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Navigating Sustainable Transformation in the Fashion Industry: The Role of Circular Economy and Ethical Consumer Behavior

ABSTRACT

Objective: This paper explores the sustainable transformation of the fashion industry, focusing on integrating circular economy principles and promoting ethical consumer behavior. It seeks to analyze the environmental, social, and economic impacts of the industry's operations and identify opportunities for adopting more sustainable practices.

Methodology: A qualitative research approach is used, with expert interviews providing insights into current trends, challenges, and opportunities for sustainable transformation in the fashion sector. The data were analyzed with MAXQ-DA.

Findings: The research reveals an increasing awareness among both consumers and industry stakeholders regarding the importance of sustainability. This shift is motivated by the recognition of the industry's significant ecological footprint and the ethical concerns associated with its supply chains. Responsible consumption patterns, such as the rise in second-hand shopping and ethically produced fashion, are becoming more popular. Additionally, circular economy practices—such as recycling materials, designing for longevity, and reducing waste—are identified as key strategies for reducing environmental impacts and improving resource efficiency. Despite these positive developments, there are ongoing challenges, including the need for increased transparency, overcoming greenwashing, and the development of stricter regulatory frameworks.

Value Added: This paper contributes to the growing body of knowledge on sustainable fashion by highlighting the intersection of consumer behavior, industry practices, and circular economy principles. It emphasizes the critical role of collective action and systemic change in fostering a sustainable transformation within the fashion industry.

Recommendations: The paper provides actionable recommendations for industry stakeholders, policymakers, and consumers, encouraging the promotion of transparency, innovation, and regulatory measures to ensure accountability and drive the widespread adoption of sustainable practices.

Key words: sustainable fashion, circular economy, ethical consumer behavior, environmental impact, industry transformation

JEL codes: Q56, O10

Introduction

As emphasized by the World Commission on Environment and Development (WCED) in 1987, sustainable development is essential for meeting present needs without compromising the ability of future generations to meet theirs (WCED, 1987). This foundational concept urges industries, including fashion, to prioritize sustainability to improve human lives while preserving environmental resources for the future. The fashion industry, notorious for its environmental degradation, social injustices, and ethical issues, contributes between 3 and 8 percent of global greenhouse gas emissions (McKinsey & Company, 2024). This highlights the urgency for alternative approaches to production and consumption that mitigate the industry's negative environmental and social impacts. Alongside this, rising awareness of these issues has pushed consumers to embrace more responsible behaviors, such as second-hand shopping, borrowing, and prioritizing sustainable products (Green Button, 2024). These shifts demonstrate that sustainability is not merely a passing trend, but a fundamental lifestyle change aimed at preserving resources and reducing the ecological footprint for future generations.

In recent years, there has been a notable surge in academic interest surrounding sustainable transformation within the fashion industry, particularly since 2020. This growing focus reflects a broader societal shift toward environmental consciousness and ethical practices, driving researchers to explore various dimensions of sustainability, including ecological impacts, social responsibility, and economic viability.

To facilitate our investigation into this evolving field, we utilized Lens.org, a comprehensive and user-friendly platform that aggregates scholarly literature, patents, and research outputs from diverse sources. Lens.org provides access to a wealth of academic publications, allowing users to conduct thorough literature reviews and track the latest developments in specific domains. Through our exploration of Lens.org, we identified a total of 5,509 scholarly works specifically addressing sustainable transformation in the fashion industry. This significant volume of research underscores the importance of this topic and highlights the ongoing efforts by academics and practitioners to address

the pressing challenges associated with sustainability in fashion. The increase in scholarly attention since 2020 further emphasizes the urgency of these discussions and the commitment of the academic community to finding solutions for a more sustainable future in fashion.

In this context, aligning academic research with business practices becomes essential to foster innovative solutions for a sustainable transformation of the fashion industry. This paper contributes to these efforts by providing a thorough analysis of the industry's sustainable transformation, with a focus on the principles of the circular economy and ethical consumer behavior. The objective of this study is to examine the environmental, social, and economic impacts of sustainability within the fashion sector, specifically focusing on how circular economy principles and ethical consumer behavior can drive this transformation. By exploring current trends, best practices, and challenges, this research aims to develop a comprehensive framework for businesses, consumers, and stakeholders to support the adoption of more sustainable and ethical practices.

