Philipp Kenel, Phyllis C. Sawall, Lina Pfeifer,
Uwe Bettig, Johanna Michel (eds.)

FAIR FASHION?

Interdisciplinary Perspectives in the Context of Social, Ecological, Economic and Cultural Sustainability

[transcript] New Economies

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Editorial

Our current economic systems are not geared towards the satisfaction of needs and the care for our environment and our fellow human beings, but solely towards growth and profit. The consequences of this are a constant reproduction of social inequalities along the axes of class, race and gender as well as the isolation of individuals and the destruction of nature.

The **New Economy** book series provides explanations for these multiple crises of our time and opens up possibilities for a sustainable, solidarity-based economy. It provides an editorial space for heterodox empirical research, paving the way for pluralistic, interdisciplinary and self-reflexive economics.

Philipp Kenel is a researcher and lecturer at the Alice Salomon University of Applied Sciences in Berlin. After studying political science, economics, social entrepreneurship, English and education, he earned his PhD at Goldsmiths, University of London. His research and teaching interests include socio-ecological economic models, their entrepreneurial forms, practices and discourses, as well as social economics and management.

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Fair Trade, Alternative Business Models and the Future of Fashion

Philipp Kenel, Phyllis Sawall, Lina Pfeifer, Uwe Bettig and Johanna Michel

Introduction

This publication was developed as part of the applied research project '*Fairfaktur*', which explored opportunities to strengthen the Fair Trade and crafted fashion sector.[1] The project aimed to support artisan organisations in tapping into market potentials, reaching new target groups and expanding sales channels through dedicated capacity building initiatives[2]. Adopting a multidisciplinary and action research-driven approach, the project combined qualitative and quantitative research methods and design prototyping in collaboration with Fair Trade enterprises across Bangladesh, Bolivia, Peru, Nepal and Ethiopia. Additionally, a consulting seminar enabled students to advise a Berlin-based *Weltladen*, fostering practical learning and real-world impact.

Moreover, the project sought to foster collaboration between the traditional Fair Trade actors and other emerging social business movements in the fashion sector. Building on the idea of fostering collaboration, this interdisciplinary edited volume explores Fair Trade in the context of wider sustainability discourses and other alternative economic or business models with a focus on the fashion and textiles industry. It also emphasises and critically examines the often disregarded dimension of cultural sustainability in this context. Through this exploration, the publication offers valuable insights into the challenges and opportunities shaping the future of sustainable fashion research pathways.

1 *Fairfaktur* run from October 2022 until December 2024 and was funded by the *Institut für angewandte Forschung Berlin* (IFAF) and realised by the Alice Salomon University of Applied Sciences and HTW Berlin, University of Applied Sciences, in cooperation with the World Fair Trade Organization, Folkdays, El Puente, Forum Fairer Handel and Studio MM04. The editors of this book formed the research team. We extend our thanks to our student assistants – Lena Boderke, Carlotta Woyk and Marie Schorn – for their valuable contributions to the project outputs.

2 See: https://www.ifaf-berlin.de/projekte/fairfaktur/#ergebnisse for more information about the project and its results.

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The book is aimed at professionals, practitioners, educators and researchers working at the intersection of sustainability and the fashion industry. With an interdisciplinary approach it integrates perspectives from designers, economists, fashion professionals, sustainability researchers, marketing experts in the creative industries, business founders and legal experts – making it relevant to a wide range of audiences in these fields. In addition, the collection appeals to interested members of the public, journalists, activists and organisations in the sustainable fashion industry, the Fair Trade movement and artisanal crafts.

Environmental and social awareness, alongside the commitment to more sustainable and ethical business practices, have gained significant importance in many industries worldwide (e.g., Pufé 2017; Todeschini et al. 2017; Doherty et al. 2020; Hezel/Scholle 2023). Practices in the fashion and textiles industry, however, often contradict these ethical imperatives. More even, fashion is widely associated with economic exploitation, disregard for human rights and cultural heritage, and an overall negative impact on nature, climate and the environment (e.g., Bick et al. 2018; Braumüller et al. 2020; European Parliament 2020). These issues demand an urgent shift towards a social, ecological, economic and cultural sustainability transformation.

Over the past five decades, social movements, such as Fair Trade and various other actors involved in grassroots activities, have made efforts to integrate social justice into business practices, including in the fashion and textile sector. However, despite the active engagement of global civil society, organisations and social entrepreneurs, the widespread market integration of Fair Trade and other sustainable practices remains limited. This challenge persists even in the face of increasing consumer awareness of sustainability-related issues. This ongoing gap, paired with the widespread exploitation of workers, particularly in the Global South[3], highlights the difficulty of embedding truly equitable business models in an industry still driven by profit and Fast Fashion.

In the context of sustainable development, Fair Trade bears great potential for the fashion and textiles industry. Its value addition is primarily centred around ethical labour standards, traditional craftsmanship, focusing on values such as quality and durability and the preservation of cultural heritage. In addition, artisanal production widely aligns with the principles of the Circular Economy, emphasising the sustainable use of natural resources and applying environmentally friendly methods in production (The British Council/Fashion Revolution India 2023). Moreover, Fair

3 The term 'Global South' is not unproblematic, as it risks implying a homogeneity that does not reflect the diverse social, political and economic conditions across the various countries and regions in the world it seeks to describe. Nonetheless, given the constraints of language and for lack of a universally accepted alternative, we adopt this term with critical awareness, as do other chapters in this book.

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Trade practices can contribute to the economic inclusion of marginalised groups, especially women in the Global South, who constitute 80% of the workforce in the textiles sector (Moreno-Gavara/Jiménez-Zarco 2019; Khan 2019). Crafted fashion and textiles products in particular have great potential to promote sustainable income streams for Fair Trade producers, given that they require a higher level of expertise and ensure greater added value than the production and sale of raw materials (Weber 2018; Doherty et al. 2020; Forum Fairer Handel 2020).

This suggests that Fair Trade can play an important role in the ongoing and ever more needed debates and practices around social, ecological, economic and cultural sustainability in the fashion and textiles industry. But even though there seems to be potential for contributing to systemic change, the Fair Trade model remains a niche concept, even in sustainability-oriented business practices as well as in academic research. Recognising this limitation, this interdisciplinary book intends to expand the conversation surrounding Fair Trade and examine it from diverse perspectives. It seeks to anchor the subject more firmly both in an academic discourse and in business practice, while also identifying gaps, challenges and potential for improvement in Fair Trade approaches themselves. Furthermore, various chapters introduce and open a dialogue with other key concepts, such as sustainability, fairness, social fashion, Circular Economy, etc., broadening the horizon of the debate and, hopefully, inspiring new cross-pollinations not only between disciplines but also between different groups of actors in policymaking and practice.

We acknowledge criticism levelled against Fair Trade systems regarding their actual positive social and economic impact as well as concerns about cultural and ethical issues, particularly from the perspective of those at the beginning of the supply chain as well as Indigenous communities. Therefore, the goal of this book was to integrate different perspectives, some more affirmative and others more critical of the established Fair Trade system and others outside of it, in order to highlight potentials and synergies inherent to Fair Trade models, but also critically assess its limitations and areas in need for adaptation, especially with regard to social and cultural sustainability. While we would have welcomed to include more voices from academics and practitioners in the Global South—an omission we acknowledge as a limitation of this book[4]—we have brought together a diverse range of perspectives

4 Despite efforts to include perspectives from artisans and producers at the start of the Fair Trade supply chain, this book does not adequately represent these voices. Structural barriers, including the exclusivity of academia and the lack of access to funded publication opportunities, continue to limit the visibility and participation of those most affected by these discussions. As editors, we have tried to balance this gap by focusing on contributions from practitioners and contributors who work closely at the intersection of producers and artisan organisations, craftsmanship and local communities.

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and stakeholders bridging theory and practice, as well as different disciplines and regions. The chapters are structured into three parts.

Conceptualising Fair / Sustainable / Social Fashion

Opening Part 1 of the book, 'Conceptualising Fair / Sustainable / Social Fashion', Katrina Sark and Tanja Gotthardsen's chapter 'Sustainability Paradoxes' acknowledges the relevance and magnitude of the current sustainability movement and the emergence of businesses that aim to act in a sustainable way. As analysts of both culture and industry, the authors investigate to what extent it is possible to be sustainable – environmentally, ethically, socially, economically and creatively. Businesses and practitioners have to navigate challenges, contradictions and paradoxes, especially in an industry dominated by corporations that control market value and the supply chains. Even brands celebrated for pioneering sustainability struggle with the reality of cost, labour equity, inclusivity, environmental justice, colonial history and cultural sustainability. Sark and Gotthardsen develop seven paradoxes of fashion sustainability using theories of paradoxes (by Niklas Luhmann and Elena Esposito) and contradictions within capitalism (David Harvey) to conduct a critical inquiry into the global fashion industry. This research reveals the vast pervasiveness of greenwashing. Until we have established the boundaries for a safe and just operating space for fashion production and consumption, and until a functional definition of sustainability pertaining to fashion is developed, we will keep projecting the deparadoxification of sustainable fashion into the future. What we currently have is a balancing act, a negotiation of the lesser of all evils in making sustainability work. They argue that paradoxicality and the power dynamics governing global fashion systems must be acknowledged. This framework of paradoxes provides insight into the challenges of sustainable fashion, and aims to bring more transparency into the sustainability discourse and practices, to assist educators, students, legislators and brands working towards solutions for fashion in the age of climate and humanitarian crises.

Angela McRobbie in 'Fashion as Creative Economy: Learning from London, Berlin and Milan' critiques the dominance of dress history and curatorial studies in fashion scholarship, arguing that sociological perspectives—especially on labour and social justice—remain marginal. This has contributed to fashion's exclusion from creative industry policy discussions, despite its political economy as a feminized sector shaped by self-exploitation, unpaid internships, and precarious work. Drawing on findings from the CREATe AHRC fashion study (2013–2018), the chapter examines the working conditions of independent fashion designers in London, Berlin and Milan. It critically interrogates the neoliberal push for self-entrepreneurship, which frames creativity as an individual responsibility while absolving capital of labor protections such as maternity leave, fair wages and em-

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ployment security. McRobbie argues for fashion's re-imagining as a 'social fashion' economy, with local production networks, sustainability policies and fair labor practices. A social fashion framework could foster new labor markets through local government initiatives and university training programs. However, achieving this requires expanding fashion policy expertise and moving beyond the 'winner-takes-all' model that privileges elite institutions.The chapter concludes with a call to reform fashion education. Art and design schools should shift from fashion management to training graduates to advocate for equitable fashion policies. By fostering regionalized and socially embedded fashion ecosystems, policymakers and educators can help sustain independent designers, particularly women and those outside major fashion capitals, ensuring a more inclusive and sustainable future for the industry.

In 'Fair Purchasing Practices in Garment Supply Chains: Connecting Theory and Practice', Matthew Anderson, Tamsin Bradley and Sutirtha Sahariah examine how Fair Trade organisations implement responsible purchasing practices in textile supply chains. Focusing on small and medium-sized enterprises, it explores their role in fostering an enabling environment for fair purchasing within the garment sector. A central argument of the chapter is that previous studies have often overlooked the role of power in supply chain relationships. Drawing on John Gaventa's 'powercube' framework, the authors analyse how Fair Trade organisations navigate power asymmetries and translate Fair Trade principles into practice. The research focuses on three core areas: Equal Partnership, Collaborative Production Planning and Fair Payment Terms. By embedding social and economic empowerment into business models, Fair Trade enterprises demonstrate how responsible purchasing can move beyond voluntary corporate social responsibility initiatives towards meaningful structural change. The chapter also critiques 'transitory CSR' strategies in which multinational corporations obscure partial commitments to ethical sourcing. While industry frameworks like the Common Framework for Responsible Purchasing Practices set important benchmarks, they often fall short of addressing systemic inequalities. In contrast, Fair Trade partnerships model sustainable pricing, ethical production planning and transparent payment structures that empower suppliers. However, barriers such as Fast Fashion competition, ethical consumer market limitations and global trade imbalances remain significant. The chapter concludes that Fair Trade organisations, if properly supported, have the potential to lead a shift towards scalable, equitable and sustainable purchasing practices. Achieving this requires stronger policy advocacy, an expansion of Fair Trade networks and the enforcement of fair labour standards across supply chains.

Calypso Hock and Philipp Kenel's chapter 'Approaching Fashion Differently: Insights from the Fair Trade Model' explores business models that challenge Fast Fashion. While Circular and Slow Fashion primarily focus on sustainability in production and consumption, this chapter highlights the Fair Trade model's emphasis on eco-

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nomic, social and cultural dimensions. It argues that integrating Fair Trade principles with Circular and Slow Fashion can provide a more holistic approach to sustainability in the fashion industry. The chapter first examines the exploitative structures of Fast Fashion, including low wages, unsafe working conditions and supply chain opacity. It then introduces Fair Trade as a model that prioritises fair wages, ethical production and long-term partnerships with artisans and small producers. The authors also highlight the role of craftsmanship in fostering sustainability, arguing that artisanal production challenges the disposability of Fast Fashion by emphasising quality, durability and cultural heritage. Despite its potential, Fair Trade fashion remains a niche sector, constrained by limited consumer adoption, high certification costs and competition from mainstream brands. However, the authors argue that combining Fair Trade principles with broader sustainability initiatives can strengthen its impact. They call for greater policy support, research and collaboration between Fair Trade, Circular and Slow Fashion movements to drive systemic change in the industry. The chapter concludes that while Fast Fashion dominates the global market, alternative models provide viable pathways for a more ethical and sustainable future. By prioritising fair labour conditions, responsible sourcing and environmental sustainability, Fair Trade and craftsmanship can help reshape the fashion industry into one that values both people and the planet.

In 'Fair Trade and Fairness in the Artisan Sector', Cynthia Lawson Jaramillo examines the artisan sector, a critical source of rural employment globally. While this sector offers flexibility, low start-up costs and the potential for self-employment, it is also marked by systemic inequities, precarious livelihoods and limited market access. Fair Trade initiatives aim to address these challenges by promoting fairness, transparency and sustainable income for artisans. However, Lawson Jaramillo argues, existing Fair Trade models fail to deliver significant benefits due to inadequacies in living wages, supply chain transparency and long-term brand collaborations. Drawing on extensive fieldwork and surveys conducted by Parsons School of Design's DEED Lab between 2008 and 2019, the chapter examines the efficacy of Fair Trade certifications and explores alternative frameworks to ensure fairness within the artisan sector. It critiques the prevalent 'Made By' model, where artisans primarily serve as low-wage manufacturers with minimal agency and highlights the limitations of current pricing structures that rely on local market rates rather than ensuring a living wage. The findings suggest that systemic change is essential for a truly equitable artisan sector. Proposed reforms include requiring proof of living wages, fostering long-term brand-artisan partnerships, promoting supply chain transparency and integrating artisans into decision-making processes. Additionally, a reimagined Fair Trade model should prioritize education and collaboration to empower artisans and address the structural barriers to their sustainable economic development. By rethinking fairness and implementing these changes, Fair Trade

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models can help ensure the artisan sector evolves into a space of empowerment, preserving traditional crafts while ensuring fair compensation and social equity.

Closing Part 1 with their chapter 'Can Fair Trade be Culturally Sustainable?', Monica Boța-Moisin and Fredericke Winkler critically examine the Fair Trade system through the lens of Cultural Sustainability. While Fair Trade seeks to improve economic and social conditions for producers, it remains embedded in a Eurocentric, development-aid framework that reinforces colonial power structures. Cultural Sustainability, in contrast, prioritises the rights of craft custodians, self-determination and equitable knowledge-sharing, challenging the inherent hierarchies within Fair Trade. Boța-Moisin and Winkler argue that Fair Trade's universal standards impose external definitions of fairness that may not align with the worldviews of Indigenous and local communities. Producers are often subordinated to contractual conditions they did not co-create, reducing their agency in defining what is fair. Moreover, Fair Trade's marketing narratives commodify traditional crafts, detaching them from their cultural context. Through the Cultural Sustainability Matrix, the authors explore how Fair Trade might evolve beyond its colonial logic. Fair Trade must undergo structural change, shifting towards a model where cultural products are traded on terms mutually defined by producers. The chapter concludes that the Fair Trade system, in its current form, is not culturally sustainable. However, by embracing anti-colonial perspectives, rebalancing power dynamics and embedding Cultural Sustainability principles into its foundations, Fair Trade has the potential to transform into a truly equitable system that respects both economic justice and cultural integrity.

Empirical Insights, Business Practices and Case Studies

The first chapter of Part 2, 'Empirical Insights, Business Practices and Case Studies' explores the jewellery side of fashion with 'Does responsible gold certification enhance transparency? The knowledge and communication of jewellers' by Erwin Lefoll, Antoinette van der Merwe and Isabel Günther. Since the 1990s, the 'blood diamond' scandal has heightened scrutiny of diamond sourcing, leading to similar concerns about gold sourcing. While voluntary standards for responsible gold sourcing have emerged, the effectiveness of these standards in making the supply chain more transparent to consumers about the environmental and social impacts of gold mining remains unclear. Given the inability of consumers to directly assess the ethical and environmental impact of gold jewellery, the role of retailers in communicating the source of gold and the meaning of different labels is paramount. Using a mystery shopper methodology in 82 jewellery stores in Switzerland, Lefoll, van der Merwe and Günther investigate jewellers' knowledge of gold sourcing, certification and the meaning of responsible gold, as well as the extent to which retailers

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proactively share this information with consumers. Their findings show that while 79% of jewellers claimed their products were ethical or sustainable, only 13% could communicate the origin of the gold, and this was limited to stores selling *Fairtrade* or *Fairmined* gold. The majority of jewellers affiliated to the Responsible Jewellery Council showed significant gaps in their knowledge of responsible gold sourcing, with less than 10% of them even able to state their certification status. In addition, almost all jewellers would only discuss gold sourcing if asked directly by the mystery shopper, rather than on their own initiative. These findings suggest that, at least to date, voluntary certification schemes have had limited effectiveness in promoting transparency across the entire supply chain.

Jette Ladiges in 'Strength-Based Design in the Textile and Fashion Industry' introduces the Strength-Based Design (SBD) approach and discusses its transformative potential within the textile and fashion industry. SBD highlights artisans' unique skills and cultural knowledge, integrating traditional techniques into modern design processes. By prioritizing sustainable practices, such as using natural, locally-sourced materials and manual production methods, SBD aligns with ecological principles while supporting biodiversity and reducing carbon footprints. This approach enables artisans to become full participants in design processes, creating durable and culturally significant products that resonate with contemporary consumers. Case studies, including initiatives such as UNHCR's *MADE51* and Tanzanian social enterprise *Womencraft*, illustrate the potential of SBD to empower artisans economically, socially and creatively. These initiatives highlight the importance of market access, capacity-building and fostering innovation while retaining cultural integrity. Through such partnerships, artisans gain income stability, increased recognition and opportunities for community development. The chapter also examines the limitations of SBD in terms of achieving systemic impact. Challenges include ensuring scalability and addressing power imbalances that may inadvertently replicate historical inequities. Furthermore, the integration of traditional techniques into market-driven contexts requires careful collaboration to preserve cultural authenticity without commodifying heritage. Nonetheless, SBD offers an interesting model for creating a more sustainable and equitable fashion industry. By centring artisans' voices, valuing their traditions and addressing systemic barriers, SBD offers a pathway toward fostering social, cultural and environmental transformation in the global textile sector.

Olivia Hofmann and Özlem Yildiz's chapter 'Between Lack of Cooperation and Funding Gaps: An Exploratory Study of Business Insolvencies in the Sustainable Fashion Industry' analyses the factors driving financial distress and insolvencies among sustainable fashion companies in Germany. So far, investigating business insolvencies qualitatively has been challenging due to the limited availability of case studies and interview partners. Many labour market studies, relying on quantitative data such as self-employment rates, unemployment figures and business closures,

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offer only surface-level insights without uncovering the underlying causes. This exploratory study investigates why companies in this industry cease operations and the strategies they adopt to avoid insolvency. Drawing on interviews with former and current CEOs of sustainable fashion brands, Hofmann and Yildiz apply Porter's Five Forces framework to analyse industry dynamics. Key findings highlight the financial pressures of high innovation costs, marketing investments and the need for continuous product development. Limited cost reduction potential, unpredictable market conditions and the strong bargaining power of suppliers further exacerbate financial instability. A critical challenge is the lack of institutional support, as sustainable fashion brands often struggle to secure funding from banks, stakeholders and industry partners. The impact of Covid-19 also becomes evident, revealing how the pandemic intensified existing vulnerabilities. By identifying structural weaknesses and proposing solutions, the authors underscore the need for stronger industry cooperation, financial resilience strategies and policy interventions to support sustainable fashion businesses.

In 'A Fair Trade Approach to Craftsmanship, Technology and Sustainability: The Animaná and Hecho Por Nosotros' Toolkit', Adriana Marina, Camilla Tettoni and Edison Benites Leiva introduce an interesting case discussing how Fair Trade principles may drive systemic change in fashion. Through educational resources, traceability tools and market access solutions, the sustainable fashion brand *Animaná* and the NGO Hecho Por Nosotros (HxN) empower artisans, small businesses and Indigenous Peoples and Local Communities (IPLCs) in Latin America, prioritising Fair Trade, sustainability and the preservation of traditional craftsmanship. The chapter examines HxN's theory of change, which fosters a reciprocal exchange between Indigenous knowledge and global market strategies, ensuring economic empowerment while preserving cultural heritage. Central to this initiative is the HxN Toolkit, a digital platform offering educational resources and business development tools. By leveraging QR code technology, the Toolkit enhances traceability, allowing consumers to connect with the artisans behind the products and reinforcing accountability beyond conventional certification schemes. Marina, Tettoni and Benites Leiva critique the limitations of traditional Fair Trade certifications, arguing that while they provide market access, they often impose external standards that fail to reflect the realities of IPLCs. Instead, *Animaná* and HxN advocate for a model rooted in co-creation, inclusive economic systems and Circular Economy principles. Their work highlights the importance of alternative frameworks that prioritise recognition, equitable benefit-sharing and Indigenous-led decision-making. The chapter concludes that while mainstream sustainability efforts in fashion often focus on environmental concerns, a truly fair system must integrate cultural sustainability and producer agency.

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Expanding the Discourse: New Directions and Sustainability Pathways in Fashion

In Part 3 'Expanding the Discourse: New Directions and Sustainability Pathways in Fashion', Maike Demandt and Burcu Gözet examine how Fair Trade principles can enhance the justice dimension of circular textile policies in their chapter 'The Role of Fair Trade Principles and Justice within the Transformation to a Circular Textile Economy'. While the transition to a circular textile economy is essential for addressing the environmental harms of Fast Fashion, current policies often prioritise sustainability over social equity. The chapter analyses the European Union's Circular Economy Action Plan (CEAP), the EU Strategy for Sustainable and Circular Textiles, and the Ecodesign for Sustainable Products Regulation to assess their integration of fairness, social justice and ethical trade practices. Using qualitative content analysis, Demandt and Gözet find that while some social considerations are included, significant gaps remain in tackling exploitative labour conditions, unfair trade practices and the socio-economic impacts of circularity on producer countries. The chapter also explores the role of key Fair Trade organisations, such as the *World Fair Trade Organization* and *Fairtrade International*, in the Circular Economy discourse. The findings highlight the need for a more balanced approach that ensures the transition to circularity does not reinforce global inequalities. By integrating Fair Trade principles into Circular Economy policies, the industry can move towards a model that promotes both environmental sustainability and social justice, fostering a truly equitable and responsible textile economy.

In 'Fair Trade Foundations and Regenerative Futures: Building a Systemic Approach to Ethical Fashion', Jo Salter examines the evolving relationship between Fair Trade and the concept of 'regenerative' fashion as key drivers of systemic change. While Fair Trade focuses on trade justice, social equity and environmental stewardship, regenerative fashion expands this vision by restoring ecosystems, fostering circularity and strengthening community resilience. The chapter traces the history and impact of Fair Trade in textiles, detailing its principles, certifications and alignment with the UN Sustainable Development Goals. It explores how traditional Fair Trade approaches are adapting to an evolving fashion landscape, alongside the rise of regenerative models that prioritise holistic, system-level solutions. Salter presents practical examples and cases, including the preservation of khadi as a heritage textile, the Circular Khadi initiative that integrates textile waste recycling and *Sanja Stories*, a brand embedding regenerative principles into its business model. These examples illustrate the synergies and challenges of balancing established Fair Trade standards with innovative regenerative practices. The chapter concludes that Fair Trade and regenerative fashion are complementary, with Fair Trade providing a structured foundation and regeneration offering adaptive, future-focused solutions. Salter advocates for an integrated approach that merges these frameworks,

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ensuring long-term environmental and social impact within the global fashion industry.

In 'Rethinking Fashion: Can Local Initiatives Drive Systemic and Sustainable Change?', Giorgia Trasciani, Carolina De Nicolò and Maryline Filippi examine the transformative potential of local, purpose-driven initiatives in reshaping the fashion industry. While globalisation and Fast Fashion have democratised clothing access, they have also generated severe environmental, social and cultural consequences. Despite growing awareness and efforts to mitigate harm, systemic change remains to be seen. This chapter explores how territorial embeddedness and local collaboration can foster sustainability, artistic innovation and community engagement. Through an in-depth case study of *XNOVO*, an Italian social fashion start-up, the chapter illustrates how Circular Economy principles, when rooted in local ecosystems, can drive meaningful transformation. *XNOVO* integrates sustainable craftsmanship, environmental responsibility and inclusive decision-making, creating a business model that aligns with community needs while promoting transparency and trust among stakeholders. The analysis highlights how territorial approaches to circular supply chains can reduce environmental impact while re-establishing social connections often lost in globalised, depersonalised systems. Trasciani, De Nicolò and Filippi argue that an essential component of circular models should be the integration of Corporate Territorial Responsibility, ensuring that businesses actively contribute to local economic and social well-being. While the case study underscores the potential of local initiatives in driving sustainable change, it also raises critical questions about their scalability. Nonetheless, the chapter contributes to broader discussions on sustainable fashion by offering insights into the intersection of local engagement, systemic transformation and alternative business practices.

Thanks to the diversity of these chapters, our collection provides a comprehensive analysis of sustainable and alternative economic models in the fashion and textiles industry. By identifying intersections and gaps, addressing critical aspects and highlighting both challenges and opportunities, it presents innovative solutions from practice while emphasising the need for further adaptation. The contributions explore how Fair Trade, Circular Economy principles and cultural sustainability can intersect to reshape notions of fairness, power and the role of artisans in the global fashion system.

However, we acknowledge that more contributions from diverse perspectives are essential for a holistic understanding of these issues. Particularly, the voices of those practically engaged in the production and supply chains of sustainable fashion must be better integrated into both academic and industry discussions. We hope this publication serves as a starting point for an ongoing conversation—one that continues to develop productively in the coming years around fundamental questions such as: What is fair, social and sustainable fashion? How can ethical business

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models evolve to drive systemic change? And what role should artisans, producers and local communities play in shaping this transformation?

The economic magnitude of fashion is enormous, carrying vast potential for reshaping economies, societies and livelihoods. Yet, to fully harness this transformative power, a stronger sociological and political-economic perspective is needed—one that critically examines global value chains, labour conditions and the distribution of power within the industry. Particularly in a post-COVID world, where sustainable businesses face mounting pressures, it is crucial to foster interdisciplinary dialogue and collaboration between different movements, ensuring that alternative business models receive the support they need to thrive.

With this book, we also sought to encourage cross-sector and inter-disciplinary dialogue, believing that by sharing different perspectives and voices, the debate on sustainable fashion can be enriched and expanded. Fair Trade remains an evolving framework—one that, despite its limitations, has the potential to contribute meaningfully to a more just and sustainable future. Expanding its scope to incorporate cultural sustainability, circularity and recalibrated notions of fairness and power could further strengthen its relevance. Ultimately, this is not just about fashion—it is about broader questions of equity, sustainability and the future of global trade. We hope that this publication will inspire continued engagement and critical reflection in the years to come, bringing new impulses to both research and practice while contributing to a more sustainable future—in fashion and beyond.

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PART 1: Conceptualising Fair / Sustainable / Social Fashion

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Sustainability Paradoxes

Katrina Sark and Tanja Gotthardsen

Introduction

The current sustainability movement has been injected with unprecedented urgency partially due to climate disasters, but also thanks to the perseverance of many Indigenous activist groups and global protests, young activists like Greta Thunberg, and organisations like *Extinction Rebellion* (founded in the UK in 2018) and many others. Students, activists, designers and entrepreneurs of Generation Z (born between approximately mid-1990s and 2015) are responding to environmental degradation, colonial exploitation, systemic wage suppression and income inequality by rejecting neoliberal economics, which prioritise profit extraction over environmental and social justice. The United Nations (UN) introduced the seventeen Sustainable Development Goals (SDGs) in 2015, while the Intergovernmental Panel on Climate Change (IPCC), the UN body for assessing climate science that issues annual comprehensive Assessment Reports, pushed sustainability into the forefront of the global political discourse. As a result, a paradigm shift has begun to permeate not just in the fashion industry, which is known for being capitalism's favourite child (Wilson 2013; Hoskins 2014; Rocomora/Smelik 2016), but also fashion education and how we approach the study of fashion as a culture (Sark 2024).

Many Gen Z fashion designers and entrepreneurs have launched companies that are commonly referred to as "born sustainable" and actively position themselves against the practices of Fast Fashion that have devalued our clothing (Bick et. al. 2018: 2) – but as analysts of both culture and industry, the authors investigate what that actually means and to what extent is it even possible to be sustainable – environmentally, ethically, socially, economically and creatively. What challenges, contradictions, and paradoxes do these businesses and practitioners have to navigate, especially in an industry dominated by corporations that control market value and the supply chains? Is it possible to resolve paradoxes between sustainability and profit-driven capitalism or exploitative colonial practices in fashion? The authors initially analysed fashion and sustainability by using examples from the Danish fashion industry (Sark/Gotthardsen 2023), known as a leader in sustainability, but then expanded our research to include other fashion cultures. The authors

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developed seven central paradoxes, yet this research is not exhaustive, and the authors invite further engagement with and investigations of these and other fashion paradoxes. Their research revealed that the transition towards sustainability, just as democracy and social justice, is an aspirational and continuous practice. They argue that paradoxicality must be acknowledged, and that rather than practicing greenwashing or green-hushing (refusal to disclose information and transparency) to avoid being shamed or criticised, we need to start from within these paradoxes to mitigate future paradoxicalities.

Theoretical Frameworks

In 1995, sociologist Niklas Luhmann, who analysed social systems and systems of scientific knowledge, explained that paradoxes become fashionable in periods of transition, like that of the introduction of the printing press or after the Protestant Reformation (Luhmann 1995: 47). At the end of the twentieth century, he observed that paradox has become fashionable again because of globalisation "with a plurality of cultural tradition[s]" (1995: 48). He stressed modernity's impossible task of having to resolve paradoxes in the future that often cannot be resolved in the present (1995: 51). For Luhmann, a "paradox does not prevent the operation of the system. On the contrary, it is the condition of their possibility because their *autopoiesis* [ability to renew itself] requires continuing actuality with *different* operations, actualizing *different* possibilities" (1995: 42, authors' emphasis). The question of what Luhmann called deparadoxication or dissolution of a paradox is essential for any system to continue operating, and it also relates to what David Harvey (2014) called contradictions and crises inherent in capitalist systems.

Building on Luhmann's temporal paradox, some fashion scholars have approached fashion paradoxes from social, economic and psychological perspectives or issues of representation (Esposito 2004, 2011; Von de Peer 2016). But Sandy Black (2011) was one of the first to connect fashion paradoxes with sustainability (for a more detailed literature review of fashion paradoxes see Sark 2021). In their 2020 BA thesis, entitled 'The Fast Fashion Paradox', conducted at Aarhus University, Nikolas Rønholt and Malthe Overgaard conducted a survey of the paradox of increased consumption of Fast Fashion among Gen Z consumers at a time when the climate crisis was pushing the sustainability discourse into the mainstream. They called for more government legislation and intervention because leaving the responsibility of changing the industry in the hands of the consumers or producers has proven inefficient. Similarly, in her chapter on fashion paradoxes inspired by Niklas Luhmann and Elena Esposito, Aurélie Von de Peer noted that, "every system produces its own blind spot, which ultimately leads to a paradox" (Von de Peer 2016: 206).

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While paradoxes are not the same as contradictions, they are often used interchangeably when applied to modernity, capitalism, or the fashion system. David Harvey (2014) identified seventeen contradictions and provided a detailed critique of the crises inherent in capitalism, arguing that "crises are essential to the reproduction of capitalism" (Harvey 2014: ix). In its very adaptability to change, Harvey's contradictions and crises within capitalism can be connected to the temporal and social paradoxes that Luhmann observed in social systems and that Esposito identified in fashion. Harvey believed that these contradictions can be used creatively and become a source of innovation (2014: 3). However, the development of fossil fuel economies that escalated the current climate crisis proves that "contradictions have the nasty habit of not being resolved but merely moved around" (2014: 3–4). The main take-away from the theoretical discourse of paradoxes, contradiction and crises is that they have to be used as opportunities to generate new practices with more transparency and mindfulness. In this chapter, the authors use the language of paradoxes rather than contradictions because the work of identifying, deconstructing and working from within the paradoxes can bring about the necessary, and now urgent, change.

Sustainability Paradoxes in the Global Fashion System

The concept of sustainability (or *Nachhaltigkeit* in German) originated in Germany in 1713, but it was not until 1987, that the language of sustainable development was mobilised by the Norwegian Prime Minister Gro Harlem Brundtland to describe "development that meets the needs of the present generations without compromising the ability of the future generations to meet their own needs" (Brundtland 1987: 41). Current research treats sustainability as an absolute, emphasising systemic interrelation between our lifestyles and our ability to stay within planetary boundaries, signifying the sum of our practices, rather than one product or practice in isolation (Hauschild 2015: 5). The global fashion system has witnessed a long history of paradoxicality, as consumers in the Global North know that clothing is made by people primarily in the Global South under still colonial economic exploitation, often in extremely poor working conditions, at an unsustainable cost to the environment [see Hock and Kenel's as well as Ladiges's chapter in this volume]. As Tansy Hoskins noted in her critical study 'Stitched Up: The Anti-Capitalist Book of Fashion' (2014), "no clothing exists that has been made without the exploitation of human labour," and that "everything we wear is the direct result of detailed, repetitive, human toil" (Hoskins 2014: 69). One in six people now work in the global fashion industry worldwide (Thomas 2019: 6) – from textile farming to social media influencers. Yet, we live completely disconnected from the production processes, in our own social (media) bubbles and our own collective echo chambers [see McRobbie's chapter in this vol-

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ume]. And as with other responses to crisis situations, attempts to normalise this reality include shame, guilt, and denial that manifest themselves through different coping strategies like greenwashing, green-hushing, slacktivism (supporting political causes on social media without real life activism), addiction, apathy or anxiety.

Rebecca Burgess, an educator who runs a textile fibershed in California, argued that our passive role as consumers is due to our disconnectedness from the impacts our clothes have on land, air, water, labour, and our own human health and that it is essential to create "opportunities to build new relationships that are rooted in sharing skills, physical labour, and creativity" (Burgess 2019: 4). Burgess illustrated how the role of technological advances within the clothing production industry are also paradoxical, as for example with the case of toxic chemical poisons like DDT (Dichlorodiphenyltrichloroethane), designed to kill insects and widely used on cotton until it was banned in 1972 because it generated a host of unintended consequences including human autoimmune diseases (ibid). The many thousands of synthetic toxins used in the fashion industry to "soften, process, and dye our clothing are linked to a range of human diseases, including chronic illnesses and cancer" (Burgess 2019: 17).

Simultaneously, so-called sustainable fashion is becoming the new coveted luxury commodity for the generations of informed young professionals. But the practices of conspicuous over-consumption have not only become the norm, but also the driving force behind global economies feeding and sustaining the Fast Fashion economies. Paradoxically, despite more transparency and information available about the toxicity of the whole industry, we still continue to desire more and more variations of the same products, with slight upgrades, in a perpetual accumulation of commodities, resulting in a throwaway culture that devalues fashion products from the moment of purchase (Birtwistle/Moore 2007: 214). Whenever we reach a closet overflow, we donate the used items to charities, or simply dispose of them in landfills. As Dana Thomas found in her research, worldwide we dispose of 2.1 billion tons of fashion (2019: 7), most of which is shipped to Africa, which destroys the local fashion and design industries that cannot compete with the oversaturation of cheap used clothing, and whenever the East African Community (EAC) attempts to end these unwanted importations, the EU and North American countries threaten with trade wars (2019: 8). The rest is disposed of in landfills, where it decomposes for centuries, often polluting the groundwater and soil, or is burned, polluting the atmosphere. We constantly want more and better stuff (that includes fashion, technology, entertainment, media, and other goods), and so, we live with this cognitive dissonance – ability to hold two contradictory ideas, concepts, or values simultaneously – not knowing how to reconcile the countless human rights abuses, exploitative labour conditions, environmental damage, use of pesticides, soil toxicity, water pollution, micro-plastic pollution and animal cruelty with our desire for novelty, status, recognition, or acceptance.

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In 2019, the publication of 'This Is Not a Drill: An Extinction Rebellion Handbook' (2019) brought together global scientists, activists, Indigenous leaders, economists and organisers to present one of the first unified efforts to work as a global community for global change. In her foreword, Indian scholar and environmental activist Vandana Shiva provided a useful definition of economy and ecology both of which derived from the Greek *oikos* – our home, the Earth, arguing that ecocide and genocide are one indivisible process, and they began with the idea of colonization of the Earth and that "Extinction Rebellion begins with the liberation of our minds from colonizing categories" (2019: 6). The Handbook proved that the current issues of sustainability are no longer divisible from issues of ethics, decoloniality, inclusivity and global responsibility. Kate Raworth's chapter 'A New Economics' expanded on the idea of inherited economies that are degenerative, divisive and addicted to growth, and urged us to transform them into economies that are regenerative, distributive and able to thrive beyond growth, by shifting from degenerative to regenerative design and more equitable and re-designed economies (2019: 148). As Franz Alt pointed out in the introduction to the book he co-authored with the Dalai Lama, 'Our Only Home: A Climate Appeal to the World' (2020), "we forgot to ask economic growth for what and for whom?" (Alt 2020: 1). Both books represent calls to action from across the globe and across generations. The ubiquity of these publications continues to grow each year, and the urgency they generate can no longer be ignored.

Despite the urgency, we do not yet have the capacity to see all human beings, all of nature, all ecological environments and even our own histories and relationships as deeply interconnected, which is a conceptual prerequisite for intergenerational sustainability. Perpetually caught between guilt and fear, shame and inaction, we numb ourselves by consuming, binging, and purging stuff that we do not need. But fashion, as a daily necessity (through clothing) and a creative mode of expression (through symbols, identities, and styling) continues to fuel our imagination and desire, as well as our capacity for imagining a better, fairer, less ecologically damaging vision of our own fashion-ability. So, this is our current social paradox – innovation and creativity are delegated to the privileged or diluted by economic motivations. Creativity and imagination require incubation, support, nourishment and empowerment. They do not exist in a vacuum. They are collaborative, and just like sustainability, systemic in nature.

Paradoxes in the Danish Fashion Industry

Fashion is Denmark's fourth largest export industry since the mid-1960s. From its beginnings in the post-war reconstruction years, the Danish fashion industry was split between Copenhagen and the textile production towns of Herning, Ikast and Brande in central Jutland, with Fast Fashion brands that produce higher revenues,

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while Copenhagen became the centre of "mainly small-to-medium-sized design-driven fashion companies" and international media attention (Spandet-Møller 2011: 35). Since the financial crisis of 2008, the Danish fashion industry went through "a significant consolidation" (Spandet-Møller 2011: 24), resulting in three Danish conglomerate corporations (*Bestseller*, *DK-Company* and *BTX Group*, all located in central Jutland) that own most Danish Fast Fashion brands. Recently, some smaller independent brands began to actively work against the Fast Fashion business model, but it is the combination of them all that makes up Danish fashion today.

Both *Copenhagen Fashion Week* and *Global Fashion Agenda* (formerly *Copenhagen Fashion Summit*) received criticism for green-washing. The *Global Fashion Agenda* billed itself as the leading business event on sustainability in fashion, which led to the creation of the *Union of Concerned Researchers in Fashion* (UCRF) to highlight "the paradoxical or even misleading use of language in describing 'sustainable fashion' activity" (UCRF 2019), lack of collaborations with researchers, as well as a lack of representation of garment worker in meaningful ways. In October 2020, the *Clean Clothes Campaign* tried to call attention to the matter with their mock-brochure, entitled "CFS+: Redesigning value for garment workers" by altering the statements of the *Copenhagen Fashion Summit* into "At CFS+ we talk about prosperity for brands at the cost of garment workers" and "Global Fashion Agenda: Maximize Profits, Minimize Costs" (Clean Clothes Campaign 2020: 16). Unfortunately, public criticism has rarely been able to obtain mainstream prevalence because fashion media, especially in Denmark, is not critical of its industry.

In summer 2023, during the *World Congress of Architects* (UIA) and then *Copenhagen Fashion Week* (CPHFW), a floating art installation in the shape of an oversized green washing machine called *unPAVILION* was installed in Copenhagen harbour to draw attention to the greenwashing and business-as-usual practices across creative industries (Fig. 1+2). At the same time, the *Alternative Fashion Week* platform facilitated panel discussions with fashion, climate and consumption researchers who were not part of the official CPHFW programming. At a time when Oslo and Berlin were adopting the sustainability agenda designed by CPHFW to promote designers who adhered to their sustainability standards, local researchers, educators and experts began to distance themselves from what CPHFW deemed as sustainable fashion (TV2 Echo 2023). Moreover, CPHFW continued to work with a sponsor who was ruled against by the EU Commission on the greenwashing complaint since 2021, and giving out so-called sustainability awards sponsored by *Zalando*.

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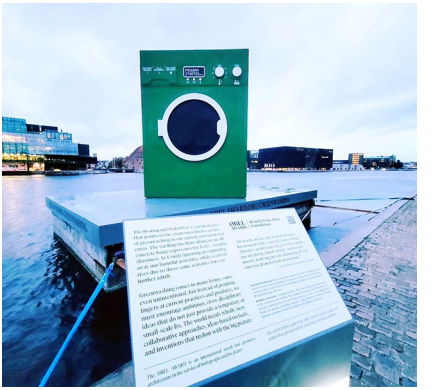
Fig. 1 and 2: unPAVILION, Green-Washing Machine, Copenhagen, August 2023, photos by K. Sark



Seven Fashion Paradoxes

To deconstruct the challenges of fashion sustainability, the authors developed a framework of analysis consisting of seven paradoxes that reveal persisting interconnections of fashion and colonial capitalism. Currently, most brands, consumers, producers and legislators still struggle to see the big picture of how fashion – not only as an industry and a social system, but also as an educational field and a culture – is mired in colonial exploitation and violence, environmental degradation, greenwashing and economic growth addiction that has from its very beginnings in industrialised production privileged profitability over human rights, dignity and well-being. The three pillars of social (ethical), environmental (ecological), and economic (fair) sustainability are still fragmented and undermined at best, and greenwashed or ethical-washed at worst. Through extensive research, academic and consultancy work, and in educating the next generation of fashion professionals about ethics, human rights, sustainability and decoloniality, the authors developed the following framework to help not only to see the bigger picture and map out the concrete challenges of the fashion industry, but also to begin taking more concrete actions.

1. Paradox of Cost

Ultra-Fast Fashion has created consumer expectations for extremely low prices and swift changes, possible through exploitation of workers in the Global South (and increasingly also in Europe), branded as the democratisation of fashion for its affordability for low-income consumers in the Global North. This fundamental injustice is

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anti-democratic and exploitation-based, but ultimately sold to Western consumers (especially consumers with little prior knowledge of colonial history or economics) as progress. While most consumers state a demand for ethically made products, many continue to purchase Fast Fashion (Rønholt/Overgaard 2020: 3). This discrepancy in consumer behaviour is often referred to as "intention-behaviour gap" (Carrington et al. 2014: 2759). Consumers exhibit some willingness to pay more for products that are perceived to be less environmentally or socially burdensome, yet many fashion businesses struggle to establish pricing strategies that can foster economic stability (Pires et al. 2024: 109). Large Fast Fashion brands and department stores regularly promote sales of approximately 70 per cent, and smaller brands and retailers commonly cite competitive pressure as a barrier in embracing both a higher, more cost-indicative price point and rejecting sales altogether. Even brands that are publicly accepted as ambitious for their efforts may embrace sales as a necessary means to make ends meet. Adopting an exclusive direct to consumer approach may avert this issue. The paradox of cost ties itself to all the other paradoxes presented below, as it is based on profitability for producers and the ability to fuel conspicuous consumption in the Global North at the expense of workers and communities in the Global South as international corporations continue to evade legislation. Consumers need to continue educating themselves and hold brands accountable. But as Elizabeth Cline wrote, "it's unacceptable and arguably deeply unethical to ever tie human 'goodness' to what we buy" (Cline 2020: n.p.). We need collective efforts to call for corporate accountability, as well as legal reforms and regulations. In her article, Cline restores the consumer to political citizenship, proposing a shift from individual, privileged ethical consumerism to structural and more inclusive consumer activism, and, as shown in the next paradox, consumption alone will not resolve the challenges facing the industry.

2. Paradox of Overproduction

Sustainability is often mobilised as a vehicle for continued (over)production and (over)consumption because, even in welfare-state market economies like Denmark and Germany, scalability, profitability and global market reach continue to define what constitutes good business practices. The fashion industry must reduce its resource use, with forecasts suggesting reductions of as much as 75 or 95 per cent (Fletcher/Tham 2019: 14), yet reductions are still mere PR talking points of CSR and sustainability managers hired to reiterate them after every environmental or labour scandal. While many smaller brands have accepted the paradox as a transitional reality, using continued production to create safer workplaces, increasing wages, and reinstating longevity within design, most established brands and corporations have continuously diverted attention from their unsustainable business models, by highlighting material innovation, capsule collections, and promises of unobtainable cir-

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cularity as a means for increased production and consumption. While more sustainable materials and material circularity may sound promising, they are in no way a solution on their own and are often mired by bad data, but must be accompanied by strategies for de-growth, as proven by a recent cross-disciplinary study, stating that "long-term stability of the fashion industry relies on the total abandonment of the Fast-Fashion model, linked to a decline in overproduction and overconsumption, and a corresponding decrease in material throughput" (Niinimäki et al. 2020: 198). Transitioning to business models based on made to order, made to measure and seasonless designs helps slowing down fashion, but does not really address real de-growth of the fashion industry.

