

# Signaling Sustainability: Supply Chain Transparency in Brazilian Fashion Brands

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**Abstract** The fashion industry has been heavily criticized for often exhibiting poor working conditions of workers and environmental impact along their supply chains. Society's desire for more responsible consumption and the pressure for more information has led to initiatives such as the Fashion Transparency Index, which is a survey made by the non-governmental organization Fashion Revolution to assess fashion brands' level of transparency, based on an evaluation of the information publicly disclosed by those brands. This study's objective is to gain insights understanding how their nomination for the Brazilian chapter of this survey might affect the way these brands disclose information, signaling sustainability through transparency in their corporate communication. Their sustainability practices were classified under the concepts of transparency developed in the works of Fung and Egels-Zandén and colleagues. These practices were then interpreted under the light of signaling theory. Our study shows heterogeneity in sustainability and transparency practices, and asymmetry between the level of transparency that buying firms demand from their suppliers and what they provide about themselves.

**Keywords:** Transparency, Sustainability, Fashion, Signaling, Supply Chain.

## 1 Introduction

Fashion industry has been on the spotlight because of its environmental and social impacts [1]. The Fashion Transparency Index (FTI) is an initiative to assess clothing brands' level of transparency [2, 3]. The present study looks into the content provided on the websites of 20 Brazilian brands that were selected to 2018 and 2019's Brazilian FTI [2, 3]. Considering what they are disclosing, and by which means they do it, we ask how do brands communicate sustainability through supply network transparency?

## 2 Literature Review

Ethics, social responsibility and sustainability concepts have been reviewed, as well as sustainable supply chain management, and transparency. This study contributes to the existing literature on signaling theory and supply network transparency, by integrating these theories to discuss the development of supply chain transparency.

Building on Connelly and colleagues' review of signaling theory [4], and transparency concepts developed by Fung [5] and Egels-Zandén and team [6], we specifically investigate: What are the words used to inform about sustainability? In which level of the website are sustainability information provided? Up to which tier of supplier is tracked and informed? Do the companies provide sustainability reports or audit

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reports and other information about suppliers? What information are disclosed about the buying firm? What does the absence of information (signals) tell us?

### **3 Methodology**

In order to answer our questions, we have analyzed the content (signals) of the brands' (signalers) websites and coded them according to the key constructs of signaling theory [4], and transparency based in the works of Fung [5] and Egels-Zandén and team [6]. We use NVivo 12 software to support the coding process.

### **4 Findings**

Although most brands are disclosing some level of information, some did not disclose any. Some pages are not available in Portuguese – which can alienate consumers and makes one wonder who this communication is targeting. Different brands inside the same corporate group can differ on their transparency practices. It has also been noted an asymmetry between the level of transparency that brands demand from their suppliers, and what they provide about themselves. Overall, results expose lack of transparency even in brands high positioned in the FTI.

### **5 Conclusion**

The amount of data collected from those brands indicates that there is a concern in promoting sustainability. However, heterogeneity of practices and level of transparency indicates there is room for discussion about target audience, standards, best practices and transparency development.

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