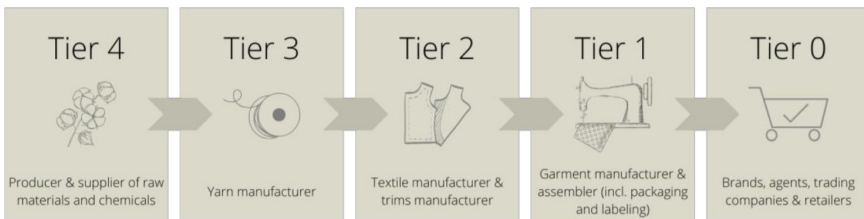
The shift toward sustainable fashion

The rise of sustainable fashion marks a pivotal change in the apparel industry, standing in stark contrast to the dominant practices of fast fashion. The fashion industry's traditional 'take-make-waste' production model has led to significant environmental damage, including water and air pollution, as well as the generation of vast amounts of non-degradable waste (Fletcher, 2014).

In response to growing awareness of these negative impacts, there is an increasing demand for sustainable alternatives. Sustainable fashion not only aims to minimize environmental harm but also seeks to improve social conditions throughout the entire textile supply chain. As Fletcher (2014) highlighted, sustainable fashion encompasses a broad spectrum of considerations, addressing both environmental and social factors at every stage of production. Indeed, the fashion industry's supply chains are uniquely complex, involving multiple

suppliers, vast geographic distances, and tight deadlines. This complexity adds to the challenges of ensuring transparency and accountability throughout the supply chain (Falcone et al., 2020; Matthes et al., 2021). Figure 1 shows the concept of a fashion supply chain, illustrating its various stages.

Figure 1. Generic fashion supply chain



Source: Own elaboration.

The transformation toward sustainable fashion involves various initiatives aimed at restructuring textile supply chains, such as promoting circular economy practices, enhancing transparency, and improving working conditions in production countries. Sustainable supply chain management has become a key strategy to address global challenges by improving internal processes while balancing economic, environmental, and social sustainability (Narimissa et al., 2020). Research indicates that an integrative approach, considering environmental, social, and economic aspects, is critical to achieving a sustainable transformation in the fashion industry (Fletcher, 2016). The rise of sustainable fashion signifies the beginning of a paradigm shift, moving the apparel industry away from short-term profit maximization and toward long-term, responsible, and sustainable practices.

The three dimensions of sustainable fashion: Environmental, social, and economic responsibility

Sustainable fashion addresses the environmental, social, and economic challenges posed by the fashion industry, focusing on minimizing its negative impact while ensuring long-term resilience. Researchers highlight the importance of the triple bottom line, which includes ecological, social, and economic dimensions (Fearne et al., 2012; Ashby, 2016).

The ecological aspect targets reducing the industry's environmental footprint, including carbon emissions, water consumption, and waste. The fashion sector is responsible for nearly 10% of global carbon emissions (Niinimäki, 2020), and fast fashion exacerbates the problem with excessive textile waste. Circular fashion models, such as garment take-back programs by companies like Eileen Fisher, promote recycling and waste reduction (Fisher, 2024). The social dimension focuses on improving labor conditions and ensuring fair wages. The 2013 Rana Plaza tragedy exposed the dangers of fast fashion's unsafe working conditions, leading to global calls for worker protection (Ashwin et al., 2020). Initiatives like Fair Trade aim to ensure fair wages and better conditions for garment workers (Fairtrade, 2024). Economically, sustainable fashion seeks to balance profitability with ethical practices. Brands such as Stella McCartney and Veja have demonstrated that sustainability can be both ethical and profitable. Increasingly, consumers are willing to pay more for sustainable options, with 57% willing to change their habits to reduce their environmental impact (McKinsey & Company, 2024). This multidimensional approach illustrates the industry's potential for transformation toward long-term sustainable practices that benefit both people and the planet.

Circular economy in fashion

The Circular Economy (CE) represents a shift from the traditional linear production-consumption model to a regenerative system that minimizes waste and optimizes resource use. In the fashion industry, CE emphasizes holistic garment lifecycle management through strategies such as reuse, recycling, and upcycling to extend product lifespan and reduce environmental impact (Ellen MacArthur Foundation, 2020). This systemic approach involves orchestrating design, production, consumption, and disposal practices to align with circular principles. Key strategies include eliminating waste and pollution, keeping materials in circulation, and regenerating natural systems (Kirchherr et al., 2017). Organizations are encouraged to invest in CE to foster sustainable practices, such as

using recyclable materials and engaging with second-hand or rental markets (Campos Franco et al., 2020). Brands like Patagonia and Eileen Fisher have pioneered rental and resale platforms to extend product lifespans and reduce resource depletion (Patagonia, 2024; Fisher, 2024).