3. Paradox of Coloniality

The fashion industry is held together by an economic hegemony that leaves manufacturers in the Global South unable to hold brands in the Global North accountable for their unethical, exploitative, or illegal actions. The mechanisms behind this colonial-capitalist system pertain to an oversaturated manufacturer's market, lack of secure funding, unequal risk division, lack of legal power and effective legislation and unsustainable buying practices (Transformers Foundation 2020). Even social certifications rarely offer manufacturers protection, as they mostly regulate conduct of the manufacturer and their products, rather than the conduct of brands and businesses. This colonial imbalance was exposed during COVID-19, with innumerable fashion brands attempting to salvage profitability by cancelling payments for already manufactured orders, by delaying payments, and demanding discounts on existing and coming orders. In November 2020, the twenty most profitable brands increased their market value by 11 per cent, while manufacturers have been pressured into average discounts of 12 per cent, and garment worker wages have decreased by 21 per cent (Worker Rights Consortium 2020b). Had it not been for activist groups such as *REmake*, who succeeded in unlocking $22 billion in cancelled orders for suppliers around the globe, these exploitative practices would have escalated and continued unchecked. But decoloniality offers us a valuable lens to understand the roots and persistence of existing power imbalances.

The Danish Fast Fashion conglomerate *Bestseller* put forward their Fashion FWD strategy in late 2018, pledging to bring "fashion FWD until we are climate positive, fair for all, and circular by design" (Bestseller 2018). Yet, in March 2020, *Bestseller* was reported to be cancelling already manufactured orders around $59 million in Bangladesh alone, leaving their suppliers unable to pay their workers during a global pandemic. In May 2020, the *Worker Rights Consortium*, the independent labour rights monitoring organisation that had initially discovered that *Bestseller* was cancelling orders, reported that Bestseller is imposing retroactive price reductions, which means large financial losses for the affected supplier that the suppliers are

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pressured into (Worker Rights Consortium 2020a). The paradox of coloniality allows brands in the Global North to speak of fairness for all while simultaneously placing suppliers and workers in the Global South in precarious conditions. It reveals the colonial injustice that the privileges and profits sustained in the Global North can continue to be extracted at the expense of the people and resources in the Global South [see Lawson Jaramillo's as well as Marina et al.'s chapter in this volume].

4. Paradox of Education

Fashion education is still grounded in colonial frameworks of privileged capital extraction of human and natural resources from the Global South to benefit no-longer sustainable lifestyles in the Global North. In their paradigm-shifting book, 'Fashion History: A Global View' (2018), Linda Welters and Abby Lillethun quoted the anthropologist Eric R. Wolf, who wrote that "we have been taught, inside the classroom and outside of it, that there exists an entity called the West, and that one can think of this West as a society and civilisation independent of and in opposition to other societies and civilizations" (Welters/Lillethun 2018: 1). This myth of Eurocentric and white-supremacist exceptionalism has been perpetuated in fashion education long after postcolonial theory has reformed many other educational disciplines. Many fashion theoreticians (Simmel, Lipovetsky, etc.) claimed that the history of fashion starts in Paris, completely ignoring or denying other fashion cultures. Niessen, Welters, Lillethun and other scholars have made decoloniality a priority in fashion studies. Two problems have prevented such understanding to date: first, the repeated claim that fashion did not exist before the late medieval period, and second, the assumption that it does not exist outside the West. As a result, designers and other fashion professionals have not been trained to change the exploitative and repressive systems and industries, but rather to join the creative classes of white-collar professionals maximising profits for their local economies and personal gain [see McRobbie's chapter in this volume].

Decoloniality and ethics are still largely absent from the educational fashion curricula, and when sustainability is taught, it is often with a reductive and insulated focus on environmental sustainability in the Global North. The bigger picture of how everything is interconnected – not just the three pillars of social, economic and environmental sustainability – but also a larger sense of responsibility, is not part of current education systems. Designers and other fashion professionals are not taught to criticise the colonial history of resource-extraction-based fashion systems, theories that have upheld these colonial practices and histories, and the colonial discrimination and violence that underpin all layers of fashion production. Thus, fashion education is a paradox – precisely in its creative potential to empower new generations to produce change, but continuously failing to do so. Efforts to counterbalance this unethical oversight in fashion education are spearheaded by collective volunteer

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organisations like the *Research Collective for Decoloniality and Fashion* (RCDF), *Fashion Act Now* (FAN), the *Union of Concerned Researchers in Fashion* (UCRF), and the *Canadian Fashion Scholars Network* that make educational and research resources available for wider audiences beyond academic structures. But researchers also need the institutional support to do more rigorous investigative research, analysis, and knowledge mobilisation to make their decolonial work more accessible for wider audiences, and to create more spaces and funding for multi-generational and cross-talented think-tanks and labs.

5. Paradox of Representation

Representation matters because it mirrors back our values as a society, reflected, for example, in the #BlackLivesMatter protests, #MeToo testimonials and political campaigns such as the #DeGenderFashion movement started by Alok Vaid-Menon to break the gender binaries of how clothing is coded as masculine or feminine. Luxury fashion brands, as well as select Fast Fashion brands, have long avoided size inclusivity to maintain a sense of exclusivity, with Karl Lagerfeld arguing that "no one wants to see curvy women on the runway" (Vogue Britain 2013), while *H&M* has used computer generated bodies to model lingerie and swimwear, thus moving beyond mere retouching and augmented reality (Hoskins 2014: 111). Even brands perceived as ambitious about sustainability appear to have inherited the lack of size inclusivity, with sizes rarely going beyond size EU46 (Extra Large and XXL), but mostly stopping at size EU42 (Large). Moreover, racial inclusivity, non-binary identification, trans-inclusivity and ability have to be reflected not just in the wearers of fashion, but also in creative and managerial positions. In most fashion sectors, progress is scarce and the risk of tokenism persists (Business of Fashion & McKinsey 2020: 66–68). Social responsibility and inclusivity, design outside the gender binary and ableism have barely begun to be addressed, while design for privileged bodies and maintaining directorial hegemonies continues to be business as usual. The paradox of representation is directly linked with education, coloniality and over-production, as some diversity activists use the argument of a wider market-reach to convince many brands to go beyond size exclusivity or tokenism in their visual communication. This is where the paradoxes can be seen to entangle and collide, making social, economic and environmental sustainability diametrically opposed and simultaneously unattainable.

6. Paradox of Manipulated Desires

The process of identity formation has long been intercepted by brands that profit from consumers' low self-esteem and the human need for both uniqueness and belonging. While the blame for fashion's changeability has often been placed on

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consumers by brands that claim to be fulfilling consumer demands, studies in behavioural psychology have shown that brands create these needs by fuelling addictions (Mair 2018). Strategists and forecasters are hired by big corporations to identify and amplify new trends, leading to the collection frequencies and the stress of keeping up. One in seven young women are socialised to be afraid to be seen in the same outfit twice on social media and considers it a fashion *faux pas* (Business of Fashion & McKinsey 2019: 39), and a transnational survey found that for 65 per cent of shoppers the newness of a purchase or shopping buzz passes within less than 24 hours (Greenpeace 2017: 9). McNeill and Moore found that "given the importance of identity construction to many consumers, drivers to be fashionable often outweigh drivers to be ethical or sustainable" (2015: 212). The paradox of desiring individuality, sustainability and self-empowerment while simultaneously not being in control of our own desires and consumption choices only begins to uncover the complex layers of psychological manipulation and damage that the fashion and beauty industries have been generating for generations. Regulation, education and media literacy are key, especially for consumers exposed to extensive media manipulation across different platforms.

7. Paradox of Legislation

In the 1930s, the US government implemented the New Deal measures in response to the Great Depression, forcing manufacturers to adhere to strict national labour laws (Thomas 2019: 4), which were gradually dismantled during the Raegan/Thatcher years in the 1980s, giving corporations unprecedented power to avoid national and international legal repercussions for human rights abuses, union busting, and environmental ecocide. Fashion law and compliance guidelines have usually covered topics such as licencing (a sale of a licence authorising external use of intellectual property), copyright (authorship of original work), or trademarks (names, symbols, or design used to identify and label products) (Clark-Esposito 2018). The Universal Declaration of Human Rights is ratified by nations and upheld by the UN, but when it comes to international corporations, enforcement has proven insufficient, given that instead of binding, mandatory legislation, companies have widely been subjected to guidelines and voluntary due diligence, under the UN Guiding Principles on Business and Human Rights or the OECD Guidelines for Multinational Enterprises. The UN Guiding Principles on Business and Human Rights define due diligence as "the process through which enterprises can identify, prevent, mitigate and account for how they address their actual and potential adverse impacts in their sourcing practices" (United Nations 2011), but penalties for malpractice have been limited to expressions of soft power, such as mediation, rather than sizeable fines and sanctions. The fashion industry has historically avoided accountability, as most corporations or brands do not own the factories and supply chains producing their

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goods (Hoskins 2014: 78), and hence, blame has been placed with factory owners and their subcontractors.

After an increase in national calls for mandatory due diligence to combat opaque supply chains, the EU finally adopted its Corporate Sustainability Due Diligence Directive (CSDDD) in 2024. After intense negotiations, almost resulting in the proposal's demise, the scope of the CSDDD was watered down and its effectiveness remains to be seen. The EU proposed its Textile Strategy in 2022, with 16 regulations covering fashion and textiles, but again, its effectiveness will depend on its ability to balance industry interests with the reduction of environmental and social pressures. Meanwhile, individual countries such as Norway and France continue to pilot tools to underpin legislation, such as the Norwegian proposal for Targeted Producer Responsibility and the French Ecobalyse and its efforts to target and regulate Ultra-Fast Fashion.

Conclusion

These paradoxes not only alert us to the power dynamics governing global fashion systems, but also to the layers of ambiguity inherent in the current sustainability discourse. Luhmann believed that a system can continue to operate by dissolving and working through the paradoxes, even when generating other paradoxes in the process, but perhaps the systems that have been set up since industrialisation for clothing production and fashion were never meant to contain and reconcile so many paradoxes all at once. Even brands celebrated for pioneering sustainability struggle with the reality of cost, labour equity, inclusivity, environmental justice, colonial history and cultural sustainability [see Boța-Moisin and Winkler's chapter in this volume]. Until we have established the boundaries for a safe and just operating space for fashion production and consumption, and until a functional definition of sustainability pertaining to fashion is developed, we will keep projecting the deparadoxification of sustainable fashion into the future. What we currently have is a balancing act, a negotiation of the lesser of all evils in making sustainability work. This research also revealed that perhaps the biggest paradox is that there is an entire global fashion industry transitioning towards sustainability without a functional definition and shared understanding of what that entails. There are more than 70 different definitions of sustainability, but what would it actually look like to create, design and build things that respect the needs of future generations, promote intra-generational justice and regenerate what has been exploited within planetary boundaries?

It is useful to conclude on a note about moments of crisis and the opportunities they provide if we chose to learn from history. When clothing rationing was introduced due to fabric shortages in Europe and North America in 1941–42, the restrictions forced designers and consumers to think creatively and inventively about their

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wardrobes, as well as recycling and repurposing of old clothing and textiles (Worsley 2011: 98). In many ways, this represents a time in recent modern history when resource management was prioritised. This time of enforced creativity and sustainability, which continued with parallel economies of vintage boutiques and second-hand shops and millennial DIY culture made accessible directly to the consumer online (Worsley 2011: 101). Historically, government interventions at this scale only happened in times of war, but in our current global climate crisis, it is important to remember that every step we take from now on to work through the paradoxes in the direction of creativity can have lasting effects for generations.

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Fashion as Creative Economy

Learning from London, Berlin and Milan

Angela McRobbie

Introduction: Why Fashion as Creative Economy?

The bulk of fashion scholarship still emanates from dress history as a sub-section of art history and more recently from curatorial studies. For many years fashion studies undertaken from within sociology, communications studies and cultural studies have occupied a lesser place, although this has changed in recent years as a quick glance through the leading journal *Fashion Theory* will show. There remain however disadvantages for sociologists of fashion on the bigger fashion circuit, as it is the fashion and dress history tradition that commands attention on policy issues while it is also more able to draw on the great designer legacy to develop exhibitions and shows at major art galleries and museums that attract huge audiences and equally extensive media attention. These exhibitions have now become a standard and defining feature of fashion culture across the world.

Of course, there is a fine tradition of fashion sociology most notably the writing of Georg Simmel who demonstrated fashion as a social phenomenon that played a role in defining and giving shape to urban modernity (Simmel 1904/1957). A turning point arrived at two later moments in time, Dick Hebdige's analysis of punk style in the late 1970s established the presence of subcultural studies especially in the British context (Hebdige 1978). This was then followed through the 1990s with a more emphatic sociological body of work, often influenced by Bourdieu with an emphasis on both the cultural production of fashion, and with cultures of consumption (see for example Rocamora 2011; 2017). More recently a case for fashion as creative economy can be made (on the basis of the findings from the 'AHRC CREATe'[1] project outlined below) even though as a sector its prominence within creative industry debate has not been as visible as might be hoped (McRobbie et al. 2022).

The creative industry policy initiatives in the UK date back to the early 2000s, the era of the New Labour government and coinciding with the publication of the

1 Arts and Humanities Research Council, UK: CREATe (Creativity, Research, Enterprise and Technology) is the UK Copyright and Creative Economy Centre at Glasgow University.

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celebratory and upbeat account of this field by Richard Florida, a text that was with some excitement adopted by politicians across the world, and then quickly subjected to sustained critique by sociologists and geographers most notably by Jamie Peck in 2005 (Florida 2004; Peck 2005). Situating my own various contributions to critical debate in the early 2000s I later went on to argue that the enthusiasm for the creative industries by the government at the time could be seen as a feature of the unfolding of a neoliberal rationale for the future of post-Fordist work, coming as it did with support for the freelance career, with self-entrepreneurship made seductive by the idea of self-actualisation through the seemingly democratic edict that 'Everyone is Creative' (McRobbie 2016). This arguably can be understood as a *dispositif* in the Foucauldian sense, an orchestrated incitement to 'be creative' as a policy directive unburdening capital from its legally enshrined obligations to a workforce now required to attend to their own insurance protection including working hours, maternity, sickness and holidays etc. The encouragement to self-entrepreneurship is also an enticement to find 'pleasure in work' often accompanied by ideas of the 'artist as pioneer of the new economy'. The address as such to a population of young creatives took on an institutional shape in the form of various degree courses and training pathways in music production, digital editing, fashion communications and so on.

So why then has fashion not occupied an important place both within this constellation of governmental activities and also in the considerations of the various scholars of the creative economy? Dave O'Brien and others have pointed to stark inequalities of class alongside patterns of self-exploitation and unpaid internships (O'Brien et al. 2017; 2018; 2021). But as a feminised sector of work and employment fashion has been overlooked by the spokespersons from the more masculine-dominated areas of broadcasting, film, gaming, fine art, graphic design. Fashion has long been seen as ephemeral, overtly commercial, and populated by less serious journalists and commentators than other spheres of media and communications. The absence of fashion representatives on the various platforms and panels for creative industry policy discussion is because the organisations and bodies that do exist such as the British Fashion Council and the think-tank *Fashion Roundtable* emerge very much from the heart of the global fashion industry, nowadays almost synonymous with the clothing sector and so an economic sphere akin to other major industries. In our recent research there is an attempt to re-position fashion and bring it more firmly into the fold of creative industry research. In the wider field of social and cultural theory there is an abiding concern with work, employment and with the post-Fordist shift to 'immaterial labour' (Lazzarato 1996). The conditions of precarious labour have been at the centre of a large range of officially funded programmes of research across the UK. This encompasses studies undertaken by leading figures such as Dave O'Brien, Mark Banks, Kate Oakley, David Hesmondhalgh, in Italy by Tiziana Terranova, Alessandro Gandini and Franco Berardi, and in France by Maurizio Lazzarato. But up until very recently issues of low wages, exploitation, and precarious

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labour and specifically questions of poverty, inequality and unemployment or 'under-employment' have been marginal in fashion scholarship (Mensitieri 2020).

Why Fashion Independents?

What then are the advantages of attempting to bring the fashion sector into this creative industry fold? It introduces a gender dimension, and thus contributing to the works that have analysed the gender inequalities pervasive in so many of the various culture industries (e.g., Scharff 2017). The difference here being that fashion is widely perceived as an already feminised sector, this requiring a more fine-tuned and intersectional analysis alert to questions of race, class and geography. What fashion would bring to the creative industry research profile is a widening of the vocabulary, paying more attention to the whole production workforce, the machinists and pattern cutters, the supply chains and the labour input from the global south [see Sark and Gotthardsen's as well as Lawson Jaramillo's chapter in this volume]. But the main challenge for the small-scale fashion design sector is to find ways of being listened to by government at a policy level. In the UK the situation is so bleak that without some immediate steps being taken this cultural wealth could be squandered. Arguably the key players to undertake the job of ensuring that the worst does not happen will be the teachers and academics in the art and design schools across the country. There is a dearth of fashion policy-makers and those few fashion policy figures that do currently have influence adhere to the 'talent-led' economy narrative which tends to fix upon the winners and those who go on to become household names. They make the point that the UK fashion design sector is best known for its global talent and its cohorts of world-renowned figures such as Stella McCartney, Alexander McQueen and Vivienne Westwood, all of whom quickly moved from being small-scale designers to entering the world of the leading luxury brands. But this narrative is both weary and out of date. There is a good deal more to the field of fashion design than the handful of stars and prize-winners which nowadays in fact means as few as one 'star' per year from the annual cohorts of graduates[2].

The major brands (companies owned by *LVMH* or the *Kering Group*) operate with an entirely different political economy from the tiny and often hand-to-mouth independent designers. Existing outside of the haute couture circuit are these small-scale independent designers many of whom have been past prize- winners or who have achieved success, meaning that they are quite well-known. They run studios and take part in events such as London Fashion Week, they may even sell their collections in outlets such as Dover Street Market. But how they operate, what kind of business models they adopt, how they keep going during periods of financial crisis

2 In the UK assessed to be 4000 per year (Elan 2016).

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and 'austerity' remains under-investigated. The business studies researchers look towards the mainstream of the industry and the fashion historians and indeed the fashion theorists are more likely to direct their gazes to the major players, the 'auteurs'.

My interest in this sector dates back many years (McRobbie 1998). There is now a danger that this kind of practice will fade away and even disappear unless steps are taken. Yet it is here that some of the most experimental work takes place, especially with projects that are environmentally friendly, and that find new ways of working with non-toxic textiles and fabrics. Many if not most of the 'indie' designers who work hard to maintain their studio practice are female. They have developed multiple strategies for maintaining their labels. It is here that we have seen in the course of our research a more social model of fashion emerge. It is on the basis of the observations and analysis of these designers at work that allowed the concept of 'social fashion' to develop as demonstrated below, likewise the idea of the 'milieu of fashion labour' and more widely the 'degradation of labour'.

Fashion has the potential to be re-imagined as a creative economy with strong spatial and neighbourhood dimensions [see Trasciani et al.'s chapter in this volume]. New labour markets can be supported where there are local government initiatives and local universities with training opportunities. Here we can also envisage an agenda that supports climate-friendly policies, Fair Trade and a living wage for the workforce. But this would also require a different and expanded calibre of fashion policy-makers and advocates with strong regional and local commitments.

The Limits of London as Fashion Talent Incubator?

From late 2013 to the end of 2018 the CREATe AHRC fashion study based at Goldsmiths, University of London aimed at investigating the business practices and modes of working for cohorts of independent fashion design studios in London, Berlin and Milan. In each city we assembled a group of between ten and thirteen designers. Our criteria were to have been in business for more than five years and to have a studio and a schedule of collections. Within each of these groups there were typically three or four well-known names, with the others having achieved success, and media attention but working in what we described as a more professional capacity and without necessarily showing at the major Fashion Weeks. Underpinned by the idea of the fashion mobilities between these three cities as a 'space of flows', this was not planned as a comparative study rather it was a qualitative interview and conversation -based research programme grounded on sociological premises and with the explicit intention of drawing in several of the designers to take part as professionals with whom we would collaborate and also provide, in the spirit of research reciprocity, some actual opportunities to reflect on and extend their

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practice. This was one methodological tactic and the other most distinctive feature was the idea of event research where we improvised around the more academic convention of the panel of speakers' format to an invited audience and ending with a q and a and refreshments. We generated the findings from these ongoing multi-methodological encounters, and likewise with the concepts that eventually emerged from that familiar process of working through the 'data' and interfacing it with existing relevant and adjacent scholarship.

The three-city study, the meetings and collaborations with a wider spread of colleagues in each city and the sociality of the undertakings brought to the project an interrupted but continuous and reflexive 'seminar' quality. Time and space factors across the five years of discussion where different people played key roles in each location and often across all three, allowed for a team spirit to emerge. Ideally, we might have formed a longer-term research, policy and advocacy network or think tank[3].

What we have learnt from London can be summed up as the pernicious impact of neoliberalism in not just the cultural sector and the university system but also in the politics of space. This triage of factors, culture, education and space have both bolstered London's success as a global fashion city in the past where they were embedded within a more social democratic regime, but now threaten its future due to the rapid and deleterious impact of the political economy of neoliberalism over the last two decades. The thrust of the analysis presented below is not angled to retrieve London's former glory but rather to radically re-distribute its 'fashion cultural capital'.

With a median age of 35 the group of four-star designers (Teija Eilola, Basso and Brooke, and Carlo Volpi) had all earlier in their careers won awards and gained various forms of support and sponsorship within the existing 'winner takes all' ethos that has been a defining feature of London fashion culture. All of these designers were graduates of the well-known art and design schools, the Royal College of Arts, Central Saint Martins, and Goldsmiths, University of London. They had received wide publicity in the leading fashion journals including *Vogue* magazine. These awards gave them a good deal of buoyancy in the early years of practice. All had managed what is nowadays almost impossible i.e., studio space in good London locations. Three of these designers had also won additional press coverage from having items from their collections worn by Michelle Obama. Carlo Volpi's had been praised extensively in Italian *Vogue*. With a good decade of studio work behind them it was possible to see some of the defining features of this kind of exemplary independent practice. This included those factors which have presented huge obstacles to all four and have also hindered the prospect of future generations being

3 Projects like this often have a long afterlife, spawning various activities and new small projects, drawing in old and new participants.

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able to pursue this same pathway. In each case these designers have been astonishingly inventive and forward thinking to sustain their creative practice. Carlo Volpi described a weekly commuting arrangement between London and Milan which allowed him to keep his subsidised studio space in the *Cockpit Space* in London, to plug into producer services for high quality knitwear in Milan meanwhile also being able to stay there with family, and alongside this developing a teaching career and specialism in knitwear at the Royal College and Art (though previously he was holding down part-time teaching elsewhere in London).

> "I got the Cockpit space free for a year and I'm still there several years later, I need to do a million jobs to support myself, to keep going" (Carlo Volpi, 2016).

By the time our research project ended Volpi was focusing more on teaching and on keeping his own practice going on a scaled down basis through exploring knitwear contracts in Hong Kong. The design couple Basso and Brooke like Volpi trained in the prestigious London art and design school tradition, had pioneered digital print techniques in the early years following graduation and this brought them a lot of success allowing them to take out a mortgage on a home in South London that also doubled as studio space. When the sponsorships slowed down however and then the press coverage also faded and finding it hard to produce for the *London Fashion Week* shows, they diversified with some teaching and with other smaller contracts, before deciding to move their practice to Portugal. From there they could live more cheaply and extend their digital print skills to lifestyle fabrics and increasingly to wallpaper.

> "We now have a wallpaper company called Jupiter 10. We pioneered the digital print process in the fashion industry in the early to mid 2000s. We had an instantly recognisable aesthetic and quickly established ourselves with the backing of the Italian giant Aeffe. (…) With interior design (…) the shelf life is almost limitless (…) the transition into this industry has allowed us to focus with time on the longevity of a print" (Chris Brooke, 2021, Email).

Teija Eilola has, of all four, found the resources needed to expand her high quality and distinctive womenswear collections with the accolade of having a space at Dover Street Market. When we first met in 2014, she was London-based and had a small studio space at *Dreamworks* in Islington, but just before the pandemic she relocated with her family to Cornwall where she was able to build her own dedicated studio space in the garden of the new family home. In addition, she of all the designers in the CREATe project was most drawn to the enabling vocabulary of the creative industries and found this also to be established in Cornwall and Devon as a result of new regional initiative.

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> "I have three organisations who are able to offer the label small grants as part of the Cornwall-focused business developments. There is a huge amount of 'Creative Industries in Cornwall', projects/support hubs etc happening. I was invited to apply to be on a small course to be trained in 'creative leadership". (Teija Eilola, 2021, Email).

Alongside these the regional art and design schools in the South West of England have allowed Teija to develop a teaching career alongside her design work. In all four cases what Ulrich Beck called 'biographical solutions to structural contradictions' in the 'brave new world of work', prevailed (Beck 2000). The intense individualisation effect confirms the absence of an extensive and open network for fashion policy, designers are really left to rely on their own ingenuity. All were hit badly by Brexit, it interrupted the flows of items, materials and distribution outlets for the work. It made the kind of short-term work contracts impossible and it soured the good relations which had prevailed with shops and outlets in France and in Italy as well as elsewhere in the EU that the designers had nurtured over the years. There were also huge obstacles to be overcome with the shift to online sales as well as complicated and unreliable dealings with some of the high-end online retailers such as *Farfetch* and *Net-a-Porter*. (These concerns were only really becoming tangible at the every end of the CREAte research and so we were only able to sketch out how the new economy of 'click and collect' was operating.)

To sum up our London study revealed a lack of a social vocabulary in regard to fashion culture and the experiences of the small scale independent sector[4]. There was no reference to social enterprise across the cohort, and where this did exist in the small print of a few programmes it was shown to have a quite different meaning from that associated with creative industry programmes. It was rather tied to prize-winners being offered additional support such as mentoring. Consequently, the conceptual frames that were most apposite for the London research were drawn with some amendments from the Marxist geographer David Harvey (as well as from Foucault) (Harvey 2002). At the heart of the analysis and key to the analysis are the leading art schools that arguably have a 'monopoly rent' on fashion culture. Their status means they function as the 'milieu of fashion labour' in London providing distribution of graduates across the sector. They have, in line with the logic of neoliberalism, become major brands subject to the laws of competition which means they are able to lift themselves out of and above other provisions in the sector and exert their power particularly to attract the lucrative international student market.

4 Only the black female designers Rosalind Sinclair and Christine Checinska mentioned family background, the risk of debt, and the pathways in fashion that avoided the potential hardship and finance crises so many independent designers experience. They both said they could not afford uncertainty and high levels of precarity.

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Despite their commitments to Equality Diversity and Inclusion policies, in fact there are subtle forms of exclusion at work given the high cost of living never mind studio space in London, hence middle and low income and ethnic minority students can no longer afford to study in these prestigious institutions which also are in a key position to provide exclusive 'pipelines' into the industry for their students. It is this function as brands which means that the names of the prestigious universities on a CV already play a kind of passport function for junior assistant jobs in the high end fashion companies, that makes them the primary 'milieu of fashion labour' able to channel and distribute star graduates into the major global powerhouses in Paris and Milan. The major schools' reputation and status are consolidated by the politics of space operating in and around their locations which have become 'urban glamour zones' (Sassen 2002). With university leaders having to work alongside property developers in order to improve their infrastructure in the now competitive environment heavy borrowing allows some spectacular building and regeneration in for example Kings Cross, but the cost is high levels of debt and more significantly the surrounding apartment buildings being part of the property housing boom, with exorbitant rents and with a further anti-social impact which is the exclusion if not removal of working class and low income people from the whole area. This pattern not only applies to Kings Cross but also to Hackney Wick which sits alongside the new premises of the London College of Fashion at Stratford City London, and indeed spreading across the new East London where luxury student accommodation which is a euphemism for exceptionally high rents has sprung up from Tottenham Hale to Blackhorse Road. The neoliberal politics of space in these respects has meant that students have become 'futures assets' for speculative capital investment. In short, the future of the culture of young designers finding their feet with an independent practice is severely jeopardised by the factors outlined above. Only the already privileged and wealthy will be able to benefit from the education system as it is.

This in itself calls for a major reform inside the schools, and greater awareness of these socio-economic factors. Not only the star designers who took part in the CREAte project but also the more mainstream professional cohort all benefited through their years of training from a less aggressively neoliberal regime, and this is especially true for the three black women designers in the CREATe study who all commented on the economic as well as social hurdles that they faced in the early days of their own careers. Previous generations from lower income backgrounds had been able to complete their studies without taking on large debts and most aspiring designers were able to find working space that was affordable or they might even have been offered a reduced cost studio at The Trampery on Mare Street (now closed) or in the LCF Centre for Fashion Enterprise also now re-located. Thus, we see an absurdly dysfunctional scenario replace one that had indeed been successful on the world stage.

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Milan and the Female-led Revival of the Artisan Tradition

What justified the research including Milan as a fashion city was ironically not the presence of the global labels such as Prada, Missoni and so on. We were pointed to Milan on the basis of our prior knowledge of emerging forms of radical activism in certain neighbourhoods where alternative fashion had come to prominence (Romano 2018). This had taken the form of dramatic interventions in the glamorous shows and Fashion Weeks by a number of campaigners driven by concerns about exploitation in the production process and by environmental issues for the fashion industry as a whole. Through prior creative industry events in London the CREATe team were aware of these activist projects leading to an approach to the research that was adjusted to reflect some structural differences in Italy, notably the absence of any extensive creative economy policy landscape, and the more low key role of the art and design universities in providing a pipeline for graduates into the major fashion companies in the city. Thus what, in the other cities, we were able to designate as the 'fashion milieu of labour' as an organising system, a power hub from which various possibilities for practice are made available, could not be pointed to in Milan. The independent fashion designers that were recruited and who played an active role fell into two categories, either they were loosely connected to the campaigners and activists or else they were not politically involved, and quite autonomous having achieved some visibility with their studio work in recent years. As with the other two cities the project in Milan had between 10 and 13 participants.

The other fact to be taken into account accrued from fashion's much more pervasive presence right across the length and breadth of Italy as a key manufacturing sector and major industry not just in clothing but especially in leather goods, bags and shoes in particular. There are thousands of factories producing in high volume for the major labels, a longstanding tradition. There are even whole towns given over to the production of one leading global company such as Solomeo in Perugia[5]. There are also migrant centres especially in the North comprising a new kind of sweatshop system. Indeed, in the early 1980s fashion and clothing design and production in what came to be known as the Third Italy were taken by Marxist economists to embody the decisive turning point of post-Fordism. This argument was made in a leading article titled Benetton Britain (Murray 1989).

However, the decisive factor that supported and extended the triage of concepts developed in the course of the CREATe research was the high level of graduate unemployment in Italy following the financial crisis of 2008 and still marked at the onset of the study. This marked a specific instance of the 'degradation of labour' in that a good deal of the self-employment and self-entrepreneurship we encountered

5 The Perugian town is the headquarters and production base for the global luxury label Brunello Culcinello.

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emerged out of the hopelessness of unemployment and the reliance of young people on the parental income well into their twenties. The move into the field of creative labour offered a pathway to better mental health and well-being, even when the actual income remained small. These factors led us to argue that the 'milieu of fashion labour' comprised the extended family and local networks which were able to provide support in the form of studio space and other forms of undergirding for the mostly young women who launched their own fashion start-ups. A further enabling factor was also the community know-how stemming from the traditions of textile production and the whole artisan production system which existed across the region. The young women could easily plug into those channels of knowledge about sourcing fabrics and equipment since it was almost literally on their doorsteps and as affordable resources. Their enthusiasm and energy and overall relief to be 'in work', represented something new and distinctive which was a female-led revival of what had been the male dominated artisan tradition.

> "For us it is a family philosophy, my sister produces shoes and follows the same values, she makes a long lasting product (…). I think things are changing, I feel part of a bigger movement of like-minded independent fashion designers" (Interview with Camilla Vinciguerra, BeConvertible, 2014).

> "I was not interested in all the glamorous world of impossible clothes, I was inspired by the more artisanal side of fashion, the very 'making' side of it" (Interview with Camilla Vinciguerra, BeConvertible, 2014).

> "We are learning how to be entrepreneurs; we don't know how it will go but the point is now we are happy (…). If we don't go on holiday who cares? And at parties we can say truthfully that we are designers" (Interview with Erica Agogiati, Flatwig, 2014).

By the early 1990s, this system of male-led artisanship was fading out with retirement and with the cheaper outsourcing processes from the main contractors, but three decades later with a well-educated generation of creative talent determined to become economically active and to draw on the resources at hand there were clear signs of revival with young women leading this development. To end this section we might ask, what is the social fashion potential here? While this would require more a more pro-active national and regional cultural and creative policy regime to emerge, there are nonetheless some signs that this was happening from within the activist and campaigning circles as they found ways of being effective and finding support for projects including the European Union Social Fund programmes (Romano 2018).

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Social Fashion Berlin?

Why might Berlin stand as a useful model for re-imagining a more equitable fashion culture? The key elements are the social engagement issues that come into play as a condition of access to subsidised space, the priority across the board given to green and ecologically non-toxic processes of production, the neighbourhood and community and social enterprise ethos, the less hierarchical fashion culture, with due place given to social and welfare concerns such as the living wage for employees, and support for migrant people through numerous participation programmes. But first we must clarify that the account that follows does not amount to a rose-tinted narrative, the obstacles confronting the designer sector in Berlin are considerable. Most markedly there is not the range of high street and mainstream labels with headquarters in the city unlike in London where these alongside the haute couture companies can often offer lifelines of support in the way of short contracts, possible 'collabs' and even just part-time work. Nor are the art and design universities known for their production line of stars who command media attention and are typically picked up and offered contracts in Milan or Paris. This means that despite all their efforts even the *Berlin Fashion Weeks*, the newly energised *German Fashion Council* and the leading fashion magazines still struggle to propel the new fashion talents into the limelight and the global stage. And finally, there is a constant concern about the market, especially in an environment where green issues are uppermost and clothes made to last, where designer collection items are often costly (with living wages paid to the workforce) and where younger consumers including teenage girls will remain tempted by *H&M* and *Primark*. The consumers for the Berlin designer pieces are primarily three cohorts, friends and colleagues in the cultural scenes in the city, young professional women and subcultural clubbers i.e., people linked with the established music scenes including tourists.

The 'milieu of fashion labour' in the city takes the form of the local government initiatives in conjunction with federal government programmes and European Union Social Fund projects. These institutions fully recognise independent fashion design as a key part of the urban creative economy. Of course, they function in a Janus- headed way, facilitating and controlling. Much also depends on the nature of the political make up of the Senate, and there have been two recent waves of change since the start of the CREAte programme: first by 2018–19 a shift away from the more social democratic and green support for local neighbourhood regeneration and a swing back towards funding for the mainstream arts and culture (opera, theatre, the main galleries etc) and then in December 2024 a series of what are seen as catastrophic cuts in arts and culture finding across all sectors in the light of a worsening economic situation in Germany as a whole. How this will impact on the independent fashion designers in the city remains to be seen, since so far it is arts and community groups who are at risk of losing their funding. As one of our

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participants, Oliver MacConnell, points out there are still other initiatives available for young designers to apply for support[6].

So, these changes do not mean that there are not propitious infrastructures that can still be gleaned and might well be ripe for revival and for a roll-out in other locations particularly to envisage a regional social fashion model. The facilitating features in place during the time of the CREAte study were as follows:

A) access through the Quartier Management offices, to subsidised studio-workshop and retail space in pleasant and busy locations, and alongside this affordable rent for living accommodation, with some degree of rent control in place. Both of these factors were changing by the end of the research project but all who took part had managed to retain their ateliers and their homes. The rent control system brought some security which in turn allowed for future planning.

B) Incentives to connect with the neighbourhood in the form of social obligations to disadvantaged local communities as a condition of access to affordable quality work-space, in effect a strong social enterprise and not-for-profit model.

C) Encouragement to work in multi-disciplinary teams including geographers and sociologists to maximise grant applications processes for regeneration and other relevant creative industry programmes such as migration-integration women's initiatives. The fashion design studios being linked in some cases with job centres with the designers able to gain accreditation for providing vocational training in-house for employees. (See *Rita in Palma* for a good example of this ethos).

D) The benefits of a wide range of Berlin-based science and technology projects for reducing carbon footprints, many of which involve new forms of environmentally-friendly textile production, which permits the development of expertise within the green fashion field and hence job creation.

E) Last but not least there is the 'social wage' even as it is constantly threatened with being shrunk. This takes the form of public services, including a range of provisions for working parents (such as *Kindergeld*, nursery provision, free education etc) With these in place self-employed creatives, like the fashion designers can sustain their studio practice and keep their shops open during times where their incomes may be modest, where sales are not so buoyant. Inevitably many of the designers already had second or third jobs, in teaching, or in other social projects.

> "I became more aware of the wastage of unsold stock accumulating in the shop when items had to be made up in many different sizes. My costing puts the pieces out of reach for middle range income customers but this is also because I pay the production team fair wages. So I have opted for a bespoke or on demand only business model …this means that I'm not overproducing. (…) I work like an artist. From the start I was not really able to think commercially (…) the thing about Berlin is

6 See the EXIST programme at the Fashion Practice Academy, Berlin.

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that I am able to think through what it is I am doing the slower pace allows this." (Interview with Michael Sontag, 2016).

'I could see the value in specialising in upmarket fashion accessories and I realised there were many women in the neighbourhood, at that point mostly Turkish German who had crochet skills and who could also work for me in a safe environment and also earn money when otherwise they were at home' (Interview with Ann-Kathrin Carstensen, Rita in Palma, 2016).

The social fashion ethos is also able to embrace the full range of genres of work, from experimental fashion-art (see the work of Esther Perbandt), to high end couture (Michael Sontag), to subcultural urban-wear and craft, to jewellery and haute couture accessories. The designers who took part in the research project spanned this spectrum. They had all been supported over the years by the programmes set up by the Senate (local government) and with the prioritising of green initiatives across the city and stretching to its outskirts new jobs and projects became available. Taking part in the UK CREATe project also proved rewarding, including the organised trip in 2016 to the Glasgow School of Art for a two day event funded by the research project. As was the case in London at least one key figure (Marte Hentschel) who participated found career pathways opening up in the form of university teaching and in advocacy roles for fashion as creative economy and indeed leading a key initiative for the *Berlin Fashion Hub* of 2022.

Some Conclusions

This chapter has outlined the foundations of what could be a more social fashion system, one that does not compromise on experimentalism and innovation, and which finds a new circuit of value in the form of localised production networks which also generate jobs [see Trasciani et al.'s chapter in this volume]. There is much scope for moving fashion activity to rundown regions and towns as well as smaller cities. And this could become a key feature of new government regeneration programmes while the global brands could also be encouraged to invest in the small scale indie designers outside the capital cities and under the rubric of job creation and living wages. The stubborn question of the 'degradation of labour' persists. In London this means being priced out of viable space, and so not be able to have a studio practice at all, or be at risk of closure and so losing one's 'labour'. In Milan it takes the form of graduate unemployment and under-employment and in Berlin designers have to confront the reality of wage stagnation that cannot wholly withstand the now shrinking public services and rising rents. And despite the existence of a 'social wage' or welfare

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system the designers are also stymied by the difficulty of being able to consider expansion and considerable growth.

These are all conditions that nowadays the designers share with other creatives and also with so many self-employed workers. We are witnessing a process wherein being creative increasingly becomes a more normal more mainstream way of making a living. In the course of this essay the three main concepts are key to the kind of sociology of fashion that a creative industry approach permits, with the possibility of finding application on other fields of cultural production[7]. Alongside this triple analytic for fashion as creative economy, what remains of key importance is the need for new cadres of policy-makers and cultural intermediaries able to negotiate across various public bodies as well as gain leverage with the industry as a whole. Whether operating inside the art and design schools or in a more independent capacity it is these kinds of new fashion professionals who will determine how a vibrant, regional and diverse studio practice might become a more integral feature of the cultural landscape. To sum up there is a strong case to be made for the art and design schools, often adjacent to business schools, to be less driven by fashion management programmes and more tilted to creative industry studies addressing there the urgent need for graduates in fashion policy studies who would be able to extend the social fashion model and the regionalisation of fashion with an emphasis on enhancing women's employment in these different towns and cities away from the over-priced fashion capitals[8].

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7 For example, social music, the milieu of music labour, the 'degradation of music labour'.

8 Thanks to the UK AHRC and to the CREAte colleagues including co-authors Daniel Strutt and Carolina Bandinelli. In this case I have single authored the chapter drawing for quotations from McRobbie, Strutt and Bandinelli (2022).

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Fair Purchasing Practices in Garment Supply Chains
Connecting Theory and Practice

Matthew Anderson, Tamsin Bradley and Sutirtha Sahariah

Introduction

This chapter builds on the findings of a recently completed study commissioned by *Transform Trade* and the *Fair Trade Advocacy Office* to review supply chain responses to unfair trading practices (UTPs) in textile value chains.[1] Our chapter presents a comparative case study analysis of emerging best practices across a range of areas including: lead times, payment details, prices, discounts, technical specifications, volumes and stock management. Our study investigated the supply chains of small and medium-sized enterprises (SMEs) and their role in creating an enabling environment for fair purchasing practices in the garment and textiles sector. In this chapter, we investigate the experience of Fair Trade organisations and how they have translated Fair Trade principles into practice in their value chains. In particular, we focus on the implementation of responsible purchasing practices related to: Equal Partnership, Collaborative Production Planning and Fair Payment Terms. We argue that, if supported, Fair Trade organisations have the potential to be industry front-runners and demonstrate fair purchasing practices that can be replicated and scaled across the garment sector.

Lead firms are under increasing pressure to ensure products made through global production networks are produced sustainably (Alexander 2020). However, from the perspective of workers and suppliers in the Global South, corporate social responsibility (CSR) may appear increasingly 'transitory', or in transition, as multinational corporations (MNCs) sign up to new and evolving multi-stakeholder initiatives (Alamgir/Banerjee 2019; de Bakker et al. 2019), engage with a multitude of certification schemes (Bennett 2018; Dahlin et al. 2020) and align with the latest international agreements (Banerjee 2018). This approach towards 'transitory CSR' not only reflects the changing context of post-pandemic global value chains, but

1 Anderson M., Bradley T., Sahariah S. (2023). Fair Purchasing Practices and Barriers in EU SME Garment Supply Chains, University of Portsmouth, Portsmouth. https://fairtrade-advocacy.org/wp-content/uploads/2023/05/FINAL-FTAO-good-practices.pdf

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is also a choice, and may be implemented as a defensive strategy (Stevenson/Cole 2018; Janssen et al. 2015) that obscures partial commitments and limits progress on social responsibility.

Industry approaches to responsible business practices have often focused on the wider business benefits of improving labour conditions such as a boost to productivity, stabilising suppliers' workforce and building resilience in supply chains. However, this win-win approach can overlook fundamental areas of conflict and tension between social and economic goals (Crane et al. 2014). In response to the prevalence of labour exploitation across supply chains, van Burren et al. (2021: 364) call for holistic approaches that build on a "social connection and political responsibility model". They identify Worker-Driven Social Responsibility as a promising approach to promote employee voice and support the decommodification of labour. The dynamic and contested nature of CSR was also highlighted in Matten & Moon's (2020) recent reflections on CSR 'hybridization'. Looking beyond Western institutions, they suggest that there are particular opportunities for exploring the process of 'explicitization' (policies, practices, and strategies of corporations) and 'implicitization' (norms and rules of business responsibility) in shaping CSR in emerging business systems.

In terms of business practice, the Common Framework for Responsible Purchasing Practices (CFRPP 2022) has been developed as an industry-recognised reference point for what good purchasing practices look like in the garment sector.[2] Based on benchmarking existing standards and policy initiatives the framework aims to support companies working to improve their purchasing practices and multi-stakeholder initiatives working with member companies to implement practical improvements to working conditions in textile supply chains (CFRPP 2022). While the CFRPP specifically focuses on purchasing practices, it also acknowledges the importance of freedom of association and collective bargaining, human rights due diligence, effective grievance mechanisms and remediation, as paramount in improving supply chain conditions (CFRPP 2022). The CFRPP recognises that the journey towards implementation will look different for each brand and retailer depending on their starting point, their business model, size, sector, operational context, ownership, structure and supply chain composition (CFRPP 2022). However, the ambitions and new business norms presented in the CFRPP are arguably

2 The CFRPP is supported as the central reference point on purchasing practices in the garment industry by ETI, ET Norway, Fair Wear, PST, Solidaridad, Ethical Trade Denmark and the Fair Labor Association. The framework identifies five core principles: 1. Integration and Reporting, 2. Equal Partnership, 3. Collaborative Production Planning, 4. Fair Payment Terms, 5. Sustainable Costing.

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more limited than the transformation and system change envisioned by Fair Trade Principles.[3]

Research on Fair Trade fashion has primarily focused on issues of ethical consumption and consumer behaviour (Dabas/Whang 2022). Recent studies have provided new perspectives on consumers' perceived trustworthiness of Fair Trade (Eberhardt et al. 2021), consumer awareness of sustainable fashion (Shen 2024) and the role of personality traits in supporting ethically-minded behaviour (Kutaula et al. 2022). Beyond consumer studies, business model innovation (Todeschini et al. 2017) and developments in global trade policy (Athreya 2022) have also revealed important new directions for Fair Trade fashion research. In common with the wider sustainable fashion literature, research on Fair Trade fashion remains fragmented across disciplines and there is still considerable work required to bring the field together to identify opportunities for societal impact and further research (Mukendi 2020) [see McRobbie's chapter in this volume]. We argue that an explicit focus on power is often missing and provides a vital connection between theory and practice. While Fair Trade organisations are not unique in supporting fair purchasing practices, the Fair Trade Principles provide an important tool to embed social and economic empowerment in responsible business theory and supply chain practices [see Hock and Kenel's as well as Ladiges's chapters in this volume].

