlier discussion about Dynamic Sportswear's sustainability journey clearly shows that the organization is striving to address the sustainability challenges by managing its economic gains. The economic gains are achieved by addressing the social issues through employees' training and education, improved working conditions, health and safety measures and reduced accident rates. These social considerations leverage the economic interests of the organization i.e. maximizing the shareholders' value by increasing the employees' commitment and winning the trust of international customers. The results of the SCALA survey also endorse this assumption where 54% of the respondents believe that the organization is addressing sustainability issues in order to manage its risks and compliance standards. Additionally, 46% respondents believe that the "desire to improve efficiency and impact the company's bottom line" led the organization to start addressing the

sustainability issues. Both of these characterize re-defined shareholder value management as adopted by Sustainability 1.0 organizations.

In addition to the social challenges, the organization is also trying to maximize the shareholders' value by addressing environmental issues. These environmental issues include: carbon reduction, waste management, energy saving, reduced usage of dangerous chemicals and wastewater treatment. The environmental initiatives help in preserving the natural environment of the planet. However, from a sustainability perspective, these issues are being addressed without compromising on the economic values of the business.

Managing this re-defined shareholder value has also given a competitive edge to Dynamic Sportswear in the local textile sector of Pakistan. The SCALA survey supports this view where 69% respondents think that Dynamic Sportswear is a better or much better company in the local textile industry with regard to sustainability. This is mainly due to the developing context of the country where the majority of organizations focus only on traditional ways of doing business. In this case, the values created because of the re-defined shareholder value management identify Dynamic Sportswear as a Business Sustainability 1.0 organization, which adopts approaches with *"attempts that are oriented primarily toward increasing shareholder value by reducing the business footprint rather than creating sustainable value in its broader meaning"* (Dyllick & Muff, 2015).

Organizational Perspective

Business sustainability 1.0 organizations usually follow the inside-out organizational perspective: *"organizations usually initiate the process from the existing business, strategy or product-line and work on making them more sustainable"* (Dyllick & Muff, 2015). This perspective encourages the organizations to actively monitor, identify and solve the sustainability challenges. Dynamic Sportswear displays this inside-out business perspective by aligning its social and environmental concerns with economic values. For this purpose, the organization used its existing business model to address the sustainability challenges faced by the local textile industry. The argument is also supported by the above mentioned SCALA results: Dynamic Sportswear has been addressing sustainability issues by embedding it into its existing operations and systems. Furthermore, when asked from the interviewees, all the interview responses showed that sustainability goals are integrated into the daily operations of the organization. This integration has enabled the organization to deal with sustainability challenges (energy conservation, water conservation, waste management, safe & healthy working environment, training and education, safe packaging) in an effective way.

The implementation of sustainability by using the existing business model and resources supports the inside-out perspective for Dynamic Sportswear. The SCALA results confirm this argument for Dynamic Sportswear as 85% respondents agree that the company has a clear business case for pursuing the goals of sustainability. The organization is also trying to embed the sustainability goals into its organizational systems as discussed earlier. Finally, an inside-out perspective limits the scope of sustainability-related decisions and actions due to entire dependence on the existing business models (Dyllick & Muff, 2015), however, it may be considered as a significant step towards addressing the sustainability issues in a developing country's context.

The above discussion clearly positions Dynamic Sportswear as a Business Sustainability 1.0 organization in Dyllick and Muff's sustainability typology. Although the above mentioned organizational phases show a glimpse of the triple bottom line (TBL) approach, the current practices have not yet successfully embraced this concept which goes beyond the compliance requirements. In order to move towards Business Sustainability

2.0 which applies a TBL approach, Dynamic Sportswear needs to have a visible and measurable impact of sustainability practices. Moreover, persistent and dedicated efforts are needed to travel upon this path towards true sustainability. Sustainability 3.0 means that *“sustainability challenges are used as the starting point to define possible contributions by a business that also makes business sense”* (Dyllick & Muff, 2015).

THE CHALLENGE

Dynamic Sportswear is operating in a developing country's context which has low per capita income, poor social conditions, energy and water shortage, weak governance, political instability, uncertainty and security threats (Abid, 2013). These issues have resulted in an adverse situation for businesses to operate in. Limited economic opportunities in a developing country such as Pakistan often lead to dismal business conditions, thus, limiting the business concerns to the extent of maximizing shareholders' wealth. In this adverse scenario, the organizations lack resources and will to move beyond the economic concerns towards a better society. However, some external pressures bound the business organizations to operate in a responsible way. These external pressures may come from government, non-profit organizations (NPOs), labor unions and customers. Complying with the demands of these pressure groups is the only way for the businesses to survive and remain competitive in a developing economy.