Incorporating CE principles offers numerous benefits: it reduces carbon footprints, promotes sustainable consumption, and encourages conscious consumerism (Bocken et al., 2014; Fletcher, 2016). Economically, CE can drive innovation, job creation, and resource efficiency, enhancing long-term viability (European Environment Agency, 2021). However, CE's widespread adoption is hindered by challenges, including supply chain complexities and a lack of transparency in material sourcing and production processes (Pal et al., 2019). Achieving circularity requires collaboration among brands, manufacturers, consumers, and policymakers, amidst competing interests and systemic barriers (Fletcher, 2014). Additionally, scaling CE initiatives demands significant investment and innovation, presenting formidable obstacles (Kirchherr et al., 2018).

The rise of ethical consumerism in sustainable fashion

Environmental consumerism, also known as green buying, refers to the practice of purchasing and using products that are environmentally friendly (Mainieri et al., 1997). Ethical consumerism is the conscious decision by consumers to prioritize products and brands that reflect their values, particularly concerning environmental and social impacts. In sustainable fashion, this translates to a preference for clothing made through eco-friendly processes, fair labor practices, and transparent supply chains. Such behavioral shifts arise from heightened awareness of the adverse effects of conventional fashion practices on the environment and society. According to Sun (2019), ethical consumerism involves a complex interplay of factors that influence purchasing decisions. Sun (2019) expanded the Theory of Planned Behavior (TPB) by incorporating four key determinants: attitude, subjective norm, moral identity, and perceived

behavioral control, with confidence serving as a critical moderator. This outline underscores the influence of personal and social norms on ethical purchases and emphasizes how moral identity shapes consumer intentions.

Sustainability has evolved beyond a mere consumer preference; vintage and second-hand fashion have gained traction, particularly among younger consumers. This resurgence is influenced by economic factors and changing attitudes toward sustainable and unique clothing options. The trend extends beyond apparel to include accessories and homeware, reflecting a growing appreciation for the uniqueness and quality of repurposed items. Moreover, the movement toward vintage fashion represents a counteraction to the uniformity and rapid consumption promoted by fast fashion. Consumers are increasingly seeking individuality and deeper connections to the stories and craftsmanship behind vintage pieces (Cassidy & Bennett, 2012). Online platforms like Farfetch or Vinted now feature dedicated sections for pre-owned items, catering to this rising demand.

Consumer behavior dynamics in sustainable fashion

Several factors significantly influence consumer behavior toward sustainable fashion, intricately linking it to the broader context of ethical consumerism. These factors include individual motivation, emotion, cognition, attitude, and decision-making (Hoffmann & Akbar, 2023; Carrigan & Attalla, 2001).

Individual motivation in sustainable fashion reflects the internal drive that encourages consumers to engage in environmentally conscious purchasing behaviors. This motivation often stems from a desire to contribute positively to the environment and society (Thøgersen, 2006). Emotions are vital in shaping consumer choices, as individuals' affective responses to sustainable fashion can greatly influence their purchasing decisions. Positive feelings associated with sustainable practices can enhance consumer engagement and loyalty (Niinimäki, 2020; Gifford & Nilsson, 2014).

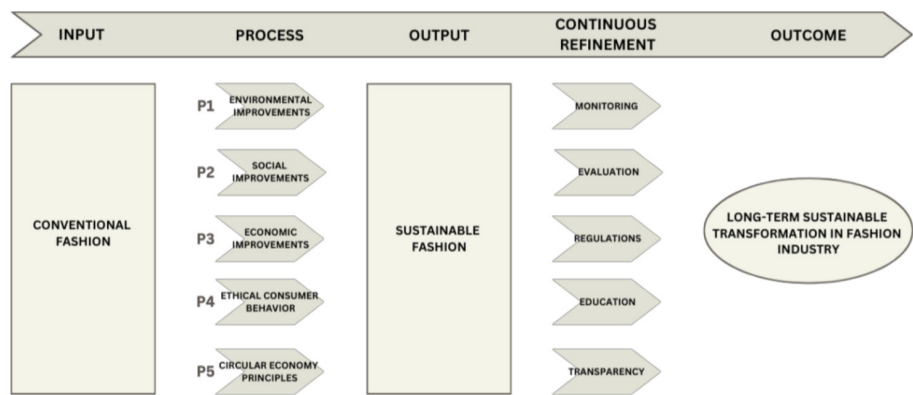
Cognition, which encompasses the mental processes of understanding and evaluating sustainability-related information, shapes consumers' attitudes and behaviors in the fashion industry (Kollmuss & Agyeman, 2002). A well-informed consumer is more likely to align their purchasing decisions with sustainable values (Luchs et al., 2010). Attitude serves as an overall evaluation of sustainable fashion, guiding consumers' intentions and actions. A positive attitude toward sustainability can lead to a greater likelihood of making eco-friendly purchasing decisions (Minton & Rose, 1997).