Power and Empowerment in Garment Supply Chains

The garment sector is characterised by extreme levels of power asymmetry that informs business practices and can restrict options open to SMEs (Islam et al. 2023). As shown by John Gaventa's work on the 'powercube' model (2019; 2021), power has multiple dimensions (levels, spaces and forms). 'Levels of power' recognises that in a globalised world, power is multi-layered and involves interrelated locations of local, national and global levels. 'Spaces of power' refers to the opportunities and barriers for stakeholder participation and action in arenas that may be considered closed, invited or claimed spaces. 'Forms of power' take into account the visible, hidden, and invisible forms of power. We use this dimension to analyse norms and beliefs that shape fair purchasing practices and may also present social and cultural barriers. Gaventa (2021) argues that it is through the interaction of these multiple dimensions that possibilities for real transformative change occur.

The 'powercube' was originally designed to investigate actions taken by institutions or organisations to address power imbalances in international development

3 The 10 Principles of Fair Trade specify the ways that Fair Trade Enterprises are set up and behave to ensure they put people and the planet first. https://wfto.com/our-fair-trade-system/our-10-principles-of-fair-trade/

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contexts and its application outside this scope is still limited (Pantazidou 2012; Gaventa 2019). Within Fair Trade scholarship, power analysis has been applied to *Fairtrade* flower value chains (Nelson et al. 2014), tea production (Brugger 2017) and Fair Trade Towns (Discetti et al. 2020) but the application to Fair Trade garment value chains represents a novel approach and a contribution of this study. Drawing on Gaventa's (2021) powercube analysis, we show how Fair Trade organisations work to identify 'cracks in the system' that can be used to reverse the accumulative effects of power over, and to strengthen the possibilities of power to.

In this chapter, we adopt a comparative case study approach to capture a diversity of business activity and investigate how institutional and market factors influence the framing of fair and ethical purchasing practices. Cases were selected based on theoretical rather than random sampling (Eisenhardt/Graebner 2007). We selected five brands and four suppliers that self-identified as sustainable businesses and/or Fair Trade organisations (see Table 1). We are interested in the practices and business norms within Fair Trade supply chains, but also how concepts of fairness and Fair Trade principles are translated into mainstream supply chains. Beyond their own purchasing practices, these organisations also recognised their role in setting a good example for other companies. In order to enhance the transferability of key findings, cases were selected based on a range of criteria including: affiliations and certifications, e.g., *World Fair Trade Organization* (WFTO)[4] membership, brands recognised as leaders by the *Fair Wear Foundation*[5], members of the *Common Objective*[6] network; size of company; business models and geographic location.

This study builds on previous work that explored the garment supply chains of SMEs (Anderson et al. 2023). We use the Common Framework for Responsible Purchasing Practices (CFRPP 2022) as a reference point to understand emerging industry norms and best practice. However, we note that the framework does not currently address issues of power in supply chains or the social and economic empowerment of garment workers. In response, we draw on Gaventa's (2019) 'powercube' model to explore challenges and opportunities for change and 'empowerment' within settings of high power asymmetries.

In this chapter, we focus on the experience and practice of Fair Trade organisations and investigate the following research questions:

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4 The World Fair Trade Organization (WFTO) is the global community and verifier of enterprises that fully practise Fair Trade. WFTO, formerly IFAT, was founded in 1989. https://wfto.com/about-wfto/our-movement/

5 Fair Wear Foundation is an independent, non-profit organisation that works to improve conditions for workers in garment factories. https://www.fairwear.org/about-us/

6 Common Objective (CO) is a business network for the fashion industry working to take sustainable fashion from niche to norm. CO builds on ten years of work by the Ethical Fashion Forum, which now reaches a global network spanning 141 countries. https://www.commonobjective.co/co-about

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1. *How do Fair Trade organisations practice fair purchasing in their value chains?*

2. *What are the main barriers to fair purchasing practices, and what opportunities are there to scale-up fair purchasing practices across the garment and textiles sector?*

The first phase of data collection was based primarily on desk research. A review of the academic literature was supplemented with an analysis of relevant company reports, press releases and corporate social media accounts. This was combined with interviews of selected stakeholders that included representatives from case study brands and suppliers, NGOs and supply chain experts and workers from a number of India-based factories. The data was analysed using cross-case pattern search techniques with the aim of looking beyond initial impressions and seeing evidence through multiple lenses (Eisenhardt 1989). The qualitative data collected from worker interviews was coded thematically and compared against a larger database built between 2019 and 2022.

Central to our understanding of the grassroots context of work in the garment sector was documenting the experiences of a cohort of 40, mainly female workers, in Delhi and Bangalore India. Researchers maintained regular contact with this group of 'community narrators' from the outbreak of the Covid pandemic up to July 2022. The voices of workers were complemented by interviews with members of civil society and trade union organisations that represent workers in the garment sector. Through this approach, we were able to better understand the lived reality of work in global value chains and test claims of good practice at a community level.

Table 1: Case study interviews and focus groups

Organisation	Position in Value Chain	Location	Purchasing Practices and Key Areas of Action
Sasha	Supplier	**India**	· Decent Working Conditions · Ethical Sourcing & Supply Chain Management · Fair Trade (WFTO member)
Creative Handicraft	Supplier	**India**	· Decent Working Conditions · Ethical Sourcing & Supply Chain Management · Fair Trade (WFTO member)

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Organisation	Position in Value Chain	Location	Purchasing Practices and Key Areas of Action
Craft Resource Center	Supplier	**India**	· Decent Working Conditions · Ethical Sourcing & Supply Chain Management · Fair Trade (WFTO member)
ACATEL	Supplier	**Portugal**	· Traceability and Impact Measurement · Ethical Sourcing & Supply Chain Management
Fair Wear India	NGO	Noida Uttar Pradesh **India**	· Decent Working Conditions · Ethical Sourcing & Supply Chain Management
Focus Group 1	Factory workers	Gurugram Haryana **India**	· Working Conditions
Focus Group 2	Factory workers	Gurugram Haryana **India**	· Working Conditions
Focus Group 3	Factory workers	Gurugram Haryana **India**	· Working Conditions
Birdsong	Brand	**UK**	· Decent Working Conditions · Ethical Sourcing & Supply Chain Management · Fair Trade
Schijvens	Brand Workwear	**Netherlands** UAE Bangladesh China India Morocco Pakistan Portugal Turkey	· Living Wage · Decent Working Conditions · Ethical Sourcing & Supply Chain Management · Circular Economy

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Organisation	Position in Value Chain	Location	Purchasing Practices and Key Areas of Action
Wayz Sneakers	Brand	**Portugal**	· Recycling & Waste · Local Production · Environmentally Friendly Materials · Energy Efficiency
Monkind	Brand	**Germany** Portugal	· Recycling & Waste · Organic Materials · Environmentally Friendly Materials · Animal Friendly · Energy Efficiency
Sica	Brand	**Germany** Bangladesh	· Recycling & Waste · Fair Trade · Decent Working Conditions · Ethical Sourcing & Supply Chain Management · Supporting Traditional Skills

Reframing Responsible Purchasing Practices

Our research findings focus on three aspects of responsible purchasing: Equal Partnership, Collaborative Production Planning and Fair Payment Terms. They provide insights into the purchasing practices of Fair Trade organisations and explore areas where they meet, exceed, or challenge the Common Framework for Responsible Purchasing Practices core principles. These areas of practice also highlight the multiple dimensions of power and power asymmetry in relation to partnerships, production and payments.

1. Equal Partnership

Equal partnerships can be defined and implemented in a variety of ways. For some brands, equal partnerships may involve reshoring their supply chain and working with local suppliers to build lasting relationships. For Fair Trade organisations, purchasing relationships are based on commitment from both sides and are not solely judged on the volume of orders, as the following quote shows:

> "This long-term relationship is a very important element when you get into a fair purchasing relationship or a practice. This commitment from both sides, the buyer

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> side, and from the producer side that we will work together. It may not be huge orders for every year, every month, and so on. But you know they won't disappear and when I say disappear, non-fair traders actually disappear – they ghost you." (Interview with Craft Resource Centre).

Geographic proximity to suppliers is often identified as important for smaller brands. In addition, respectful sourcing dialogues are recognised as being based on good communication and frequent contact with suppliers:

> "Frequent communication with our makers, and most of them are twenty minutes away on the bus, so it'll be weekly, if not nearly daily, phone calls, checking in, going to visit, sitting down, and manually going through orders if necessary. But again, that's part of our social impact." (Interview with Birdsong).

Retail brands working with Fair Trade suppliers are increasingly open to co-branding products. This opens up new opportunities for brand recognition and value creation by Fair Trade producer organisations:

> "Nearly all our products are co-branded, we have only one buyer in the United States, which is completely branded as theirs without carrying our brand (…). In the past there used to be this fear that customers, or some retailers could approach us directly if our label or brand is carried. But now most of the buyers don't have that kind of fear. You know there's no point we'd also like to have consolidated orders, rather than several retailers approaching us." (Interview with Creative Handicrafts).

Recent debates about fashion collaborations and potential for the misappropriation of traditional crafts (The Voice of Fashion 2021) have highlighted how respectful sourcing practices also have a cultural dimension:

> "We are really embracing the concept of cultural sustainability, and coming from the learning of indigenous practices, communities and craftsmanship. It's very clear to see how craftsmanship always has a connection between nature, people and practices. I think they're all very intertwined, the environment and the social are not separate." (Interview with SICA UPCYCLING DESIGN).

In a globalising (or partially globalised) world, governance is increasingly multilayered, incorporating subnational, national and supranational levels (Keohane 2002). A failure to work effectively across levels of power can undermine the reach and effectiveness of measures designed to strengthen workers' rights (Gaventa 2021). However, Fair Trade organisations, working with their supporting net-

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works, demonstrate an approach to value chain partnerships that responds to the challenges and opportunities of 'glocalisation' (Robertson 1995).

2. Collaborative Production Planning

Buyers are not homogeneous and they will have different expectations about their level of involvement in the production processes. A practical example of collaborative production planning is Fair Trade buyers working with suppliers to agree a mutually acceptable order schedule. For instance, agreeing to stagger big orders throughout the year can help suppliers manage capacity:

> "Can one big order be broken up into two or three orders, you know, because that would ease some of the other pressures. . . We have been successful in discussing with some of our buyers, and they have actually started doing that. Place a big order, but we'll take it in staggered shipments. Not all at once." (Interview with Craft Resource Centre).

Online analytics and dynamic website design can enable smaller brands to implement responsive production planning that is based on made-to-order. By tracking online sales, demand for products can be matched to current production capacity:

> "We make to order, and if they are at capacity we'll just switch that item off for a little while, which enables us to be really flexible. But then sometimes it is about driving enough demand." (Interview with Birdsong).

Crowdfunding campaigns can also be a useful tool to help small brands increase forecasting accuracy. By encouraging consumers to pre-order, brands are able to reduce financial risk and minimise deadstock:

> "The last production we did a crowdfunding campaign, which was very good. We could also see which products are selling better, which products people are ordering, and we can project for the future. We only put the samples on the campaign, so people received the orders after two or three months. But usually our lead times are six months from the beginning." (Interview with SICA UPCYCLING DESIGN).

There are also opportunities for collaborative product development. This might involve buyers and suppliers working together to adapt a product or the technical specifications in order to manage costs:

> "So first of all, we go into the technical specification of the product, and oftentimes I will show them the breakdown. We have this complete transparency which is something missing from the non-Fair Trade sector (…). A great example recently

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> was El Puente, the German organisation. They loved a series of winter scarves which we had in our catalogue, but they said that it's expensive. So what we did was the length of the scarf was 100cm by 180cm, so they told us: 'look, we don't really need that big a scarf, can you make it a little shorter'. It can be done, if the design can be modified. So we made it 100cm by 140cm." (Interview with Craft Resource Centre).

Fair Trade partnerships demonstrate the potential for production planning that is both collaborative and responsive. In most garment value chains these technical production spaces are closed to voices of producers. However, Fair Trade production and planning practices provide examples of how these spaces can be reimagined and redesigned by including producers as active participants in decision-making spaces. These collaborative strategies open up closed spaces and begin to challenge established power dynamics.

3. Fair Payment Terms

Fair payment terms are crucial for suppliers in order to manage cash flow. Examples of best practice include medium-sized brands that have committed to make advance payments as part of supplier-buyer codes of conduct.[7] Fair Trade principles require that an interest-free pre-payment of at least 50% is made available on request from suppliers of Fair Trade handicraft products (WFTO 2024). Recognising the financial disadvantages faced by producers and suppliers of Fair Trade products, pre-payment is a well-established practice that is accepted by most buyers:

> "That's a game changer, you know some of our buyers the minute the ship has left with the products from India they send the payment across. Okay, here's the money, you know. Sometimes it happens that the product has reached Europe, and there were some product problems. Maybe ten per cent of the products were defective, so we have to give a credit note. The credit note is adjusted later against the subsequent orders, so nothing gets held up. So this is one of the biggest benefits of fair purchasing, in fact, that the money is flowing." (Interview with Craft Resource Centre).

However, Fair Trade principles are not seen as a rule book, they allow for flexibility based on an open dialogue between partners:

7 See for instance: Schijvens (2021) Supplier-Buyer Code of Conduct. https://schijvens.nl/wp-content/uploads/2021/12/code-of-conduct_website.pdf

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> "Most of the Fair Trade buyers continue to pay in advance, but it again depends on the liquidity of the customer side. There is cooperation from us and from the buyer." (Interview with Creative Handicrafts).

In contrast, for smaller brands market dynamics mean that payment terms are often determined by suppliers:

> "As I am the smaller one in my supply chain. I have very few benefits about payments, so I pay in advance. I pay thirty per cent in advance when I make an order. So when I get the products here, I pay the same day, so there's no cash advance or no payment period, thirty days or sixty days. No, I always pay immediately." (Interview with Wayz).

The business practices of Fair Trade organisations demonstrate how sustainable costing procedures can empower producers. For Fair Trade partners, sustainable costing starts with the principle of fair payment (WFTO 2024). A fair payment is one that has been mutually negotiated and agreed by all through on-going dialogue and participation, which provides fair pay to the producers and can also be sustained by the market, taking into account the principle of equal pay for equal work by women and men. Transparency in payment terms is fundamental in revealing and questioning forms of power (visible, hidden, and invisible) that shape norms about purchasing practices and definitions of fairness.

Confronting Market Challenges and Limitations

It is challenging for any campaign, movement or collective action to attempt to work across multiple spaces, forms and levels of power. Gaventa (2021) argues that the process of building alliances and coalitions which work across these dimensions is crucial – while recognising that alliances are often themselves filled with power divisions and conflicts. Fair Trade networks and intermediaries can provide new opportunities for participation in arenas that may be considered closed, invited or claimed spaces (Gaventa 2021). We find examples of Fair Trade organisations working with market actors beyond the Fair Trade community and contributing to new value chains and policy dialogues that engage with the wider ethical and sustainable business sectors. Previous research on Fair Trade has shown the importance of boundaries for newly claimed or created spaces, and to examine "who is allowed to speak and participate in a determined space" (Discetti et al. 2020).

In our study, the coordination offered by the WFTO was recognised as an important focal point and voice of Fair Trade enterprises. The WFTO represents it members through multiple roles including networking, market making and advocacy.

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> "You know we have been doing this for 32 years now, and without WFTO it would not be possible. Having a central organisation with very clear aims and goals, with a mission and vision (…). That's the focal point, there is no other, at least for us in the non-food sector, there is no other reference point or reference organisation." (Interview with Craft Resource Centre).

One of the strengths of Fair Trade has been a degree of flexibility in how the Fair Trade principles are applied. This has worked well in a network that is well-established and has a common understanding among suppliers, brands and buyers. However, as Fair Trade looks to open up new mainstream markets, there may be challenges around how these supplier-buyer partnerships based on trust translate to more commercial contractual relationships. There are also questions about how Fair Trade's model of social and economic empowerment counters what some scholars have seen as a systematic process of 'taking the power out of empowerment' (Batliwala 2007) or moves towards 'empowerment lite' (Cornwall 2018).

In this chapter and our previous study (Anderson et al. 2023) we identified a number of common challenges facing Fair Trade organisations (both brands and suppliers), that are interwoven with the structures of fashion value chains and power in the market. These structural issues present barriers to expanding fair purchasing practices and highlight the need to address power asymmetries [see Sark and Gothardsen's as well as Boța-Moisin and Winkler's chapter in this volume].

The ongoing competition from Fast Fashion brands and the wider impact on value chain practices is seen as a fundamental barrier to change. Even within Fair Trade networks, suppliers talk about the pressures around price and are not immune to the effects of a 'hyper competitive textile and garment industry' (STTI 2021). A representative from a Fair Trade enterprise explained:

> "I think it's always a little bit of a tightrope trying to get a price, even with very well intended buyers that totally buy into the mission." (Interview with Sasha)

In terms of market drivers, there is a concern that the ethical consumption market has not grown sufficiently to replace mainstream consumer trends. There is also an ambition to encourage engaged ethical consumption that challenges the 'passive consumption' seen in many mainstream Fair Trade markets (Doherty et al. 2013). For Fair Trade producer organisations ethical consumption has multiple dimensions:

> "The biggest barrier is not enough growth in ethical consumers. An ethical consumer, to me as a producer, is someone who is willing to pay the price, who recognizes the value of the product, and is also interested in the story." (Interview with Craft Resource Centre)

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The turnover of buyers and loss of institutional knowledge can destabilise the buyer-supplier dynamic and make it more difficult to achieve a healthy working environment. For instance, when buyers change roles the knowledge of suppliers and production context are often not retained. This is a challenge across the sector and is reflected in the experience of Fair Trade suppliers:

> "We are seeing quite a bit of turnover in the buyer organisations, you know, people coming and going. Institutional knowledge is very important. When you are a buyer, and you're talking to a producer from the South. You have to know a little bit more than just the product. You have to know their story, you have to know which village they're working in. You have to know the constraints they are facing." (Interview with Craft Resource Centre)

Despite corporate commitments to 'stakeholder capitalism' (Business Roundtable 2022) conventional models of business ownership continue to prioritise the short-term interests of shareholders above all others. However, Fair Trade organisations are able to operate differently because of their enterprise design and collective ownership models:

> "It's very tough to remain sustainable and continue to practise values in your entire supply chain. We are able to do that, I think, primarily because we don't have an investor. We have collective ownership in the organisation, we do not need to service an investment or an investor, we do not need to show the bottom line to the investor that we are increasing our profit every year." (Interview with Creative Handicrafts)

Conclusions

This chapter provides new evidence and documents case study examples of current purchasing practices in textile supply chains. By adopting cross-case pattern search techniques we are able to analyse existing barriers and explore opportunities to scale-up fair purchasing practices across the entire textile supply chain. Our data points to the need, once again, to rethink the conceptual framing but also the practical application of fair purchasing in order to move towards more sustainable and ethical garment value chains.

The experience of Fair Trade organisations in building sustainable partnerships has much to offer the rest of the sector in terms of good practice. The findings from this research point to the importance of investing in building trust and equality into supply chain relationships. Reciprocal learning in relation to what works to navigate the challenges of the marketplace also emerges as an important dimension of fair practices [see Marina et al.'s as well as Demandt and Gözet's chapter in this volume].

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Fair Trade partnerships show the potential for genuine collaborative and responsive production planning. By combining data analytics and dynamic online stores organisations can implement responsive production planning where demand for products can be matched to production capacity. Collaborative product development also shows the opportunities for buyers and suppliers to work together to adapt a product or the technical specifications in order to manage costs [see Ladiges's chapter in this volume]. Fair payment terms are a key principle that is evident in the practices of brands that endorse Fair Trade and ethical trading frameworks, but it is also reliant on the buyer's understanding of the vulnerabilities and risks suppliers are expected to shoulder. These vulnerabilities need to be made more visible. One solution is a move towards more transparent and sustainable price setting – where fair prices represent an equitable share of the final price to each player in the supply chain.

Throughout our study, we find clear parallels in the experience and challenges of SMEs from different regions operating across the value chain. Almost always, SMEs working in the garment sector find that they are price takers not price makers [see Lawson Jaramillo's chapter in this volume]. Despite the challenges detailed above, we find examples of SMEs (in particular Fair Trade organisations) innovating with purchasing practices that begin to shift power dynamics within fashion value chains. If supported, these organisations have the potential to be industry front-runners and demonstrate fair purchasing practices that can be replicated and scaled across the garment sector.

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Approaching Fashion Differently
Insights from the Fair Trade Model

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Introduction

The fashion industry has a significant impact on the environment, societies, economies and cultures. An economic juggernaut valued at $1.7 trillion in 2023 (Statista 2024), fashion is considered one of the most polluting industries in the world. According to the European Parliament (2020a) it emits 10% of global carbon emissions, more than international flights and maritime shipping combined, and it is the second largest water user globally, responsible for 20% of global water waste (European Parliament 2020a). The concerning production and consumption patterns in the mainstream fashion industry are often subsumed under the term 'Fast Fashion'. Fast Fashion encourages overconsumption by promoting habitual buying and the quick disposal of outdated styles [see Sark and Gotthardsen's chapter in this volume]. It therefore represents an economic model that directly opposes the sustainability goals of the European Union and the broader international community as envisaged in the United Nations' Sustainable Development Goals (SDGs), which are increasingly being integrated into national strategies. The negative impacts of the Fast Fashion model undermine efforts to promote sustainability and responsible production, posing significant challenges to achieving global targets. To guide the fashion industry toward sustainability, it is essential to explore alternative models and approaches that offer transformative pathways, aligning the industry with global sustainability goals.

The chapter is structured as follows: it begins with an exploration of the background and impact of the dominant economic model of Fast Fashion. Following this, the chapter introduces various alternative approaches to the fashion industry, with a particular emphasis on Fair Trade[1]. While other approaches such as Circular

1 The Fair Trade approach and its history, of course, extend beyond the fashion industry. In fact, the most significant markets for Fair Trade remain agricultural products such as coffee, cocoa, and bananas. However, as this book focuses on fashion, this chapter will concentrate solely on Fair Trade within the context of fashion.

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and Slow Fashion predominantly address environmental concerns, the Fair Trade model traditionally prioritises economic, social and cultural sustainability dimensions, therefore offering a valuable complementary perspective [see Demandt and Gözet's as well as Anderson et al.'s chapter in this volume]. Additionally, the chapter investigates the role of craftsmanship, which is closely aligned with Fair Trade, and discusses how its ethos can contribute to the transformation toward a more sustainable fashion industry. By challenging the disposability of Fast Fashion products, Fair Trade and craftsmanship emphasize the value of durability (a long lifespan), high quality craft and ethical production. The chapter closes by discussing how integrating the principles of Circular Economy, Slow Fashion, and Fair Trade can provide a holistic approach to sustainability in fashion. It is important to note that the focus of this discussion lies primarily on the European context, drawing examples from this region. Moreover, it is clear that alternative approaches in fashion, while promising, still remain niche and require further development and research.

Fast Fashion Supply Chains and Working Conditions

Over the past fifty years, fashion supply chains have evolved into the current 'Fast Fashion' economic model, with many companies expanding and offshoring their operations, subcontracting unskilled labour, and prioritizing the mass production of disposable clothing [see Sark and Gotthardsen's as well as McRobbie's chapter in this volume]. As Todeschini et al. (2017: 761) explain, "manufacturing is so often dissociated from design, marketing, and consumption and relegated to faraway countries where regulation concerning working conditions is far from stringent". To optimise profit, Fast Fashion businesses generally rely on low-cost labour in low-income countries. This offshoring practice began decades ago with the decline of powerful labour unions in industrialized countries and the rise of globalization (McCosker 2023). Considering the supply chain of textile products bought by European households, "[o]nly 28 per cent of employment in the supply chain takes place in Europe, which is one of the smallest shares of all consumption categories" (Manshoven et al. 2019: 10). 56 per cent of employment is based in Asia and the Pacific (ibid.). Such globalized supply chains have resulted in severe exploitation of workers as well as ethical and accountability issues.

Fast Fashion brands regularly face widespread criticism for their treatment of workers (Denton 2023). Key concerns include (un)fair working conditions, human rights and gender (in)equality. Having outsourced production to low- and middle-income countries, the political economy of Fast Fashion is characterized by exploitation of cheap labour, low salaries, long working hours and unsafe working conditions (Braumüller et al. 2020; European Parliament 2020b). Despite generating substantial revenues, the fashion industry continues to fall short in

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ensuring living wages for its workers; low wages remain prevalent in the industry, compounded by a lack of transparency and accountability. While some of the world's wealthiest individuals have accumulated fortunes through fashion retail, from high-street brands to luxury labels, millions of garment workers struggle to meet their basic needs (Fashion Revolution 2023). Workers endure long hours with inadequate compensation and are subjected to subpar safety standards (Sutor 2020).

In addition, garment workers endure tremendous pressure to remain employed, as many families depend on this sole regular income, and managers often take advantage of these power imbalances (Fairtrade International n.d.). Against poor conditions, workers often have to choose between their health and a minimal income. In various countries, it is common for workers to put in excessively long hours to boost their daily or monthly earnings. This economic dependency has also led to the prevalent use of child labour, particularly in Asia (Manshoven et al. 2019).

At the same time, fashion is a labour-dependent industry, employing millions of garment workers around the world, underscoring the significant economic and social impact of the industry (McCosker 2013). Over 80 per cent of employees in the garment sector are women (Fairtrade International n.d.), which highlights issues of gender (in)equality within the political economy of fashion [see McRobbie's chapter in this volume]. Most of these women are employed in lower-tier positions in the supply chain, where opportunities for advancement are scarce. In contrast, higher-skilled managerial and formal roles are predominantly filled by men. Research by Mansvoven et al. (2019) indicates that textile supply chains in both Asia and Europe exhibit poor performance in fostering gender equality and promoting economic self-sufficiency for women.

Furthermore, current production structures pose challenges in accountability, as many companies utilize international subcontractors, which leaves both workers and brands with limited legal options. Two important factors sustain these structures: minimal liability of Fast Fashion brands and consumer indifference. The limited liability of Fast Fashion brands allows poor working conditions and unethical treatment of workers to persist. Typically, design companies are legally responsible for their suppliers only if directly employed. However, many companies engage with external manufacturers or intermediaries, which does not establish enough legal accountability for the design company (Sutor 2020) and can lead to disasters with severe social impacts, as we were reminded by the 2013 Rana Plaza collapse in Bangladesh (Manshoven et al. 2019). The other factor is that the sector as a whole is consumer-driven. Consumers are used to purchasing from popular Fast Fashion brands, and they are often unaware of the consequences of their shopping behaviour (Daniel et al. 2021). According to Rzyczycki (2023), most fashion companies lack transparency when it comes to the sources of their fibres and fabrics, their environmental impact and their adherence to ethical business practices. The Fast Fash-

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ion industry is infamous for numerous violations, including worker abuse, unsafe working conditions and exploitation of child labour (Rzyczycki 2023).

Moreover, Fast Fashion operates on a linear model with significant environmental impacts, as garments are designed for limited use before disposal. The industry predominantly follows a linear trajectory from design to disposal, culminating in substantial waste and pollution. Notably, 87 percent of clothing ends up in landfills or is incinerated, and 30 percent of production is discarded without ever being sold or worn.

Considering the significant impacts of Fast Fashion, it is not surprising that there is increasing interest in alternative economic and business models, particularly as sustainability becomes a greater concern. Some of these models have recently emerged, while others have a longstanding history. The following section will introduce some of these innovative and alternative approaches to fashion, including Circular Economy, Slow Fashion, and Fair Trade, with a specific focus on the latter.

Approaching Fashion Differently

Globally, the severe repercussions of Fast Fashion have sparked a growing interest in alternative economic and business models within the fashion industry. This includes the application of models traditionally associated with other sectors, such as Fair Trade, which initially focused mainly on agricultural products but has since been adapted to promote ethical and sustainable practices in fashion. These alternative models aim to ensure not only fair wages and working conditions within the supply chain but also environmental sustainability (Todeschini et al. 2017). The aim of this chapter is to show how these alternative models can complement each other to obtain a more sustainable fashion industry, with a particular focus on Fair Trade and craftsmanship.

A popular and fairly recent approach is that of the 'Circular Economy', which aims to base economic production on intentional restoration and regeneration. Designed to be restorative, a Circular Economy seeks to maintain the highest utility and value of products, components, and materials at all times. This model endeavours to decouple economic growth from the consumption of finite resources by distinguishing between technical and biological materials and focusing on the effective design and use of materials to optimise their flow, thereby preserving or enhancing technical and natural resource stocks. Circular Economy encourages innovation in product design, services and business models, creating a foundation for a long-term, resilient system (Webster 2015). Consequently, Circular Economy reveals to be a logical ally of the 'Slow Fashion' model, which has emerged as a viable alternative to Fast Fashion. 'Slow Fashion' aims to reduce the overall environmental and social

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impact of the value chain. This business model is grounded in Circular Economy principles, low consumption and Fair Trade (Centobelli et al. 2022).

Circular and Slow business principles such as reuse, redistribution, second-hand retail, repair and product-as-a-service have become part of the fashion landscape [see Salter's as well as Demandt and Gözet's chapter in this volume]. Circular Fashion aims to minimize waste and keep materials within the consumption and manufacturing cycle for as long as possible (Centobelli et al. 2022). The Slow Fashion movement promotes a production philosophy that considers the needs of all stakeholders—designers, buyers, retailers, and consumers—while addressing the impact of fashion production on workers, consumers and ecosystems. Slow Fashion focuses on reducing resource consumption, such as water and energy, and emphasizes quality and value over disposable fashion. The concept envisages that consumers purchase fewer but higher-quality items. The movement supports innovative business models, small local firms, artisanal and vintage production, recycling, reuse, second-hand shopping and waste reduction. Extending the lifespan of textile items is a key strategy in Slow Fashion, significantly reducing the environmental and climatic impact of garments (Centobelli et al. 2022).

While Circular and Slow Fashion prioritize environmental aspects, a holistic understanding of sustainability requires a broader focus, including economic, social and cultural aspects. Therefore, it is relevant to explore the Fair Trade concept next, which traditionally prioritizes these other dimensions, while more recently also increasingly incorporating environmental concerns [see Anderson et al.'s chapter in this volume]. The following section then discusses the ethos of craftsmanship, which plays an important role in Fair Trade fashion.

The 'Fair Trade' movement dates back to the period after World War II and has multiple origin stories depending on the regional perspective. In other words, there is no consensus on the exact start date of the Fair Trade movement (Bondarenko 2024). In the US, the early Fair Trade movement is linked to Edna Ruth Byler, who began selling handcrafted textiles made by women artisans she encountered during her travels to Puerto Rico in the late 1940s. Her efforts led to the establishment of the NGO *Ten Thousand Villages*, which played a significant role in fostering the global Fair Trade movement (Fair Trade USA n.d.).

The European Fair Trade movement emerged in the late 1950s, with *Oxfam* in the UK, which sold crafts made by Chinese refugees and later included products from other countries. In the Netherlands, *Fair Trade Original* began in 1967 by importing wood carvings from Haiti, eventually expanding into West Germany, Austria, Switzerland, and Belgium. The 'Trade not aid' philosophy, which emerged during the 1968 UNCTAD conference, advocated for equitable trade relationships and played a crucial role in promoting global Fair Trade practices. The first World Shop opened in the Netherlands in 1969, offering a variety of Fair Trade products, starting with coffee from Guatemala and growing to include a diverse range of items,

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inspiring the launch of numerous Fair Trade shops globally (Bondarenko 2024). In Germany, the movement gained traction in 1970 when around 30,000 people participated in 'hunger marches' to protest the inequalities faced by producers from the Global South in the global market. The 'Third World Trade Campaign', established under the slogan 'Learning through Action', sought to increase political awareness. This period also saw the founding of the first Fair Trade companies, such as *GEPA*, *GLOBO*, and *El Puente* (Forum Fairer Handel n.d.a).

The term 'Fair Trade' is not exclusively linked to any single organization or certifying body. It represents a global movement consisting of a diverse network of producers, companies, consumers, advocates, and organizations collaborating to create a more equitable trade model (Fair Trade USA n.d.). There is no current EU-wide government or legal definition of Fair Trade, nevertheless European institutions have converged over the definition laid down in the Charter of Fair Trade Principles (European Union 2015), which was launched in 2009 and updated in 2018.

It is also important to note that there are two complementary channels for Fair Trade marketing: the 'integrated-supply route', mainly under the *World Fair Trade Organisation* (WFTO) and the 'product-certification route', mainly promoted through *Fairtrade International* (FLO) (European Union 2015). The integrated-supply route certifies entire companies, while the product-certification route focuses on specific products. This means a company could sell a limited range of Fair Trade-certified products while continuing conventional practices for the rest of its offerings and supply chains (Forum Fairer Handel n.d.b). The WFTO has established a guarantee system that assesses companies comprehensively, covering environmental and social sustainability. Their verification process not only evaluates the company's operational methods, including production processes and stakeholder relationships but also signifies a commitment to high standards of sustainability. Their holistic approach allows for a thorough assessment of a company's business model, principles and practices across the entire value chain. A Guaranteed WFTO member adheres to all 10 Fair Trade Principles (WFTO Europe n.d.), including:

- Principle 1: Creating Opportunities for Economically Disadvantaged Producers,
- Principle 2: Transparency and Accountability,
- Principle 3: Fair Trading Practices,
- Principle 4: Payment of a Fair Price,
- Principle 5: Ensuring no Child Labour and Forced Labour,
- Principle 6: Commitment to Non Discrimination, Gender Equity and Women's Economic Empowerment and Freedom of Association,
- Principle 7: Ensuring Good Working Conditions,
- Principle 8: Providing Capacity Building,

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- Principle 9: Promoting Fair Trade,
- Principle 10: Respect for the Environment.

With regards to the different dimensions of sustainability, Fair Trade places a particular emphasis on social aspects, as these 10 Fair Trade principles reflect as well. Principle 4 addresses a key contribution of the Fair Trade movement; Fair Trade aims to provide fair wages for all workers in the supply chain, to ensure healthy workplace environments, and to invest in community welfare (Todeschini et al. 2017). An important distinction is made between a minimum wage and a (local) 'living wage':

> "A Local Living Wage is remuneration received for a standard working week (no more than 48 hours) by a Worker in a particular place, sufficient to afford a decent standard of living for the Worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs, including provision for unexpected events" (WFTO n.d.b).

Whereas a minimum wage is set by the government and varies depending on the country and even region. It is subject to political decisions and aims at protecting workers from poverty. In fact, there is a significant gap between the minimum wage and the living wage. For example, in India, the minimum wage was 94 Euros in 2018, while the living wage was calculated at 297 Euros. In Bulgaria, the disparity is even greater, with a minimum wage of 204 Euros and a living wage of 1,112 Euros (Braumüller et al. 2020: 10). Fair Trade sets the bar at the local living wage to make sure that workers can afford a decent standard of living.

Fair wages can only be put in place if the opportunities for disadvantaged producers are taken into account in the first place. That is why the WFTO supports marginalized small producers, such as independent family businesses, associations or cooperatives through Principle 1 (WFTO Europe n.d.). This also aims at counteracting the power imbalances that often disadvantage garment workers. When workers face delays or demand higher wages, they risk losing orders from Western fashion brands, which may then turn to cheaper producers in politically unstable countries (Braumüller et al. 2020). In recent years, e.g., Western fashion brands have been moving from Indonesia and Pakistan to Myanmar. Such instability benefits large fashion brands by enhancing their negotiating leverage, further exploiting vulnerable workers (Braumüller et al. 2020). Fair Trade establishes collaborations on equal terms with all stakeholders of the supply chain and shows that the quality of trading relationships has a direct impact on sustainability and helps avoid non-respect of contract terms and abuse of market power in price negotiations (Molenaar et al. 2016). These principles are reinforced by Principle 3, which emphasizes that Fair Trade organizations prioritize the well-being of marginalized small producers

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over profit. They fulfil their commitments responsibly, ensuring that suppliers deliver on time and meet quality standards. Fair Trade buyers, recognizing the financial difficulties faced by producers, ensure payment is made as agreed. They also consult with suppliers before cancelling orders and provide compensation for work already completed if cancellations are not the producers' fault. The organizations foster long-term relationships based on trust and solidarity, aim to expand trade and avoid unfair competition. They also respect and protect the cultural identity and traditional skills of small producers (WFTO Europe n.d.).

The Ambiguous Sustainable and Fair Fashion Landscape: Progress and Challenges

Sustainability is becoming increasingly important to consumers, who now consider ethical, environmental and social factors in their purchasing decisions. Sustainable and Fair Fashion often comes with higher prices due to more elaborated manufacturing processes and the payment of fair wages. Some consumers are increasingly willing to pay more for ethically produced clothing. In general, this segment is prepared to spend up to ten percent more for sustainable garments (Hezel/Scholle 2023: 25).

According to Imsirovic (2023), Sustainable and Fair Fashion businesses have made significant progress in recent years and were able to capture an increasing share of the clothing market. Sustainable and Fair Fashion business models address the increasing consumer sustainability awareness, prompting the need for innovative customer relationship practices. Todeschini et al. (2017) go further, arguing that these pioneering businesses also influence other actors in the field and their business models, compelling fashion brands to rethink and frequently adopt new supply chain management strategies for selecting, monitoring and rewarding their partners.

Braumüller et al. (2020) introduce and discuss examples of such innovative Sustainable and Fair Fashion businesses (mainly focusing on examples from Europe). For example, the label *Lovjoi* places high value on producing with sustainable textiles as well as establishing a socially responsible supply chain. Most of their production happens locally in Germany and parts of the collections are imported from Turkey. Their team also proves to be socially diverse as *Lovjoi* employs sewers who had to flee the war in Syria (Braumüller et al. 2020). Another example is the label *Folkdays*, which was founded to contribute to systemic change, using fashion as a vehicle to address deep-rooted power imbalances in the industry. It aims to establish long-term, mutually beneficial partnerships with its suppliers. *Folkdays* collaborates with textile artisans, valuing traditional techniques and artifacts created by indigenous

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and marginalized groups. Their approach blends centuries-old methods with modern, innovative designs to appeal to young consumers (Braumüller et al. 2020).

The WFTO label	In addition to meeting the 10 Fair Trade Principles, organizations that aim to be part of the Guarantee System of the WFTO have to undergo a three-step control procedure: 1. 'Self-Assessment Report': Self-evaluation by the member regarding the implementation of the ten WFTO principles and monitoring along the value chain. 2. 'Peer Visit': The purpose of the peer visit is to review Fair Trade practices as well as to facilitate mutual learning. 3. 'Monitoring Audit': External review of compliance with the ten WFTO principles by social auditors recognised by the WFTO. As an additional component of the guarantee system, the WFTO has established a complaint procedure ('Fair Trade Accountability Watch') that allows all members, affected stakeholders, or the public to raise questions or concerns regarding a WFTO member's adherence to the WFTO standards (Forum Fairer Handel 2020).
The GOTS label	Another internationally recognised certification is the 'Global Organic Textile Standard' (GOTS). The International Association of Natural Textile Industry (IVN), the Soil Association, the Organic Trade Association and the Japan Organic Cotton Association joined forces to establish GOTS in 2008 with the intention of creating a uniform global social and ecological standard for the entire textile production chain. The GOTS label and licensing procedure ensure that textiles made from certified natural fibres meet sustainability requirements from raw fibre extraction to product labelling. The standard covers processing, manufacturing, packaging, trading, and distribution, but does not address raw fibre production (e.g., cotton, wool). GOTS-certified products include fibre products, fabrics, clothing, fashion accessories, home textiles, toys and bedding (Forum Fairer Handel 2020).
The Fairtrade Textile label	Since 2016, the Fairtrade Textile Standard allows for the certification of the entire textile production process under Fairtrade conditions. This standard aims to improve social and environmental conditions across the textile supply chain. It builds on the Fairtrade Standard for 'Hired Labour' and goes beyond ILO core labour standards. A key element is the payment of living wages to all workers involved in textile production within six years. A product can only carry the 'Fairtrade Textile Production' label if the entire supply chain is certified. Social and environmental requirements include: - Strengthening worker participation - Training in production techniques, workplace safety, labour rights, and Fair Trade principles - Adherence to ILO core labour standards - Payment of living wages - Provision of social benefits (Forum Fairer Handel 2020).

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Taking a more macro perspective on the market, it needs to be highlighted that several certifications and labels for Sustainable and Fair Fashion have been developed over the past decades and are a central tool to implement and maintain more ethical business practices. These certifications and labels for Sustainable and Fair Fashion indicate a trend towards differentiation and professionalization within the sector. Certifications can play a crucial role in guiding consumers toward more responsible purchasing decisions (Centobelli et al. 2022) [see Lefoll et al.'s chapter in this volume]. Some of them are introduced in the table above.

What is more, Sustainable and Fair Fashion businesses have managed to obtain a larger share of the market over the past years.[2] In Germany, about 15.2 million Fairtrade textiles were sold in 2022. Fairtrade-certified garments begin with Fairtrade cotton, ensuring minimum prices for producers without market fluctuations. In 2021, *Hess Natur* achieved record sales of over 106 million euros, approximately 20 million more than in 2020 (Hezel/Scholle 2023: 12). The sales of textiles with the *Fairtrade* label increased from 41.95 million euros in 2012 to 180.38 million euros in 2022 (TransFair 2024). An intriguing development in the Fair Trade movement is the involvement of discount retailers. Chains like *Aldi*, *Lidl*, and *Penny* have recently added *Fairtrade*-certified products to their ranges. For example, *Aldi* and *Lidl* now offer Fairtrade textiles such as towels and T-shirts. This shift makes *Fairtrade* items more accessible to a broader audience but also creates challenges for specialized Fair Trade stores because discounters, with their extensive reach and lower prices, intensify competition for niche Fair Trade textile vendors (Imsirovic 2023).

However, despite this notable development, it is important to remember that Sustainable and Fair Fashion remains to be a niche. Only about 1.4% of clothing available in Germany in 2020 had an environmental label (Umweltbundesamt 2020). This highlights the gap between consumer interest and market availability [see Hofmann and Yildiz's chapter in this volume]. Furthermore, the fashion industry exhibits a bias where environmental concerns about clothing production are more prominent, while social and economic impacts are often overlooked (Centobelli et al. 2022).

In addressing the future of sustainable fashion in a holistic way, it is helpful to focus on Fair Trade and craftsmanship, which help to expand the perspective beyond environmental concerns as they not only promote ethical production but also support skilled artisans. Particularly, the ethos of craftsmanship deserves attention for its role in enhancing the quality and cultural value of fashion products. Highlighting this aspect is essential for acknowledging the intricate balance between sustainability, ethical practices and the preservation of traditional skills in the fashion sector.

2 The numbers here should be taken with caution. The lack of a standardized definition of what is 'fair' complicates efforts to determine the exact size and growth of the 'Fair Fashion' market. This difficulty is exacerbated by a shortage of data (Imsirovic 2023).

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Rethinking the Fashion Industry through the Lens of Craftsmanship

There is a significant connection between sustainable production, Fair Trade and craftsmanship. By focusing on craftsmanship, the industry can foster a deeper connection to artisanal values, ensuring that fashion not only appeals aesthetically but also contributes positively to both communities and the environment. This is due to the fact that producing by hand generates a different view on the value of fashion and clothing (Owen 2017; WCCE/Ohayo 2023). Craftsmanship requires specific manufacturing skills, a wide knowledge about materials, as well as techniques (Sennett 2009).

While there is no international consensus on what is to be considered as 'craft' (WCCE/Ohayo 2023), certain common characteristics can be found across the literature. Crafts are more than physical products; they embody both tangible and intangible heritage, acting as a bridge from the past to the present and serving as a communication tool. Beyond preserving techniques, crafts maintain narratives that help people find their identity (Ejaz n.d.). Owen (2017) defines crafts as follows:

> "(…) using the term 'craft' is intended to mean deploying skilled labour to shape physical materials creating a unique item. Craft here is 'creative' in that applying those skills to achieve a desired outcome requires innovation and problem solving. Equally, craft is 'technical' in that materials must be handled in specific ways in order to function as required in the crafted object. Craft activities operate along a gradient from fully professional to hobbyists" (Owen 2017: 2).

Crafts represent traditions and cultures. They are closely linked to people's lifestyles, history and conventions. For many countries around the globe, crafted products play a vital role for exports, household income and employment, displaying a significant cultural and economic importance (Lee/Zhao 2024).

On the one hand, crafted production has lost importance in the global economy due to industrialization and automatization. Crafted products were overtaken by mass production and consumerism, modern trends and counterfeit goods. On the other hand, in recent years there is a growing appreciation for handmade and artisanal products, with many customers willing to pay a premium for them, i.e., there is a certain resurge of the ethos of craftsmanship. Reviving traditional crafts is seen as an essential aspect, as they form the foundation of a community or society's cultural tapestry (Lee/Zhao 2024). Interestingly, certain techniques have re-emerged, with knitting and crochet reclaimed as fashionable activities (Luckman 2015). Online platforms now connect a geographically dispersed community of enthusiasts, opening up a new niche for micro-enterprises (Luckman 2015). As an example, *LoveCrafts*, a British company with offices in Germany, the Ukraine and the US reports a 166% jump in orders year-on-year as people turned to sewing and knitting during

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repeated lockdowns. The woolly trend has spurred growth for smaller fashion businesses (Silver 2021). However, there are also concerns about the decline of traditional crafts, as younger generations show less interest in learning traditional skills. Additionally, many craft jobs are low-paying and lack the stability and benefits of other professions (WCCE/Ohayo 2023).

In the context of sustainability and Fair Trade, certain aspects about craftsmanship are particularly relevant. Sennett (2009) observes that craftsmanship can answer consumer's demand for Sustainable and Fair goods, because it inherently involves an ethical commitment to producing goods responsibly and sustainably. He noted that craftspeople often place a high value on materials and methods that minimise environmental impact, demonstrating a keen awareness of the broader social and environmental consequences of their work. This translates in craftspeople being committed to the quality and durability of their artifacts. Skilled craftsmanship frequently produces items that are valued and preserved for long periods, helping to reduce waste and support sustainability. Crafting leads to the efficient and thoughtful use of resources, fostering innovative practices that enhance sustainability, such as recycling, upcycling and the use of renewable resources. Hand-knitting, for example, allows to use the exact amount of required yarn; possible left overs can be reused in a variety of ways and in case a garment should not fit anymore or be pleasant to individual taste, it can be frogged and the yarn can be reknitted into a new piece of clothing. In addition, craftsmanship is often locally rooted, which reduces the carbon footprint and engages local communities in the production process. The preservation and transmission of traditional skills through craftsmanship contribute to sustainable development. Valuing and maintaining these skills help sustain cultural heritage and promote time-tested, sustainable practices. Craftspeople typically focus on creating durable products, in contrast to the culture of disposal driven by mass production. The problem-solving nature of craftsmanship fosters innovative solutions for sustainability, adapting traditional techniques to modern challenges and integrating new technologies (Sennett 2009).