The textile sector of Pakistan which contributes to 63 - 68% of total country exports also faces the compliance pressures from the above mentioned pressure groups especially international customers. International trade, which has increased manifold in the last 15-20 years, has imposed serious challenges for the Pakistani textile sector to compete with global textile competitors such as China and Bangladesh. These challenges include *“meeting strict quality and compliance requirements, not only from a product-specific and technical perspective, but also from regulatory, social, environmental, performance, and customer-specific standpoints”* (Ehsan & Khanum, 2014). The sustainable customers from developed economies specify compliance standards. The Pakistani textile organizations strive to meet these compliance standards even in the presence of existing contextual constraints. Furthermore, these compliance standards have shifted the organizational concerns from one-dimensional i.e. economic to three dimensional i.e. economic, social and environmental. In order to address these multi-dimensional concerns local textile organizations are taking measures to reduce their negative social and environmental impacts. The importance of third party certifications has also increased in the prevailing scenario of meeting the compliance standards. These third party certifications for the textile sector may include WRAP, ISO 9000, Oeko-Tex 100 and many more (Ehsan & Khanum, 2014). The compliance pressures have divided the local textile industry into compliant and non-compliant organizations (Interview Mobeen).

Dynamic Sportswear, not being an exception, faces similar compliance pressures from its customers. According to a business supplier of Dynamic Sportswear, 90% of the textile organizations are trying to be sustainable due to compliance pressures (Interview Mustafa). This view is also supported by the SCALA survey where 38% respondents consider the company's current approach to sustainability as 'reactive'. Moreover, 54% respondents consider the need to manage risk and compliance as a basic motive, which led the company to start addressing the sustainability issues. However, Dynamic Sportswear's investments in social and environmental initiatives have to be seen in the context of the current adverse business conditions of the country. These investments have not only incurred the economic benefits for the company but also won the trust of the stakeholders by creating social and environmental values. However, in the presence of the

challenges faced by a developing country like Pakistan, these investments have raised a serious question for all the compliant organizations of the country. These organizations need to understand if these investments are mere compliance initiatives or they are committed to become truly sustainable? Answering this question is a big challenge for practitioners who claim to be sustainable in this developing region. In this regard, a research states:

“Today companies must choose whether to start the journey to become sustainable or to adhere to the more traditional model. Although each company must make that choice for itself, we believe that changing social and investor expectations will only increase the pressure on companies to adopt the sustainable model. Doing so requires unswerving leadership commitment, without which the journey cannot begin. In reframing its identity, the company must learn to engage openly with external stakeholders. Maintaining transparency without recourse to defensive strategies is integral to a sustainable strategy. As this strategy is implemented through broader-based employee engagement and disciplined mechanisms for execution, a new identity can emerge: that of a sustainable company.”

(Eccles, Perkins, & Serafeim, 2012)

Although Dynamic Sportswear has started travelling upon the sustainability path it is not the journey which is travelled by only one organization. In order to see a visible impact of sustainability efforts on the local society there must be a combined struggle from the whole textile sector of Pakistan. These combined efforts would enable the local textile organizations to remain part of sustainable supply chains operating globally. A few significant textile associations such as APTMA¹¹ need to come forward to add social and environmental values to the society beyond just being compliant organizations. These associations could play a vital role in facilitating the industrial progress on sustainability path with combined efforts from all the member organizations.

Additionally, the industry should focus on improving the capacity building for sustainability based performance. This capacity building would facilitate the organizations to align their social, environmental and economic concerns. For instance, training could be adopted as an enabler to enhance the understanding and communication of sustainability issues among textile workers. In summary: industrial collaboration could be the key to achieving a level of sustainability that goes beyond compliance for the local textile organizations and their international clients.

¹¹ All Pakistan Textile Mills Association (APTMA) is the premier national trade association of the textile spinning, weaving, and composite mills representing the organized sector in Pakistan. APTMA emerges as the largest association of the country as it represents 396 textile mills out of which 315 are spinning, 44 weaving and 37 composite units. <http://www.apتما.org.pk/>

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