Ultimately, decision-making in sustainable fashion involves weighing these interconnected factors – motivation, emotion, cognition, and attitude—to make choices that reflect a commitment to environmental responsibility. This process illustrates how consumers navigate their ethical considerations within the realm of sustainable fashion, reinforcing the importance of ethical consumerism in promoting a more sustainable future (Fletcher & Tham, 2019; Sun, 2019).

Framework for sustainable transformation in fashion

Hoffmann and Akbar (2023) stressed that consumers with strong environmental and social values are more likely to engage in sustainable consumption practices, including the purchase of sustainable fashion. Similarly, we propose a conceptual framework that illustrates the transition from conventional to sustainable fashion, and which is rooted in a comprehensive understanding of the environmental, social, and economic challenges faced by the fashion industry. Drawing insights from Fletcher (2014, 2016), this model presents a multifaceted approach to sustainability. It underscores the significance of environmental improvements, social advancements, economic viability, ethical consumer behavior, and the principles of a circular economy as essential elements for driving transformation within the fashion industry. This framework can serve as a strategic blueprint for ongoing refinement and fosters long-term sustainable transformation in the sector.

Figure 2. Sustainable Transformation in Fashion Industry Model



Source: Own elaboration based on Bocken et al., 2014; Fearne et al., 2012; Fletcher, 2014; Sun, 2019.

Figure 2 illustrates a conceptual model that depicts the transition from conventional fashion to sustainable fashion, structured around several key components: Input, Process, Output, Continuous Refinement, and Outcome.

In this model, conventional fashion serves as the input, representing the current state of the industry, which is often marked by mass production, high environmental impact, and questionable labor conditions (Joy et al., 2012). The process consists of five essential components: environmental improvements, social advancements, economic viability, ethical consumer behavior, and principles of a circular economy. Each of these components highlights the necessary changes to enhance sustainability within the fashion industry, focusing on reducing environmental impacts, improving labor conditions, encouraging ethical purchasing decisions, and optimizing resource use while minimizing waste (Fletcher, 2014; Bocken et al., 2016).

The direct output of implementing these improvements is sustainable fashion, which signifies the emergence of products that are both environmentally friendly and ethically produced (Niinimäki, 2020). To ensure that this transformation is maintained and continually enhanced, the model emphasizes the importance of continuous refinement through monitoring, evaluation, regulation, education, and transparency. These ongoing measures are crucial for assessing

practices, raising awareness, and ensuring accountability throughout the industry (Henninger et al., 2016).

Ultimately, the long-term outcome of this model is a sustainable transformation of the fashion industry that promotes responsible resource management. The model underscores that achieving sustainability is a complex process that requires systematic changes across various sectors and a steadfast commitment to ongoing improvements (Fletcher & Tham, 2019).

Methodology

This research employs an inductive approach to gain an in-depth understanding of sustainable transformation in the fashion industry (Saunders et al., 2019). The inductive approach is particularly effective for studying complex dynamics, allowing for nuanced exploration of expert insights through interviews. By gathering detailed insights from industry experts and sustainability researchers, this study aims to develop a comprehensive understanding of the multifaceted challenges and opportunities within the fashion sector.

Sample selection and procedures

To ensure a diverse and comprehensive perspective, a wide range of experts from the fashion and sustainability fields were selected. The experts chosen possessed extensive knowledge and experience across various stages of the textile chain. Care was taken to represent different organizational disciplines to capture a wide array of viewpoints. Additionally, interviewees included individuals at various levels within their organizations, from operational employees to management, ensuring a richness of insights and backgrounds.

The data collection aimed to gather rich insights into the research questions while addressing existing research gaps. An interview draft was established prior to data collection, featuring direct questions designed to facilitate focused discussions. This approach aligns with Kittel's (2009) recommendation

for efficient data collection from managers, who often have limited time for interviews. The interviewer guided discussions to elicit thorough and detailed responses, ensuring that all relevant information was covered.