According to the World Crafts Council Europe (WCCE) and Ohayo (2023), crafts can be sustainable when kept on a small scale, using local materials, and when supporting changing production chains. Craftspeople emphasise the importance of creating quality items that people will take care of, indirectly benefiting the environment. Overall, crafts have the potential to support sustainable consumption, social innovation, social cohesion and individual well-being, including mental health (WCCE/Ohayo 2023). Interest in crafts is growing, driven by increasing consumer concerns about sustainability. This trend presents an opportunity for many crafts, as they are often produced locally and seen as beneficial to the local economy (WCCE/Ohayo 2023). According to findings by WCCE and Ohayo (2023), the primary motivations for purchasing crafts include a desire to preserve traditional craftsmanship and an appreciation for the uniqueness of handmade items. Additional reasons cited

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were a personal connection to craft pieces, a preference for natural and authentic materials, support for the local economy, the superior quality of crafts compared to industrial products, and viewing them as long-term investments.

The standardisation and quality management of crafts can be advanced through initiatives such as Fair Trade campaigns, which enhance the branding and support of artisanal crafts. Fair Trade campaigns promote fair pricing and ethical production practices, increasing the visibility and appeal of genuine crafts. Consumer trust is enhanced by ensuring adherence to Fair Trade practices (Lee/Zhao 2024). In another study, Owen (2017) has found that micro yarn-related businesses tend to contribute to sustainability. The case studies in Owen's (2017) paper illustrate that the craft sector supports economic sustainability and, indirectly, environmental sustainability. Micro-enterprises in the craft sector also uniquely contribute to social sustainability and are not driven by growth.

Yet, there also seems to be economic potential on a larger scale. The value of European knitwear imports is estimated at €25.8 billion, placing it at a top position as apparel sub-segment. Germany, France, Italy, Spain and the Netherlands are the largest importers of knitwear in the EU and also among the top importers from low- and middle-income countries. Knitwear aligns perfectly with the Slow Fashion trend, as high-quality knitted garments are both durable and timeless. The popularity of knitwear made from natural or sustainable fibres is rising among environmentally conscious consumers (CBI 2023). This presents a compelling case for engaging with the trend and embarking on a crafting journey, as advocated e.g., by the Fair Trade yarn brand *Manos del Uruguay*. As a non-profit organization with a social mission, *Manos del Uruguay* operates through 12 cooperatives, each serving as a workshop located in a small village in Uruguay's countryside. The brand not only adheres to rigorous environmental and social standards but also supports women through its cooperative structure, further enhancing its commitment to ethical practices (Manos del Uruguay n.d.) and being a live example of Sennett's (2009) take on craftsmanship.

Discussion and Conclusion

The current fashion industry is vast, thriving on rapid product turnover and low prices, which come with far-reaching consequences. Its profit-driven model poses severe societal, human and environmental challenges. Far from enhancing societal well-being, the industry often fails to provide safe, high-quality and affordable textile products, to create inclusive jobs with fair wages, or to minimize its negative social and environmental impacts. However, there are alternative approaches to fashion that offer hope for change, including Circular Fashion, Slow Fashion, Fair Trade and the ethos of craftsmanship, which were discussed in this chapter.

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While these models are promising, they remain niche and require further development. The Fair Trade model, which was the main focus of this chapter, despite promoting ethical practices, has its limitations [see Lawson Jaramillo's chapter in this volume]. Fair Trade pricing often fails to fully cover production costs, meaning financial benefits for producers may be limited. Additionally, producers may become overly reliant on the Fair Trade market, which is relatively small, limiting opportunities for growth or diversification. The certification process itself can be prohibitively expensive and administratively burdensome, preventing smaller producers from participating. Moreover, Fair Trade impacts only a small fraction of global trade, reducing its ability to address systemic issues like poverty and exploitation on a larger scale.

Beyond these limitations, there is a general lack of research and data on sustainable businesses in the fashion industry, which are often small and thus do not have the resources to engage in research, as well as insufficient policy support. Although some initiatives, such as the state-supported 'Grüner Knopf' label in Germany that imply collaborations between NGOs and governments, hold promise for the future, have emerged recently, more needs to be done. Another promising approach lies in the integration of different models, such as Circular Fashion, Slow Fashion, and Fair Trade [see Demandt and Gözet's, Trasciani et al.'s as well as Salter's chapter in this volume]. Each model has its strengths, with some focusing more on environmental aspects and others on social, economic, or cultural dimensions of sustainability. By working together, these movements stand a greater chance of delivering large-scale solutions that can truly help transform the mainstream fashion industry into a more sustainable and ethical sector.

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Fair Trade and Fairness in the Artisan Sector

Cynthia Lawson Jaramillo

Fair Trade in the Artisan Sector

The global indigenous and traditional artisan sector is comprised of craftspeople practicing often centuries-old techniques to create various personal and home goods, and a range of people and organizations who intend to expand and support a global marketplace for said goods. Recognized by USAID as the second-largest rural employment activity in "many regions of the world" (Hnatow/Aid to Artisans 2009: 1), the artisan sector is said to thrive because it offers several advantages: minimal start-up capital, flexible work hours, the ability to work from home and the freedom to manage one's own business. However, this optimistic view is contrasted by Timothy J. Scrase's (2003) assertion that artisans often live precarious, marginalized lives, facing challenges such as unpredictable global market demands, repetitive tasks and intense competition. In fact, analysing the sector through the lens of the gig economy (Chappe/Lawson Jaramillo 2020) reveals the inequities that motivate labour-related initiatives across the globe such as increased efforts of unionization (Office of Public Affairs 2022), lobbies for universal basic income (Dyer 2020) and policies increasing required minimum wages (Nkuna 2022).

The fashion industry plays an important role in the artisan sector as one of the outlets through which craftspeople seek to generate additional income (Winn 2013; Rashid et al. 2021) [see Hock and Kenel's chapter in this volume]. However, despite the growing interest in ethical and sustainable fashion (McNeill/Moore 2015), consumer demand has not consistently aligned with these market trends [see Hofmann and Yildiz's chapter in this volume]. Frey et al. (2023) highlight that consumer interest in ethically crafted products remains insufficient to drive significant changes in purchasing behaviour. This well-studied "ethical purchasing gap" (Bray et al. 2010: 597) explains consumers' behaviour who, while stating an interest in ethically-produced products (which include Fair Trade-certified), decide otherwise due to a variety of concerns including price and perceptions of inferior quality [see Lefoll et al.'s chapter in this volume]. Additionally, brands and buyers either engage in one-off orders (Chappe/Lawson Jaramillo 2020) which do not create sustainable income for artisans, or profits are maximized through a 'labour squeeze' – reducing labour

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costs in terms of wages as well as related benefits (Standing 1989; Huang 2011; Anner 2019).

In needs assessment workshops led by *Parsons School of Design's Development through Empowerment, Entrepreneurship, and Design Research Lab* (DEED Lab, co-founded and directed by the author) in Guatemala, Colombia and the United States between 2008 and 2019, artisans consistently stated that the most pressing barrier to sustainable income generation is a lack of market access. However, the persistence of poverty and marginalization stems from deeper systemic issues which Frías et al. (2023) characterize as new forms of colonization. The Fair Trade movement, with certification generally obtained through organizations like *Fairtrade International* or the *World Fair Trade Organization*, promotes a trading partnership that centres dialogue, transparency and respect. This approach aims to foster sustainable development by providing more favourable trade terms and safeguarding the rights of underserved producers [see Anderson at al.'s chapter in this volume]. Fair Trade operates as a market-based model, relying on consumers' willingness to pay higher prices for ethically produced goods. These higher prices are intended to provide workers with a fair wage, while a portion of each sale often goes back to the producer organization as a social premium for community projects.

Due to the artisan sector's precarity, fairness is the biggest concern as it relates to craftspeople livelihoods. What are the prevalent business models in the artisan sector, and how does fairness play a role? Is there evidence that Fair Trade certifications are structured in a way that can positively impact artisans and their families? And if not Fair Trade, then how might fairness be defined, assessed and scaled across artisan communities?

'Made By' Models

The main income generating activity for craftspeople within the artisan sector is via the sale of their handmade goods. Almost always relying on middle people including brand and store owners, entrepreneurs and designers, there are two primary models of engagement – 'Made By' and 'Designed By' (Lawson 2010). The 'Made By' models are by far the most prevalent, and they point to a craft good *designed* by people distinct from (and often external to the community of) the *makers* [see Ladiges's chapter in this volume]. In industries such as Fast Fashion, the design is typically handed over to a low-wage manufacturer in a developing country.

This model (adapted to an artisan situation) describes the underlying premise of myriad collaborations and companies, from collections of large brands to smaller artisan enterprises such as Brooklyn-and-Guatemala-based non-profit *Mercado Global*. From their website, "We provide women with the tools they need, like sewing machines and foot looms, to not only work on orders for international

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retailers […] but also to start their own local businesses." Here, design is not an intrinsic part of the making process for the artisans. Instead, it is a service that is given to the weavers by the organization's creative team which hands over designs, albeit often inspired by the local culture and craft traditions.

In such a scenario, artisans are confined to the role of a manufacturer who creates handmade items. These women (in artisan communities, *Mercado Global* employs only women) have relatively small input into what product is made, its design characteristics and the order quantities. The advantage of this model is a guarantee that what is produced has a buyer market and is therefore most appropriate for initiatives in which the priority is income generation and not necessarily education or preservation of cultural heritage. This model at a larger scale, however, runs the risk of resembling a factory floor, except for marketing materials that display seemingly happy artisans working from their home. In fact, the issues of exploitation across the sector are well covered by Frías et al. (2023).

What might a Fair Trade certification guarantee in these 'Made By' models? In the case of the *Fairtrade* label, it is evident that "a range of economic, environmental and social criteria [has been] met by producers and traders" (Fairtrade International 2024) [see Anderson et al.'s as well as Lefoll's chapter in this volume]. However, because artisan labour is only part of a larger ecosystem that often includes middle people in the community, at a national level and across borders, these criteria may not necessarily significantly impact artisans directly. In fact, in interviews with more than 40 artisans in Guatemala, Colombia and the United States between 2008 and 2019 with the DEED Lab, they shared that their number one priority is an increase in sustainable income generation. Furthermore, when there is no evidence of sustained impact, the concern is that the literature on Fair Trade in agriculture may hold true – that "unambiguously (…) Fairtrade has made no positive difference – relative to other forms of employment in the production of the same crops – to wage workers" (Cramer et al. 2014).

The Issue of Fairness in Pricing and Wages

On the matter of worker compensation, *Fairtrade International* explains that there are "explicit requirements that wages should increase over time to reach a living wage" while at the same time accepting that "large-scale producers may themselves be struggling with low profit margins that leave them unable to afford to pay a living wage right away" (ibid). *Fairtrade* certification, therefore, is simply evidence of wages increasing, even if not yet at the level of a 'living wage', defined by the Oxford English Dictionary as "the wage on which it is possible to meet basic needs." Until a living wage is attained, Fair Trade-certified brands are simply held to minimum wages which, in 147 countries out of the 173 that have one, are lower than the liv-

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ing wage (WageIndicator 2024). As an example, a Fair Trade-certified hand-woven Indian silk scarf for sale at the trade show NY Now in 2018, had a wholesale price of U$1.00. With an average living wage of $1.01/hour (calculated from Global Living Wage Coalition's data for India [2024] and assuming a 40-hour work week), we can easily conclude that the weaver did not receive a fair wage. After covering the cost of shipping, export fees, middle-people involved and of course the trade show booth, that weaver most likely received a few cents for a scarf that takes at least two to three hours to complete. The importance of ensuring a living wage is central to the issue of fairness, as in many developing countries (which constitute the geographical regions of most concern for this chapter), minimum wage policies are often insufficient to ensure a decent standard of living.

Across several Fair Trade certification systems, there's great potential in the 'Fair Trade Minimum Price (FTMP)' (Flocert 2024), which is the price established for every certified fruit and vegetable, for example, to attain Fair Trade goals. At the time of this chapter's writing, however, there was no such publicly available pricing for handicraft goods, in which case certification systems indicate that the "Price paid for Fair Trade Certified product [be] at least the relevant market price" (Fair Trade USA 2021). Paradoxically, if one of the primary purposes of a Fair Trade certification is precisely to increase the potential consumer base of craft goods, then using "relevant market prices", especially those local to artisan producers, will do little to create sustainable financial benefit. A pricing workshop facilitated by the DEED Lab team in 2010 with the artisan community *Ixoki A'J Quiemo L'* in Santiago Zamora, Guatemala offers an illustrative example. The artisans calculated that a backstrap loom woven table runner takes approximately 360 hours to make. If we set aside the academic literature on the challenges of quantifying indigenous and ancestral knowledges (Posey 1990; Daes 1993; Agrawal 1995), a fair price valuation of hours worked, in U.S. dollars, would need to be at least $360 (to guarantee a $1/hour fair wage, suggested at the time by Global Living Wage Coalition's online calculator). However, the artisan group knew that in their local market, even though replete with foreign tourists motivated to purchase local craft, the average price for similar goods was around $38.

Across definitions of Fair Trade, one key question is who gets to define what is considered 'fair' [see Boța-Moisin and Winkler's chapter in this volume]. While artisan brand founders, in semi-structured interviews with the DEED Lab, claim certainty about the fairness of their compensation because they allow artisans to establish the price, academic literature confirms that simply asking the worker is an insufficient methodology to confirm fairness. Citing Marie Christine Renard's (2005) findings, in reference to certifications like these for Fair Trade, Mark Moberg writes, "the alternative trade organizations and auditors who control these processes wield exceptional power as 'gatekeepers' over the [workers] who produce for those markets (…)" (Moberg 2014). Additional factors that suggest workers, especially those in

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informal sectors, are not well poised to advocate for the wages that will benefit their livelihoods are well documented, and include a lack of agency (Breman 2013) and bargaining power (Carr/Chen 2004) and little knowledge about the concept of a living wage and its potential benefits (Werner/Lim 2016).

Additionally, the certification process itself is often too expensive for small artisan enterprises. Motivated by these limitations, the DEED Lab's 2014 'Fair Craft'[1] initiative studied the sector's practices of employment, pay and wages; with the goal of recommending an improved framework towards fairness for artisans.

Fair Craft

In October 2014, the DEED Lab surveyed artisan sector companies affiliated with the Lab, the conscious consumerism-focused event series *EcoSessions*, and/or the UK-based non-profit organization *Ethical Fashion Forum*. A total of 103 responses were received, and 17 additional semi-structured interviews with artisan enterprises were conducted over the phone and one in person. Nine of these respondents had already completed the online survey, and either they or the research team wished to expound on certain topics of interest. The other eight interviewees preferred to complete the survey over the phone rather than online. Important to note is that online survey participants were prompted to answer questions keeping only one artisan group in one country in mind, while the interviewees were invited to share insights regarding multiple groups and countries, when applicable.

The 103 respondents to the online survey are companies that work with artisans in 37 countries: 43 per cent in the Americas, 35 per cent in Asia, 19 per cent in Africa and 3 per cent in Europe. The products made by these artisans can be classified as accessories (a majority of respondent selected this option), homewares, fashion and beauty products; a small number of respondents also mentioned toys and children's products, jewellery, ornaments, textiles (such as weavings and fabrics) and promotional materials.

About a quarter of the organizations claim to work with between 100 and 500 artisans and 8 per cent indicated that they work with anywhere from 700 to 4000 artisans. Almost 75 per cent of respondents are micro-enterprises – as defined by the European Commission (2024), they have less than ten employees. They contract production out to artisans, who in turn usually sell their products collectively through

1 'Fair Craft' was co-led by Cynthia Lawson Jaramillo (Director, DEED Lab) and Kelly Burton (Founder/Creator, Ecosessions). Research assistants Daphna Lewinshtein and Nicole Bohrer conducted the survey, interviews and analysis; and Bohrer developed a literature review and summarized the findings.

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cooperatives and who are most often located in a different country than the enterprise. Even the small percentage of survey respondents who do not fall within the micro-enterprise classification – because they either employ only volunteers or have a workforce far greater than ten – fail to consider their artisans as employees. Regardless of size, respondents represented a full range of organizational structures: non-profits, NGOs, social enterprises with profitable ends and for-profit businesses.

The data regarding how much artisans are paid was too variable to be able to report any findings; in fact, the Fair Craft team was surprised to learn that some enterprises had very little idea about the level of remuneration received by the artisans with whom they work. What was very clear, however, is that an overwhelming majority of organizations (73.6 per cent) pay artisans a piece rate for their work. Only 12.6 per cent of organizations pay artisans an hourly wage and the remaining 13.8 per cent are divided up between a daily wage, a monthly wage and an hourly-piece rate combination. Many respondents were uncertain about artisans' wage rates, for two main reasons. First, because they buy products not directly from their producers, but rather through a representative of the producers (i.e., the cooperative president or the NGO that supervises the artisan group) that have been contracted to complete the work. Second, a product may have gone through many hands, each adding a specialty component (i.e., weaving, embroidering, sewing), before considered finished. With so many artisans involved in the supply chain, it is difficult for the buyer to determine the final wage paid to each person.

The difficulties associated with lengthy and complex supply chains become obvious in the following example, shared by a Fair Craft survey respondent, of a bed sheet made in India for a buyer in the United States. The supply chain begins in a cooperative in the state of Karnataka, where the silk is grown and spun into thread. This thread is sent to a second enterprise in Varanasi whose artisans weave it into fabric on a hand-loom. The fabric then travels to a third destination, an embroidery cooperative in Patel Nagar, East Delhi, to be hand-embroidered. The embroidered fabric subsequently makes its way to a fourth enterprise in Sangam Vihar, South Delhi, to be cut and sewn into the final product. The American buyer deals directly with this fourth enterprise and pays Fair Trade prices. She knows that the South Delhi factory pays its workers a living wage and that the embroidery is performed at Fair Trade pricing. With so many players in the game, however, no one is fully informed about how much money is earned by each artisan involved in the bed sheet's production from start to finish.

The level and rate of pay received is of paramount importance to the artisan. While there are clear advantages to receiving a time-sensitive wage rate (i.e., hourly, daily, monthly) in terms of income stability and any fringe benefits provided, it is possible that a piece rate is more advantageous for more skilled artisans. This would particularly be the case if all artisans in the enterprise are producing the same good,

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and the skilled artisan is able to produce a greater quantity than a less skilled artisan in a given period of time, thereby earning more money. However, it is also important to note, as does Scrase (2003: 452), the issues with paying artisans a piece rate. "As the artisan is paid per piece, and as the market is demanding more, the artisans themselves are becoming de-skilled, only bothering to learn one or two popular stitches." Furthermore, where the artisan sector is most challenged is in the prevalent one-off collaborations and partnerships between brands and artisan communities. Fair Trade within the artisan sector can only sustainably benefit craft communities if there are long-term commitments.

Another area of interest in the survey was how payment to artisans is decided and made, and the responses confirm the abovementioned findings from DEED Lab interviews with brand founders. In 26 per cent of survey replies, the artisans themselves decided the price paid to them, while 60 per cent of survey respondents claimed to collaboratively decide the price paid to artisans, which was generally explained to mean a negotiation between the artisan and co-op or NGO leadership, artisan enterprise management, business partners or company representatives such as production managers, including input from an in-country coordinator or advisor or from a fair/living wage study undertaken in that country.

As stated in survey responses, the following factors are taken into account almost equally when deciding artisans' wages: the minimum wage in the country of operation, Fair Trade requirements, fluctuations in the price of raw materials, a competitive wage landscape, economic equity across the country of operation and a combination of other factors, including the value of labour; artisans' request, work experience, transportation costs and cooperative or community needs; the basic market basket; salaries of other local professionals; and business' profit margin. Two-thirds of respondents indicated that they utilize additional resources to calculate wages, which they identify to be wage calculators (e.g., the now-defunct Good World Solutions' Fair Trade Wage Calculator), cost of living in the country of operation (determined through interviews with select artisans), environmental indicators, economic indicators (i.e., inflation, exchange rate fluctuations), value-based pricing models and the demand for the finished product. The latter two 'resources' imply a more traditional, commercially-oriented business model (Hutchens 2010), in which artisan wages are determined by the final product price.

When it comes to paying artisans, 39 per cent of enterprises do so via a bank transfer, whether to the cooperative's account or to individual artisans' accounts, the latter being widely accepted as a very progressive model due to the challenges of banking in developing countries. Two-thirds of respondents pay the artisans directly via Western Union, mobile payment systems, PayPal or Xoom.com, Money Gram, international wire transfers, credit card, check and cash; and the rest pay them through a middle person, which could be the artisan cooperative, the NGO

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or non-profit entity that works directly with the artisan contractors, a co-op representative, head artisan or commercial agent.

Because of the risk involved with allowing the payments to flow through a broker, 85 per cent of survey respondents stated that they have mechanisms in place ensuring that their artisans receive full remuneration. As some of those enterprises who count on mechanisms implemented them upon discovering that their artisans were being paid less than what had been specified, it is safe to assume that the artisans producing for the 15 per cent of respondents who have no mechanisms in place may not be receiving their full remuneration.

While an updated Fair Craft survey would provide an invaluable additional snapshot of the artisan sector, especially after Covid-19 related disruptions, the findings thus far point to concrete improvements for the Fair Trade model. These include requiring proof that workers earn at least a living wage, mandating long-term employment for certification eligibility, promoting supply chain transparency to ensure that brokers prioritize artisans' interests and enforcing the reporting of social impacts. Instead of a Fair Trade Minimum Price relying on market comparables, it could ensure artisan wages are a percentage of the final price. Additionally, the model should prioritise providing artisans with the education necessary to actively participate in negotiating their working conditions. Ultimately, for the artisan sector to thrive in a way that is truly fair and just, a shift in both mindset and practice is required.

Conclusion

The artisan sector represents a complex intersection of creativity, cultural heritage and global economic forces. While it provides significant employment opportunities in rural areas, its sustainability is undermined by systemic inequities and the precarious nature of artisanal work [see Boța-Moisin and Winkler'as well as Sark and Gotthardsen's chapter in this volume]. Fair Trade initiatives aim to address these challenges by promoting fairness and transparency, yet the evidence suggests that existing frameworks often fall short of delivering meaningful benefits to artisans. Issues such as inadequate wages, the high cost of certification, lack of supply chain transparency and short-term collaborations impede the effectiveness of these models.

For the sector to truly advance, a re-evaluation of what constitutes fairness is essential. This includes ensuring artisans receive living wages, fostering long-term commitments between brands and artisan communities and empowering craftspeople to participate in decision-making processes [see Marina et al.'s as well as Ladiges's chapters in this volume]. Additionally, Fair Trade certification systems must evolve to account for the unique challenges of the artisan sector, such as devel-

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oping specific pricing guidelines for handcrafted goods and enforcing mechanisms to prevent exploitation by intermediaries.

Ultimately, fairness in the artisan sector is not only about economic equity but also about recognizing and valuing the cultural and social contributions of artisans. A reimagined Fair Trade model – one that emphasizes education, collaboration and shared ownership – has the potential to transform the sector into a space of empowerment and sustainable growth. By addressing these systemic issues, the artisan sector can move closer to a future where traditional craftsmanship is not only preserved but also celebrated and fairly compensated.

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Can Fair Trade be Culturally Sustainable?

Monica Boța-Moisin and Fredericke Winkler

Introduction

Although the Fair Trade system and the growing discourse on Cultural Sustainability are both concerned with crafts and the local and Indigenous communities that produce them, the underlying systemic thinking and the approach that guides the idea of equitable interaction with the communities diverge greatly. Fair Trade as a system, with its origins in development aid, promotes a colonial image of humanity [see Lawson Jaramillo's chapter in this volume] whilst Cultural Sustainability addresses the root causes of unequal power dynamics, from an anti-colonial perspective, through systemic change. Cultural Sustainability relates to Indigenous Peoples, ethnic groups and local communities nurturing, sustaining and protecting their traditional cultural expressions and associated knowledge systems. Interdependence, interconnectedness, kin and care are multidimensional values of a culturally sustainable worldview.[1] In this sense Fair Trade as a trade system, stemming from a Eurocentric worldview and colonial logic, is virtually the antithesis of Cultural Sustainability as a value system. In a recent article, the World Fair Trade Organisation (2024) suggests that Fair Trade is implicitly culturally sustainable, a perspective criticised by the authors for oversimplifying Cultural Sustainability and failing to address the complex dynamic between the two terms. The Fair Trade system in its current configuration is not culturally sustainable, but Cultural Sustainability, when applied as a value system, could 'heal' the Fair Trade system from its colonial logic. It is precisely when the values of Cultural Sustainability take on a contractual dimension – because they become the basis of economic agreements – that a framework could emerge that would usher in a whole new era for the Fair Trade system.

1 This statement, authored by Monica Boța Moisin, is reproduced from the concept note for the World Hope Forum on Cultural Sustainability curated by the author. See: https://www.worldhopeforum.com/world-hope-forum-cultural-sustainability.

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Who Decides What is Fair? Power Dynamics in the Fair Trade System

In order to understand the relationship between Fair Trade and the concept of Cultural Sustainability, it is first necessary to identify who the actors of the Fair Trade system are and how they relate to one another. For the purpose of this article, when the authors refer to 'Fair Trade' they mean Fair Trade as a system of socioeconomic relationships involving the sale and purchase of goods, centred around "collective responsibility and evaluations of societal benefits" (Raynolds 2002: 411), in a context of unequal power dynamics (Cohen 2014) between buyers in the so-called Global North and producers in the so-called Global South [see Anderson et al.'s chapter in this volume].

The authors take Redfern and Snedker's (2002) summary of fairness-generating characteristics of this trading system as reference in this analysis (2002: 11).[2] Accordingly, 'fairness' in the Fair Trade system is characterised by socio-economic wellbeing, with a strong focus on the functional principle of trade, i.e. relating primarily to operational variables such as pricing, quantities, production conditions and favourable contractual terms. A critique of these fairness qualifiers is that they stem from the Global North and reflect Western ideals of fairness, with controversial impact on the lives, value systems and worldviews of individual producers [see Lawson Jaramillo's chapter in this volume]. Their stories and their lived realities are used to inform marketing campaigns and create an idealised image conforming to Western expectations. Nature is green and pristine, people are smiling and seem to live in a paradise of some sort. To consumers of the Global North the commercialisation of Fair Trade products is disconnected from the real struggles and challenges faced by Indigenous Peoples, ethnic groups and local communities and there is little to no awareness of the diverse worldviews and value systems of these people. In the worst of cases this has led to what Ashley Overbeek (2019) calls "Fair Trade Edenization" (2019: 167), meaning the creation of an image in the mind of the consumer that is inconsistent with the ground realities and insensitive to the predicament of smallholder farmers or Indigenous Peoples, ethnic groups and local communities whose interests are often conflicting to those of large producers, e.g., issues

2 1) improving the livelihoods and well-being of producers by improving market access, strengthening producer organizations, paying a better price and providing continuity in the trading relationship; 2) promoting development opportunities for disadvantaged producers, especially women and Indigenous Peoples, and protecting children from exploitation in the production process; 3) raising awareness among consumers of the negative effects on producers of international trade so that they exercise their purchasing power positively; 4) setting an example of trade partnership through dialogue, transparency and respect; 5) campaigning for changes in the rules and practice of conventional international trade; 6) protecting human rights by promoting social justice, sound environmental practices and economic security (Redfern/Snedker 2002: 11).

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related to self-determination, ownership, property rights, or overcommercialisation of cultural products. In contrast, according to Overbeek, the Fair Trade system does not systematically address the systemic problems in the local contexts, serving as a band-aid and not a cure, and failing to create systemic change. Paradoxically, through the approach of community-based funding that gives premiums to co-operative farmers, the Fair Trade system seems to ignore the fact that it contributes to the perpetuation of systemic issues at ground level in the communities, such as government corruption and exploitation of people and resources by the wealthy elite, and is inherently biased towards organisations of producers and more developed cooperative farms incentivising large scale production (2019: 162–163).

With reference to the organisational architecture of sustainability – with its general emphasis on three pillars – environmental, social, economic and, as a new addition, cultural – the Fair Trade system takes a more holistic approach that subordinates fairness to the general concept of justice and incorporates questions of environmental responsibility [see Anderson et al.'s as well as Hock and Kenel's chapter in this volume]. Nevertheless, it remains in the context of contractually regulated exchange of goods and services. For the prospect of 'clear consciousness' consumers pay a premium on Fair Trade products but consistent with the capitalist worldview that prevails in the Fair Trade system, a large amount of revenue is invested in marketing of the *Fairtrade* label (trademark) in order to gain brand recognition and improve market access, as Overbeek (2019) observes, and does not translate into mutually agreed terms and benefit-sharing agreements for the producers.[3]

The image of humanity that is thus drawn follows the social structure as established from a Western worldview. Fair Trade refers to institutional standards and reference frameworks, such as the labour standards of the International Labour Organization (ILO), or the Sustainable Development Goals (SDGs) and others. The concept formulates goals that go beyond those of free trade and, in accordance with the International Fair Trade Charter, integrates the spirit of development aid as a legacy of the early founding years of Fair Trade organisations. Charities and Christian communities began importing products from the poorest regions of the world in the 1940s to sell to their supporters and members. This form of development aid, which is also described as 'Goodwill Phase' continued to expand in Europe and the USA in the following years until the first world store was opened in the Netherlands in 1969.

3 In UN agreed language, mutually agreed terms (MAT) refer to terms and conditions jointly negotiated and agreed by the parties to an agreement and can be subject to the Free Prior and Informed Consent of Indigenous Peoples, ethnic groups and local communities. Benefit-sharing refers to fair and equitable sharing of benefits resulting from the activity that forms the object of mutually agreed terms. See the applicability of MAT and benefit-sharing mechanisms for genetic resources and associated Traditional Knowledge under the 1992 Convention on Biological Diversity. Available at: https://www.cbd.int/doc/programmes/abs/factsheets/abs-factsheet-faqs-en.pdf

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As the movement grew, the approach of Fair Trade shifted in the 1970s from pure charity to 'solidarity trade' with professional logistics and a basic economic structure. Under the motto 'Trade not Aid', direct trade partnerships were seen as a way of helping people to help themselves. By the 1980s, numerous Fair Trade Organizations had formed worldwide, so that the largest representatives decided in 1989 to establish an umbrella organization, the World Fair Trade Organization. With the expansion of the trade network, the approach shifted further towards 'Mutually Beneficial Trade', in the belief that the main task of the movement was now to expand trade as much as possible. In the course of and to support this expansion, it was decided in the 1990s to create a Fair Trade label, Fairtrade, in order to better implement and communicate jointly defined standards to the outside world and to give conventional retailers the opportunity to easily include fairly traded products in their portfolios (Tallontire 2000). Even though development as a value remains the cornerstone of the Fair Trade agenda, the definition of the term has evolved, in line with the general discourse, away from a post-colonial idea with a focus on growth and the industrialised countries as a role model, with an attempt at a globally valid idea of social progress.

If one follows Amartya Sen's (1999) concept of development as the realisation of freedom, which demands the active combating of everything that makes people unfree – such as poverty, a lack of political voice and discrimination – a different dynamic emerges, which describes an exchange that is beneficial for all parties involved at all times (1999: 35). Accordingly, in many Fair Trade organisations (FTOs), the term "good change" (Le Mare 2007: 6) has come up instead of development, which has a greater cultural component but is also more difficult to grasp.

However, to find out what role the Fair Trade system plays in relation with Cultural Sustainability, it is necessary to break down this frame of reference and examine it in the context of other worldviews. Can Fair Trade enable Cultural Sustainability or rather, can Cultural Sustainability 'heal' the Fair Trade system and ensure its viability? In this context, 'healing' would include, amongst others, eradicating saviourism from the Fair Trade system, implementing measures to ensure producers have decision-making power in defining what fairness means to them, in their particular cultural context, and creating new contractual standards for Fair Trade personalised by categories of products, in alignment with international and national frameworks with relevance to commercialisation of intangible cultural heritage, cultural products and associated Traditional Knowledge.

What does 'fair' mean once all definitions of all stakeholders are included and power imbalances addressed? What does 'free' (in reference to Sen's concept) mean in this new context? Different phases of the Fair Trade movement show the narrative of underprivileged (Jarosz 2011; Chouliaraki 2006) educationally disadvantaged communities in structurally weak, i.e. rural regions in countries of the so-called Global South, are essentially *assigned* to the producing partners in order to establish that

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development aid or solidarity work must be carried out. That narrative hence envisages supporting these communities in participating in global societal life, especially in societal prosperity, i.e., being able to afford a life based on the Western model. After centuries of overexploitation of resources, labour as well as material and immaterial goods by their colonisers, the regions described above are often in a destroyed or distorted state and global-community concepts are needed to support their healing process, but from the point of view of Cultural Sustainability, aid would not be an adequate means, but rather reparation (Gulati 2023; Moyo 2009).

Already in 1994 Mervin Claxton's study 'Culture and Development' for UNESCO condemned the concept of development to failure due to its incompatibility with local cultures and structures. (1994: 8) He explains how the principle of economic growth and the universal idea of progress, on which the idea of development is based, was once legitimised by European Protestantism, according to which every person sees themselves as an individual and is obliged to God, and was elevated to a virtue by Calvinism, because wealth is now God-given – values that are alien to cultures outside the West which are generally based on the idea of community and consensus and not on conflict and competition (Claxton 1994: 9). Structural necessities associated with capitalism, such as the division of labour with its organisational requirements, as well as the focus on urban areas, would also weaken or destroy important local economic networks in production countries, where a large part of the population lives in rural areas and whose productivity is deeply connected to the needs of the community. Two years before Claxton's study for UNESCO, Wolfgang Sachs stated in his introduction to 'The Development Dictionary: A Guide to Knowledge as Power' (1992) that "the idea of development stands like a ruin in the intellectual landscape" (1992: 1). By this, he emphasised that the paradigms of development and progress, which promote economic growth as a universal, one-size-fits-all solution, have failed because they disregard local realities, traditions and diverse knowledge systems.

Anti-colonial thought (Carlson 2016) is imperative for the Fair Trade system, which by its very nature is based on colonial structures and thinking. The core principle is driven by the Western world's interest in the products, labour and cultural expressions of communities from the so-called Global South. At the same time, aid and development programs are often framed as ways to mitigate the damage caused by these same Western countries in those regions, reflecting their own interests in addressing the harm they have contributed to. In numerous academic papers and discourses around Fair Trade, the producer is only observed and not integrated as an equal knowledge carrier or provider in the sense of collaborative research. Their expertise, expressed by the authors, hardly goes beyond the mere ability to produce. Peter Utting (2015) accordingly criticises the common portrayal of producers in Fair Trade literature, noting that they are often viewed merely as beneficiaries

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or subjects rather than as knowledgeable agents. He argues for recognising their expertise and integrating their perspectives into the regulatory framework.

> "This is a powerful reminder of the dangers of Northern organisations seeing themselves as 'agents of empowerment' but being too preoccupied with their own agendas to recognise that empowerment is, by definition, not something that can be imposed" (Moore 2004: 10).

This critique is further substantiated by Modelo as what he calls "the Paradox of Fair Trade" (2013: 42). This, corroborated with Geoff Moore's reflection of the Fair Trade system which cannot sufficiently detach itself from the capitalist idea of development, brings us back to the significance of power dynamics in the Fair Trade system characterised by saviourism, interventionism, subordination (i.e. little to no decision-making power of producers) and inequitable benefit-sharing.

In the following section, the authors break down the question of whether Fair Trade can be culturally sustainable or if its embeddedness in colonial thinking make the two systems incompatible. The authors do this by analysing claims of Fair Trade in relation to the commercialisation of cultural goods (i.e. craft products) and Cultural Sustainability as a worldview and emerging value system.

Intangible Cultural Heritage and Fair Trade

Cultural Heritage commercialisation has been a sensitive and challenging topic in multilateralism since the 1960s. Of particular relevance to the Fair Trade system is Intangible Cultural Heritage which, according to the 2003 'UNESCO Convention for the Safeguarding of Intangible Cultural Heritage' (the ICH Convention), means

> "the practices, representations, expressions, knowledge, skills – as well as the instruments, objects, artefacts and cultural spaces associated therewith – that communities, groups and, in some cases, individuals recognise as part of their cultural heritage" (UNESCO 2003: 5).

The Convention also mentions that ICH is

> "transmitted from generation to generation, is constantly recreated by communities and groups in response to their environment, their interaction with nature and their history, and provides them with a sense of identity and continuity, thus promoting respect for cultural diversity and human creativity" (UNESCO 2003: 5).

The same Convention states that ICH is manifested in traditional craftsmanship. This means that certain craft products are regarded as ICH (i.e., living heritage)

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when recognised as cultural heritage by the individuals who create them. This results in an inextricable interweaving of the object with its collective meaning. Through trade, however, these objects are removed from their cultural context. The object itself takes the role of the social relationship, which Karl Marx described as commodity fetishisation (Marx 1976). By separating the object from the genesis, it transitions from content to pure form. This process simultaneously demonstrates the dichotomy of tradition and modernity constructed by the industrialised West as the manual production method (commonly summarised as 'craft') is historically portrayed as the antithesis of design as a collective term for all industrial creation. Yet the term 'design' comprises both the creation (verb 'to design') and the totality of the things created (noun 'design'), but not the production process, which puts the form in the driver's seat. So, if handcrafted objects are placed in an industrial context through the trade in goods, the identity aspects of the manufacturing process with its social relevance are automatically lost.

This raises the question of the compatibility of ICH and the Fair Trade system, since the system is not designed nor controlled by Indigenous Peoples, ethnic groups and local communities. The Fair Trade system must distinguish agricultural products from cultural products. In general, the commercialisation of agricultural products, such as coffee beans, tea, or cocoa powder, spices and other raw materials and value added products produced with them, seems compatible with the Fair Trade system. The commercialisation of cultural products, however, is a matter where the decision-making power should be left to the communities, groups and individuals who are creators and re-creators of living heritage, and it is critical for the Fair Trade system to acknowledge that the interests and worldviews of these creators are often contradictory to those of nation-states and international organisations. This has also been acknowledged in the draft guidance note on economic dimensions of ICH safeguarding presented to the Intergovernmental Committee at its eighteenth session in 2023 by a group of experts convened by the Secretariat of the ICH Convention[4]. Addressing the economic dimensions of safeguarding ICH has been catalysed by the negative consequences of increased economic globalisation and cultural commodification of ICH and associated cultural practices, which as emphasised by Vadi can lead to "homogenisation, and even to cultural hegemony" (Vadi 2018: 3). As the Fair Trade system in its current configuration has a universal standard for commercialisation of all types of products, both agricultural products and cultural products and cultural expressions based on Traditional Knowledge, it does not provide the necessary measures to mitigate these risks as it incentivises cultural commodification and contractually transfers product ownership to the Fair Trade organisations

4 Official information on UNESCO meeting of experts (category VI) on Economic dimensions of intangible cultural heritage safeguarding and list of experts is available here: https://ich.unesco.org/en/expert-meeting-on-economic-dimensions-01316

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without balancing power dynamics. What these mitigation measures should look like is yet to be researched. Lixinski, a supporter of the contractual approach as a means to protect ICH whilst promoting a 'fair' commodification of such elements (e.g., craft products that are part of a community's living heritage), considers contractual frameworks

> "the ones which empower communities the most, without necessarily creating property interests that may in the long run stifle cultural development, and without necessarily imposing a large legal framework that is foreign to many indigenous and traditional communities" (Lixinski 2020: 11).

The Oma Traditional Textile Design Database© (2021)[5] is an example of a soft law contractual framework, the 3C Rule Consent. Credit. Compensation© (2017) being used successfully to regulate aspects of commercialisation of textile craft products created by the Oma Community in Laos. This contractual framework is designed to allow local and Indigenous community decision-making, representation and control over the way in which elements of their ICH are commercialised. The three C's correspond to three different processes: 1) the process of Free Prior and Informed Consent (FPIC), 2) Credit, the process of acknowledgement and recognition of the community history, worldview and cultural significance of their traditional cultural expressions (i.e. handcrafted cultural goods), and 3) agreement on benefit-sharing mechanisms that ensure the forms of compensation for the community, groups or individuals respond to their needs and reflect their own view on what is 'fair'. Use of this contractual framework mitigates risks of cultural misappropriation, with the prospect of completely reducing its occurrence and stimulating knowledge partnerships with Indigenous people, ethnic groups and local communities beyond an exchange of capital (Boța-Moisin 2023).

Cultural Sustainability as a Value System

Transitioning from ICH to Cultural Sustainability, it is crucial to emphasise that while greatly interconnected and interdependent, the two concepts are not synonymous. As explored by Boța-Moisin in relation to the value and knowledge system she grew up with in a local community in Țara Beiușului, Romania, "interdependence, interconnectedness, kin and care are the threads that weave Cultural Sustainability systems" (Boța-Moisin 2023: 39). These threads are universally interwoven in local

5 Oma Traditional Textile Design Database© 2021. Available at: https://oma.traditionaldesigns.la/.

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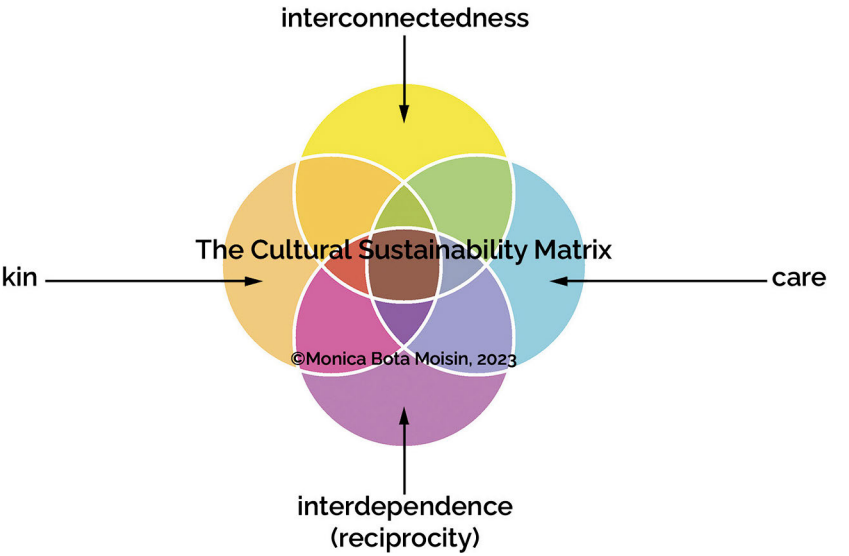
and Indigenous philosophies like *Comuniunea om-natura, Ubuntu*[6], *Te Ao Māori*[7], *Buen Vivir*[8], and other anticolonial ways of being in the world. This Cultural Sustainability Matrix (*Figure 1*) cannot be linearly defined and separated from living practice, it is a multidimensional network of relationships, values and practices stemming from a worldview that places nature, humanity and the cosmos in symbiosis.

Figure 1: The Cultural Sustainability Matrix. Source: https://www.monicamoisin.com/



© Monica Boța-Moisin, 2023.

Acknowledging this frame of reference, it is important to emphasise the risks of oversimplification and extractivism in approaches that equate Cultural Sustainability to integrating diverse perspectives on sustainability in the wider sustainability

6 According to Mugumbate and Nyanguru (2013), *Ubuntu* is an African philosophy and value system. See also University of Pretoria. Ubuntu Research Project.

7 Māori worldview, encompassing a deep respect for nature and a holistic understanding of the interconnectedness between humans and the environment. See more at New Zealand Association of Resource Management, https://nzarm.org.nz/resources/knowledge-hub/te-ao-maori.

8 *Sumak Kawsay* in the Quechua language, philosophy of Indigenous people in the Andean region. See more in Acosta, Alberto/Abarca, Mateo Martínez. "Buen Vivir: An alternative perspective from The Peoples of the Global South to the crisis of capitalist modernity." The Climate Crisis: South African and Global Democratic Eco-Socialist Alternatives, edited by Vishwas Satgar, Wits University Press, 2018, pp. 131–47.

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discourse (Ouano 2024), or start from the premise that the Fair Trade system enables Cultural Sustainability by the mere fact that craft products are traded, as claimed by the World Fair Trade Organisation (2024). When craft products are the subject of trade, without questioning the power dynamics and the consequences of commodification of culture, there is no respect for a value system based on interconnectedness, interdependence (reciprocity), kin and care. This is not to say that crafts, when seen as ICH elements or Traditional Cultural Expressions, and in particular the holism of the craft process, cannot be conducive to Cultural Sustainability. "Discussion about cultural sustainability and heritage preservation requires conservation and regeneration of the cultural beliefs and symbolic meanings embedded within the traditional processes and practices of craft" (Brown and Vacca 2022: 590). But who has the responsibility to take measures for putting this requirement into practice? And what does this mean for the Fair Trade system? Can a Eurocentric research lens characterised by detachment and abstractisation (Carlson 2016) lead to conclusive answers?

A look at the history of design in Europe and design theory shows that the separation of craftsmanship and consumer goods (as a collective term for all industrially manufactured products of daily use) is a conflict that also led to the segregation of society in the centres of industrialisation and can therefore be treated as a social issue until today. At the end of the 19th century, movements such as the Arts and Crafts Movement, with William Morris as its central figure, raised the question of how the disconnection of design and production from each other and from everyday culture promoted the division of society into classes and, in particular, the exploitation of the working class (Morris 1879). In contrast, Adolf Loos, as a representative of modernism, stated that ornament, as a summary of elaborate craft production techniques with high decorative standards, was no longer "an expression of our culture" (Loos 1962 [1908]: 283). In his 1908 essay 'Ornament and Crime', Loos lists examples of producers who had fallen out of modern times and continued to link craftsmanship with everyday culture of 'ordinary' people. He concluded that this activity took too much time and nobody was willing to pay its value, so it did not fit into modern, capitalist life. An assumption that still determines the idea of modern design to this day. In contrast, interconnectedness, as a core dimension of Cultural Sustainability, breaks up dichotomous thinking, promoting intersectionality. It eliminates the binary system of tradition and modernity and inspires a pluralistic view beyond borders and time while recognising everyday life with its vibrant creative practice and community of people as foundation.

The need to ground new assertions on previous research creates a void in critical analysis of industries and practices that claim facets of Cultural Sustainability without subsuming its values and intersectional dimensions as reflected in local and Indigenous worldviews. The authors would therefore like to emphasise that discussions on Cultural Sustainability should not be automatically associated with the

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notions of heritage preservation and heritage conservation, tributary to an institutional view on ICH rather than understanding its living nature and in particular its characteristics of being constantly recreated by communities, groups and individuals, providing them with a sense of identity and continuity, and being transmitted from generation to generation as a duty of care and a human right. The authors are circumspect with regards to the concept of "regeneration of the cultural beliefs and symbolic meanings embedded within the traditional processes and practices of craft" (Brown and Vacca 2022: 590), emphasis on regeneration, as it does not reflect a view of heritage communities and craft custodians to whom cultural beliefs and meanings are part of life, hence being 'alive'. But the authors agree that cultural beliefs and symbolic meanings embedded within the traditional processes and practices of craft are key to a discussion on Cultural Sustainability and craft, and that through the lens of the Cultural Sustainability Matrix and its intersectional dimensions of interconnectedness, interdependence (reciprocity), kin and care, systems based on colonial thinking can undergo a change of optics.

Can Fair Trade be Culturally Sustainable? Next Steps

The answer to this question depends entirely on what happens onwards. To answer a systemic question like this, it is crucial to have a shared understanding of the question in the first place. In what preceded this last section of the article the authors crystalised the *sine qua non* constitutive elements of the discussion: Power dynamics in the Fair Trade system, craft products as Traditional Cultural Expressions and living heritage, and Cultural Sustainability as a value system.

There is a possibility to create a trade system that is culturally sustainable but the Fair Trade system is currently far from being that [see Lawson Jaramillo's chapter in this volume]. And it is dangerous that it makes this claim in relation to the trade of ICH products. To attain the characterisation of a *culturally sustainable trade system*, the four dimensions of the Cultural Sustainability Matrix should be the foundation of the Fair Trade system in itself. The Fair Trade system needs an *introspection* process, analysing its history and ancestry in colonial thinking and formulating its vision for the future. This means readiness for self-criticism and awareness of its limitations and interests.

The Fair Trade system needs systemic change. Thinking in terms of *diagnosing* and *healing*, the Cultural Sustainability Matrix can be a conceptual framework for *healing* the Fair Trade system through systemic change. The power dynamics perpetuated by the Fair Trade system are a root cause of incompatibility with Cultural Sustainability values. Tools like the 3C Rule Consent. Credit. Compensation© (2017) will help shift these power dynamics. Concretely, this tool can guide crucial questions: Is the community acknowledged for its value or is its story and identity used

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as a marketing asset? Is the distribution of benefits arising from the commercialisation of the Fair Trade labelled products made based on terms mutually agreed with the producers? Should the Fair Trade system be associated with handcrafted products at all?

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PART 2: Empirical Insights, Business Practices and Case Studies

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Does Responsible Gold Certification Enhance Transparency?

The Knowledge and Communication of Jewellers

Erwin Lefoll, Antoinette van der Merwe and Isabel Günther

Introduction

The fine jewellery industry has faced increased scrutiny since the 'blood diamond' scandal in the 1990s, which exposed severe human rights abuses and the funding of armed conflict through diamond sales. This revelation led to a broader review of mineral sourcing practices, particularly focusing on gold. There is a growing body of literature showing that gold mining is associated with environmental degradation, health hazards, precarious working conditions, child labour, and links to illegal armed groups (e.g., Ahlerup et al. 2020; Brugger et al. 2024; Bugmann et al. 2022; Knoblauch et al. 2020; Santos 2018; Van der Merwe 2022; Zabsonré et al. 2018).

As global awareness of the harmful impacts of mining practices grows, demand for responsibly sourced[1] fine jewellery is expected to increase (McKinsey & Company 2021). For consumers to know that the gold jewellery they buy meets basic ethical and environmental standards, greater transparency in the gold supply chain – including the traceability of gold to its source – is essential. Therefore, companies in the jewellery industry are increasingly turning to voluntary certification schemes to source responsibly mined gold. These voluntary certification schemes have been developed to ensure minimum social and environmental standards and to provide transparency on the conditions under which gold is mined. Currently, four predominant certification schemes uphold responsible sourcing practices in the gold jewellery supply chain: the *Responsible Jewellery Council (RJC) Code of Practices (CoP)*, *the Responsible Jewellery Council (RJC) Chain of Custody (CoC)*, *Fairtrade* and *Fairmined*.

1 Responsible sourcing refers to practices that ensure minerals are mined and processed in ways that are ethical and sustainable. Ethical sourcing emphasises adherence to social principles, such as respecting human rights and labour rights, while sustainable sourcing focuses on minimising adverse environmental impact. Hence, 'responsible sourcing' and 'ethical and sustainable sourcing' are used interchangeably in this chapter.

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However, consumers face significant challenges in purchasing certified, responsibly sourced gold jewellery. First, the socially and environmentally responsible attributes of the products are credence attributes, i.e., they are not observable before purchase or experienced after purchase (Darby/Karni 1973). Second, gold jewellery is typically purchased only on rare occasions, leading to a lack of experience in buying (responsibly sourced) jewellery. In an online survey of 2,591 Swiss respondents on (responsibly sourced) gold purchases conducted in 2018, 94 per cent said they had not bought any gold jewellery in the past year (Van der Merwe 2021). Moreover, while 90 per cent of respondents said that they were familiar with the *Fairtrade* label, one of the most prominent ethical product certification schemes, only 17 per cent had heard of *Fairtrade* gold.

Hence, jewellers and jewellery sellers have an important role to play as mediators in effectively informing consumers about the certification and the social and environmental attributes of jewellery. Interestingly, retailers in general, and retailers in the gold sector in particular, have been somewhat ignored in the literature on ethical and sustainable consumption, even though they may help to explain the intention-action gap that has been shown for many responsibly sourced products, where consumers express a high demand for them but often do not follow through (see e.g., Andorfer/Liebe 2012; Hainmueller/Hiscox 2015; Hainmueller et al. 2015; Hiscox et al. 2011; Tully/Winer 2014).

This raises the important question of whether retailers selling gold are effectively and proactively communicating sourcing information to consumers and whether there are differences in knowledge and communication between jewellers focusing on different types of responsible sourcing certificates.

To address this research question, we conducted a study where mystery shoppers visited jewellery stores in some of the largest cities in Switzerland. Switzerland is a particularly relevant setting for this study as it is the world's gold hub and a leader in the jewellery and watch industries (Deloitte 2020). At the same time, the Swiss government has shed light on concerns about gold imports potentially linked to human rights abuses (Tratschin et al. 2017), and unlike other countries, there is high institutional support for responsibly mined gold (Oakley 2022). We find that while 79 per cent of visited jewellers say that their jewellery is ethical or sustainable, only 13 per cent could communicate the origin of the gold, and these were exclusively shops selling *Fairtrade* or *Fairmined* gold. *Fairtrade* or *Fairmined* shops also displayed a deeper understanding of certification, whereas *RJC*-affiliated shops showed significant knowledge gaps. About 90 per cent of *RJC*-affiliated shops could not convey their *RJC* certification status and their understanding of what responsible gold sourcing means was not better than that of conventional shops. Moreover, about 85 per cent of jewellers do not display sourcing information, and almost none would have initiated discussions about the source or conditions of extraction unless asked for by the consumer. *Fairtrade*/*Fairmined* shops were more likely to display informa-

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tion and required somewhat less probing, but overall, consumers must actively seek details about ethical and sustainable sourcing practices. As a result, the voluntary, company-led, responsible sourcing initiatives that exist today do not (yet) improve transparency about gold sourcing practices for consumers.

This study makes three key contributions to the existing literature. So far, the literature on the consumption of responsibly sourced products has mainly focused on low-value, commoditised products such as food, cosmetics, and clothing rather than luxury goods (Athwal et al. 2019; Dhaliwal et al. 2020). Second, the literature has focused mainly on consumer-specific factors influencing decisions to buy ethical products, such as their knowledge, self-image, attention, etc. (e.g., Friedrichsen/Engelmann 2018; Lefoll et al. 2022; Teyssier et al. 2015). In contrast, this study specifically delves into the role of mediators, such as retailers, a dimension that has received less attention in existing research (Fuentes/Fredriksson 2016). In fact, despite rising consumers' concerns about the adverse effects of mining, studies focusing on luxury goods find that consumers are less likely to consider ethics in luxury purchases compared to commoditised purchases (Achabou/Dekhili 2013; Davies et al. 2012). Third, it adds to a recent literature that uses the mystery shopper method in various fields of economics to shed light on the disparity between an entity's stated agenda and the actual communication of such agenda during physical interactions with customers (Anagol et al. 2017; Atuhumuza et al. 2020; Bennett/Yin 2019; Fitzpatrick 2017, 2023; Michelson et al. 2021; Mullainathan et al. 2012; Oehler/Kohlert 2009; Staudacher et al. 2021).

The remainder of the chapter is structured as follows. Section 2 explains the research design and the data. Section 3 presents the results. Section 4 concludes, discusses limitations and provides an outlook for future research.

Method and Data

The mystery shopper approach involves direct observational research in which an 'enumerator' assumes the role of a customer to assess the processes and procedures of service delivery (Wilson 1998). This method allows us to evaluate the effectiveness and quality of specific services, avoiding the social desirability bias or Hawthorne effects of classical survey research, where participants may change their behaviour if they are aware that they are being observed. Mystery shopping has been used extensively in various research fields, particularly in public health (Madden et al. 1997; Staudacher et al. 2021). It has also gained prominence in various subfields of economics, such as the financial sector (Atuhumuza et al. 2020; Mullainathan et al. 2012; Oehler/Kohlert 2009), insurance markets (Anagol et al. 2017), development economics (Fitzpatrick 2017, 2023; Michelson et al. 2021) and pricing economics (Bennett/Yin 2019; Fitzpatrick 2023).

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For our research, the mystery shopper method allows us to capture an accurate representation of how jewellery retailers communicate the source and mining conditions of the gold they sell to consumers during everyday shopping interactions. As the enumerators pretended to be actual customers, both the jewellery shops and the shop assistants were unaware of the research, as no prior information was disclosed. Ethical approval for the study was obtained from the Ethics Commission of the Swiss Federal Institute of Technology (ETH Zurich).[2] The study adhered to strict ethical guidelines to protect the interests and identities of the participating stores and shop assistants, thereby ensuring the confidentiality and privacy of all parties involved.

We recruited four mystery shoppers. This small number of enumerators was deliberately chosen to reduce noise in the data. To ensure the authenticity of the shopping scenarios, we strategically selected shoppers who had at least an undergraduate degree, were in their mid-twenties to early thirties, and were native speakers of the local languages. The mystery shoppers were placed in pairs. This pairing of enumerators allowed them to blend in with regular customers to interact with shop assistants. The pairing approach facilitated in-depth discussions after each shopping experience, increasing the accuracy of recall of shopping interactions and thus mitigating potential personal bias.

Mystery shoppers completed a structured questionnaire on their mobile devices immediately after each store visit. Figure 1 illustrates the evaluation process. First, the shoppers collected observational data about the outside and inside of the store (Phases 1 and 2 in Figure 1). This involved gathering general store details and preliminary observations before interacting with sales staff, such as the number of staff present, the presence of non-jewellery items for sale, etc. This phase also included an assessment of the visibility of any certification schemes or ethical/sustainable initiatives, both outside and inside the store.

The core of our study's data collection focused on the interaction with the shop assistant (Phases 3 and 4 in Figure 1). The shoppers, portraying laypersons interested in ethical and sustainable jewellery, followed a standardised script to ensure consistency across the interactions. Each pair was first asked to select a gold ring. The chosen ring could be made entirely of solid gold or include other minerals such as gemstones. Shoppers expressed an interest in a gold ring in shops that only offered bespoke pieces rather than ready-made jewellery (e.g., workshops).

After selecting a ring, the shoppers initiated a discussion about the price and size of the ring, as well as the type and quality of minerals in the jewellery, to start a conversation about the minerals (Phase 3 in Figure 1). The mystery shoppers then

2 IRB approval number: EK 2023-N-100. The views and opinions expressed in this chapter are solely those of the authors and do not necessarily reflect the views or opinions of ETH Zurich.

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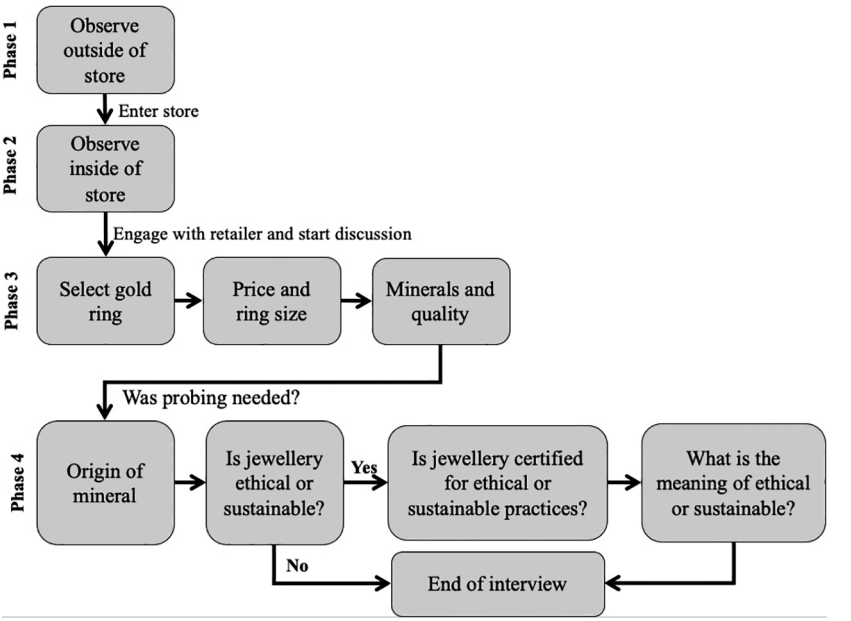
proceeded to discuss the points listed below and carefully evaluated whether probing was required to gather information on four key elements of responsibly sourced gold in the following order (Phase 4 of Figure 1):

1. **Origin of the minerals:** *Do you know the origin of the minerals, especially gold, in the jewellery?*
2. **Responsible sourcing of minerals:** *Is the jewellery made in an 'ethical' or 'sustainable' way?* IF THE ANSWER WAS YES:
3. **Responsible sourcing certification:** *Is the jewellery certified for 'ethical' or 'sustainable' practices?*
4. **Meaning of responsible sourcing:** *Can you please explain what it means that the jewellery is considered 'ethical' or 'sustainable'? How does it impact the miners and the environment?*

Figure 1: Layout of mystery shopper evaluation



After interacting with a sales assistant or, in smaller shops, the owner and leaving the store, mystery shoppers were asked to recall which certification schemes or ethical/sustainability initiatives had been mentioned during the conversation. They were also asked to recall the specific points made by the owner or the sales assistant about the ethical and sustainable features of the jewellery. The average shopping in-

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teraction lasted around 25 minutes, and the gold rings selected were typically priced at around CHF 2000.

Mystery shoppers visited shops that were certified by the *Responsible Jewellery Council* or *Fairtrade/Fairmined*. The *Responsible Jewellery Council* is the leading association in the jewellery industry, representing companies throughout the supply chain (RJC 2023b), with two types of company-level certification: the *Code of Practices (CoP)* and the *Chain of Custody (CoC)*. *CoP* certification is mandatory for all *RJC* members and requires companies to adhere to standards of social and environmental practices within their operations and with their business partners. However, the *CoP* does not require full traceability of minerals. The *CoC* certification focuses specifically on the traceability of gold and other precious metals within the supply chain. It ensures that these metals can be traced from mine to retailer (RJC 2023a).

Fairtrade and *Fairmined* are mine-level certifications specifically addressing the sourcing of gold from artisanal and small-scale gold mines (ASGM) in low- and middle-income countries. These certifications focus on improving social and environmental conditions in mining communities. Both certifications (similar to *RJC CoC* for industrial mining) ensure full traceability of gold from small mines to retail. Most buyers of *Fairtrade* or *Fairmined* gold are small jewellers, while larger companies report that the quantities available through *Fairtrade* and *Fairmined* do not meet their needs, leading them to opt for the *RJC* standard.

Recycled gold is also sometimes inaccurately seen as a responsible sourcing initiative. Unlike newly mined gold, recycled gold is sourced from previously used products such as jewellery, electronics, and various other items. Therefore, it does not take into account the original mining conditions or the origin of the gold. This distinction is crucial, as the use of recycled gold is intended to reduce the demand for new gold mining rather than to ensure ethical or sustainable sourcing from the outset.

The last column of Table 1 illustrates the sampling approach used. First, we divided jewellery shops into three distinct groups. The first group includes retailers selling responsibly sourced jewellery with fully traceable gold. These include officially licensed *Fairtrade*, *Fairmined* and *RJC CoC* shops. The second group follows responsible sourcing practices but does not guarantee full gold traceability. This group includes officially licensed *RJC CoP* shops. It also includes retailers that self-identify or market their products as ethical or sustainable without a specific responsible sourcing certification, often relying on supplier claims of responsible sourcing standards (but are not officially licensed). The third group consists of retailers that do not have an *ex-ante* explicit commitment to responsible sourcing practices or gold traceability, representing the traditional market segment.

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Table 1: Comparison of gold sourcing standards

Name	Certified for responsible mining practices by external entity	Certification Level	Traceability of gold to source	Responsible mining practices	Main source of gold	Sample
Fairtrade/ Fairmined	✔	Mine level	✔	Focuses on improving social and environmental conditions in mining communities	ASM	Group 1 N=14
RJC Chain of Custody (CoC)	✔	Company level	✔	Focuses on how minerals were sourced and processed, upholding responsible sourcing	Industrial mining	Group 1 N=10
RJC Code of Practices (CoP)	✔	Company level	✖	Provides a common standard for ethical, social, human rights and environmental practices throughout the jewellery supply chain	Industrial mining	Group 2 N=19
Other responsible shops (self-marketed)	✖	✖	✖ (sometimes)	Focuses on improving social and environmental conditions in mining communities	ASM and industrial mining	Group 2 N=8
Conventional shops	✖	✖	✖	✖	ASM and industrial mining	Group 3 N=31
Recycled Gold	✖	✖	✖	Focuses on reducing demand for newly mined gold	ASM and industrial mining	N/A

Notes: ASM = Artisanal Small-Scale Mining.

Given the relative niche status of stores selling *Fairtrade*, *Fairmined* or *RJC CoC* gold jewellery, we first sampled all of these stores in our selected cities (Group 1). To achieve an equal number of stores in the three groups, we conducted a random selection of stores for Groups 2 and 3. This random selection process aimed to mirror the number of stores in Group 1. To do this, we compiled a list of all jewellery stores in our selected cities using the websites *local.ch* and *search.ch*, which are the largest business directories in Switzerland. *RJC CoP* shops were cross-checked and added from the *RJC* website (*responsiblejewellery.com*). Retailers that self-identify or market their products as ethical or sustainable without a specific responsible sourcing certification were identified through online searches on Google, explicitly seeking shops marketing themselves as ethical or sustainable (using relevant keywords such as 'ethical jewellery' and 'sustainable jewellery' in the local language). From this comprehensive list, we randomly selected Group 2 and 3 stores. To ensure diversity, in cases where a jewellery company had multiple stores, we limited our selection to a maximum of two stores from the same company in each city.

Shoppers visited each store in the sample only once to avoid any learning or spillover effects from previous visits and to avoid raising audit suspicions among shops. This approach ensured the integrity of the mystery shopper methodology and maintained the authenticity of each interaction.

In total, mystery shoppers visited 82 jewellery stores in major Swiss cities between May and October 2023, with each mystery shopping pair sharing approximately an equal number of shops and with shops roughly evenly split between the three groups (25–30 shops per group). For the analysis, we analysed each certification scheme separately, with one exception: due to the limited presence of *Fairtrade* or *Fairmined* shops, we combined these two categories for our analysis to reflect their closely aligned ethical and sustainability standards: *Fairtrade* and *Fairmined* began as a unified initiative, but eventually diverged while retaining similar core principles (Oakley 2022). Although it is possible for a shop to sell different types of certifications, this scenario only occurred in one shop, which we classified as *Fairtrade/Fairmined*. To estimate the effect of different types of jewellers on their sourcing knowledge and their propensity to proactively discuss responsible sourcing, we estimate the following regression model:

$$Y_i = \alpha 0 + \alpha 1 \text{FTFMi} + \alpha 2 \text{CoCi} + \alpha 3 \text{CoPi} + \alpha 4 \text{OtherResponsiblei} + \varepsilon i$$

where the outcome variable is denoted as Y_i and represents a shopping experience at shop i. FTFM_i represents *Fairtrade* and *Fairmined* shops, which are shops selling either *Fairtrade* or *Fairmined* gold. CoC_i represents *RJC CoC* shops, CoP_i denotes *RJC CoP* shops, and $\text{OtherResponsible}_i$ corresponds to other responsible shops that generally self-proclaim or market their products as ethical or sustainable jewellery without any official standard. Conventional shops remain the base category for compar-

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ison. Given the limited sample size of 82 observations, we run simple OLS regressions and do not estimate nonlinear regression models (e.g., Probit or Logit), even if the outcome variable was binary because of problems with non-convergence and overfitting in small datasets.

Results

Table 2: Summary statistics

Variable	Mean (percent)
Shop somewhat crowded	24.4
Did not need to wait	64.6
Needed to make an appointment	13.4
Number of employees: 1	35.4
Number of employees: 2–4	40.2
Number of employees: 5+	24.4
Shop selling other goods than jewellery/watches	25.6
Shop selling jewellery from multiple brands	22
Pre-made jewellery only (no custom orders)	58.5
Jewellery contains gold only	25.6
Time of day: before 12	19.5
Time of day: 12–17	72
Time of day: past 17	8.5

Notes: N=82. The table presents summary statistics of the control variables used in the analysis. All variables are binary.

Table 2 shows the descriptive statistics of the 82 jewellery shops visited. Since mystery shoppers usually visited shops before 17:00, when shops are less frequented by other customers, they did not need to wait to be served (65 per cent). Among the jewellers, 35 per cent were very small, employing only one person, while 24 per cent were large, with more than five employees. Of all shops, 26 per cent also sold goods other than jewellery and watches (such as clothes, handbags, etc.) and 22 per cent offered jewellery from multiple brands. In such cases, shoppers were instructed to select the home brand jewellery. Most shops (59 per cent) sold only ready-made jewellery, not custom pieces. Regarding the jewellery discussed, 26 per cent featured

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solely solid gold without additional visible minerals. We intentionally refrain from showing city or shop assistant characteristics to uphold a robust policy of preserving the privacy and confidentiality of the participants involved in the mystery shopper.

Table 3, columns 1 and 2 show the correlation between shops adhering to the different responsible sourcing initiatives and the visibility of these initiatives inside or outside of the store (Phases 1 and 2 of Figure 1). Table 3, columns 3–7 display differences in the knowledge of shop assistants about the origin and sourcing conditions of gold across different certification schemes (Phase 4 of Figure 1).

About 40 per cent of shops selling *Fairtrade/Fairmined* display a certification scheme outside their store (e.g., in window displays or on signage), and 50 per cent show such information inside the store. Jewellers who self-market their shops as ethical or sustainable also tend to display information outside but not necessarily inside the store. *RJC* stores (both *CoP* and *CoC*) never displayed any sourcing initiative, while three conventional stores displayed information inside the store related to recycled gold.

Table 3: Visibility of sourcing initiatives and knowledge of shop assistants

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	See any certification scheme or ethical/sustainable initiative		Says the jewellery is ethical or sustainable (0,1)	Knows the origin of the gold (0,1)	Discussed Fairtrade or Fairmined (0,1)	Discussed RJC (0,1)	Knowledge score (0–10)
	Outside the store (0,1)	Inside the store (0,1)					
Reference category: Conventional shops							
Fairtrade/ Fairmined	0.396***	0.475***	0.387***	0.714***	0.876***	-0.120	3.477***
	(0.140)	(0.147)	(0.090)	(0.125)	(0.089)	(0.143)	(0.666)
RJC CoC	-0.032	-0.097*	0.287**	0.000	-0.053	-0.152	-0.737
	(0.033)	(0.055)	(0.133)	(0.000)	(0.053)	(0.151)	(0.487)
RJC CoP	-0.032	-0.097*	0.177	0.053	0.014	-0.196	0.330
	(0.033)	(0.055)	(0.132)	(0.053)	(0.086)	(0.125)	(0.465)
Other responsible shops	0.593***	0.278	0.387***	0.000	0.197	-0.013	0.888

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	(0.180)	(0.185)	(0.090)	(0.000)	(0.168)	(0.191)	(0.785)
Constant (mean of conventional)	0.032	0.097*	0.613***	0.000	0.053	0.263**	1.737***
	(0.033)	(0.055)	(0.090)	(0.000)	(0.053)	(0.105)	(0.278)
Observations	82	82	82	82	65	65	65
R^2	0.388	0.310	0.153	0.601	0.657	0.046	0.454
Mean	0.146	0.171	0.793	0.134	0.262	0.169	2.569

Notes: This table presents Ordinary Least Squares (OLS) regression results. Conventional shops are the comparison group. The dependent variables are as follows. Columns 1 and 2: Responsible sourcing initiatives are visible outside and inside the shop, respectively (1=yes, 0=no). Column 3: The shop assistant says the jewellery is ethical or sustainable (1=yes, 0=no). Column 4: The shop assistant knows the origin of the gold (1=yes, 0=no). Column 5: The shop assistant discussed the Fairtrade or Fairmined certification (1=yes, 0=no). Column 6: The shop assistant discussed the RJC certification (1=yes, 0=no). Column 7: Knowledge score (0–10). The score is constructed using the sum of ten binary variables, representing whether the shop assistant mentioned a specific topic related to ethical or sustainable sourcing. The sample in columns 5–7 is restricted to shops that said the jewellery is ethical or sustainable. Robust standard errors are in parentheses. Significance levels: *p<0.1,**p<0.05,***p<0.01. p<0.01.

Around 80 per cent of shop assistants claimed that their jewellery was ethically or sustainably sourced (column 3), with shops involved in responsible sourcing certification or initiatives significantly more likely to make such claims than shop assistants in conventional shops. Only *RJC CoP*-certified shops were not more likely than conventional shops to make this claim, as various *RJC CoP* shop assistants could not definitively assert that their jewellery was responsibly sourced despite their responsible sourcing affiliation. Interestingly, 61 per cent of conventional shops still asserted that their jewellery was ethical or sustainable (with 100 per cent of shop assistants in *Fairtrade/Fairmined* and other responsible shops making this claim).

However, the results shown in column 4 of Table 3 suggest that, apart from *Fairtrade/Fairmined* shops, no shop knew the geographical origin of the gold in the jewellery. Furthermore, when discussing responsible sourcing certification, *Fairtrade* or *Fairmined* shops were able to name their certification to consumers (column 5), whereas *RJC*-affiliated shops were unable to inform consumers that they were certified by *RJC* (column 6).

Figure 2 provides further insights. Less than 10 per cent of *RJC* shops conveyed their *RJC* certification status. Even some conventional and other responsible shops

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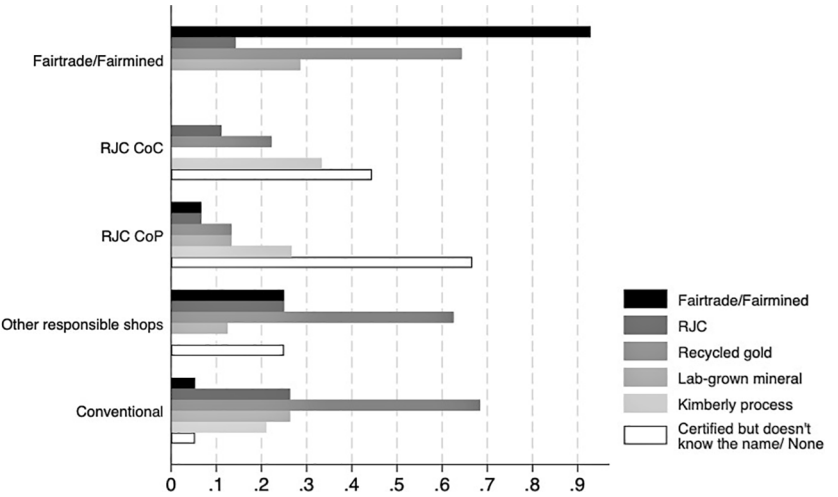
referred more frequently to *RJC* certification, noting that some of their suppliers had this certification (25 per cent). Instead, shop assistants in *RJC CoP* or *RJC CoC* stores were often unable to provide the name of the certification or were unsure if the jewellery was certified for ethical or sustainable practices (67 and 44 per cent, respectively). Moreover, even when they could provide a name of a specific responsible sourcing certification, they tended to refer to the Kimberly process, an international initiative to prevent 'conflict diamonds' from entering the mainstream rough diamond market, which is unrelated to gold. When conventional shops claimed their jewellery was ethical or sustainable, they frequently discussed recycled gold (68 per cent), although recycled gold is not necessarily responsibly sourced, as explained in Section 2.

Figure 2: Certification schemes or ethical/sustainable initiatives discussed by the shop assistants



Notes: Sample restricted to jewellers who said the jewellery is ethical or sustainable.

Table 3, column 7 displays differences in the shop assistants' knowledge of the meaning of ethical or sustainable. We created a score ranging from zero to ten to quantify this knowledge. This score represents the sum of ten binary variables, each indicating whether the shop assistant mentioned a specific topic related to ethical or sustainable sourcing. The ten topics are as follows: 1. Traceability of minerals; 2. Safe, healthy or better working conditions; 3. Environmental protection; 4. Transparency; 5. Artisanal and small -scale mining (ASM); 6. Better paid, fair price, minimum price;

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7. Methods used to extract the gold (e.g., no mercury); 8. Child labour; 9. Conflict free; 10. Social projects in mining communities.

Fairtrade/Fairmined shops show a significantly higher understanding of the concepts of ethical and sustainable sourcing practices and their implications for miners and the environment. On the other hand, *RCJ CoC* and *CoP*, as well as self-declared responsible jewellers, show similar levels of knowledge about ethical and sustainable gold sourcing to shop assistants of conventional shops. In particular, while *Fairtrade/Fairmined* shops discuss slightly more than five topics (out of ten) related to ethical and sustainable practices, other types of shops were only able to discuss about two topics on average.

Figure 3 provides further insights. A common thread across *RJC* and conventional shops is an emphasis on conflict-free minerals, with diamonds often at the forefront of discussions. In fact, in 55 per cent of all *RJC* visits, mystery shoppers anecdotally noted that they had to constantly redirect the conversation from discussing diamonds to gold when discussing the ethical/sustainable aspects of the jewellery. Strikingly, one-third of *RJC CoC* shops could not say anything about what responsible sourcing means for the miners and the environment. Another common theme among all shop assistants was the reference to local designers of jewellery, although this topic is not directly related to responsible sourcing and not part of any certification scheme. Finally, traceability was also a recurring theme, although retailers were unable to identify the exact origin of gold, except for *Fairtrade/Fairmined* shops (Table 3, column 4).

Figure 3.1: Topics mentioned by the shop assistants on the meaning of ethical or sustainable gold sourcing

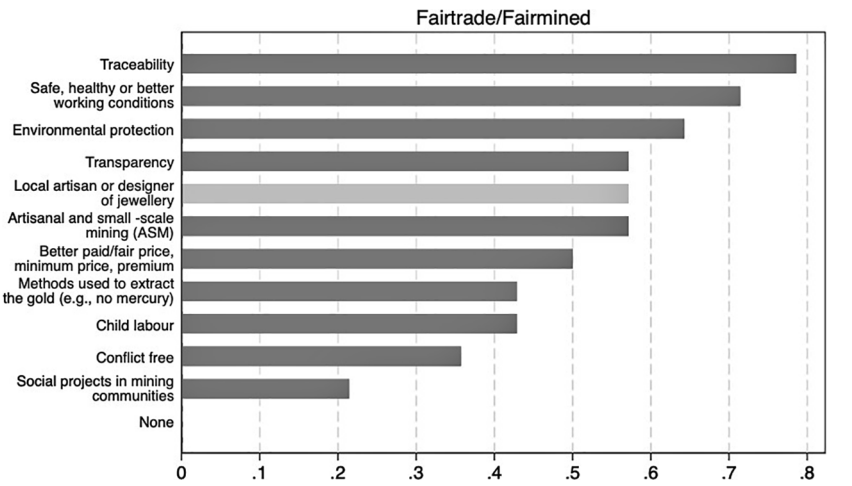

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Figure 3.2

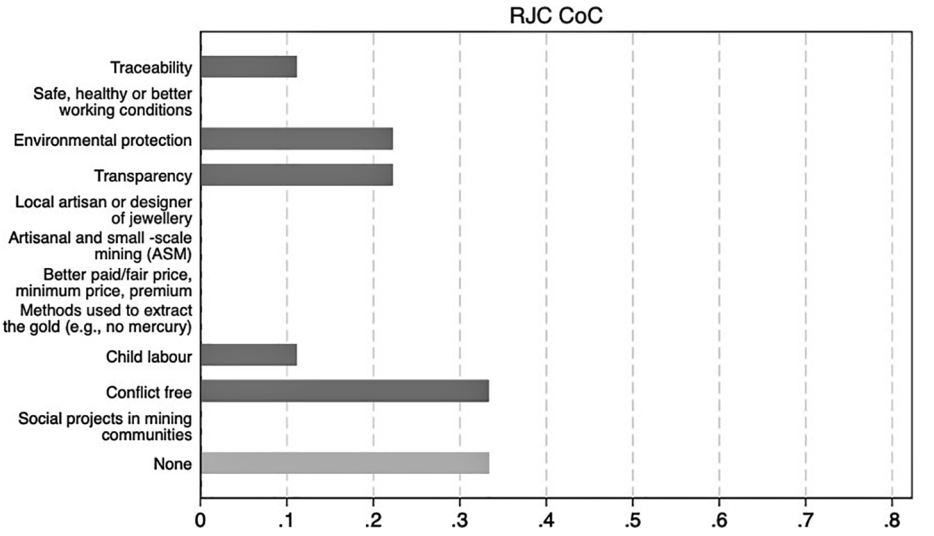

Figure 3.3

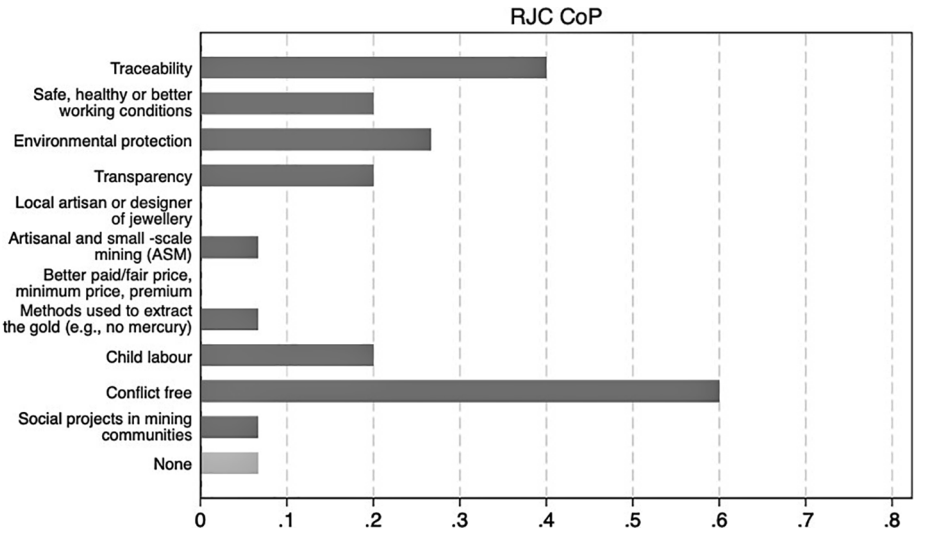

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Figure 3.4

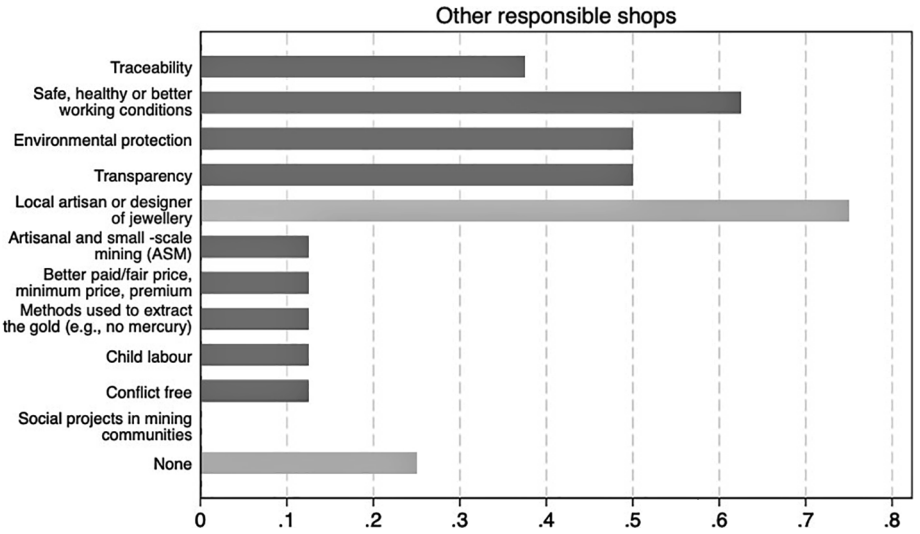
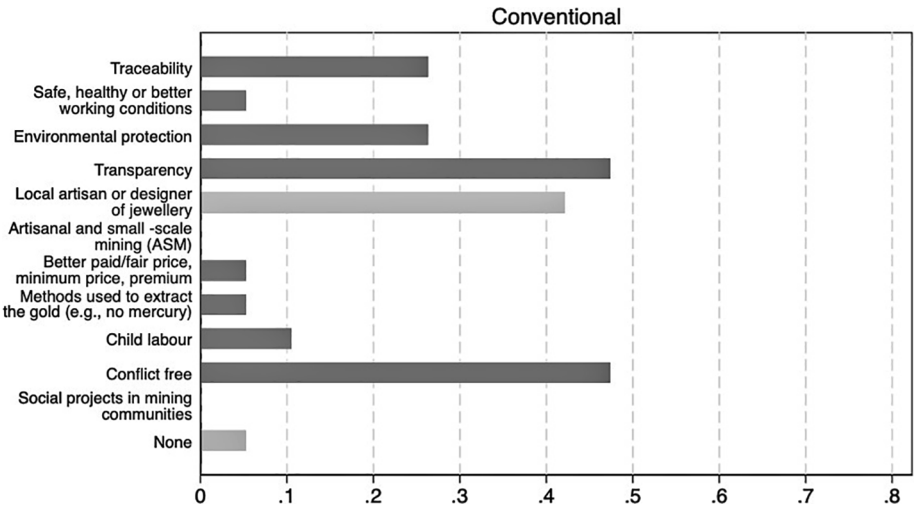


Figure 3.5



Notes: Sample restricted to jewellers who said the jewellery is ethical or sustainable.

Table 4 analyses whether consumers needed to actively seek information about the sourcing of gold (Phase 4 in Figure 1). In more than 90 per cent of all shopping experiences, the mystery shopper had to ask for information about the geographical

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origin of the gold (column 1). Apart from *Fairtrade/Fairmined* shops, mystery shoppers also had to actively ask whether the jewellery was made ethically or sustainably in about half of the shops – even though they had already asked about the origin of the mineral (column 2). Strikingly, in also more than 90 per cent of the shops, responsible sourcing would not have been discussed unless customers had explicitly asked about the origin of the minerals or whether the jewellery was ethically or sustainably sourced (column 3). To put this in perspective, out of the 82 shops, only six shops – five *Fairtrade/Fairmined* and one other responsible shop – actively informed customers from the outset that their gold jewellery was ethically or sustainably sourced without being prompted. This means that in a typical day-to-day interaction between jewellers and customers, the origin of the minerals or the ethical aspects of the jewellery is rarely discussed – even in shops that sell certified gold.

Of the 65 shop assistants who asserted their products were ethical or sustainable, around half still had to be actively asked afterwards whether the gold was ethically or sustainably certified. *RJC CoP* and *RJC CoC* shops required significantly more probing about their certifications (column 4) than even conventional shops, where assistants often mentioned recycled gold as an ethical or sustainable certification. This finding is consistent with Figure 2, which shows that *RJC* shop assistants were unable to communicate their *RJC* affiliation to the consumer, even when actively asked about certification. However, there were no statistically significant differences between the different types of shops about probing needed to explain the meaning of 'sustainable' or 'ethical' (column 5): about half of the shops had to be probed for such information (column 5), even after they had already been asked whether the jewellery was responsibly sourced and certified.

Table 4: Necessity of probing to obtain responsible sourcing information

	(1)	(2)	(3)	(4)	(5)
	Origin of the gold/minerals	Jewellery is ethical or sustainable	Initiate discussion about responsible sourcing	Jewellery is certified (ethical/sustainable)	Meaning of ethical or sustainable
Reference category: Conventional shops					
Fairtrade/Fairmined	-0.143	-0.509***	-0.357***	-0.173	-0.079
	(0.097)	(0.116)	(0.132)	(0.148)	(0.182)
RJC CoC	-0.100	0.119	0.000	0.462**	-0.023
	(0.098)	(0.175)	(.)	(0.182)	(0.209)

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RJC CoP	-0.053	-0.002	0.000	0.418**	-0.179
	(0.053)	(0.148)	(.)	(0.163)	(0.177)
Other responsible shops	-0.125	-0.331*	-0.125	0.184	-0.204
	(0.121)	(0.183)	(0.121)	(0.215)	(0.214)
Constant (mean of conventional)	1.000***	0.581***	1.000	0.316***	0.579***
	(0.000)	(0.091)	(.)	(0.111)	(0.118)
Observations	82	82	82	65	65
R^2	0.055	0.183	0.265	0.238	0.026
Mean	0.939	0.476	0.927	0.462	0.492

Notes: This table presents Ordinary Least Squares (OLS) regression results. Conventional shops are the comparison group. The dependent variables are as follows. Column 1: The shopper needed to ask about the origin of the minerals (1=yes, 0=no). Column 2: The shopper needed to ask whether the jewellery is ethical or sustainable (1=yes, 0=no). Column 3: The shopper needed to initiate a discussion about responsible sourcing by asking about the origin of the mineral or whether the jewellery is ethical or sustainable (1=yes, 0=no). Column 4: The shopper needed to ask whether the jewellery is certified for ethical or sustainable practices (1=yes, 0=no). Column 5: The shopper needed to ask about the meaning of ethical or sustainable for the miners and the environment (1=yes, 0=no). (.): Coefficient dropped due to perfect multicollinearity. The sample in columns 4 and 5 is restricted to shops that said the jewellery is ethical or sustainable. Robust standard errors are in parentheses. Significance levels: *p<0.1,**p<0.05,***p<0.01.

Conclusion

While jewellers increasingly rely on voluntary standards for responsible gold sourcing, the impact of these certifications on making the sourcing of gold more transparent to consumers and, in turn, more ethical and sustainable in the long-term, remains unclear. Given that consumers are often unable to discern the ethical and environmental standards of gold jewellery, and because consumers rarely buy jewellery, the role of retailers in communicating information on the sourcing practices of gold is key.

Our mystery shopping study in Switzerland (with 82 shops) shows that while about 80 per cent of shops claimed that their jewellery was ethical or sustainable, only a small fraction of these shops knew the origin of the gold they sold and could

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talk effectively about certification and the meaning of ethical and sustainable sourcing. The exception was shops that either sell *Fairtrade* or *Fairmined* gold jewellery. In contrast, *RJC*-certified shops showed a notable knowledge gap, with sales assistants often unable to communicate their *RJC* affiliation, nor provide information on the origin or sourcing practices of the gold. Additionally, sales assistants in *RJC*-affiliated shops demonstrated limited knowledge of the meaning of ethical or sustainable sourcing, similar to conventional shops.

Moreover, many jewellers do not actively display information about sourcing practices, and over 90 per cent would not have initiated a discussion about gold sourcing and its social and environmental responsibility, with the exception being *Fairtrade*/*Fairmined* shops.

Overall, retailers appear reluctant to proactively promote or discuss responsible sourcing. Mystery shoppers noted anecdotally that some jewellery shop owners mentioned using responsibly sourced gold only to uphold their personal moral standards. As a result, there is a significant onus on consumers to actively seek information and ask the 'right' questions – but questions that shop assistants still often cannot effectively answer. However, some shop assistants also mentioned that this was the first time anyone had asked about the origin of the gold. Therefore, while consumers appear increasingly concerned about the harmful effects of mining, they do not seem to ask about responsible sourcing practices when buying jewellery.

While the use of a mystery shopping technique prevented social desirability bias and the Hawthorne effect, there are some limitations of this method for social science research. First, our correlational study does not allow for a causal analysis of the impact of certification on retailers' communication and knowledge. This would require an experimental design. Second, the mystery shopper methodology relies on memory and, to some degree, on the interpretation of the mystery shopper to complete the post-visit questionnaire. Third, because the stores were visited only once to avoid any spillover or learning effects, the information gathered is, to some extent, dependent on the specific shop assistant encountered rather than reflecting the overall attitude of the retailer.

Our findings have wider implications for the ongoing debate about 'green washing' and 'social washing', where companies may overstate their environmental and social efforts [see Salter's, Marina et al.'s and Trasciani et al's chapter in this volume]. In this context, *Fairtrade*/*Fairmined* demonstrate their potential value in promoting greater transparency [see Anderson et al.'s chapter in this volume]. While significant knowledge gaps and lack of proactive communication persist among many retailers, *Fairtrade*/*Fairmined* shops exhibited a higher level of transparency and were better able to substantiate their responsible sourcing claims. However, these shops are niche and often only open by appointment, making them less accessible to casual shoppers. No mainstream shop would naturally initiate discussions about the ethical and sustainable attributes of their jewellery. As a result, the overall impact

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of responsible gold certification on enhancing transparency among retailers still remains limited, highlighting the challenges of ensuring true transparency along the supply chain.