Experts were contacted based on prior work experiences, academic connections, or professional networks such as LinkedIn, ensuring that selections were based on relevant expertise. The primary tools for conducting interviews were Microsoft Teams, used for three interviews, Google Meet for two, and one was conducted in person. The interviews varied in intensity and duration, with the shortest lasting fifteen minutes and the longest thirty-one minutes, averaging approximately twenty-two minutes. These time spans reflect only the duration spent answering the interview questions, excluding time for introductions, feedback, and off-topic discussions. An introductory overview of the research topic and the dimensions of sustainability, along with a visual representation of the circular economy, was shared with participants. The interview consisted of seven key questions structured to provide a comprehensive exploration of sustainability in fashion, including an introductory question, inquiries about the three pillars of sustainability: ecological (as defined in Fisher, 2024; Niinimäki, 2020), social (Fairtrade, 2024; Kirchner & Schüßler, 2019), and economic (Hao et al., 2018), ethical consumer behavior (Cassidy & Bennett, 2012; Hoffmann & Akbar, 2023; Sun, 2019), and the circular economy (Kirchherr et al., 2018).

Analysis and discussion of results

For the data analysis, the software MAXQDA was employed. This tool is particularly effective for qualitative research, providing a structured framework for coding and analyzing interview data. MAXQDA allows researchers to systematically categorize their data, facilitating in-depth analysis of complex qualitative information (MAXQDA, 2024). Appropriately, the data were organized into different codes and subcodes, enabling a nuanced examination of the responses. Seven primary codes were established based on the interview questions, each of

which was further divided into three subcodes to capture more specific aspects of the participants' insights. This structured approach resulted in a comprehensive coding scheme comprising a total of 123 codes, which facilitated the identification of various themes and patterns within the data. MAXMaps served as an additional tool for visualizing the data coding.

Sample characterization

A total of six experts participated in the interviews, encompassing representatives from Generations X, Y, and Z. Among the interviewees, four were male and two were female. The interviews were equally divided in terms of language: half were conducted in English, while the other half were conducted in German and later translated into English. This diverse sample provides a rich perspective reflective of varying generational experiences and insights (Williams & Page, 2011). Table 1 provides an overview of the assigned codes per interview and summarizes the identified main codes.

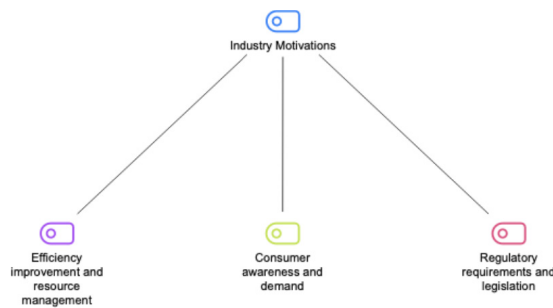
Table 1. Sample characterization and the main codes identified

Nº	Interviewee	Gender	Number of codes assigned	Main codes identified
1	CEO Garment Finishing	M	26	"Efficiency", "Transparency", "Technological innovations and material science"
2	Account Manager Fashion	M	17	"Consumer awareness", "Design and material", "Circular economy"
3	Law Clerk	M	16	"Transparency", "Consumer awareness and demand", "Regulatory requirements and legislation"
4	CEO Fashion Brand	M	18	"Profitability challenges", "Regulatory requirements and legislation", "Transparency"
5	Operations Manager Fashion	F	14	"Need for eco-friendly materials", "Awareness and education", "Consumer shifts towards sustainable practices"
6	SDG Project Officer	M	32	"Fair wages and working conditions", "Circular economy and resource efficiency", "Technological innovation and material science"

Main findings

Figure 3 illustrates the hierarchical code-subcode model as it comes to industry motivations. This model focuses on the first sub-finding related to efficiency improvement and resource management.

Figure 3. Industry Motivations



Source: Own elaboration assisted by MAXMaps.

According to interviewee 1, there is a clear imperative to produce in an environmentally sustainable manner, irrespective of industry. He emphasized, *“Then we need to ask ourselves how we want to produce in line with the environment. And then the answer is clear: it has to be done in a resource-efficient way, regardless of which industry you work in”* (verbatim Interviewee 1). He underscored the necessity of transitioning to renewable energies and aligning production with demand to effectively manage limited resources.