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Strength-Based Design in the Textile and Fashion Industry

Jette Ladiges

Introduction

The textile and fashion industry are fraught with unethical labour practices, environmental degradation and devastating impacts on biodiversity and climate [see Sark and Gotthardsen's as well as Hock and Kenel's chapter in this volume]. While the industry impacts the global economy substantially, it urgently needs a transformation towards sustainability encompassing social, ecological, economic and cultural dimensions (The British Council/Fashion Revolution India 2023). The sector's practices often compromise human rights, degrade ecosystems and contribute significantly to climate change, prompting widespread calls for more responsible and sustainable business models (Moreno-Gavara/Jiménez-Zarco 2019). Responding to these challenges, frameworks like Fair Trade have emerged, promoting ethical practices, social justice and the protection of the planet (Fair Trade Federation 2023) [see Anderson et al.'s chapter in this volume]. Fair Trade social enterprises aim to create an economy that supports both people and the environment by putting ecological and social responsibility before profit, fostering a regenerative and distributive economy that benefits society and the environment (Doherty et al. 2020).

A critical factor in transforming the fashion industry, both in Fair Trade and conventional systems, lies in fostering innovation that combines artisanal craftsmanship with sustainable design practices [see Lawson Jaramillo's as well as Boța-Moisin and Winkler's chapter in this volume]. A central focus of Fair Trade is on equal cooperation with artisans that work with traditional craft skills. By integrating the cultural and ecological wisdom of artisans into contemporary fashion, Fair Trade not only preserves traditional techniques but also promotes a regenerative economy. This approach ensures that artisans are fairly compensated; it empowers communities, and bridges the gap between cultural heritage and modern sustainability goals, setting a precedent for ethical and ecological transformation in fashion.

To create socio-ecological transformation in the textile and fashion industry, it is important to rethink design processes, as design can directly influence sustain-

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ability, innovation and equity across the sector. Design choices determine the materials used, the longevity of products and the efficiency of production processes, all of which have profound environmental implications. Thoughtful design can minimize waste, promote circularity through recyclability and reduce the carbon footprint of fashion items [see Salter's as well as Demandt and Gözet's chapter in this volume]. Moreover, a design process that actively includes artisans ensures that traditional, local craftsmanship is valued, promoting fair labour practices and preserving cultural heritage. By collaborating with artisans in the design process, the fashion industry can empower communities and create products that are not only innovative but also deeply connected to the skills and knowledge of these artisans, fostering sustainability in both the social and environmental dimensions.

Direct partnerships between designers and artisans can provide artisans greater market access and recognition of their cultural contributions [see Anderson et al.'s chapter in this volume]. To create these equitable global collaborations, it is essential to dismantle colonial-era frameworks first. Recognising and addressing power imbalances, particularly in 'North-South' (or: wealthier nations-global majority countries) partnerships, is crucial for empowering artisans as equal contributors rather than passive providers [see Lawson Jaramillo's as well as Boța-Moisin and Winkler's chapter in this volume]. This shift allows for more culturally enriched fashion practices, where artisans' voices shape creative processes and contribute to diverse, meaningful designs.

This chapter explores the Strength-Based Design (SBD) approach as a pathway toward sustainability, creativity and equity in collaboration with artisans worldwide. SBD emphasises artisans' unique strengths and supports equal partnerships, promoting cultural sustainability while challenging power dynamics inherent in traditional collaborations. The chapter will outline the SBD methodology, present examples of its application, discuss its benefits and critically examine the obstacles and limitations of implementing this approach. Through this exploration, I will demonstrate how SBD can redefine collaborative dynamics within the fashion industry, valuing each partner's contribution and leading to sustainable and impactful results.

Redefining Partnerships in Fashion Design

The conventional fashion industry has long been criticised for its detrimental social and environmental impacts. Fast Fashion, characterised by rapid production cycles and disposability, has exacerbated these issues, leading to widespread labour exploitation and environmental harm (Fang/Boyi 2023). The dominance of this model leaves little room for ethical and sustainable alternatives, often relegating them to niche markets despite their obvious benefits.

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In the current economy, artisans who continue using traditional skills and technologies often struggle to compete with cheaper, machine-manufactured goods and lack access to urban consumer markets (Emmett 2015). Those who migrate to cities in search of work frequently encounter exploitation by middlemen or are compelled to take on unskilled labour, leaving their traditional skills underutilised.

Fair Trade has emerged as an important movement questioning this unethical system and striving for social justice and sustainability in trading relations, particularly by working with artisans directly. However, despite its five-decade-long history, Fair Trade fashion remains marginal, struggling to gain mainstream traction due to various factors including a global economic system that leads to systemic exploitation, limited consumer awareness and market accessibility issues. Though Fair Trade and social enterprise models aim to establish fairer practices, underlying power imbalances persist, frequently leaving artisans as mere contributors rather than equal partners [see Lawson Jaramillo's as well as Boța-Moisin and Winkler's chapter in this volume].

One critical aspect is that artisans often lack comprehensive insights into the production process and have limited awareness of the consumer market for their goods, leaving them economically marginalised and excluded from strategic decision-making (Emmett, 2015). Colonial legacies continue to shape global trade structures, where the decision-making authority largely rests with stakeholders from wealthier nations, which marginalises the perspectives of artisans from global majority countries, thereby sustaining paternalistic structures that undermine authentic equity and creativity in collaboration. These structural imbalances cast artisans as passive actors rather than recognising their rich knowledge and innovative potential. Only by actively valuing the leadership and insights of artisans can we move towards genuinely equitable and respectful collaborations and utilise the potential of artisanal skills, crafts and design for a sustainable development of the textile and fashion industry [see Marina et al.'s chapter in this volume].

Transforming partnerships requires designers and stakeholders from wealthier nations to seek and value leadership from artisans in global majority countries. To foster genuine partnerships, it is crucial to critically examine and dismantle colonial legacies. This involves not only addressing the overt power imbalances but also challenging the underlying assumptions and narratives that sustain them [see Sark and Gotthardsen's chapter in this volume]. This shift involves creating spaces for genuine dialogue, emphasising co-creation, and ensuring that the benefits of these collaborations are shared equitably. Arturo Escobar (1995) advocates for a partnership model that integrates the perspectives of historically marginalised groups into decision-making processes. By engaging artisans not only as producers but as leaders, the industry can foster more culturally enriched and impactful fashion practices that move beyond mere aesthetic appropriation.

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The Strength-Based Design Approach

Strength-Based Design (SBD) is an approach within the textile and fashion industry that focuses on harnessing the inherent skills, cultural knowledge and unique traditions of artisans. Originating from principles that emphasise the empowerment of marginalised communities, SBD emerged as a response to the power imbalances and exploitative practices often found in collaborations between wealthier nations and global majority countries. Rooted in theories of social justice and post-colonial thought, SBD aligns with thinkers like Arturo Escobar, who advocate for genuine partnerships that value the voices and leadership of artisans from the global majority countries. This approach prioritises artisans as equal collaborators in the design process, recognising their cultural heritage and craftsmanship as integral to creating sustainable, high-quality products.

When translating the principles of Strength-Based Design (SBD) into practice, a structured, step-by-step approach is essential. This section provides a practical guideline aimed at practitioners—designers, social entrepreneurs, and other industry stakeholders—who seek to foster ethical, culturally respectful partnerships with artisans.

1. Engagement with Artisans:

    - Direct interaction: Begin with direct engagement with artisans to understand their skills, techniques, and cultural heritage. This engagement involves field visits, interviews, and collaborative workshops, serving as the foundation for the design process.
    - Build trust and respect: Establishing mutual trust and respect between designers and artisans is crucial. This involves open communication, transparency, and a commitment to ethical practices. Part of this is also self-reflection and the acknowledgement of pre-existing thought patterns of all parties involved.

2. Collaborative Design Process:

    - Co-creation: Engage in a collaborative design process with artisans, ensuring their knowledge and expertise are central to product development. This step involves developing concepts that leverage the artisans' strengths and creating prototypes that are refined through iterative feedback.
    - Respecting craftsmanship: This approach respects the artisans' craftsmanship and leads to innovative and culturally significant products.

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3. Leveraging Existing Strengths:

    - Focus on strengths: By concentrating on what artisans already do well, the design process becomes more efficient and less complex. This reduces the need for extensive retraining and allows for quicker implementation.
    - Efficiency and simplicity: Avoiding unnecessary complexity in the design process helps maintain focus on what is achievable, fostering creativity while ensuring practicality and marketability.
    - Promote cultural sustainability: Emphasise traditional craftsmanship and cultural heritage in the design process. This not only preserves cultural identity but also promotes the use of sustainable materials and methods.

4. Financial Planning and Assessment:

    - Realistic financial planning: Conduct a thorough financial assessment to ensure products are economically viable. This includes cost analysis, pricing strategies, and market positioning.
    - Collaboration on economics: Designers work closely with artisans to understand economic constraints and opportunities, ensuring transparent and realistic financial calculations.

5. Production Planning:

    - Detailed plans: Develop detailed production plans considering the artisans' capacities and resources. This ensures the production process is efficient and scalable.
    - Open communication: Always maintain open communication and shared decision-making to identify and address potential issues early on.

6. Implementation and Iteration:

    - Smooth implementation: Once designs are finalised, begin the production process with close collaboration and open communication to promptly address any issues.
    - Continuous improvement: Gather feedback from consumers and stakeholders post-market launch to ensure continuous improvement and adaptation.
    - Foster collaboration: Promote open communication and shared decision-making between designers and artisans. This ensures that potential issues are identified and addressed early on, fostering sustainable collaboration.

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7. Sustainable Collaboration:

    - Ongoing support: Ensure ongoing support for artisans to maintain effective and sustainable collaboration. This involves continuous feedback loops and shared decision-making.

Strength-Based Design for Value Creation and Equal Partnership

Strength-Based Design (SBD) represents a transformative approach within the textile and fashion industry, seeking to harness the unique skills and cultural knowledge of artisans while fostering equitable collaboration. By centring on artisans' expertise, SBD respects traditional techniques and emphasises sustainable production practices that often align with ecological principles. Many traditional artisan practices, especially in textile production, have minimal carbon impact due to the reliance on natural, locally sourced materials and manual techniques (The British Council/Fashion Revolution India 2023). Furthermore, SBD has the potential to promote the preservation of biodiversity by using native fibres and plant-based dyes, which are often more environmentally friendly than synthetic alternatives. It also encourages slower, more mindful production cycles, reducing waste and overproduction. By fostering direct, ethical partnerships between designers and artisans, this approach can help create fairer economic opportunities, reduce dependency on industrial-scale manufacturing and support the revitalization of local economies. This method integrates artisans as full participants in the design process, fostering "a sustainable future through collective creativity and collaboration" (The British Council/Fashion Revolution India 2023).

For example, the *UNHCR's MADE51* initiative demonstrates the impact of SBD in empowering refugee artisans to preserve traditional crafts while accessing global markets. By connecting refugee artisans with social enterprises, *MADE51* builds on their skills and cultural heritage to create marketable products. The program has shown measurable success: participating artisans report increases in income stability and self-sufficiency, with many refugee groups achieving financial improvement and community integration through these partnerships (UNHCR 2023). The initiative's focus on artisans' strengths has allowed for quicker adaptation to market demands, highlighting SBD's potential to provide immediate economic value while upholding cultural integrity.

SBD supports value creation by integrating artisans' strengths directly into design processes, creating products that are both durable and culturally significant, often utilising natural and locally sourced materials to reduce environmental impact (Moreno-Gavara/Jiménez-Zarco 2019). *Womencraft*, a Tanzanian social enterprise, exemplifies this sustainable approach. *Womencraft* artisans produce high-

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quality basketry that resonates with global consumers, creating products valued for their craftsmanship and eco-friendly production. *Womencraft*'s model has led to significant economic and social impact, with artisans seeing increased income stability and greater recognition of their work in international markets. The enterprise has also empowered artisans to take leadership roles in community development, enhancing their economic resilience. Similarly, *WEAVE*, an organisation focused on empowering women artisans in Thailand, integrates SBD by connecting women to broader markets while preserving their cultural heritage. *WEAVE* has fostered economic independence and social equity, helping many artisans secure fair compensation and improved livelihoods.

Strength-Based Design offers significant opportunities to transform the fashion industry by fostering equitable partnerships that empower artisans. By providing artisans with access to global markets and supporting the use of sustainable, locally sourced materials, SBD enables them to thrive economically while preserving their cultural heritage. This approach encourages environmentally friendly production practices and the creation of unique, durable products that appeal to conscious consumers. Through direct collaboration between designers and artisans, SBD can help create a more sustainable and inclusive fashion ecosystem that values both ecological responsibility and fair economic opportunities.

Implementation Challenges and Practical Recommendations

There are several practical challenges that need to be addressed to ensure the effective and sustainable implementation of the SBD approach:

1. Cultural barriers

Differences in cultural contexts and communication styles can create misunderstandings and hinder collaboration. To address these, implementing cross-cultural training programs for both designers and artisans can be beneficial. Training modules focused on cultural awareness, communication techniques, and ethical considerations help bridge cultural divides, fostering mutual respect and understanding.

2. Economic constraints

Limited financial resources and market access can restrict the development and scaling of new designs. Effective financial planning and support mechanisms, such as microfinancing programs and grants and of course pre-financing of at least 50%, are crucial. Partnerships with ethical investment firms or social impact funds can

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provide much-needed capital for artisans to invest in materials, equipment and training. In addition, designing programs that include basic financial literacy for artisans can support them in managing and planning their resources.

3. Skill gaps

Although SBD leverages artisans' existing skills, skill gaps may persist, especially in areas such as product consistency, quality control and business acumen. Targeted training and capacity-building programs can be established to upskill artisans. Workshops in areas like quality assurance, modern design trends, and digital literacy for e-commerce platforms can enhance artisans' competitiveness in broader markets.

4. Market access

One of the main obstacles for artisans is gaining access to broader, international markets. To address this, developing strategic partnerships with Fair Trade organisations, social enterprises, and e-commerce platforms can be highly effective. These partnerships offer artisans access to international markets and provide marketing support to enhance product visibility. Establishing dedicated online marketplaces and linking artisans with ethical fashion brands can also expand market reach.

5. Balancing tradition and innovation

Finding a balance between preserving traditional techniques and introducing innovative design elements requires careful consideration. Practitioners can use collaborative design workshops to encourage artisans and designers to co-create products that incorporate both traditional techniques and modern aesthetics. These workshops can feature prototype development sessions where artisans refine designs with iterative feedback, ensuring authenticity while enhancing appeal for contemporary markets.

6. Financial Constraints

Financial constraints often limit artisans' ability to invest in new designs or production techniques. To overcome this, SBD initiatives can incorporate financial planning support and access to small business grants or funding from sustainable fashion funds. Providing artisans with access to small business loans or developing partnerships with organisations that offer fair funding models can also aid artisans in meeting production and quality standards needed to reach larger markets.

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Critical Discussion

While Strength-Based Design offers a transformative approach in the textile and fashion industry, it still faces several limitations in terms of impact. One key concern is its potential to remain confined to niche markets, limiting its broader influence on mainstream fashion practices. Although SBD emphasises sustainability and equity, its reliance on traditional techniques and slower production cycles can make it less competitive in industries driven by fast-paced, high-volume demands. This raises questions about its scalability and ability to influence systemic change across the global fashion sector.

Another limitation is the challenge of achieving measurable, widespread impact on artisans' livelihoods and environmental outcomes. While individual projects may demonstrate success, the broader adoption of SBD often depends on market dynamics that prioritise profit over cultural or ecological considerations. This can restrict SBD's ability to create lasting structural shifts in how fashion is produced and consumed, potentially confining its benefits to small-scale collaborations rather than driving industry-wide transformation.

Finally, while SBD emphasises the preservation of traditional practices, the integration of these techniques into modern markets can inadvertently commodify cultural heritage [see Boța-Moisin and Winkler's chapter in this volume]. By framing artisan crafts as marketable assets, there is a risk of reducing their cultural significance to mere economic value, which could undermine the very traditions SBD seeks to protect. Addressing these impact limitations requires an ongoing commitment to ensuring that SBD not only benefits individual artisans but also drives broader, systemic change in the fashion industry.

Conclusion: A Guideline for Strength-Based Design

SBD offers a powerful and transformative approach for the textile and fashion industry, meeting the growing demand for ethical and sustainable practices while creating measurable benefits for businesses and artisans alike. By leveraging the existing skills and cultural heritage of artisans, SBD enhances creativity, promotes cultural sustainability and strengthens economic viability. This approach moves beyond traditional exploitative practices by fostering equitable production methods that prioritise fair compensation and ethical treatment —principles aligned closely with Fair Trade. Through practical applications of Fair Trade values, SBD contributes to the building of a more transparent, responsible, and humane fashion industry.

SBD integrates artisans as full participants in the design process, creating an inclusive, collaborative environment that respects their cultural knowledge. Programs like UNHCR's *MADE51*, *WEAVE* and *Womencraft* demonstrate the impact of SBD,

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with artisans gaining stable incomes, enhanced market access, and opportunities to develop leadership within their communities. These programs show that SBD is not just about product creation; it is about fostering sustainable livelihoods and empowering artisans to play an active role in the creative economy.

While SBD shows significant promise, its successful implementation depends on tackling systemic inequalities and ensuring sustained economic and logistical support. Artisans often face challenges such as limited financial resources, market access, and balancing tradition with market trends. Through tools such as capacity-building, cross-cultural training, and strategic partnerships, SBD can support artisans in overcoming these barriers and fully realising their potential [see Marina et al.'s chapter in this volume].

In essence, SBD provides a framework that is both accessible and impactful, promoting collaboration, long-term value creation and sustainable business growth. By preserving traditional craftsmanship, fostering equal partnerships, and embracing Fair Trade principles, SBD aligns with the broader goals of social, ecological, economic, and cultural sustainability, making it a vital strategy for the future of the fashion industry.

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Between Lack of Cooperation and Funding Gaps

An Exploratory Study of Business Insolvencies in the Sustainable Fashion Industry

Olivia Hofmann and Özlem Yildiz

Challenges in Sustainable Fashion

This chapter examines the insolvency of sustainable fashion brands. This topic is particularly important in the context of the clothing sector, as with 1.66 trillion Euro in sales worldwide in 2024, it represents an important market. Projections indicate that the clothing market volume will reach 1.91 Euro trillion by 2029, reflecting a compound annual growth rate (CAGR) of 2.85% from 2024 to 2029. The estimated market volume in terms of units is expected to be approximately 198.4 billion items by 2029. Additionally, sales within this sector are anticipated to rise by 1.3% in 2025. In terms of consumption, the average per capita purchase in the clothing market is forecasted to be 24.06 items in 2024 (Statista 2024). In a global comparison, Germany ranks fourth in the clothing and footwear market. The market size in 2021 was approximately 66.8 billion Euro (Euromonitor International, a market research provider, cited by Fashion United 2024). German consumers are characterised by a high consumption of clothing, but they spend less on average per garment compared to other nationalities (Fashion United 2024). In 2020, average per capita spending on clothing in Germany amounted to 640€. In comparison, Luxembourg spent 1,130€, Austria 810€, the Netherlands 770€, Denmark 750€, and Italy 740€ (European Textile and Clothing Industry by Euratex 2022).

At the same time, the textile sector in 2020 was the third largest cause of water pollution and land consumption. In 2020, an average of nine cubic meters of water, 400 square meters of land, and 391 kilograms of raw materials were required to produce clothing and shoes for each EU citizen. However, only 1 percent of used clothing is recycled, and 87 percent of clothing is burned (European Parliament 2020). The European Commission is attempting, with its Circular Economy Action Plan 2022, to "make textiles more durable, repairable, reusable, and recyclable [and thus] combat 'fast fashion' and promote innovations within the sector" (European Parliament 2020).

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However, there is also potential in the free market to further promote the preservation of sustainable fashion brands. The share of textiles with *Fairtrade* certification in Germany amounted to approximately 196.5 million Euro in 2023. Compared to the previous year, sales increased again by around nine percent (Statista 2024). However, this does not include those sustainable fashion companies defined by Elkington's Triple Bottom Line approach (1998), but only companies that carry a *Fairtrade* label. According to this approach, there are three pillars of sustainability: ecology, social issues and the economy. A company that operates socially and economically engages in Fair Trade. A company that operates ecologically and economically is viable. Only in the combination of all three dimensions—social, ecological, and economic—can sustainability be truly discussed. A sustainable company includes employee participation, democratic leadership style and social plans, as well as Fair Trade, social projects, transparent supply chains, and post-growth economies (Elkington 1998). Fashion brands are often considered sustainable if they primarily use organic cotton in production, utilise alternative ecological raw materials such as organic linen, cork, algae, or recycled/upcycled materials, offer vegan products, dye their textiles under environmentally friendly conditions, specifically source raw materials from fair trade, ensure socially fair production through labels, seals, or certifications, and/or support social projects (Utopia GmbH n.d.).

Nevertheless, the social aspect is often addressed too superficially through projects in developing countries, and the economic dimension, such as regional, sharing and post-economy, is omitted. These dimensions should be considered equally in sustainability [see Sark and Gotthardsen's chapter in this volume]. Nevertheless, to strengthen sustainable fashion brands in contrast to Fast Fashion, there must be a greater engagement with the business practices of sustainable fashion brands in general. This also raises the question: What are the reasons why sustainable fashion brands must cease their operations? To answer this question, a theoretical engagement with the industry's structure is necessary.

The Market of Sustainable Fashion Brands

To understand the potential threats to sustainable fashion brands, Porter's industry structure analysis provides a useful framework with its Five Forces: rivalry among existing competitors, threat of new entrants and substitute products or services, and the bargaining power of suppliers and buyers (Porter 1980). Studies by Pacchera et al. (2024), Chalapathi and Rajini (2024) and Riesgo et al. (2022) highlight that price and perceived benefits are closely linked, with consumer awareness of sustainability being a prerequisite for purchasing decisions. In relevant market segments, from baby boomers to Generation Z, there is a more pronounced positive attitude towards sustainable fashion than is reflected in actual purchasing behaviour: The study by

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Taborecka et al. (2023) indicates that while fitting, design and durability are critical for consumers, these factors may often outweigh the 'sustainable production' aspect when it comes to actual purchasing decisions. Although younger generations express positive attitudes toward sustainable clothing, their purchase behaviour reveals a preference for qualities like style and longevity over purely environmental or ethical production standards. This suggests that sustainable fashion brands may need to emphasise these qualities to better align with consumer preferences (Taborecka et al. 2023).

Regarding suppliers, there are studies that encourage increasing collaboration with suppliers to better utilise the expertise and resources of supply chain partners to overcome technological, financial, and organisational barriers to sustainable innovation (Jean 2024). Long-term relationships and geographical proximity play a crucial role in this (Talay et al. 2020). The study by Qian (2024) shows that several established companies have gained significant market share through their long-term commitment to sustainability and their innovative approaches in fashion production. The market is fast-growing and dynamic, requiring quick responses to new technologies and consumer needs. As a result, there are many new entrants in the fashion market, but also established non-sustainable fashion companies that have recognised sustainability as a lucrative source of income and are introducing 'sustainable' product lines (Qian 2024).

In the field of qualitative research, the study by Su et al. (2021) can be highlighted. It impressively demonstrates the challenges faced by sustainable fashion companies in the USA. The results were divided into three dimensions:

(a) Limited opportunities: government regulations lead to the availability of only a few sustainable dyeing facilities; there is a lack of sustainable producers and qualified workers in the clothing industry. Overall, there is a lack of options in all areas of the sustainable clothing supply chain, as eco-friendly materials and natural organic fibres are limited.

(b) Price considerations: Compared to traditional clothing companies, sustainable companies invest more in sustainable raw materials and operations. Similarly, emphasis is placed on regionality and therefore speed in resource procurement. However, this drives up the price compared to the non-sustainable clothing industry.

(c) Additionally, there is the need to change consumer thinking: Besides educating consumers about the reasons why higher prices are necessary, the image of sustainable clothing products must also be improved, as they are perceived as less aesthetically appealing (Su et al. 2021).

Thorisdottir et al. (2024) examined the Nordic sustainable fashion market. The interviewed experts see the need for cooperation among competitors to develop better technologies and materials for the market (Thorisdottir et al. 2024). Moreover, certifications provide a guarantee and independent verification of compliance with

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sustainable practices. However, according to the interviewed experts, these are very expensive, and obtaining these seals is complex. This poses a particular challenge for small sustainable manufacturers and suppliers. The experts further highlight that transparency within supply chains needs improvement. Good supplier relationships are needed for this, but they have remained unstable after COVID-19. The experts also point out that governments often respond too late to challenges or implement EU laws and regulations for promoting the circular economy in the fashion market too late. The challenge lies in the lack of collaboration between governments and the sustainable fashion industry in developing sustainability solutions (Thorisdottir et al. 2024).

So far, this chapter has examined the sustainable fashion industry and presented the Five Forces of industry structure based on selected studies. As shown in Table 1, these forces reveal key opportunities and risks:

Table 1: Opportunities and risks in the sustainable fashion brand sector

Dimension	Contents of the Selected Studies
Rivalry Among Existing Competitors	Dynamics and rapid growth of the market
	Advantage for established companies due to available resources for new materials and technologies
	Necessity for long-term work on sustainability
	Technology-driven nature of the industry
	Shortage of qualified labour
	High costs for raw materials and operational processes
	Importance of regionality and speed
	Need for cooperation and collaboration among competitors to improve technologies and materials
	Necessity and effort required for certifications and labels
	Slowness of government and legislation in promoting sustainable circular economy
Threat of New Entrants	High market entry of new competitors
	Recognition by non-sustainable companies of the market's profitability
	Creation of sustainable product lines by non-sustainable companies
Threat of Substitute Products or Services	Second-hand
	Rental models

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Dimension	Contents of the Selected Studies
Bargaining Power of Suppliers	Necessity of close and long-term collaboration
	Pandemic-induced instability in relationships
	Requirement for knowledge transfer between suppliers and fashion companies regarding technology, finance, and organization to encourage innovation
	Advantage of geographical proximity between both parties
	Scarcity of dyeing facilities
	Limited availability of sustainable materials
	Necessity for cooperation and collaboration among competitors to improve technologies and materials
	Need for supply chain transparency
	Few producers
Bargaining Power of Buyers	Price sensitivity of buyers
	Necessity of transparent price communication
	Awareness about sustainability as a prerequisite for the target group
	Existence of an attitude-behavior gap within the target group despite awareness
	Importance of fitting, design, and durability to the target group
	Necessity of image improvement (aesthetically unappealing)

The next section focuses on the insolvency of sustainable fashion companies. Why do sustainable fashion brands have to cease operations in a growing and lucrative market?

Reasons for Insolvencies

The definition of insolvency and the associated legal procedures are subject to different regulations in each country. In general: "Insolvency means inability to pay creditors" (Armour 2001: 3). Fundamentally, Armour (2001) refers to the inability to pay creditors as "cash flow insolvency" (ibid: 3). He distinguishes this from the term 'financial distress', i.e., "depending on the structure of the repayments under outstanding debt obligations, and the nature of the assets available to satisfy them" (ibid: 3). Accordingly, there is no cash flow insolvency if a company in a growing market, which receives a repayment option over several years, could be able to overcome its financial distress and settle its debts (ibid: 3). According to the definition of the

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Federal Ministry of Justice in Germany, from which the case studies in this article are drawn, it also depends on the liquid assets and time: "Insolvency is defined as a situation in which a participant in legal and economic transactions is no longer able to meet their financial obligations in a timely and complete manner" (Insolvency law n.d.).

The study by Patel et al. (2022) was conducted for the construction industry but offers ten generally applicable reasons for insolvency: cash flow problems, underbidding, poor business management skills, poor financial control, overtrading, domino effect, diversification, illegal phoenix activity, overwhelming contract claims, predominance of trade credit (Patel et al. 2022). Although these results originate from the construction industry, it was suggested that parallel structures exist concerning the length of supply chains and mutual dependence. Both the construction industry and the fashion industry are characterised by long supply chains and dependence on various supply partners.

In the scientific community, most articles have focused on insolvency within national borders. For example, on insolvency in Germany (Seehaus/Peráček 2024), Egypt (Khalil et al. 2022), Kenya (Mbila 2022) or India (Patel et al. 2022). Methodologically, most studies are in the quantitative field, such as modelling through secondary data analyses, among others (Khalil et al. 2022) and surveys (Patel et al. 2022). A qualitative study about insolvency is the study by Ghio and Thomson (2023): 'Is insolvency stigmatised?' Although none of the newly interviewed managers had experienced insolvency or business distress, they were asked about the stigmatization of insolvency, which the study found to be insignificant (Ghio/Thomson 2023).

This chapter, therefore, is particularly relevant as it was able to secure interview partners who are in the post-insolvency phase or have successfully overcome business distress. Furthermore, it represents one of the few qualitative studies on this topic and focuses on sustainable fashion brands. The following will discuss the method and results.

Methodology

The primary aim of this exploratory-qualitative research is to explore the challenges that caused sustainable fashion brands to face insolvency or business distress. The interview guides were developed deductively, informed by theories from Porter (1980) and Patel et al. (2022), and analysed through both deductive and inductive approaches (Mayring 2022). The cross-case, qualitative content analysis was evaluated using a coding guide. Participants were required to have been directly involved in the company's financial challenges and part of its upper management. All interviewees are German, and their companies are small or medium-sized enterprises based in Germany. Table 2 presents the structure of the participants and includes

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their post-insolvency actions or recovery strategies. The three participants provide subjective accounts of their experiences, reflecting events recalled retrospectively from varying time periods. Consequently, representativeness of these events cannot be assumed. The interview participants have the following structure:

Table 2: Structure of the interviewees

Interview partner	Position in the company and existence of the company in years	Insolvency Year / Year of business distress	Behaviour after insolvency or distress
A	Management and owner (company has existed for 15 years)	2024	Insolvency / No re-establishment / Entry into employment relationship
B	Management and owner (company has been on the market for 12 years)	2023	Is involved in insolvency proceedings
C	Management (company has been on the market for 25 years)	2020	Rescue from insolvency

Results

The results are partially presented based on the dimensions of the Five Forces Model, while another section examines the reasons for insolvency according to Patel et al. (2021). The first results focus on the challenges faced by sustainable fashion brands in the industry. Here, three (Rivalry Among Existing Competitors, Bargaining Power of Suppliers and Bargaining Power of Buyers) of the five dimensions of Porter's Five Forces Model were identified as challenges. The Threat of New Entrants and Threat of Substitutes can be relevant; however, for this analysis, the interview partners did not emphasise these two dimensions.

1. Rivalry Among Existing Competitors

In general, the industry offers low profit margins (IP C), combined with cost-intensive production (IP A, B, and C). Banks are reluctant to invest in this industry because it is not lucrative enough (IP C). Additionally, there is a behaviour among buyers (retailers) that leads to planning uncertainty. This arises partly because orders are not paid on time (IP B and C), leading to payment delays. Furthermore, order quantities

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from retailers are declining due to decreasing demand (IP C). This is accompanied by cost-intensive pre-financing of goods, which, when payment is delayed, leads to liquidity shortages (IP B). On the other hand, there are developments within the sustainable fashion market. One established sustainable fashion brand is particularly highlighted here. Interviewee A:

> "[…] we are never really on sale before the end of January [in the winter sale], because […] winter [is…]. So why should I sell winter jackets at a discount before then? That doesn't make any sense at all. But of course, you are quickly under pressure when your competitors start their sales earlier" (IP A).

Although winter jackets bring higher margins, they are sold less frequently due to the mild winters of recent years and climate change (IP A). It is also criticised that there is a lack of cohesion in the sustainable fashion industry. In cases of insolvency or business distress, there is no support from industry colleagues (IP A and IP B). One interviewee explained:

> "In such phases […] you are dependent on other people. You are also somewhat dependent on people reaching out to help you. Which, strikingly, rarely happens, I've found" (IP A).

Simultaneously, the political context is subject to criticism. There is a lack of support and regulations to make conventional clothing production more sustainable (IP C). Additionally, there is a lack of promotion for sustainable fashion brands (IP A). The certifications by the government are also considered insufficient (IP B).

2. Bargaining Power of Suppliers

There is a dependence on supply chains that reduces the flexibility of sustainable fashion brands (IP A). Additionally, the prices for sustainable products are higher than for conventional brands because production is often done in Europe (IP A). At the same time, large purchase quantities, customizations for the products, and the management of supply chains tie up valuable resources (IP B). A tension arises because customers desire aesthetic design, yet it is evident that increased design demands lead to higher costs for customers. IP B highlighted another aspect of already cost-intensive procurement: customizations. Unique buttons, yarns, and fabrics tailored to the brand's style further increased production costs. These customizations not only posed a challenge for young companies in cost management and production but also in self-marketing. Every customization caused additional costs (IP B).

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3. Bargaining Power of Buyers

The change in consumer behaviour presents a challenge for the industry. Particularly the target group that consumes sustainably is showing a decline in consumption, especially of new products (IP C).

> "So, we had a meeting with our SEO agency last year, and they told us: 'Well, you shouldn't be surprised. The search volume on Google for sustainable fashion has dropped by 38 percent'" (IP A).

Purchases are primarily driven by aesthetic considerations. The sustainability aspect of clothing is seen more as an additional bonus. It is only a secondary influence in the purchase decision (IP C). Moreover, society is polarised; besides those interested in sustainability, there are also those who 'bash' on 'green' politics and lifestyle (IP A).

Reasons for the insolvency or business distress

All interview partners state that it was an interplay or a chain of internal and external factors that led to the insolvency. Figure 1 provides an overview of the reasons mentioned. One aspect that has been inductively identified from the results is the influence of the COVID-19 pandemic. The empirical analysis revealed that COVID-19 was also a significant factor contributing to the insolvency of sustainable fashion brands. IP C highlighted that obtaining bank credit to buffer declining revenues during the pandemic posed a challenge for fashion brands. IP B emphasised that the issues with unreliable B2B payments had already existed before the pandemic but were intensified by COVID-19. Many supply chain partners were unwilling to accept ordered goods after the lockdown (IP B). This indicates a connection between COVID-19 and the lack of cohesion within the supply chain. Moreover, the government measures to mitigate the impact of COVID-19, such as the implementation of the 3G rule, led to significant revenue declines, particularly in the physical stores of these brands. State regulations thus emerged as a central challenge (IP B).

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Figure 1: Internal and external reasons for the insolvency or entrepreneurial distress of sustainable fashion brands; own presentation

Discussion

The application of the Five Forces analysis according to Porter (1980) has proven to be effective in this study, even though the focus was mainly on competition within the market itself and the bargaining power of suppliers and buyers. These factors seem to have represented the greatest challenges in this context. The Five Forces analysis,

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while effective in this study, offers only a snapshot and lacks dynamic considerations. Positioned at the meso level, it does not account for macro-level regulations such as government subsidies or legal conditions, which can be subject to change and significantly impact market dynamics.

Rivalry Among Existing Competitors

In this dimension, the views of the studies and the empirical work do not align, as this study exclusively involved companies that were insolvent or in business distress and not established sustainable fashion brands, which might perceive the market as less threatening. According to Qian (2024), the sustainable fashion market is an opportunity to gain significant market share. It is emphasised that these are established companies that have shown a long-term commitment to sustainability and innovation. This means they are companies that have either reached a certain size or are not suffering from the factors leading to insolvency as outlined by Patel et al. (2022).

Qian (2024) further argues that the market is fast-growing and dynamic, requiring early adaptation to new technologies and consumer needs. Here, the study's findings partially contradict this statement, as buyers of sustainable fashion brands show a declining behaviour (IP A and C). Thus, the market grows through new fashion brands entering (Qian 2024), but not through an increase in buyers. Expanding to consumers of conventional fashion brands, which could be achieved by increasing the marketing budget, becomes even more important. Not least, this is to educate consumers and clarify the differentiation between 'sustainable' product lines of conventional brands and 'genuine' sustainable fashion brands, in the sense of Elkington (1998).

The studies do not address the 'discount promotions' by established sustainable fashion brands (IP A). These intensify the competition and, due to low profit margins (IP C), combined with cost-intensive production (IP A, B, and C), lead to an existentially threatening mix. Additionally, banks are reluctant to invest in this industry because it is not lucrative enough (IP C). Similarly, the relationship between sustainable fashion brands and retailers, which should be examined more deeply in further research, remains unaddressed by the studies. Here, the planning uncertainty due to inconsistent order quantities and order frequencies and the payment delays are mentioned (IP B and C). This could also indicate an asymmetry in the relationship. This is accompanied by cost-intensive pre-financing of goods, which, when payments are delayed, leads to liquidity shortages (IP B).

Thorisdottir et al. (2024) criticise, as do the interviewees (IP A, B, and C), the reluctance of politics to promote sustainable fashion brands. Both sides (studies and empirical work) express a desire for collaboration and support. The measures of the French government, which plans to introduce environmental taxes for Ultra-Fast

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Fashion in 2024, could be pioneering. According to Thorisdottir et al. (2024), the certifications available in the sustainable fashion market are very expensive and complex. These statements are not confirmed by the interviewees in this study, but they would also lead to a bottleneck in financial and human resources. The interviewees merely point out that government certifications are considered inadequate (IP B). Ultimately, the study by Thorisdottir et al. (2024) sees a need for cooperation among competitors to develop better technologies and materials for the market. There were no statements on cooperation in the interviews, but the 'lack of solidarity' was criticised. It was highlighted that there is no support from industry colleagues in the event of insolvency or business distress (IP A and B). This statement should be examined more closely in further research.

Bargaining Power of Suppliers

The studies mentioned above speak less about the problem of supply chain dependency, which reduces the flexibility of sustainable fashion brands. Reliance on external suppliers introduces significant risks for sustainable fashion brands, as it limits flexibility within the supply chain. Heavy dependence on a small number of producers or distributors heightens vulnerability across procurement and distribution operations. To address this, brands often implement risk-splitting strategies, diversifying their suppliers and distribution channels. Such diversification is essential to reduce operational instability, which can arise when a brand relies on a limited group of partners (IP A). Here, there seems to be an asymmetry in the relationship that needs further investigation. Due to their small and medium-sized scale, these companies have lower purchasing volumes, creating an asymmetry of power between the brands and their suppliers. To address this imbalance and strengthen their bargaining position, brands should consider collaborating and making joint purchases (IP A; IP C). Several challenges are highlighted in implementing crowd buying in the sustainable fashion industry. These include difficulties in aligning order volumes, differing production timelines, varying product specifications among brands, and a lack of transparency in certain supply chains, all of which complicate collaboration efforts (IP C).

However, the dependency is also reinforced by the study by Su et al. (2021), which points out that there is a lack of dyeing facilities, materials, sustainable producers, and qualified workers in the sustainable clothing industry. This limits the options and thus leads to dependency on the few available in the market. In addition, the higher prices of sustainable products, often more expensive than conventional brands due to their predominantly European production (IP A), are further supported by the findings of Su et al. (2021).

If we acknowledge the existence of a power imbalance and asymmetry in the relationship between suppliers and sustainable fashion brands, the requirement

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for large purchase quantities (IP B), which further constrain valuable financial resources, becomes a logical consequence. Moreover, the customizations in orders and the management of sustainable supply chains further tie up valuable financial and human resources (IP B) and create a barrier to switching to other suppliers.

For this reason, a solution could be the approaches of Jean (2024), who encourages increasing collaboration with suppliers so that the expertise and resources of supply chain partners can be better utilised to overcome technological, financial, and organisational barriers to sustainable innovations. Long-term relationships and geographical proximity (Talay et al. 2018; Thorisdottir et al. 2024) present an opportunity for the industry.

Bargaining Power of Buyers

One of the biggest problems concerning consumers is the decline in consumption of new sustainable products (IP C). One explanation could be that buyers of sustainable fashion brands are more likely to turn to alternative products such as second-hand and rental models (Riesgo et al. 2022). Thus, this avoidance behaviour, which is good for the environment but unfavourable for the industry, would lead to the expansion of the target group. Target groups of conventional brands would need to be addressed. Since buyers of sustainable fashion primarily purchase based on aesthetic considerations (IP C), as already mentioned in the studies by Taborecka et al. (2023) and Su et al. (2021), additional challenges arise for buyers of conventional fashion, such as price sensitivity. According to Su et al. (2021), education and image maintenance should already take place among buyers of sustainable brands, and these should be more intense compared to buyers of conventional brands. The fact that society is polarised and tends to 'bash' on 'green' politics and lifestyle was not investigated in studies and offers an approach for further research (IP A).

Reasons for Insolvency or Business Distress

The study by Patel et al. (2022) identified ten reasons for insolvency. Although these were the results for the construction industry, it was believed that there are parallels in the length of supply chains and dependency on each other. The study identified internal and external factors for insolvency or business distress. External factors far outweighed internal factors, which speaks even more for a thorough examination of environmental factors based on a risk and opportunity assessment. However, it is necessary to critically assess the statements, as it remains unclear to what extent the management has critically and reflectively analysed the internal challenges. It is possible that mistakes were sought externally rather than within the company. The study showed that there are hardly any parallels between the two industries (construction and fashion).

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The domino effect (Patel et al. 2022) leads to insolvency or business distress among upstream and downstream actors in the value chain when a partner is unable to deliver or pay. This chain reaction was also mentioned in the context of sustainable fashion brands. Outstanding payments from B2B customers led to the inability to pay their suppliers (IP B). This also includes when the accountant fails to deliver the annual financial statement on time to secure a bank loan (IP B). These reasons are linked to cash flow problems (Patel 2022). It suggests that the situation of these fashion brands must be so precarious that the slightest delay leads to insolvency, indicating a lack of liquid funds.

The factors mentioned by Patel (2022) could not be identified in this context. Instead, the following categories can be derived:

1. Lack of cost-saving potential (IP A)
2. High investments in innovations, marketing, and software solutions (IP A and C)
3. Rapid product life cycle (investment in new products) (IP A)
4. Market dynamics make forecasting difficult (IP C)
5. Power of suppliers leads to high costs and inflexibility (IP C)
6. Lack of support from banks and stakeholders (IP C)

This leads to an apparent contradiction: On the one hand, the industry market requires substantial investments in innovation, marketing and software systems. On the other hand, more and more brands are entering the market. These high investments do not act as a barrier to entry but develop into a relevant factor only during market presence.

Thus, at the end of this discussion, the empirical findings can once again be compiled in the Five Forces analysis (see Table 3) to create a comprehensive picture along with the previous overview of the opportunities and risks in the sustainable fashion industry.

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Table 3: Overview of the empirical results

Dimension	Contents of the Empirical Study
Rivalry Among Existing Competitors	Established companies can gain market share
	The market is growing due to newly entering fashion brands
	There are early discount promotions by established sustainable fashion brands
	Low profit margins
	Cost-intensive production
	Banks are reluctant to invest in the industry
	Dependence on retailers
	Planning uncertainty due to fluctuating order quantities and frequencies from retailers
	Payment delays by retailers
	Cost-intensive pre-financing of goods
	Reluctance of policymakers to promote sustainable fashion brands
	Government certifications are insufficient
	Lack of support from industry peers
	Possible domino effect
	Lack of cost reduction potential
	High investments in innovations, marketing, and software solutions
	Fast product life cycle (investment in new products)
	Market dynamics make forecasting difficult
Bargaining Power of Suppliers	Supply chain dependence
	Power of suppliers leads to high costs and inflexibility
	High costs for materials, customization, administration, software
	High purchase quantities
	Barrier to switching to other suppliers
Bargaining Power of Buyers	Decline in consumption of new sustainable products
	Target group expansion to buyers of conventional brands
	Aesthetics and price are relevant
	Marketing budget needs to be increased
	Polarized society: "bashing" of "green" politics and lifestyle

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Limitations and Further Research

The main limitation of this study lies in its exclusive focus on interviews with managers, who retrospectively identified external factors as primary reasons for insolvency or business distress. Internal factors mentioned included 'no cost-saving potential', 'high investments' and 'planning uncertainties', though these were often attributed to external influences. As a result, few own failings were acknowledged. Incorporating additional perspectives, such as those of former employees from different positions, could have provided a more holistic understanding and strengthened the explanatory power of the findings.

Additionally, the study highlighted asymmetries in the relationships between sustainable fashion brands and their suppliers or retailers. Smaller brands, unable to purchase in large volumes, face limitations in sales power and economies of scale [see Anderson et al.'s and Ladiges's chapter in this volume]. Future research should investigate how these asymmetries vary by company size, as this study did not consider differences between small and large sustainable fashion brands. Including larger brands would likely yield additional insights into power imbalances.

Research is also needed to explore solutions for alignment challenges in crowd buying, specifically regarding order volumes, timelines, product specifications and supply chain transparency. Furthermore, macro-level influences, such as crises and conflicts, contribute to a polarization between 'green' and 'not green' policies, affecting sustainable fashion brands. Future studies should examine the extent and specific impacts of this polarization.

An unexpected finding was the lack of solidarity within the sustainable fashion industry, challenging the stereotype of social entrepreneurship dominating the sector. Investigating expectations, cooperation, networks and informal support could provide valuable insights. Pal and Gander (2018) noted that sustainable fashion brands often develop individualistic business models focused on exclusivity and competition, hindering industry-wide collaboration and reinforcing isolated efforts.

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A Fair Trade Approach to Craftsmanship, Technology and Sustainability

The Animaná and Hecho Por Nosotros' Toolkit

Adriana Marina, Camilla Tettoni and Edison Benites Leiva

Introduction

The fashion industry is a major contributor to sustainability issues, including environmental harm, cultural erosion, poor labour practices and complex supply chains, which often lack transparency and accountability (Gonzalez-Amarillo et al. 2018). Whilst there has been a push towards sustainability, greenwashing is widespread, and transparency remains a significant challenge [see Salter's as well as Trasciani et al.'s chapter in this volume]. Furthermore, according to Sadowski et al. (2021: 11), the fashion industry is the second-largest consumer of water and contributes heavily to global carbon emissions. Additionally, poor working conditions, low wages and gender discrimination are common, perpetuating social injustices (Santucci et al. 2023).

Beyond environmental and social concerns, cultural sustainability is also lacking [see Boța-Moisin and Winkler's chapter in this volume]. For example, in Latin America, local artisans and Indigenous communities are often victims of the appropriation of cultural designs, which hinders economic growth due to limited local processing and development strategies (Fusi et al. 2024). Addressing these issues, the B-Corp[1] *Animaná* and NGO *Hecho Por Nosotros* (HxN) promote ethical fashion initiatives. HxN, with consultative status in the UN ECOSOC (Economic and Social Council), advocates for a transparent textile value chain and seeks to protect Indigenous knowledge through fair production practices. In alignment with the 2030 Agenda for Sustainable Development, HxN has partnered with over 80 organisations to support creative industries and foster sustainable production and consumption patterns (United Nations Sustainable Development Goals 2024).