Interviewee 6 recapped this sentiment, highlighting the need for industries to enhance efficiency in response to rising costs and environmental concerns. Interviewee 6 asserted, *“The second one needs to become more efficient. So, this is a second factor. I think nowadays we are dealing with resources. Supply chains are becoming more expensive and in order to be more sustainable and also efficient the fashion industry, it’s been pushing up to implement more or better practice and get more efficient”* (verbatim Interviewee 6). These insights underscore the industry’s collective drive toward sustainable practices and resource optimization.

The second subcode focuses on “Consumer awareness and demand”. Interviewee 3 emphasized the impact of digitalization and media on exposing supply chain inadequacies, stating, *“Thanks to digitalization and the media, the discovery of inadequacies in the supply chain means a fiasco for the companies responsible. Rana Plaza, for example, was an absolute wake-up call for the population”* (verbatim Interviewee 3). This underscores the pivotal role of public awareness in pushing companies toward more sustainable practices. Similarly, interviewee 4 highlighted the intrinsic motivation to improve and conserve resources, particularly noting the influence of the younger generation in fostering a more sustainable consumer society. He stated, *“So the primary motivation for sustainability is of course to simply do things better, which the younger generation also brings with it, and to conserve resources and create a more sustainable consumer society”* (verbatim Interviewee 4). These perspectives underscore the multifaceted motivations driving industry toward sustainability initiatives. The third point deals with “Regulatory requirements and legislation”. As interviewee 1 aptly stated, *“Then the government needs to intervene more strongly to ensure that this is regulated and sensitized”* (verbatim Interviewee 1). This sentiment underscores the importance of regulatory requirements and legislation in addressing industry motivations effectively.

Figure 4 shows the hierarchical Code-subcode model for the dimension of environmental challenges. The model includes the first sub-code of “Need for eco-friendly materials”.

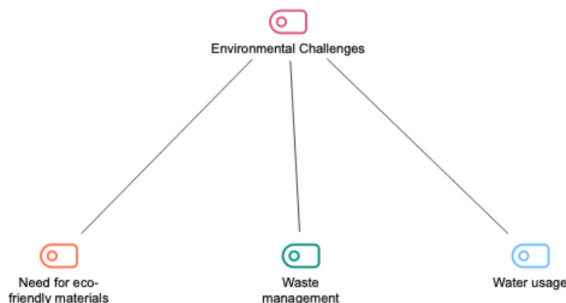


Figure 4. Environmental Challenges

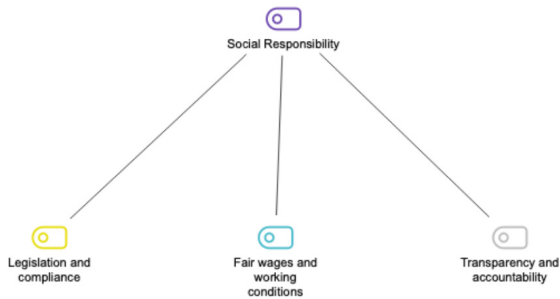
Source: Own elaboration assisted by MAXMaps.

Interview 2 emphasized the importance of sustainable practices, stating: *“Through sustainable practices such as recycling materials, using more environmentally friendly production methods, and reducing resource consumption, we can address these challenges”* (verbatim Interviewee 2). Similarly, interviewee 6 advocated for the adoption of eco-friendly materials and resource efficiency, remarking, *“...I think that they may should use more eco-friendly materials improve as I said on the first question, resource efficiency adopting a zero-waste philosophy because it’s very essential to mitigate those impacts”* (verbatim Interviewee 6). These insights underscore the urgency of adopting environmentally conscious approaches to tackle environmental challenges in the industry. Interviewee 3 underscored the waste management and stated: *“Huge amounts of fashion waste thanks to poor quality and rapidly changing trends”* (verbatim Interviewee 3).

Regarding the third sub-code “Water usage”, the expert from interview 1 provided an insight using the example of a jeans production process: *“For example, if we take jeans – they will have their origin somewhere in the cotton field, because most jeans still contain a large amount of cotton. They contain pesticides and a lot of water was used, which is an increasingly rare resource. When these cotton flocks are ultimately turned into yarn and the yard goods are also dyed, then there is also polluted wastewater. This has to be discharged somewhere, and an incredible amount of dirt is produced during the production of textiles, from the raw materials. So, it’s simply a very dirty industry and jeans in particular are by far the dirtiest product”* (verbatim Interviewee 1).

Figure 5 illustrates the hierarchical Code-subcode model related to social responsibility, highlighting the initial subtopic of “Legislation and Compliance”.

Figure 5. Social Responsibility



Source: Own elaboration assisted by MAXMaps.