1 A 'B Corporation' (or 'B Corp') is a for-profit corporation certified for its social impact by B Lab, a non-profit organization. To be granted and to maintain the certification, companies are assessed on their social and environmental performance and commitment to stakeholders.

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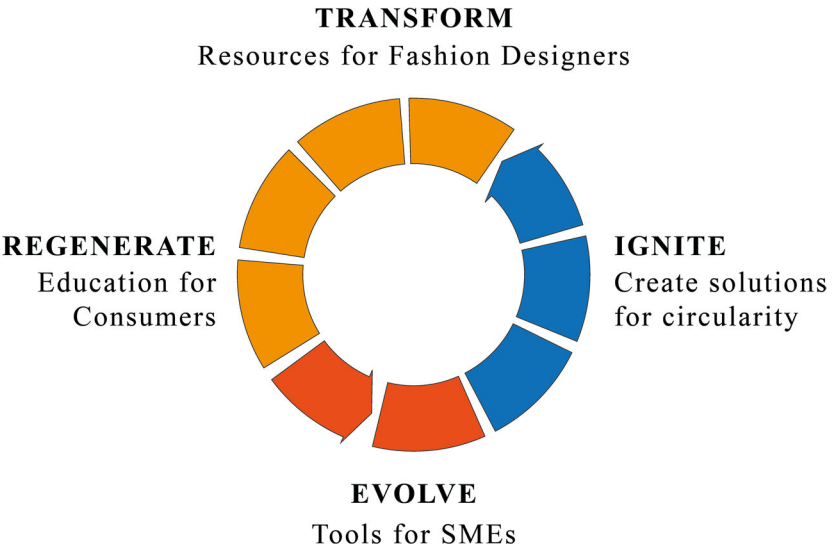
Together, HxN and *Animaná* provide tools to empower artisans and small businesses, promoting fair principles in trade and technology adoption. Their platform offers educational materials, traceability tools, and market access solutions to drive fair practices in trade. This chapter examines the theory of change as applied by HxN and *Animaná*, focusing on fair principles in trade and innovative methods, including a Toolkit and QR codes that enhance transparency by revealing the stories behind products, aiming for systemic transformation towards a sustainable fashion industry.

Hecho Por Nosotros & Animaná's Theory of Change

As the United Nations Development Group (UNDG) quotes, "A theory of change is a method that explains how a given intervention, or set of interventions, are expected to lead to a specific development change, drawing on a causal analysis based on available evidence" (United Nations Development Group 2018).

Figure 1: HxN Theory of change. Hecho por Nosotros, 2024.



HxN's theory of change is built on the exchange of wisdom between Indigenous knowledge and sustainable practices, as applied to global market strategies. This approach ensures that Indigenous Peoples and Local Communities (IPLCs) have a voice, recognising their crucial role in the process of production. It fosters the de-

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velopment of a sustainable value chain and promotes a two-way exchange of knowledge. According to Adriana Marina, CEO and founder of *Animaná* and HxN, these organisations are "genuinely focused on the appreciation of people, communities, and its richness" (Ethical Collection 2023).

Figure 2: The process of collecting camelids' fibres. Hecho Por Nosotros, 2023.

Most IPLCs live below the poverty line, surviving on less than $2.15 per day, according to the World Bank (World Bank n.d.). This economic hardship is exacerbated by ecosystem degradation, directly impacting their traditional livelihoods and cultural practices. For instance, the ancient method of 'chaku', a communal practice of shearing and herding camelids, is at risk (Bonacic et al. 2006). Furthermore, IPLCs have honed specific breeding techniques crucial to the survival of camelids, such as vicuñas. Without this Indigenous knowledge, these species could be at risk, alongside the communities' economic independence. Protecting camelids like vicuñas and integrating local artisans into both local and global value chains is vital for preserving biodiversity and empowering these communities economically and culturally (Marina et al. 2018).

Animaná's emphasis on camelid products underscores the preservation of Indigenous practices while addressing systemic corruption. By safeguarding breeding traditions and integrating local artisans into economic systems, these initiatives protect camelid populations and support IPLCs. Rooted in a theory of change that bridges cultural heritage and contemporary practices, *Animaná* and HxN ensure an-

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cestral knowledge is incorporated into designs through traditional iconography and methods, fostering a connection between heritage and modern fashion.

However, implementing HxN's theory of change faces challenges in balancing traditional values with the demands of global markets. Market pressures for scalability and efficiency often conflict with the slower, sustainable methods of IPLCs. Additionally, unequal power dynamics in global value chains hinder artisans' control over intellectual property and production processes, complicating efforts to align cultural preservation with modern economic participation [see Lawson Jaramillo's as well as Boța-Moisin and Winkler's chapter in this volume].

Figure 3: An Indigenous artisan, supported by HxN and Animanà, weaving camelid fibres. Hecho Por Nosotros, 2023.

Currently, a significant debate around the theory of change in similar projects centres on the balance between scalability and the preservation of traditional knowledge. Critics argue that scaling up initiatives in the fashion industry can lead to a dilution of cultural authenticity, as global markets prioritise speed and cost-effectiveness over sustainability and cultural preservation (Cultural Intellectual Property Rights Initiative 2020). There is also ongoing discourse about the extent to which local communities benefit economically from integration into global markets, with concerns about exploitation and inequitable profit-sharing structures (Seier 2019).

HxN believes that systemic change can begin with Circular Economy models, which form the foundation for fair practices in trade and sustainable development. HxN and *Animaná* define the Circular Economy as an economic system focused

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on micro-, meso-, and macro-levels to achieve sustainable development, improve environmental quality, generate economic prosperity and ensure social equity for present and future generations. By collaborating and co-creating with Indigenous communities in both local and global markets, HxN aims to foster a more inclusive and equitable economic system. Their longstanding partnership with the United Nations Economic Commission for Europe (UNECE) has reinforced this vision, as UNECE advocates for the Circular Economy to minimise environmental impact through strategies such as reducing, reusing, recycling, and recovering materials (Suarez-Visbal et al. 2022).

A crucial aspect of this systemic change is empowering local artisans with the tools and knowledge needed to thrive in the system, such as accessing new markets. *Animaná* and HxN developed user-friendly resources for artisans and textile value chain stakeholders, all available through their Toolkit. This Toolkit provides support for SMEs (Small and Medium Enterprises) by enhancing access to business knowledge and addressing technological, financial and gender disparities. According to Adriana Marina, the organisations "not only aim to raise consumer awareness about the injustices, processes, and impacts of the fashion industry but also collaborate to implement change and provide concrete solutions to the problem" (Rocca 2020).

Fair Trade and the Fault of Certifications

The premise in favour of implementing Fair Trade certifications is that they provide small producers with access to broader markets, supporting business development and empowering them through educated consumers who value these certified products and are willing to pay a premium (Hou et al. 2019) [see Anderson et al.'s chapter in this volume]. However, while such certifications offer market access, they also present barriers. Producers must meet strict standards to qualify, which can marginalise those who fall short (Hou et al. 2019). Even when producers succeed, their products often lose their unique identity, becoming standardised for mass markets in the Global North, thus disconnecting them from their origins and stories (Marston 2013). This homogenisation undermines meaningful buyer-producer interactions, erasing historical and geographical ties [see Lawson Jaramillo's as well as Boța-Moisin and Winkler's chapter in this volume]. Additionally, Davenport and Low (2012) argue that labels often create stereotypes of artisans, failing to reflect the true production conditions, which are frequently marked by economic inequality, diverse skill sets and gender imbalances. These issues arise from Fair Trade systems being shaped by market and consumer demands (Getz/Shreck 2006), ultimately perpetuating relationships based on commodities rather than human connection.

Local studies on Fair Trade highlight weaknesses in the management of local producers and cooperatives affiliated with the label, particularly concerning the

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local production chain (Zhang et al. 2020). Busshaus and Zillich (2020) identify the "paradox of sustainable fashion brands", where consumers express a preference for sustainability but continue to purchase fast, disposable fashion [see Sark and Gotthardsen's chapter in this volume]. In this context, traceability is insufficiently incentivised, compelling companies to make the difficult choice of catering to mass demand and perpetuating the cycle of disposable garments (Connell, cited in Busshaus/Zillich, 2020). To fully grasp these criticisms, it is essential to examine the Fair Trade labelling system, which, despite its aim of fostering equity, operates through a hierarchical and unidirectional supply chain model.

Figure 4: World Fair Trade Organization [WFTO] Supply Chain Model. Adapted from Zhang et al. 2020.

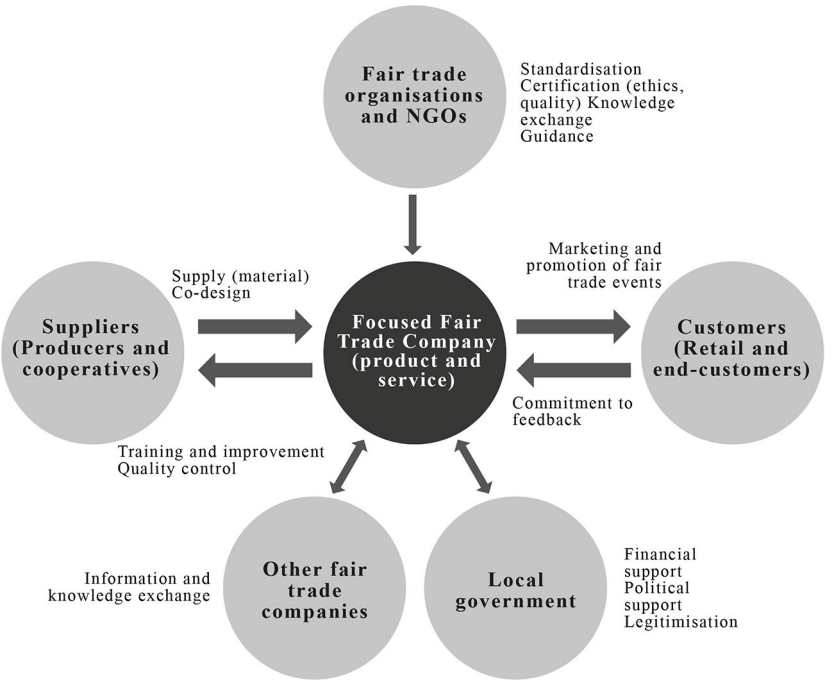

Figure 4 illustrates the hierarchical structure of the Fair Trade supply chain flow model, with partner companies and the WFTO positioned at the top. While there is nominally a bidirectional exchange of knowledge between the lower levels of the hierarchy and local producers, this interaction is often inconsistent, as shown in Figure 5. In many instances, artisans are limited to supplying textiles, which then pass through distributors to reach buyers, with no direct flow of information. Con-

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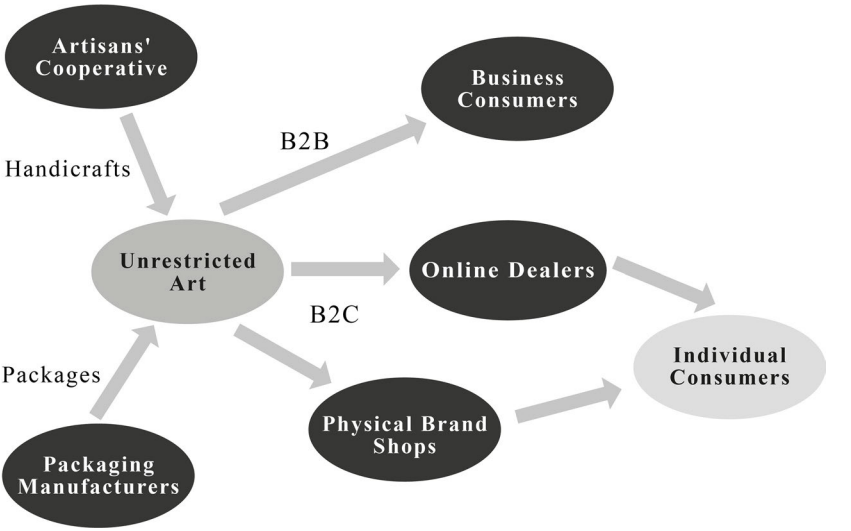
sequently, this model fails to address the needs of artisans, who occupy the most vulnerable position within the value chain. Furthermore, as observed in some Fair Trade certified companies, achieving full integration across all links in the value chain remains a significant challenge.

Figure 5: Supply Chain Model of a Fair Trade Labelling Partner Company. Adapted from Zhang et al. 2020.



In summary, the Fair Trade certifications facilitate access to global markets, but exclude some producers. Those who gain access face challenges such as high demands and the homogenisation of identities (Marston 2013). This hierarchical dynamic hampers artisans' growth (Getz/Shreck 2006) and disrupts the social relationship between consumers and producers.

HxN observed that producer communities often forfeit the ability to independently apply their ancestral sustainable practices when conforming to certification requirements[2]. This externally imposed approach fails to address the challenges faced by producers excluded from the system, leaving them in a vulnerable position (Suárez-Visbal et al. 2023). In response, HxN developed the Toolkit—a platform designed to foster traceability and transparency while adopting an inclusive approach that encourages active participation from all actors within the value chain.

2 This occurs because their products are combined with other local producers, causing the diverse stories and cultures to be subsumed into a collective whole represented by the company responsible for processing and distribution.

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The Toolkit

HxN and *Animaná* have developed a 'Toolkit' to address the limitations of traditional textile certifications. The Toolkit seeks to enhance business, design and innovation knowledge for design professionals and artisan producers, bridging technological, financial and gender gaps that disproportionately affect entrepreneurs in the Global South.

By integrating educational tools with a focus on sustainable business models, innovation, and regenerative practices, the Toolkit fosters business and design literacy while embedding sustainability into business models from the outset. It also includes traceability tools and training on their application in global markets, offering a low-cost alternative to traditional certifications. Central to the Toolkit is a digital platform that functions as both an educational resource and a marketplace, leveraging QR code technology to track supply chains and promote transparency, thereby creating an inclusive ecosystem for artisans, designers and entrepreneurs.

QR codes on each product's tag encapsulate the ecosystem, providing consumers with detailed information. Traceability through QR technology has been shown to enhance purchase intent and is a valuable factor for consumers (Luz 2016; Kim/Woo 2016; Bradford et al. 2022). These codes trace the product's journey from seed cultivation to finished garments, emphasising value creation through quality management and enhancing competitiveness in global markets. The Toolkit is structured in seven dimensions: four sequential (diagnosis, capacity building, inclusive financing, and market access) and three transversal (co-creation, local culture, and technology) (Ahumada et al. 2023).

The transversal elements are the pillars of the HxN ecosystem and its network of collaborators. They are based on: (1) Co-creation: fostering collaboration, empathy and dialogue between global professionals and textile artisans from Latin America for mutual learning and respect for cultural identities; (2) Local culture: valuing local culture, in collaboration with B-Corp *Animaná*, focusing on preserving sustainable and traditional techniques[3] to reduce environmental impact, promoting a horizontal structure where each artisan is considered a master; and (3) Technology: leveraging emerging technologies to empower SMEs and artisans, enhancing access to information, local and global markets. By exploring blockchain, artificial intelligence and QR code integration, the initiative promotes transparency and traceability within the value chain. Additionally, online training platforms and the potential use of cryptocurrencies broaden the scope of HxN and its collaborative network, driving innovation within its ecosystem.

3 The case of Tambogan highlights the importance of understanding and acknowledging ancestral processes, such as puchka, mantay, and the use of kallwa, in the creation of the white cloak (Ahumada et al. 2023).

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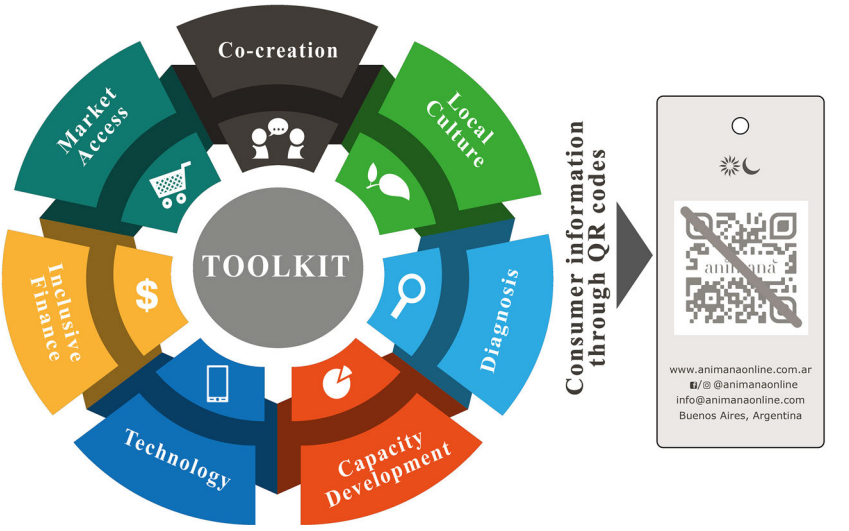
Figure 6: The HxN's Toolkit and its application through Animanà's QR codes. Hecho Por Nosotros, 2024.



The elements of the HxN model ecosystem are developed in the following sequential phases: (1) Diagnosis: adaptation of the Toolkit to the needs of SMEs, artisans and textile producers through studies that identify social, economic and environmental challenges, designing tailored training, and defining impact indicators; (2) Capacity building: strengthening textile design, formalisation, business management, marketing and circular economy through tailored training, stored on our open platform; (3) Inclusive financing[4]: access to microcredits and working capital through cryptocurrencies and financial partnerships, reducing dependence on informal credit; (4) Market access: connecting artisans with local and global markets, highlighting the sale of products in *Animaná* stores across Europe.

This structured approach aligns seamlessly with *Animaná*'s innovative use of QR codes, which provide consumers with in-depth insights into the supply chain. By revealing the origins of products, including their materials, artisanal production processes, and the fair remuneration of producers, these QR codes foster a deeper connection between consumers and the communities behind each garment. In doing so, they promote transparency and ethical practices and elevate the consumer

4 The case of Tambogan demonstrates how decentralised banking can provide working capital to individuals who do not meet the criteria for traditional loans. Offering crypto loans helps bridge the financial gap while avoiding reliance on informal loans with exorbitant interest rates.

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experience by offering a richer understanding of the values and craftsmanship embedded in sustainable fashion.

Figure 7: Animanà's QR codes. Animanà, 2024.

The learnings from the ecosystem are systematised and shared in the Toolkit, available to artisans, SMEs and designers in Latin America and around the world. This set of tools facilitates collaboration, the creation of partnerships, the initiation of new businesses and problem-solving, accelerating the global shift towards sustainability.

Conclusion

HxN and *Animaná* are committed to preserving Indigenous breeding techniques while integrating local artisans into the textile value chain, with the dual aim of protecting camelid populations and supporting communities both economically and culturally. In contrast to Fair Trade certifications, which often impose top-down solutions and restrict the autonomy of ancestral practices, HxN and *Animaná* adopt a more inclusive approach. Through capacity-building initiatives, such as the HxN Toolkit, they empower Indigenous Peoples and Local Communities to pursue self-directed, sustainable growth.

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Figure 8: Fashion products are entirely crafted in adherence to fair trade principles, with a focus on sustainability, inclusive Toolkit use, and the integration of Indigenous Peoples and Local Communities (IPLCs) within the value chain, as discussed in this chapter. Animanà, 2024.

The HxN Toolkit enhances transparency and traceability within trade by employing technologies such as QR codes, which connect traditional artisan craftsmanship to global markets. Over the past decade, HxN and *Animaná* have collaborated with over 3,000 artisans, 364 artisan groups, and 27 fibre producers, facilitating their access to global markets and driving revenue growth. These efforts have also contributed to the creation of a business network comprising 7,500 artisans and the training of 1,500 student designers in sustainable fashion practices (United Nations Environment Programme 2023). These initiatives foster the sustainable production of high-value fibres, including alpaca and llama wool, while simultaneously preserving cultural heritage and enhancing livelihoods.

By promoting equitable trade and engaging consumers through QR codes, HxN and *Animaná* address both social and environmental challenges. These initiatives attract consumers who are committed to sustainability, offering them a deeper understanding of the production process and the cultural narratives behind the craftsmanship. In doing so, HxN and *Animaná* elevate ancestral practices and support a more responsible fashion industry.

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PART 3: Expanding the Discourse: New Directions and Sustainability Pathways in Fashion

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The Role of Fair Trade Principles and Justice within the Transformation to a Circular Textile Economy

Maike Demandt and Burcu Gözet[1]

Introduction

Within the past decades, the textile industry has transformed significantly. While fashion brands once released just two to four collections annually (for summer, winter, spring and autumn), today's major brands launch around 24 collections a year, a trend known as 'Fast Fashion' (Centobelli et al. 2022: 2). This rapid turnover has resulted in clothing being produced more quickly and cheaply, often at the expense of quality [see Sark and Gotthardsen's as well Salter's chapter in this volume]. The competitive landscape has further intensified with the rise of direct-to-consumer online retailers like *Shein*, who cut out traditional intermediaries to lower costs – also known as 'Ultra Fast Fashion' with releases of up to 52 collections each year (Stanton 2024). This shift has considerable ecological implications (Centobelli et al. 2022: 1); the high volume of production requires large quantities of raw materials, which put considerable strain on environmental resources. Moreover, the excessive waste generated by this overproduction results in substantial amounts of discarded textiles that many countries struggle to manage (Papamichael et al. 2022: 1). These waste materials frequently end up in landfills, leading to environmental degradation and, in some cases, posing health risks. This concern has attracted the attention of policymakers and the public, prompting initiatives aimed at mitigating these issues.

However, the challenges posed by the textile industry extend beyond environmental issues. Social injustices, including exploitative labour practices and unsafe working conditions, remain pervasive [see Anderson et al.'s as well as Hock and Kenel's chapter in this volume]. Even after the Rana Plaza disaster in Bangladesh in 2013, which exposed these problems, the broader social implications within the textile sector have remained largely unaddressed. This neglect also extends to the interconnectedness of Europe's textile consumption and its trade partners.

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Against this background and given the complexity and opacity of textile value chains, it is crucial to ensure fairness and justice, particularly for those most adversely affected by these circumstances. In response, major Fair Trade organisations get involved in the debate with the endeavour to bring together principles of Fair Trade and Circular Economy, building on the existing overlaps of those topics such as their respect for the environment (World Fair Trade Organization n.d.a). Building on this context, this chapter investigates how current Circular Economy strategies within the European Union address Fair Trade and social justice concerns. It seeks to deepen understanding of the ongoing discourse, identify existing gaps and provide a foundation for future research and practical advancements. Central to this work is the question: 'To what extent do existing measures aimed at achieving a circular textile economy consider justice aspects and Fair Trade principles?' This question is addressed by reviewing existing regulations – such as the Circular Economy Action Plan, the EU Strategy for Sustainable and Circular Textiles and the Ecodesign for Sustainable Products Regulation – through the lens of justice, social considerations and the principles of Fair Trade. The approach follows the method of a qualitative content analysis according to Mayring (2010). Furthermore, the role of key organisations, such as the *Forum Fairer Handel*, *World Fair Trade Organization* (WFTO), and *Fairtrade International* within this context will be examined.

Europe's Textile Trade

At the start of the linear textile value chain, the EU holds a relatively minor role on the global stage. China overwhelmingly dominates global chemical fibre production (72 per cent of the total output, India 8 per cent, and Europe 2 per cent) (Statista 2023a). A similar pattern is evident in cotton production, where China and India lead with shares of 24.1 per cent and 23.1 per cent respectively, while all EU countries combined contribute with 0.9 per cent (USDA 2024). Similarly, in the production of textiles, Asian countries dominate the global market (Statista 2024a).

Europe, however, excels in the export phase of the textile lifecycle. In 2022, the EU ranked as the second-largest global exporter of textiles, with exports valued at $71 billion, second only to China, which exported textiles worth $148 billion (Statista 2023b). Certain EU countries, such as Germany, Poland and the Netherlands, have become major hubs for the export of used textiles. These countries export a disproportionate share of the EU's used textiles, potentially due to superior collection systems and lower internal reuse rates. This concentration may also be attributed to their roles as export hubs, importing used textiles from other EU Member States for re-export beyond the EU (European Environment Agency 2023). Primary destinations for EU textile exports are Africa and Asia. Over the past two decades, the African continent was the main recipient, importing more than 60 per cent of EU

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textile exports. By 2019, Asia's share had risen from 26 per cent in 2000 to 41 per cent, almost matching Africa's current share of 46 per cent (ibid).

In terms of imports, the EU stands as a leading global importer of textiles, with a total import value of $78 billion (Statista 2023c). Key import sources are China ($41.45 billion), Bangladesh ($17 billion), and Turkey ($17 billion) (World Bank 2024). This dynamic underscores Europe's pivotal role in the global textile market, showcasing its substantial role as both a leading importer and exporter, even with its relatively modest production capabilities [see Hofmann and Yildiz's chapter in this volume]. Within the EU, it is worth mentioning Germany, being the largest importer of textiles in Europe and the third-largest importer globally (Statista 2024b: 39). The majority of these imports originate from China, Bangladesh, and Turkey (Statista 2024c). On the export side, Germany ranks third globally, with European countries such as Poland, Austria, and Switzerland being primary recipients (Gesamtverband textil + mode 2023: 32). However, domestic production in Germany has been on the decline, reflecting the shift to countries with lower manufacturing costs and the growing internationalization of the industry. Between 2015 and 2018, the production of clothing, footwear, and leather goods decreased by 9.7 per cent, while the production of household textiles declined by 3.2 per cent (bvse 2020: 4).

Through these trade volumes, European countries have a significant impact on the inter alia economic structures on countries outside the EU. Historically, for instance, national textile production in Africa faced significant challenges due to competition with low-priced second-hand clothing from Europe [see Sark and Gotthardsen's chapter in this volume]. If trade patterns shift with the ongoing implementation of a Circular Economy – such as by circulating clothing and fabric within Europe for reuse or recycling – the resulting reduction in available products or materials could necessitate further adjustments in the respective economy.

The Kantamanto market in Accra, Ghana, serves as a notable example of the crucial role that second-hand export of clothing plays in local economies. It is likely the world's largest hub for second-hand clothing, with around 15 million fashion items arriving each week (The OR Foundation 2023). When the influx of second-hand clothing began to rise in the 1960s (Ricketts 2019), this was seen as a profitable business to locals. The situation has changed over time; today, these items are often of lower quality, and the region is inundated with an uncontrollable surplus of goods. The discarded clothing often ends up in overflowing sanitary landfills or is openly burned in unplanned sites, exacerbating pollution and health risks.

Despite these challenges, the Kantamanto market remains vital for the livelihoods of thousands of Ghanaians, including both traders and consumers. For many citizens, second-hand clothing represents an affordable alternative to new garments, and the market itself sustains an extensive network of jobs (Oxford Economics 2024: 2; Katende-Magezi 2017: 15). Reducing or banning the export of used clothing from the EU (Reuters 2024) is often proposed as a solution to the

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environmental impact, but would have profound social consequences—limiting access to affordable clothing and threatening the economic stability of countless individuals. This case highlights the dual-edged nature of the second-hand clothing trade, where economic necessity and environmental sustainability are often in conflict. It also raises broader questions about the responsibility of exporting nations (such as Germany and the EU), the ethics of Fast Fashion, and the global inequalities that shape consumption and waste (Gözet et al. 2025).

Consequently, potential implications of changes in trade patterns need to be considered under the umbrella of justice and fairness. While this is already elaborated within certain fields (e.g., energy transition), it is still in its infancy within the discourse of the Circular Economy (Schröder 2020: 2).

Just Transition and Fair Trade Principles

The term 'Just Transition' originally refers to transitioning to a climate-neutral economy while ensuring workers' livelihoods and communities' well-being. It emphasizes decent jobs, social protection, training opportunities and job security for those impacted by climate change and related policies (European Foundation for the Improvement of Living and Working Conditions n.d.).

Similarly, ensuring a fair transition to a Circular Economy requires integrating principles of justice throughout the process. According to the European Environment Agency (EEA), these principles include:

1. Distributional Justice: This dimension of justice addresses the way in which the costs and benefits of human activities are distributed across our society and other species in the natural environment.
2. Procedural Justice: Procedural Justice concentrates on fairness in decision-making processes as well as related activities such as court proceedings and procedures. It takes into account who participates and benefits from these processes and how inclusive participation can be implemented.
3. Recognitional Justice: The third justice dimension is about recognizing underlying systemic injustices and representing the dignity, values and identity of people and other species (European Environment Agency 2024).

These three dimensions can be enriched with additional aspects, such as intersectionality, which examines how various dimensions of justice, e.g., age, sexuality, gender, interact and influence one another. Additionally, fair trading systems can also play an important role and contribute to the three justice dimensions. For example, the ten Fair Trade principles of the WFTO encompass the following (World Fair Trade Organization n.d.a):

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1. Creating Opportunities for Economically Disadvantaged Producers
2. Transparency and Accountability
3. Fair Trading Practices
4. Payment of a Fair Price
5. Ensuring No Child Labour and Forced Labour
6. Commitment to Non-Discrimination, Gender Equity, and Freedom of Association
7. Ensuring Good Working Conditions
8. Capacity Building
9. Promoting Fair Trade
10. Respect for the Environment.

By promoting fair working conditions and equitable pricing, Fair Trade organisations enhance the independence of farmers and contribute to just global economic practices.

Justice and Fair Trade in Ongoing Circular Economy Measures

In recent years, various policy measures and strategies have been introduced to reduce the environmental impact and improve the resource efficiency of the EU's economy. Many of these measures are directly relevant to the textile sector. Among them, the Circular Economy Action Plan (CEAP), the EU Strategy for Sustainable and Circular Textiles and the Ecodesign for Sustainable Products Regulation (ESPR) stand out as particularly significant. Additional regulatory frameworks, such as the Revision of the Waste Framework Directive, the Corporate Sustainability Due Diligence Directive (CSDDD) and the Waste Shipment Regulation also influence the sector. However, this study focuses on the three previously mentioned measures due to their direct and comprehensive relevance for the textile industry.

This section examines how these regulations integrate principles of justice and Fair Trade and explores the responses of key actors in the Circular Economy to these considerations. For this analysis, the authors employed qualitative content analysis as outlined by Mayring (2010). The primary research objective was defined as:

'To what extent do existing measures aimed at achieving a circular textile economy consider justice aspects and Fair Trade principles?' To address this question, we applied inductive category development, identifying the following categories for analysis:

- Just Transition Principles
- Fair Trade Principles
- Sustainable Development Goals (SDGs) and other social aspects.

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Rather than employing a quantitative approach, we focused on interpreting textual elements where relevant aspects are often mentioned implicitly rather than explicitly. The results are presented below.

Circular Economy Action Plan (CEAP)

The CEAP was adopted in March 2020 as a comprehensive package of measures by the EU to promote the Circular Economy across all sectors. It includes specific initiatives to reduce waste, promote recycling, and create a market for secondary raw materials. For the textile industry, measures related to the collection and reuse of textile waste, as well as the promotion of recycling technologies, are of particular importance (European Commission 2020: 13).

It addresses social aspects and justice principles both directly and indirectly, emphasizing the importance of a fair and systemic transition to a Circular Economy. It incorporates procedural justice by ensuring stakeholder involvement at all levels (ibid: 24) and addresses distributional justice by aiming to prevent harmful waste exports and supporting regional investments that foster job creation and capacity building (ibid: 14). Additionally, the CEAP addresses the accessibility of certain products and services as well as contributing to social inclusion (ibid: 7) and incorporates sustainability labels that integrate environmental and social criteria along the value chain (ibid: 7).

The CEAP also aligns with the SDGs by ensuring that the Circular Economy benefits people, regions and cities (ibid: 5). It aims to strengthen trading relationships with Eastern and Southern countries, particularly Africa, to promote sustainable business models and employment opportunities (ibid: 18). However, despite these social and justice-oriented efforts, the CEAP's primary focus remains on enhancing Europe's competitiveness and achieving economic efficiency (ibid: 4), with less emphasis on the social impacts on workers, such as those in primary material extraction.

EU Strategy for Sustainable and Circular Textiles

The EU Strategy for Sustainable and Circular Textiles is a key component of the broader EU Circular Economy Action Plan and represents the most relevant regulation concerning the Circular Economy within the textile sector. It was published in March 2022 and aims to make the textile industry more sustainable by extending the life cycle of textile products and promoting reuse, repair and recycling. This includes measures to improve material selection, reduce harmful substances and encourage innovative business models like product-service systems (European Commission 2022: 3). Compared to the CEAP, the EU Strategy for Sustainable and Circular Textiles puts a stronger focus on social aspects and justice principles. It

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explicitly highlights social challenges within the global textile value chain, including issues of child labour and gender inequality, emphasizing the need for Fair Trade practices and improved working conditions in line with international labour standards and the SDGs (ibid: 1). The respect of social rights is also mentioned in their vision for a circular textile industry (ibid: 2). The strategy integrates social justice by promoting fair wages and safe working conditions, and by encouraging transparency and traceability to combat human rights abuses in supply chains (ibid: 12). It also supports social innovation and local green enterprises, contributing to job creation, inclusive businesses and capacity building within the EU (ibid: 9). The need for large scale partnership towards green skills, including value chain assessments, is also underlined (ibid: 11). While the primary focus is on environmental sustainability and circularity, the strategy includes measures to ensure that textile products are manufactured with respect for both social and environmental standards globally (ibid: 12). Regarding the gender aspect (equality), diversification schemes in company management by up to 5 per cent each year are proposed as well as access for women to higher positions (ibid: 11). There is also a focus on fostering projects that support both social and circular economies through targeted investments (ibid: 11).

A dedicated paragraph explores social issues, fair trade, wages and justice. The dimension of procedural justice is also considered, as the Commission plans to collaborate with global partners to develop sustainable textile value chains (ibid: 12). Terms such as "fairer value chains" and "global just transition" are mentioned, emphasizing a commitment to equity (ibid: 12). The respective chapter furthermore addresses various aspects, such as advancing gender equality, improving working conditions and mitigating risks related to human and labour rights, including child labour, discrimination, forced labour, occupational health and safety concerns and unfair wages. It underscores the importance of adhering to Fair Trade principles for all actors involved (ibid: 12).

Moreover, export is also addressed from the perspective of procedural justice. Countries receiving waste exports are required to notify the Commission of their willingness to import and their capacity to manage the waste (ibid: 13). While this approach allows Global South countries a voice in the process, it remains an EU-initiated measure, raising concerns about potential bureaucratic challenges and impacts on the informal sector.

Despite the above-mentioned efforts, several gaps in the strategy remain evident. While it rightly emphasizes reducing dependence on fossil-fuel-based synthetic fibres from other countries (ibid: 8), which is beneficial both ecologically and economically, it overlooks the potential impact on labour and prosperity in those respective countries. Regarding sustainability labels, the strategy touches on social aspects but lacks in depth (ibid: 6). Moreover, it fails to address unfair trading practices that are common in the industry, such as short lead times, prices below pro-

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duction costs and unilateral changes to orders. These practices continue to exploit workers and destabilize supply chains, preventing the strategy from effectively promoting fair and ethical production (Fair Trade Advocacy Office 2022: 2). Notably, the strategy does reference the CSDDD, which aims to hold companies accountable for their environmental and social impacts. However, this directive is not sufficient, as it does not adequately cover small and medium-sized enterprises (SMEs), leaving a significant part of the industry unregulated (ibid: 2). Additionally, the strategy misses a key opportunity by not incorporating social aspects and human rights considerations into the Digital Product Passport. Overall, while the strategy addresses some key social aspects, it falls short in fully deepening justice considerations and translating them into comprehensive actions.

The Ecodesign for Sustainable Products Regulation (ESPR)

The ESPR, which came into force on July 18th, 2024, primarily aims to enhance the circularity, energy performance and sustainability of products in the EU market. It is a central tool for improving the environmental performance of products by setting minimum requirements for the energy efficiency, circularity and environmental friendliness of products placed on the EU market. This means, among other things, that products must be designed to be durable, repairable and recyclable, taking into account the entire product lifecycle to minimize negative environmental impacts (European Commission n.d.).

While the primary focus of this regulation is on environmental sustainability, it also touches upon Fair Trade and justice issues. It highlights the importance of ensuring delegated acts are subject to comprehensive impact assessments and stakeholder consultations, taking into account the international context and the impact on third countries, thereby addressing the dimension of distributional justice (European Union 2024: 6). The Directive also emphasizes the need for traceability and advocates for the use of Digital Product Passports (ibid: 9). In this context, it addresses procedural justice by underscoring the importance of involving developing economies in the creation of technical specifications and requirements related to traceability (ibid: 10). However, the *Fair Trade Advocacy Office* (FTAO) criticizes the current proposals on the Digital Product Passport for lacking considerations of social aspects (FTAO 2022: 3). The FTAO argues that products cannot truly be sustainable without integrating social aspects and human rights, criticizing the proposal for not being aligned with other instruments, such as the CSDDD (ibid: 1).

From this, it can be deduced that while the EU has made notable strides in addressing environmental issues within the textile sector, there is still room for improvement in the integration of justice and Fair Trade principles. The primary reason for this gap in implementation is that these regulations, while focused on sustainability, often prioritize environmental goals, economic competitiveness

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and circularity over social justice considerations (Fair Trade Advocacy Office 2022: 1). The CEAP, for instance, includes social aspects such as procedural justice and regional investments to boost job creation, but it still emphasizes efficiency and economic growth over addressing labour exploitation or ensuring fair conditions globally. Similarly, the EU Strategy for Sustainable and Circular Textiles, while it does highlight issues like child labour and gender inequality, falls short in addressing systemic unfair trading practices within the industry. Moreover, while the Ecodesign for Sustainable Products Regulation takes steps toward procedural justice by encouraging stakeholder consultation, it lacks integration of human rights issues and Fair Trade principles in its design, especially regarding Digital Product Passports.

In summary, while some efforts have been made to improve social sustainability, these efforts remain fragmented. A more holistic approach that fully integrates social justice alongside environmental goals is needed to ensure the regulations foster a truly fair and sustainable textile industry (ibid: 1).

How Key Fair Trade Organisations are Engaged in the Circular Economy Debate

The previous section showed that there are still notable gaps in the integration of Fair Trade principles within key Circular Economy frameworks. The involvement of major Fair Trade organisations is crucial in closing these gaps, as their expertise, values, and advocacy can shape more inclusive and equitable approaches. The following section explores how key Fair Trade organisations are already contributing to the Circular Economy debate and foster justice-driven solutions.

World Fair Trade Organization (WFTO)

The WFTO is a global network dedicated to promoting fair, ethical, and sustainable trading practices. As part of its mission, the WFTO actively integrates Circular Economy principles into its initiatives, recognizing their alignment with Fair Trade values and their potential to address pressing environmental challenges. Through its partnerships and publications, the WFTO provides resources and guidance to help Fair Trade businesses adopt circular business models while navigating the complexities of combining these principles with their traditional goals (World Fair Trade Organization n.d.b).

One key example of this commitment is the WFTO's Circular Economy Toolkit for Fair Trade organisations, which offers practical strategies for implementing circular practices in Fair Trade enterprises. This publication highlights significant regulatory frameworks, such as the EU Green Deal and the CEAP, identifying the lat-

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ter as a landmark initiative with "concrete proposals for innovative and sustainable business models for textiles" (World Fair Trade Organization 2020: 9). The publication furthermore explores the benefits of circular business models that include risk mitigation, meeting consumer needs, and gaining a competitive edge in green public procurement tenders. However, it also addresses some dilemmas at the intersection of Fair Trade and the Circular Economy. For example, while the Circular Economy encourages purchasing local products, this can conflict with the practice of buying goods fairly produced in Africa, Asia, or Latin America. Another important resource is the Circular Fashion Transformation Toolkit, which supports business support organisations in promoting circular and sustainable practices, particularly within small and medium-sized fashion enterprises (World Fair Trade Organization 2023b). Additionally, the Circular Business Models Toolkit provides in-depth guidance on developing circular models aligned with Fair Trade principles (World Fair Trade Organization 2023a). These publications are complemented by a range of articles, case studies and position papers, including the 'Civil Society Shadow European Strategy for Sustainable Textiles, Garments, Leather, and Footwear', which provides an alternative perspective to the European Union's official strategies concerning the textile and fashion sectors (Fair Trade Advocacy Office 2020).

Although the WFTO did not directly contribute to the development of major EU regulatory frameworks such as the CEAP, the EU Strategy for Sustainable and Circular Textiles, or the Ecodesign Regulation, it shares many of the values underpinning these policies. The WFTO actively supports Fair Trade organisations in engaging with Circular Economy initiatives by directing them to resources like ICLEI, which provides insights into local and regional authorities' commitments to circularity. Moreover, it partners with initiatives such as the Slow Fashion Movement and Fashion Revolution which demonstrates the efforts to align Fair Trade principles with broader sustainable fashion goals (World Fair Trade Organization, n.d.b; 2020). Overall, the WFTO actively supports the transition to a Circular Economy and leverages its network of Fair Trade organisations to put these concepts into practice.

Fairtrade International

Fairtrade International is a global organisation dedicated to promoting fairer trading conditions and sustainable livelihoods for farmers and workers in low-income countries (Fairtrade International, n.d.). It is best known for its 'Fairtrade' label, which ensures that products meet specific social, environmental and economic standards. Within their standards for textile products, *Fairtrade International* incorporates several Circular Economy principles, such as the replacement of unsustainable materials (chapter 4.1.4), the reuse of wastewater (chapter 4.2.2), waste sorting (chapter 4.5.1), the development of waste management plans (chapter 4.5.3) and the require-

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ment to minimize waste wherever possible (chapter 4.5.5) (Fairtrade International 2016).

In line with its broader sustainability commitments, *Fairtrade International* has also supported initiatives like the 'Civil Society Shadow European Strategy for Sustainable Textiles, Garments, Leather, and Footwear' (Fair Trade Advocacy Office 2020). However, while *Fairtrade International* has a dedicated Fair Trade Textile Program and aligns with Circular Economy values, its involvement in the regulatory discussion on Circular Economy is relatively limited.

Fair Trade Advocacy Office (FTAO)

The WFTO and *Fairtrade International* established the *Fair Trade Advocacy Office* (FTAO) to serve as a catalyst for collaboration within the international Fair Trade movement, focusing on policy, advocacy and campaigning. This office leads efforts on European Union legislation, policy and implementation (Fair Trade Advocacy Office n.d.). The FTAO's extensive policy work includes the publication of numerous statements, offering recommendations for integrating both green and social ambitions into EU textile and/or circular policies. Especially regarding the EU Strategy for Sustainable and Circular Textiles, the FTAO was majorly involved in the 'Civil Society Shadow Strategy for Sustainable Textiles' and it published the joint paper 'EU Textile Strategy: Civil Society's demands to MEPs' (Fair Trade Advocacy Office 2023; 2020).

In addition, the FTAO has published several reports and articles addressing the Circular Economy, contributing valuable insights on how Fair Trade principles can be integrated into sustainability frameworks. One notable publication, 'Avoiding Blind Spots: Promoting Circular and Fair Business Models', highlights the necessity for systemic changes in business models to address global challenges like growing inequality, climate change and resource depletion (Dufourmont et al. 2020). The report calls for a more comprehensive approach to business practices that integrates circularity with social responsibility and environmental sustainability. It emphasizes the importance of aligning Circular Economy policies with social justice and environmental protection to achieve a truly sustainable future (ibid: 36). Moreover, the FTAO has also advocated for incorporating more social aspects into the Circular Package (Fair Trade Advocacy Office 2022). Thus, through its continued efforts, the FTAO is dedicated to integrating Fair Trade principles into, among other areas, Circular Economy regulations.

Forum Fairer Handel

Forum Fairer Handel is a German network that advocates for Fair Trade practices and sustainable development, promoting fairness and justice in global trade relationships. While their core emphasis is on Fair Trade, rather than Circular Economy as-

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pects, they do engage with related topics such as "eco-fair trading" (Forum Fairer Handel 2021) and "climate justice" (Forum Fairer Handel 2023). Similar to the other above-mentioned organisations, they were also part of the 'Civil Society Shadow Strategy for Sustainable Textiles' (Fair Trade Advocacy Office 2020). However, they do not specifically address Circular Economy principles in detail, but refer to Circular Economy as a concept, as in the publication by the FTAO on fair and circular business models (Dufourmont et al. 2020) and the information sheet on the Circular Economy from the *INKOTA network e.V.* (2022). Beyond these resources, there is little evidence of deeper engagement with Circular Economy issues within their broader body of work.

Conclusion

This chapter explored the interplay between Fair Trade principles and the transition to a circular textile economy, highlighting critical intersections and gaps. While the European Union's regulatory frameworks (e.g., CEAP, the EU Strategy for Sustainable and Circular Textiles, or the Ecodesign for Sustainable Products Regulation) advance environmental goals and resource efficiency, they lack robust integration of justice and Fair Trade principles. This omission risks perpetuating inequalities and undermining social equity within global supply chains. However, initiatives like the EU Strategy for Sustainable and Circular Textiles mark progress by explicitly addressing social challenges in the global textile value chain, including child labour and gender inequality.

Moreover, key organisations such as the WFTO and *Fairtrade International* have begun incorporating Circular Economy principles into their frameworks, addressing aspects like material sustainability, waste management and resource efficiency within their Fair Trade practices. The WFTO, for instance, provides guidance on circular business models and emphasizes the importance of aligning circularity with social justice, though it primarily focuses on ecological sustainability. Similarly, *Fairtrade International* incorporates Circular Economy elements in its textile standards but primarily centres on its core mission of ensuring fair trading conditions and ethical practices. Moreover, the analysed Fair Trade organisations publish comments and policy recommendations on Circular Economy regulations. Especially the EU Strategy for Sustainable and Circular Textiles was majorly commented on, climaxing in the publication of a civil society textile strategy.

To ensure a genuinely sustainable and equitable transition, it is essential to integrate justice and Fair Trade considerations into Circular Economy policies and practices. This approach can help bridging existing gaps, fostering a circular textile economy that not only minimizes environmental impact but promotes social equity and global fairness. Future research and policy development needs to prioritise a com-

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prehensive alignment of environmental sustainability with social justice, leveraging the expertise of Fair Trade organisations [see Salter's as well as Hock and Kenel's chapter in this volume]. Only through such integrated efforts can the textile industry achieve a just and sustainable transformation, benefiting both local and global societies and global ecosystems.