Interviewee 6 underscored the critical nature of the issues surrounding the fashion industry, stating, *“We have witnessed numerous scandals in the fashion sector over the past decade. I believe that to mitigate these problems, especially when production occurs outside Europe, where regulations are often more lenient, significant changes are necessary”* (verbatim Interviewee 6). This statement highlights the pressing need for stricter oversight and ethical practices in global production processes, particularly in regions where regulatory frameworks may not adequately protect workers and the environment.

The conversation then shifted to the theme of “fair wages and working conditions”. Interviewee 2 remarked, *“This means that people should be paid fairly, have safe working conditions, and not have to work excessively”* (verbatim Interviewee 2). This perspective emphasizes the fundamental rights of workers within the fashion industry, advocating for equitable compensation and safe environments as essential components of sustainable practices.

Building on this, Interviewee 3 noted, *“There must also be a willingness to pay the production factories enough to enable them to pay their workers decent wages and comply with safety regulations”* (verbatim Interviewee 3). This statement further illustrates the interconnectedness of financial viability and ethical labor practices. It suggests that sustainable fashion not only requires a commitment from brands to adopt fair practices but also necessitates a re-evaluation of pricing structures to ensure that producers can afford to meet ethical standards. Together, these insights reflect a growing recognition of the need for

comprehensive reforms in labor practices within the fashion industry to promote sustainability and social responsibility.

The third point, “Transparency and accountability”, emerged as the most unanimously agreed upon topic among the participants. Interviewee 2 stressed its growing significance within corporate practices, stating, *“On the corporate side, transparency is becoming an increasingly important factor. Consumers want to know where their clothes come from, how they were made, and under what conditions the workers were employed. Companies that disclose this information and demonstrate a proven track record of ethical and sustainable practices will hold a competitive advantage”* (verbatim Interviewee 2). This sentiment was confirmed by Interviewee 3, who succinctly asserted, *“The key is transparency”* (verbatim Interviewee 3).

Interviewee 4 elaborated on the importance of familiarity with producers and adherence to ethical standards, noting, *“Well, here at Espadrij l’originale, we simply know our producers and have been working with them for a long time, and we work according to local, European standards”*. He further underscored the challenges posed by a lack of transparency in certain practices, stating, *“Instead, they pass it on underhand, and then it is produced under conditions that are perhaps not transparent. And that is certainly a huge problem”* (verbatim Interviewee 4). This highlights the necessity for brands to cultivate transparency not only in their supply chains but also in their overall business practices to foster trust and accountability within the fashion industry.

In interview 5, the expert highlighted the role of textile seals like GOTS in ensuring fair treatment of workers, stating, *“So, when it comes to ensuring fair treatment of workers along the supply chain, textile seals like GOTS (Global Organic Textile Standard) play a crucial role. They help fashion companies maintain standards and keep tabs on working conditions. They are so important”* (verbatim Interviewee 5).

Interviewee 6 introduced blockchain technology as a potential solution for transparency, stating, *“So blockchain for transparency can be one thing that I probably no one talks about that. I think blockchain for transparency in this industry can be a thing”* (verbatim Interviewee 6). These insights collectively underscore the significance of transparency and accountability in the textile

industry. Figure 6 shows the hierarchical Code-subcode model of Finding 4 “Consumer Preferences”.

Figure 6. Consumer Preferences



Source: Own elaboration assisted by MAXMaps.

The first sub-code, “Identity and ethical consideration”, delves into the consumer mindset shifting toward sustainability, as highlighted in interview 2. He emphasized that sustainability is increasingly viewed as a lifestyle choice intertwined with values and identity. *“More and more consumers see sustainability as a lifestyle. It’s not just about environmental protection, but also about values and identity. Younger generations in particular are becoming increasingly aware of how their purchasing decisions can influence the world. The hype around vintage and second-hand fashion also shows that it’s not just about the latest, but also about the value of existing goods. All of this, influences consumers’ decisions in favor of sustainable fashion”* (verbatim Interviewee 2).

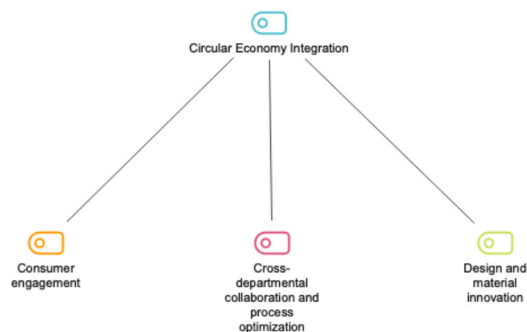
Transitioning to the second sub-code, “Value and quality over price”, interviewee 6 asserted: *“...consumers will gonna have a huge influence on how industry are, or maybe change their behavior and looking for a better product, transparency, authenticity, and not only a piece of clothes”* (verbatim Interviewee 6).