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Fair Trade Foundations and Regenerative Futures

Building a Systemic Approach to Ethical Fashion

Jo Salter

Introduction and Research Approach

This chapter examines Fair Trade and regenerative practices as two foundational approaches in ethical fashion, tracing the progression from well-established Fair Trade systems to the emerging adoption of regenerative methods. Where Fair Trade has successfully delivered benefits at the producer level, the ethical fashion industry's focus is now on whole-system change that addresses both environmental and social impact throughout the product lifecycle [see Demandt and Gözet's as well as Hock and Kenel's chapter in this volume]. Through three case studies, this chapter will illustrate the diverse ways Fair Trade and regenerative fashion are practiced, from heritage textile preservation to innovative brand creation, and how each project contributes to the industry's ongoing transformation in different ways. The chapter focuses primarily through a UK based lens, due to the experience of the author. Although insights may not directly translate to differing global settings, it is hoped that they will be relevant in a broader context, even if as a comparison.

This chapter's development involved multiple research approaches and types of data. First, desk-based research was conducted to examine relevant publications, reports, and websites, providing insight into the history and evolution of Fair Trade and regenerative practices. Additionally, direct engagement and interviews with practitioners in regenerative farming, textile production, and academic research enriched the study by offering first-hand insights and practical perspectives. Data for the case studies includes observation, structured discussion and input/output measurement. Information gathered on *Sanja Stories* was primarily qualitative, gathered through ongoing team discussions, production meetings, and events throughout the project's development. For *Circular Khadi*, quantitative data was collected as part of a broader study under the *University of the Arts London (UAL) Fashion, Textiles, and Technology Institute (FTTI)* 'New Landscapes' programme, funded by the *British Council*.

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Exploring Fair Trade and Regenerative Fashion

Consumers' consideration of ethics—including both trade justice and environmental concerns—has increased significantly in recent years [see Hofmann and Yildiz's as well as Lefoll et al.'s chapter in this volume]. This shift is evident in two ways: firstly, by the rapidly expanding ethical market, which in the UK has grown from £17 billion in 1999 to over £141 billion in 2023 (Ethical Consumer and the Cooperative Bank 2023: 3), and secondly, by the growing number of brands developing marketing strategies that emphasise their ethical characteristics. Unfortunately, this trend has also led to the rise of 'greenwashing' and 'social washing' where brands make unsubstantiated ethical claims [see Trasciani et al.'s chapter in this volume], nonetheless, this reinforces the fact that ethical consumers are a key market segment.

The term 'ethical fashion' is used to broadly describe a fashion industry subsegment that supports trade justice and/or environmental impact. Fair Trade has long been a pillar of international development, emphasising livelihood improvement, agency, and environmental stewardship. Recently, the concept of 'regeneration' has gained traction, extending beyond organic farming to encompass circularity, longevity in design, and producer community support (Minney 2022).

The Fair Trade approach was formalised in the Global North from the mid-20th century, primarily through the efforts of non-governmental organisations (NGOs). These efforts led to the development of processes, labelling schemes, and the creation of organisations such as the *World Fair Trade Organization* (WFTO) and *Fairtrade International* [see Anderson et al.'s as well as Hock and Kenel's chapter in this volume]. The ten key principles of Fair Trade (WFTO 2024) were developed as a backbone for the movement, which has grown to encompass a variety of products and led to the creation of Fairtrade towns, businesses, and universities. These principles align closely with the UN Sustainable Development Goals (SDGs) (UN 2024), forming part of a system to reduce inequalities and improve living standards across the world.

Unfortunately, these approaches have not yet been adopted by the majority of the fashion industry. The growth of Fast Fashion from the 1980s has led to wide spread introduction of mass-produced, inexpensive clothing. Inadequate pay and working conditions, along with the impact on cotton farmers receiving low prices, led to *Fairtrade*-certified cotton being introduced in 2005 and the *Textile Standard* in 2016 to address the entire textile supply chain (The Fairtrade Foundation 2019: 5–11).

Ethical fashion became more accessible in the early 21st Century, with smaller brands being able to reach customers online. By the 2010s, the number of fashion brands with ethics at their core remained relatively small. However, the Rana Plaza disaster in Dhaka, Bangladesh, on April 24, 2013 (BBC 2013), brought global attention to the plight of garment workers. The collapse of the eight-story factory building highlighted severe safety issues and the opaque nature of fashion supply chains. In

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response, the Fashion Revolution movement was founded in 2014 by Orsola de Castro and Carry Somers to raise awareness of garment workers' conditions and promote greater corporate responsibility (Fashion Revolution 2024: n.p.).

As climate change awareness grew and impacts started to be felt, especially in the Global South, 'sustainable fashion' became widely used to describe clothing produced with environmental consideration [see Demandt and Gözet's chapter in this volume]. A pushback against the heavy use of plastics in Fast Fashion and the harmful pesticides and water in cotton production led to increasing use of upcycled, recycled, locally or organically grown fibres and lower carbon and water production methods. Certifications for organically grown materials, especially cotton, were developed, such as *Global Organic Textile Standard* (GOTS 2024) which was introduced in 2002. The concept of circularity was introduced, with focus on re-using clothing, materials, components and even resources such as water, energy or dyes. The second-hand market for clothes has also grown enormously in recent years but 'boomed' in 2023 (Ethical Consumer and the Cooperative Bank 2023: 3).

More recently, the term 'regenerative' has gained traction within the ethical fashion industry (Minney 2022), evolving from regenerative agriculture which aims to restore the natural environment through restorative farming methods (Raddis Cotton 2024). Increasingly, this concept of regeneration has become more systemic, using a more holistic approach to include far more aspects than simply agriculture and worker rights. The definition of 'regenerative fashion' is still evolving, although a good description of what it entails can be found in the recent research publication 'Regenerative Fashion Futures' by Minney (2024). This report outlines regenerative fashion as good practice in four main areas: low-impact materials, regenerating nature, renewable energy and worker's wellbeing including living wages, women's development and strengthening communities.

It is important to note that as with regenerative agriculture, in many cases 'new systems' can actually be old systems. Regenerative practices often reintroduce traditional methods that restore natural resources and augment them with more recently gained knowledge and innovation. An example of this renewed interest in heritage approaches can be found in the first case study which explores the traditional handcrafted fabric, khadi.

Fair Trade and Regenerative Fashion in Practice

This section presents three approaches and case studies each at a distinct stage on the journey from Fair Trade principles to holistic system change. The traditional textile craft, khadi, is explored first as a heritage approach to supporting local community textile systems through livelihood generation. The second case, Circular Khadi, builds on this model by incorporating circularity principles, and the third

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case, Regeneration at the Brand Level, explores regenerative thinking at the brand level, highlighting a holistic approach to integrating sustainability and system change into the core of a modern fashion brand.

Heritage Craft in Regenerative Fashion – Khadi

Heritage practice can be a key component of both Fair Trade and regeneration. Major luxury brands including *Stella McCartney* and *Hermes*, as well as the rise of platforms such as *Etsy* that focus on handcrafted and artisanal products, demonstrate growth in this area. Traditional textile skills developed across cultures, with the term 'khadi' specifically referring to the decentralised hand-spun and hand-woven cloth production systems from the Indian subcontinent. Mahatma Gandhi revitalised khadi into a philosophy during his campaigns for rural empowerment during the first half of the 20th Century, emphasising the value of hand produced fabrics to communities, the environment and mental health (Jain 2024). More recently, fashion practitioners, including the brand *Patagonia* (Ram 2022), see the value of khadi as a way to showcase the beauty of hand produced cloth along with the social and environmental benefits. In India, khadi fabric is produced in rural workshops supporting livelihoods for communities across the textile value chain, facilitated by the *Khadi Village Industries Commission* (KVIC 2024).

Khana (2020) in *Vogue India* outlines considerable sales growth within India, as well as the social and environmental impacts: "A metre of khadi fabric consumes three litres of water, while one metre of mill-produced fabric requires 55 litres of the precious resource. Plus, khadi clusters also generate direly needed income to rural Indian communities" (Khana, 2020, n.p.). *Khadi London* was established in 2014 to bring khadi to the attention of UK practitioners. Founder Kishore Shah explains: "Khadi is ideally made from cotton grown on organic, multi-cropped farms to ensure soil regeneration and biodiversity. Spun and woven within the community, it represents a model of autonomy, empowerment, and regeneration"[1].

Looking holistically at khadi, many elements fit with regenerative concepts, from Fair Trade and community focus to the sustainability impacts of production. However, not all khadi production currently uses local and/or regenerative fibres, and polyester is still added in some cases. As a small scale, decentralised production system khadi offers community regeneration and Fair Trade impacts but faces challenges from the mainstream economic model on pricing and scale.

1 Kishore Shah, personal communication, 30th July 2024.

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Case Study – Circularity, Craft and Regeneration

Circularity is a key part of a regenerative system. This case study explores the concept of adding circularity to an existing khadi system. Waste textiles were shredded back to fibre and then reformed into fabric using heritage khadi skills, including hand spinning and hand weaving. Funded by the *British Council* under the 'New Landscapes' programme[2], *Circular Khadi* phase one was run by a consortium of four organisations – two from the UK (*Where Does It Come From?* and *Khadi London*) and two from India (*Conserve* and *Khamir Crafts*).

During phase one of the project 110 kilograms of post-production 100 per cent cotton waste was collected at a decentralised craft cluster. This was then sorted using a number of indicators including colour, fibre type and weight, then shredded using an industrial machine. Unfortunately, weather damage and fibre loss during the shredding process resulted in just 14 kilograms of usable fibre. However, experiments at the craft cluster level with hand spinning, carding and mixing with virgin fibres led to 14.5 metres of fabric produced in differing weaves, from 100 per cent recycled to various mixes with virgin cotton (Khadi London 2024). A key goal of the project was livelihood uplift and generation. Forty-two workers were employed during the phase one pilot, including thirty fabric sorters, eight spinners, and four weavers. The project not only fostered skill transfer but also contributed to rural livelihoods.

Referring back to Minney's (2024) description of four key areas of regenerative fashion (see above), this project addresses all of them. Firstly, in terms of low impact materials, the use of recycled natural fibre with only additives being plant-based starch to aid weaving and virgin regeneratively farmed cotton. Secondly, nature regeneration was approached through minimal water usage and localised production. Thirdly, renewable energy (hand power) was used for the sorting and production stages of the pilot. Future stages of the project will endeavour to introduce solar powered shredding machinery. Fourthly, worker's wellbeing was addressed through training, fair wages, and supporting the local community working practices.

This project demonstrates effectively the impacts of widening regenerative approaches across different elements, from workers and community and sustainable production to circularity. The next phase of the ongoing research aims to explore replication of the circular model across further decentralised geographies and alternative fibres such as wool and silk, as well as sourcing a shredder that can be powered locally through renewable energy.

2 The 'New Landscapes' programme was administered by the Fashion, Textiles and Technology Institute (FTTI) of University of the Arts London.

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Case Study – Regeneration at the Brand Level

The third case study explores the concept of creating full system regeneration at the brand level through building a new ethical fashion brand that incorporates regenerative principles throughout. In 2022, the brand *Sanja Stories* was initiated through the *Ecosystem Incubator* (Alston/Kan 2023: 63) to create regenerative jeans. Conceptually, *Sanja Stories* aims to deliver best practice in regenerative fashion, positioning the brand as "radical fashion idealists on a mission to prove a circular model is possible by creating clothes that regenerate the earth and communities" (Sanja Stories 2024, n.p.).

The brand vision is ambitious, including garment design (versatility, longevity, replaceable parts), materials (regeneratively farmed khadi cotton, all components traceable and biodegradable) and value chain (decentralised, Fair Trade, transparent) to the business model and even the customer engagement process. As the name suggests, the garment stories are key – building authentic connections through a digital passport which collates detailed information.

Sanja Stories also has an innovative business model. Partners, including producers, contribute their expertise and time, share costs, and will share any financial profits. The customer engagement model is equally innovative. Instead of the traditional market model, customers join a 'buyer's community'. Only when sufficient buyers commit does production begin, avoiding waste. But as the buyers wait, they can engage and learn about the process through community discussion, events and workshops. *Sanja Stories* aims for a fully regenerative system model. It is too early to assess the brand impact as the first cycle is ongoing, however feedback has been positive. Impacts of khadi fabric and regenerative cotton farming on communities and the environment will be applicable but further impact analysis will be required.

From Fair Trade to Regeneration: Differences and Synergies

Regenerative fashion is evolving to have a broader scope than Fair Trade, exploring wider system impacts and encompassing community and ecological restoration, economic models, innovative design processes and new tools and materials. Fair Trade operates within existing economic frameworks and established principles and standards whereas regenerative systems integrate with new models, such as Doughnut Economics (Raworth 2018) that focus on a whole system approach within social and environmental boundaries. Fair Trade has developed standards and certification systems which are understood and accepted [see Lefoll et al.'s chapter in this volume] – this is an area of development for regenerative fashion which can build on agricultural as well as on the Fair Trade standards to deliver a clear framework.

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Both Fair Trade and regenerative fashion focus on supporting production that benefits farmers and workers through fair wages and safe working environments. Environmentally, Fair Trade advocates for sustainable farming and reduced environmental impact, while regenerative fashion looks to restorative practices. Community empowerment is crucial for both: Fair Trade uses premiums to fund local initiatives, and regenerative fashion rebuilds communities through local economies.

In conclusion, Fair Trade provides a well-established framework centred around empowering communities, promoting ethical labour practices, and fostering environmental responsibility. Regenerative fashion is an emerging approach that broadens the focus to the entire fashion system, inviting the fashion industry to not only minimise harm but actively contribute to environmental and community restoration. These two approaches are highly integrated. Fair Trade's rooted, community-oriented principles offer a solid foundation as the evolving concept of regenerative fashion expands to encompass broader system-level practices [see Demandt and Gözet's chapter in this volume].

Through the presentation of practical cases this chapter has explored ways that the fashion industry can adopt a holistic approach that examines the entire business and production ecosystem. Heritage systems, with their innate consideration for community and environment, can be augmented with innovation at the production end of the value chain, whilst initiatives such as *Sanja Stories* illustrate how fashion brands can shift towards a regenerative model. Only through this type of systemic change can we ensure a fashion industry that benefits both people and the environment.

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Rethinking Fashion

Can Local Initiatives Drive Systemic and Sustainable Change?

Giorgia Trasciani, Carolina De Nicolò and Maryline Filippi

Introduction

Over the past thirty years, the scale and pace of production and usage of clothes have multiplied exponentially, aided by the rise of globalization and the development of what appear to be low-cost alternatives such as those proposed by the Fast Fashion industry [see Sark and Gotthardsen's as well as Hock and Kenel's chapter in this volume]. While at first sight this model has enabled the proliferation of affordable clothing, it has come at a high cost, generating significant environmental, social, and cultural externalities (Ellen MacArthur Foundation 2017). At every step of the supply and consumption chain, the fashion industry currently perpetuates injustices which are at odds with human rights and environmental concerns. In response to increasing public awareness of these issues, some industry players and policymakers have adopted practices aimed at reducing harm [see Demandt and Gözet's chapter in this volume]. However, these efforts often lack the depth necessary to catalyse systemic change. The structural transformations required to address these challenges holistically and sustainably remain largely unfulfilled (Bauwens et al. 2020; Bauwens/Mertens 2017; Kampelmann 2017).

This chapter contributes to the academic discourse by examining the transformative potential of local, purpose-driven initiatives. Focusing on the intersection of sustainability and artistic innovations, it investigates how organizations deeply embedded in their local contexts can create innovative practices with broad social, environmental and economic impacts in their territories.

By investing in the community and leveraging local resources, companies can create positive feedback loops that drive both economic and environmental sustainability in their communities (Folhes et al. 2015). Based on the analysis of these aspects, this chapter points out how the territorial dimension for a circular supply chain can foster closer relationships among consumers, suppliers and other stakeholders, helping to build trust and transparency, which are crucial elements to change the system and re-introduce other forms of economic integration be-

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yond market-exchange, namely redistribution and reciprocity (Polanyi 1944). The fashion industry presents a compelling opportunity to apply circular and territorial principles, in order to challenge its conventional linear production model (Brydges 2021; Soni/Baldawa 2023). By prioritizing local ecosystems and resources, fashion companies can foster shorter, more sustainable supply chains that align with the specific environmental and social needs of their regions [see McRobbie's chapter in this volume]. Locally sourced materials, artisan craftsmanship and production practices that minimise waste and pollution can form the foundation of a circular fashion system. This approach emphasises reuse, upcycling and recycling at a community level, fostering networks of designers, artisans, suppliers and customers to collectively reduce environmental impacts. For example, rather than relying on international supply chains, brands could collaborate with local suppliers and artisans, thereby supporting the local economy while promoting sustainable consumption. Based on reciprocity and redistribution, community workshops on sustainable practices, second-hand clothing markets, and partnerships with educational institutions could further embed these principles, fostering skill development and public awareness.

At its core, this territorial approach prioritizes creating and strengthening social bonds. By involving local stakeholders in decision-making and aligning business practices with community needs and values, fashion companies can deepen their connection to the regions in which they operate [see McRobbie's chapter in this volume]. Such connections enhance inclusivity, foster mutual accountability, and create a more cohesive approach to sustainability. Through an empirical case study of *XNOVO*, an emerging Italian social fashion start-up implementing sustainable circular economy strategies, this study offers an analysis of the transformative potential of alternative entrepreneurial experiences deeply embedded in their surroundings. Led by a group of young entrepreneurs under 30, *XNOVO* offers services and activities aimed at combining circular economy models applied to the fashion sector with artistic impulses from the surrounding environment, resulting in an innovative social business model that is still being defined amongst its members. The organization is based on the principle that fashion is based on craftsmanship, respect for the environment and the enhancement of human relations.

The chapter underscores the role of *XNOVO*'s territorial embeddedness and local engagement in pursuing its transformative vision. While circular business practices form the foundation of *XNOVO*'s impact, the research also highlights the critical importance of community integration in advancing purpose-driven projects and fostering systemic change. This prompts a re-evaluation of traditional organizational boundaries and underlines the need for robust networks to address the intersection of societal challenges and business productivity. However, the *XNOVO* case also raises questions about the scalability of localized models.

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Exploring Corporate Territorial Responsibility as a Pathway to Advancing Circular Economy Practices in the Fashion Industry

The contemporary fashion industry operates largely on a linear model characterized by the rapid production and disposal of clothing, often dubbed 'Fast Fashion'. This model emphasises high turnover and low costs, leading to environmental degradation and waste generation [see Salter's as well as Demandt and Gözet's chapter in this volume]. The globalised structure of the contemporary fashion industry often ties Fast Fashion to multinational corporations that outsource labour to regions with lax labour laws and limited environmental regulations. This externalization allows companies to keep production costs low but often at the expense of fair wages, worker safety, and environmental safeguards (Chen/Chang 2013).

The industry has faced increasing scrutiny for its unsustainable practices, prompting a shift toward circular fashion as a potential solution (Kim et al. 2017). Circular fashion aims to counteract the environmental impacts of the linear model by closing material loops, extending product lifespans, and promoting the reuse and recycling of textiles (Ellen MacArthur Foundation 2017). Through these practices, circular fashion attempts to minimize waste and reduce dependency on virgin resources, aligning with broader sustainability goals. Despite these aims, circular fashion is not without challenges. Critics highlight issues with transparency, scalability, and the persistence of greenwashing and social washing (Santos et al. 2024).

The literature on circularity in fashion increasingly emphasizes the need for a strong circularity model. As described by Aggeri et al. (2023). Strong circularity is grounded in the principle of sobriety—promoting reduced consumption, the intensification of product use, and extending product lifespans. This approach aims to decelerate material flows, minimizing resource extraction and waste generation. According to researchers (Alberich et al. 2023; Beulque et al. 2018; Bauwens et al. 2020), strong circularity advocates for practices like upcycling, repair, and sharing economies, which foster sustainable consumption habits. The adoption of such a model represents a fundamental shift from mere recycling to creating systems that prioritize product durability and longevity. However, the principles of the circular economy emphasise the significance of tailoring economic activities to the specific needs of local contexts (Filippi 2024; Chatzichristos/Nagopoulos 2020). Circular models advocate for short supply chains that promote responsible consumption while addressing environmental constraints and fostering stakeholder collaboration [see Salter's as well as Demandt and Gözet's chapter in this volume]. Their territorial dimension reinforces a strong circular economy. These practices not only reduce environmental impacts but also re-establish social connections often lost in globalised, depersonalised systems. Consequently, we advocate that an essential

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component of circular models would be the integration of Corporate Territorial Responsibility (CTR) (Filippi 2022).

CTR, as a concept that emphasizes local engagement and cooperation among stakeholders, focuses on the territorial footprint of organizations (Cohendet et al. 2021) and the responsibility to contribute to the sustainable development and resilience of their communities (Ostrom 1990). By fostering collaboration among businesses, local authorities and community organizations, CTR facilitates collective action toward shared sustainability goals. Engaging various stakeholders as active participants ensures that economic, social, and environmental considerations are harmonized within territorial strategies. This in turn could have a strong impact creating or enhancing a sense of place, namely – the meaning that people attach to (their) place (Massey/Jess 1996). In the fashion industry, CTR can encourage locally anchored supply chains, reduce environmental impact, and foster regional economic resilience through social innovation and co-constructed solutions. The CTR is in line with the literature that underscores serious and complex issues, such as climate change and other grand challenges, which cannot be addressed by individual actors alone (George et al. 2016). It also agrees with the literature that highlights that these inter-sectoral collaborations can offer potential solutions particularly when locally embedded (Trasciani et al. 2024). Partnerships and cooperative efforts, as highlighted by Abdelmeguid et al. (2022), play a critical role in promoting sustainability and circular practices. These collaborations, which bring together organizations such as suppliers, consumers, and other stakeholders, can drive sustainable value creation by fostering innovation and aligning shared goals (Hansen & Schmitt, 2021). This localised approach holds promise for systemic change, as it shifts the focus from isolated efforts by individual firms to a collective framework where multiple actors contribute to the circular economy. Olmedo and O'Shaughnessy (2022) also highlight the fact that territorial dynamics promote the embeddedness of economic actors and relations within society and nature and enhance reciprocity, which refers to relations of mutuality between members of a group and community and/or between different organisations. Then the combination of CTR with circular economy principles underscores the importance of creating strong links within the local territory.

Companies operating within this framework could serve as pivots for change, enabling local economies to benefit directly from sustainable practices. By investing in the community and leveraging local resources, these companies can create positive feedback loops that drive both economic and environmental sustainability. This territorial approach to circularity also fosters closer relationships with consumers, suppliers, and other stakeholders, helping to build trust and transparency, which are crucial in an era of widespread greenwashing and social washing (Abdelmeguid et al. 2024). Yet, significant challenges in scalability and accountability persist. While adopting CTR and fostering collective, local action presents an idealized pathway,

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in practice, it requires robust commitment, transparent accountability structures, and active participation from a wide array of stakeholders. Fashion companies may only adopt superficial measures, risking green or social washing, that enhance their image without producing substantive impact for the community. Additionally, relying on territorial models can inadvertently limit broader systemic change if these practices remain isolated or too localised, reducing their potential to challenge the global fashion industry's entrenched practices.

Investigative Methods to Link Territorial Responsibility and Circular Economy in Fashion

We selected *XNOVO,* an organization aimed at implementing a circular economic model, strongly embedded in its local area, as a single embedded case study (Yin 2014). We apply a pluralistic data collection strategy, incorporating multiple sources to provide a comprehensive understanding of the subject matter. The data sources include semi-structured interviews with the founders, participatory observation, a survey administered to 50 volunteers and internal data analysis. Concerning the participatory observations, they have been conducted by one of the co-authors, who is also a founder of *XNOVO* and an active member, then personally engaged in the project, to provide an insider's perspective on the daily operations, community interactions, and the practical implementation of circular economy practices. In order to obtain a nuanced view of the internal dynamics and external relationships within the local context, other founders of *XNOVO* have been interviewed by a member of the research team and an anonymous questionnaire has been carried out to gain insights from volunteers – the backbone of the organisation – about the evolution of the organization and its integration into the local community of Garbatella. These data helped to capture the volunteers' perspectives on their roles, the impact of their work, and their views on the organization's mission and practices. While the interviews and the observation provided a foundational understanding of the organization, the survey of *XNOVO*'s volunteer population gave information about the motivation and the future perspectives of the group. The triangulation of internal documents, together with the survey, the participatory observation and the survey permit to have a clear picture of the internal and external dynamics of the organisation. However, the mostly qualitative nature of the research, along with the sample focused on volunteers that are already aligned with *XNOVO*'s mission, may introduce biases and limit the generalizability of the findings.

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The Case Study, XNOVO a Local Embedded Organisation in the Garbatella Neighbourhood

XNOVO is an Italian start-up, created in 2019 in Garbatella, a vital working-class neighbourhood in the southern area of Rome. *XNOVO*'s model of circularity involves upcycling and the creative reuse of materials, supported by a network of local artists, volunteers, and businesses. The organisation's embeddedness in the Garbatella community in Rome has been crucial to its success. By fostering strong local relationships, *XNOVO* has created a resilient and innovative ecosystem that supports its mission of sustainable fashion. *XNOVO* was funded in the summer of 2019 as a collective social experiment to explore mechanisms of circularity, sharing and creative reuse in fashion within a local community by a group of young people in the Garbatella district. Its first public activity was a clothes exchange market using a fictitious currency, held during a cultural event focused on sustainability, art and the promotion of emerging initiatives.

The blend of sustainability, circularity and art evolved into what later became 'artwear', the core of the start-up's activities. This involves upcycling and creatively reusing unused clothes and waste materials, with significant contributions from local artists and designers. From this foundation, *XNOVO* has continuously pursued and refined its vision by expanding its activities through numerous collaborations and integrating new techniques, machinery, and creative resources into its team, thus creating an incubator for circular fashion and design projects. To date, *XNOVO* boasts dozens of artistic and cultural collaborations in Rome. It has developed a collection entirely regenerated from discarded materials, showcased through fashion shows and live performances. Additionally, *XNOVO* engages in advocacy and mentorship activities at academies, universities, and conferences.

Concerning the neighbourhood, Garbatella is a remarkably cohesive neighbourhood in Rome, known for its strong sense of community and vibrant local culture. When Garbatella's founding ceremony took place in February 1920, an event presided over by Italy's King Victor Emanuel III, the fledgling south Rome suburb was considered remote by many Romans. The neighbourhood was designed primarily to house railway and dock workers working in the neighbouring industrial district of Ostiense. Garbatella was conceived to foster close-knit interactions among residents through its unique architectural layout. Established as a garden suburb, it features a mix of picturesque public housing, lush gardens and communal courtyards, reflecting a utopian vision of urban living. Its narrow, winding streets are lined with buildings that showcase an eclectic array of architectural styles. The neighbourhood's social fabric is notable, characterized by a strong sense of community and cultural vitality also thanks to this architectural configuration. Garbatella still nowadays remains a working-class neighbourhood, known for its unique urban structure formed by 'lots', which facilitate a network of continuous

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exchange of information and ideas. This architectural design promotes a village-like atmosphere, where residents often know each other and engage in daily interactions. Relationships between families and neighbours, who often have known each other for generations, create fertile ground for cooperation and the sharing of expertise. Local markets, cafés, and small businesses serve as social hubs, further strengthening community bonds. Garbatella is also home to numerous community centres and associations that organize cultural events, workshops, and festivals, celebrating the neighbourhood's rich heritage and fostering a shared identity among residents. The presence of local schools, libraries, and recreational facilities provides spaces for intergenerational interactions, ensuring that community ties are maintained across different age groups. This network not only strengthens the social fabric but also contributes to sustainable economic growth, where resources, skills, and local knowledge are valorised and reused. cooperation with other actors in the area, for example, allows *XNOVO* to have access to discarded materials and fabric, which are then transformed into high-quality garments.

XNOVO's Approach to Circular Economy

Circular fashion is a sustainable approach that aims to create a closed-loop system where resources are continually reused and recycled, minimising waste and environmental impact. This concept contrasts with the traditional linear fashion model, which follows a 'take–make–dispose' pattern. In circular fashion, products are designed for longevity, and materials are kept in use for as long as possible through repair, reuse and recycling. *XNOVO* has embraced circular fashion by implementing a comprehensive strategy that incorporates upcycling, local collaboration, and community engagement. The following figure illustrates the flow of activities within *XNOVO*'s circular fashion model. The green part of figure 1 outlines the cyclical flow of *XNOVO*'s circular fashion process. Starting from the collection phase, materials are gathered through community events and collection points. These materials are then handed over to local artists and craftspeople who upcycle them into unique fashion items. This upcycled fashion is integrated into local crafts, which are then showcased and sold through events. The proceeds and engagement from these activities help sustain the cycle, promoting continuous reuse and revaluation of materials, thus embodying the principles of circular fashion within the *XNOVO* community.

XNOVO has devised an innovative and engaging method for collecting second-hand clothes. They organize community events and collection drives where residents can donate their unwanted garments. Additionally, *XNOVO* collaborates with local schools, businesses and community centres to set up permanent collection points, ensuring a steady flow of materials. The collection process is a community effort in-

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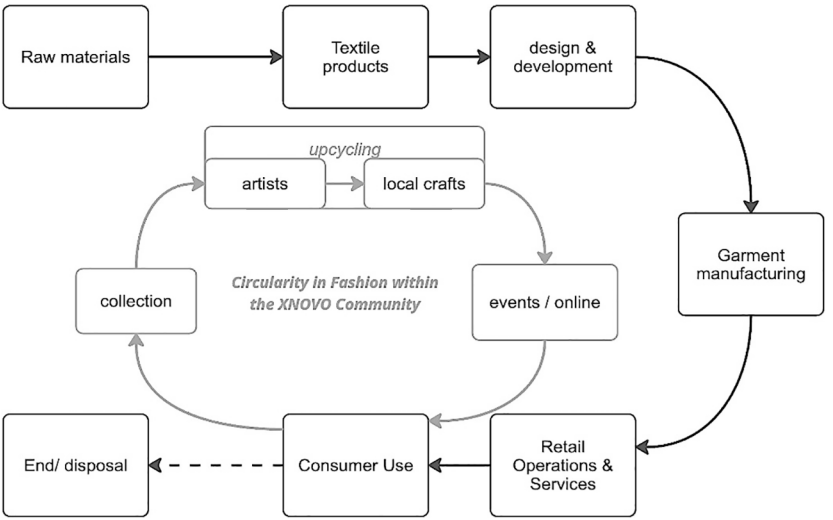
volving various stakeholders. Local volunteers, community groups and partner organizations play crucial roles in organizing and managing collection events.

Figure 1: XNOVO circular model



XNOVO also employs staff dedicated to overseeing the collection points and ensuring that the donated clothes are properly sorted and prepared for the next stages of the upcycling process. As shown in figure 1, once the clothes are collected, they are transported to *XNOVO*'s workshop in Garbatella. Here, a team of skilled artisans directed by the founder and young designers, sort the materials based on quality, fabric type, and potential for upcycling. This meticulous process ensures that each item is given the appropriate attention and transformed in a way that maximizes its value and lifespan. *XNOVO* regularly hosts events to promote circular fashion and to engage the community. These include clothing collection drives, upcycling workshops, fashion shows, and community swap meets. Notably, *XNOVO* has organized clothing swaps at *LA STRADA*, a well-known social centre in Rome that has been actively contributing to the local community for the past 25 years and at *La redazione Scomodo,* one of the most vibrant and innovative editorial ventures in Rome, managed entirely by young students and recent graduates. This collaboration allows *XNOVO* to leverage the extensive networks and influence of both *LA STRADA* and *La redazione Scomodo*, reaching a diverse and engaged audience. They also hold educational seminars, art exhibitions, and pop-up shops to raise awareness and foster community involvement. These activities highlight the value of upcycled garments, teach sustainable practices, and they create a fun, interactive environment for participants.

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By integrating local artists and craftspeople, these events support the local economy and enhance community cohesion.

XNOVO's Network for Circularity and Local Embeddedness

From the interviews and participant observation we collected data concerning the *XNOVO* network. *XNOVO* has established a robust network of organizations and individuals committed to reimagining the fashion industry through sustainable and circular practices. This network comprises more than 100 connections, each contributing uniquely to the project's goals. Specifically, 29% of these connections are artists who bring creative and innovative approaches to upcycling and sustainable fashion design. These artists play a crucial role in transforming second-hand materials into unique, high-quality fashion items, challenging the perception of recycled fashion. Furthermore, 33% of the network consists of associations and local public authorities. These entities provide essential support and resources, facilitating community engagement and ensuring that *XNOVO*'s initiatives align with broader social and environmental policies. Their involvement helps to strengthen the project's legitimacy and reach within the community.

Commercial activities make up 10% of the connections, indicating collaboration with local businesses that help in the practical aspects of implementing circular economy practices. These partnerships are vital for scaling up production, distribution, and retail operations in a sustainable manner. Lastly, 28% of the network is comprised of dedicated volunteers. These individuals are deeply committed to the cause, offering their time and skills to support various aspects of the project, from organizing events to raising awareness about sustainable fashion. This diverse and dynamic network illustrates the collective effort behind *XNOVO*'s mission to revolutionize the fashion industry, fostering a community- driven approach to sustainability and circularity (see figure 2). The stakeholders and partners of *XNOVO* are mostly located in the immediate local area in the Garbatella neighborhood. *XNOVO*'s network of partners is geographically concentrated, reflecting its strong local engagement and community focus. The distribution of these connections is as follows.

The data indicates that the majority of *XNOVO*'s partners are located very close to the organization's base, with 76 partners (63% of the total) situated within the immediate vicinity (0 km). This concentration of local partners highlights *XNOVO*'s deep roots in the Garbatella community and its commitment to fostering strong local relationships. This is confirmed by the data collected by the questionnaires that show that the local embeddedness of the activity is relevant. Indeed, 83% of respondents answered that an activity carried out on a local level is important, and 43% answered that it is extremely important for the nature of *XNOVO*'s social business model. This is also confirmed by the fact that in reality, *XNOVO* members do not see a future that

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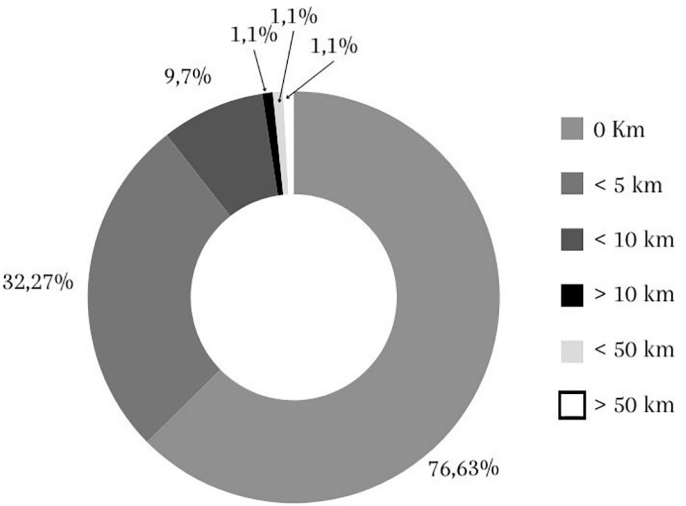
goes particularly far beyond the walls of Rome. When asked 'how do you see *XNOVO* in a few years' time in terms of territorial expansion?', 43% of respondents still see *XNOVO* as a purely local business, while 37% see a national expansion, but one that is mostly in the upcycling and distribution phases. An additional 32 organizations are located within 5 km. This suggests that *XNOVO*'s influence extends slightly beyond its immediate neighborhood, but still remains predominantly local. From the interview also emerged that the integration of skills and creativity reinforces the community spirit and the commitment of the various stakeholders into this new business model.

Figure 2: location of collaboration with respect to XNOVO (total 120 collaborations mapped)



The number of partners, which are more than 100 in total (see figure 1), decreases significantly with distance, with only 9 partners located within 10 km, and 3 partners located beyond this range. This further underscores *XNOVO*'s engagement and community integration as critical elements of its operational strategy. *XNOVO*'s strong local embeddedness is a key factor enabling non-monetary relationships. Being deeply rooted in the Garbatella community allows *XNOVO* to leverage local resources, foster close-knit collaborations and create a supportive ecosystem. The majority of *XNOVO*'s partnerships and collaborations are non-monetary (figure 3), emphasizing reciprocity over traditional market relations. While some collaborations are paid, the involvement of volunteers and the prevalence of reciprocal arrangements highlight a community-driven approach. This model of engagement is largely a result of *XNOVO*'s deep local embeddedness such as when volunteers

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help organize repair sessions, where community members bring clothes to be repaired or upcycled, or when local artisan donate leftover materials (like fabrics or tools) to *XNOVO*, which are then creatively reused. Partners and volunteers engage with *XNOVO* in a mutually beneficial manner, such as in the case of local artists contributing their creative skills in exchange for exposure and opportunities to collaborate on innovative projects. This reciprocal exchange strengthens community bonds and builds trust. Such as, for example, workshops on upcycling fashion provided by local designers in exchange for showcasing their work in XNOVO's spaces or events.

A significant portion of *XNOVO*'s network consists of volunteers who are committed to the cause of responsible and sustainable fashion. Their involvement is driven by a desire to make a positive impact, learn new skills, and be part of a transformative initiative. Volunteers play a crucial role in the day-to-day operations and special events, adding immense value without direct monetary compensation. For example, they look for clothes to be recovered, participate in the sale, get involved in the organisation of events, looking for locations, attending, and managing public relations. *XNOVO*'s presence and active involvement in local events and initiatives help build not only a robust network of like-minded individuals and organizations but also a territorial responsible ecosystem. CTR goes beyond corporate social responsibility (CSR) by actively involving stakeholders in decision-making, building collaborative networks, and prioritizing local investments. Through these efforts, XNOVO and local actors create cycles of mutual benefit that support both communities and organizations. This engagement encourages a culture of giving and reciprocity, where contributions to the community are valued and rewarded in non-monetary ways. *XNOVO*'s approach to partnerships, characterized by non-monetary relationships and a focus on reciprocity, is a testament to its strong local embeddedness. This strategy not only supports the organization's mission of promoting sustainability and circularity in fashion but also enhances community cohesion and resilience. By prioritizing mutual support over market relations, *XNOVO* can cultivate a vibrant and collaborative ecosystem that benefits all stakeholders involved.

Artists and local craftspeople are at the heart of *XNOVO*'s upcycling process. These individuals, who often reside in Garbatella, bring unique perspectives and creative skills to the project. Each artist is selected based on their expertise and personal style, ensuring a diverse range of designs and products. *XNOVO* reaches out to these artists through local art networks, community events and word-of-mouth recommendations. By incorporating their artistic vision, every upcycled garment becomes a one-of-a-kind piece, reflecting the artist's personal interpretation of fashion and sustainability. Furthermore, a key element of this network is the exchange of know-how between generations. Older women of Garbatella learned sewing skills in school and are a valuable source of teaching and advice. This knowledge, passed

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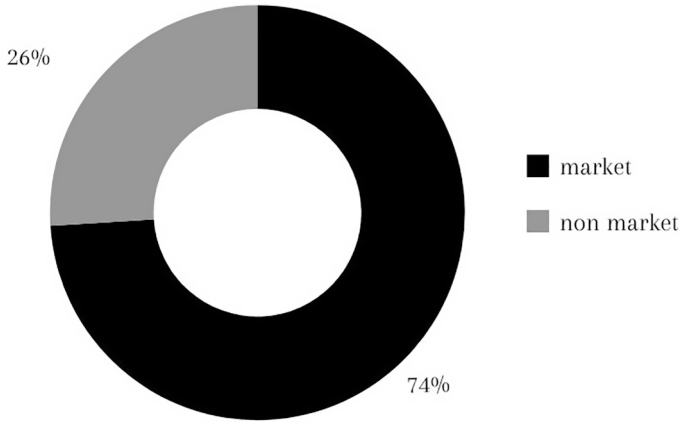
down through time, enriches *XNOVO*'s craft techniques, creating a bridge between tradition and innovation.

Figure 3: typology of XNOVO's relations



Discussion

Our analysis shows the strategy used by *XNOVO* and its pivotal role to trigger a process that involves different actors at the local level, namely the territory. Through its purpose-driven approach, *XNOVO* seeks to positively impact the community by blending sustainability with artistic innovation, fostering practices that are deeply rooted in the unique characteristics of its local context. *XNOVO*'s approach to circularity is based on three main pillars, which are interconnected but may face limitations. First, *XNOVO*'s practices aim to "close, slow, intensify, and narrow resource loops"[1]. While this represents a structured approach to circularity, the real impact of these practices on reducing environmental impact may vary based on the scale and reach of the organization. Second, *XNOVO* focuses heavily on local multi-stakeholder engagement, emphasising community revitalisation and innovation. This engagement operates on multiple levels of exchange, intertwining reciprocity with other economic and social logics. Reciprocity forms the backbone of many of *XNOVO*'s partnerships and collaborations, where resources, skills, and knowledge are shared in ways that foster mutual benefit without always relying on monetary compensation. For example, local artists and designers contribute their creative expertise in exchange for exposure and opportunities to collaborate

1 From the interview with Lorenzo Pizzo, one of the founders.

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on innovative projects, strengthening social bonds and building trust within the community. Similarly, volunteers engage in activities not for financial gain but for the shared satisfaction of contributing to a purpose-driven initiative that aligns with their values. At the same time, *XNOVO* incorporates market-based exchanges and redistributive logics within its ecosystem. While some partnerships are monetised, they are guided by the principles of fairness and local economic sustainability rather than maximising profit. This ensures that local suppliers, artisans, and collaborators receive fair compensation for their work, reflecting the values of ethical commerce. Finally, *XNOVO* seeks to reshape consumer perceptions of second-hand clothing by collaborating with local artists to produce upcycled garments as shown in figure 1.

These territorial processes activate social relations, organize territorial resources and bring people together to create innovative and collective processes. This involves not only inter-company relationships but also engagement with all territorial players, especially the local population. Companies play a major role, yet a diverse range of actors, including public authorities, associations and individual voluntaries are crucial. However, this local focus raises questions about the replicability of its model beyond its immediate context. Firstly, Garbatella's strong community ties and vibrant social networks create an environment that is both receptive and supportive of collaborative, purpose-driven projects aimed to implant alternative economic models like circular fashion. This sense of community fosters trust, which is critical for initiatives that rely on volunteer engagement and local partnerships. Many residents and local organizations are inclined toward sustainable practices and creativity, contributing to an environment that can nurture innovative projects. The neighbourhood's diverse local economy includes small businesses, artisans, and cooperatives, which align well with circular economy principles, such as resource sharing, upcycling, and local production. This embedded economy can be more adaptable to circular practices compared to areas dominated by large, global chains. Certainly, while Garbatella's local embeddedness offers a supportive environment for *XNOVO*, it also creates specific challenges that can hinder replicability in other contexts. This tight-knit, community-driven approach may not easily transfer to areas with less cohesive social networks or a less engaged local population. In other cities, the absence of these strong community bonds could make it difficult for similar initiatives to gain traction or attract the same level of commitment from residents.

The hyper-local nature of Garbatella's economy, with its focus on small-scale artisans and community businesses, supports *XNOVO's* mission but may also limit its ability to scale. Unlike larger or more commercially viable models, a local, resource-constrained approach could struggle to reach a wider audience or generate enough revenue for sustainable growth outside the neighbourhood. This reliance on local

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resources and networks could make similar initiatives vulnerable in settings where social and economic conditions are less favourable.

Among other things, while relying on non-market resources emphasises the alternative nature of this experiment to the market, it also raises doubts about its sustainability. Most of the activities are subsidised by volunteers, while the traders associated with the project need to operate outside the local circuit to ensure their survival. Finally, the artists participate in various projects, but these cannot be their only source of income.

Conclusion

XNOVO's model highlights the transformative potential of integrating circular economy principles with deep community engagement, offering a pathway for more sustainable and socially rooted approaches to fashion. In the Anthropocene, territories have become critical in reshaping societal systems, serving as living ecosystems where human and natural resources converge. They appear to be the anchor for strong circular economy strategies, and the key to 'making territory' through solidarity-based solutions and innovation. Corporate Territorial Responsibility thus makes it possible to clarify the co-construction processes. *XNOVO* demonstrates the value of anchoring economic activities in a specific locale, leveraging the unique needs and strengths of its territory to foster short supply chains, promote responsible consumption, and rebuild the social connections often eroded in globalised, depersonalised economic systems. However, as Berkowitz et al. (2024) suggest, the concept of scaling up should be critically examined, particularly when applied to locally embedded models like *XNOVO*. Scaling such initiatives involves inherent tensions, as replicating a model designed for a specific territorial and cultural context may dilute the very characteristics that make it effective [see Sark and Gotthardsen's as well as Boța-Moisin and Winkler's chapter in this volume]. The positive impacts of expanding these models—such as broader environmental benefits and social inclusion—must be weighed against potential negative effects, including the loss of community identity and the challenges of adapting to diverse local conditions.

Our analysis identifies several key factors from the *XNOVO* experience that are essential for enabling similar initiatives in other cities and regions. These include cultivating strong community relationships, fostering local pride, and creating an enabling environment through public spaces, participatory urban planning, and local events. Cities could foster this by encouraging public spaces, local events, and citizen involvement in urban planning. Yet, the scalability of strong circular economy models remains constrained by structural challenges. Scaling requires significant investments in repair and reuse infrastructure, legislative frameworks that incentivize sustainability, and a cultural shift toward valuing durability, repairability,

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and shared ownership over fast consumption. To support such transitions, physical spaces and networks dedicated to local production, repair, and creative reuse—such as makerspaces, co-working hubs, and community workshops—play a pivotal role. Additionally, local governments and policymakers must align their strategies to nurture these ecosystems, offering grants, tax incentives, and supportive regulations that promote circularity and social entrepreneurship [see McRobbie's chapter in this volume]. Ultimately, *XNOVO*'s model offers a glimpse into what a more localized, sustainable fashion industry could look like, but it also serves as a reminder of the broader systemic changes required to make such models viable on a larger scale. By combining grassroots innovation with policy support and shifts in consumer behaviour, the fashion industry has the potential to transform into a force for environmental and social regeneration. However, this transformation demands a collaborative effort that respects the unique characteristics of each territory while addressing the global challenges of the Anthropocene with nuance and care.

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