Moving on to the third sub-code, “Awareness and education”, Interviewee 1 highlighted a collective awakening toward the multifaceted nature of climate change and sustainability. *“Basically, I believe that there has been an overall rethink, that we, or at least the majority of us, have now realized that climate change is something that is made up of many, many factors. And that simply the*

possibilities we have today in the form of social media, that images of tragedies go around the world within minutes, that sustainability is simply something that people have become much more aware of” (verbatim Interviewee 1). On his side, Interviewee 3 advocated: *“Ultimately, humanity and a guilty conscience. However, both are also, apparently satisfied by buying products from greenwashing companies. Almost every consumer will realize that it cannot be right for fashion to destroy human lives and the environment. However, very few consumers spend enough time to understand which products are sustainable and how. But even those consumers who do take the time are overwhelmed by the complete lack of transparency of the various brands and the lack of comparability. Standardized labels and greater transparency would be important. Greenwashing should not be possible. Organizations such as the clean clothes campaign can be helpful”* (verbatim Interviewee 3). Additionally, Interviewee 6 emphasized: *“I think first of all, it’s awareness and education. I think consumers are getting more aware of the real problems that we are facing in terms of education. People are getting more educated on this topic of sustainability”* (verbatim Interviewee 6).

These perspectives collectively underscore the economic hurdles that sustainability poses for both consumers and fashion companies. Figure 7 shows the hierarchical Code-subcode model as it comes to dimension of circular economy integration. The model underscores the multifaceted approaches required for the seamless integration of circular economy principles within the fashion industry.

Figure 7. Circular Economy Integration



Source: Own elaboration assisted by MAXMaps.

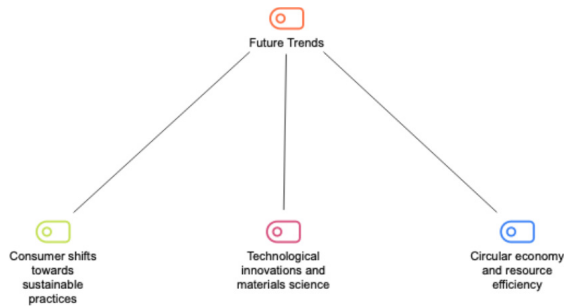
The first sub-point, “Consumer engagement”, emphasizes the pivotal role of consumer involvement in promoting circularity, as articulated by Interviewee 2: *“And hey, they could also introduce repair services or recycling programs to give garments a second chance at the end of their life cycle”* (verbatim Interviewee 2). This highlights the importance of empowering consumers to participate in sustainable practices such as repair and recycling initiatives.

Transitioning to the second sub-point, “Cross-departmental collaboration and process optimization”, interview 1 emphasized the necessity for cohesive collaboration across departments to facilitate circularity: *“So, the circular economy basically requires several departments within a company to work together. In other words, the moment the purchasing department or company management decide that we need to become circular, that we need to close the loop somehow, it must be clear that different departments are working together”* (verbatim Interviewee 1). This underscores the need for integrated efforts across various organizational functions to achieve circular economy objectives effectively.

Finally, the third sub-point, “Design and material innovation”, underscores the importance of innovative approaches to design and material selection to promote circularity. Interview partner 3 advocated for recycling materials as a fundamental strategy, stating, *“In my opinion, recycling materials is ultimately the only way forward”* (verbatim Interviewee 3). Similarly, Interviewee 4 emphasized the significance of conscious material choices to facilitate recyclability, noting, *“I think that being more conscious about the choice of materials is certainly a way forward”* (verbatim Interviewee 4). Interview number 6 further highlighted the versatility of recycled materials, stating, *“We have different ways to use those materials when they are recycled”* (verbatim Interviewee 6).

These insights collectively underscore the comprehensive strategies required to integrate circular economy principles into the fashion industry, encompassing consumer engagement, cross-departmental collaboration, and innovative design and material approaches.

Figure 8 shows the hierarchical Code-subcode model of the dimension “Future Trends”.

Figure 8. Future Trends

Source: Own elaboration assisted by MAXMaps.

Under the first sub-topic of “Consumer shifts toward sustainable practices”, experts weigh in on the growing prominence of second-hand fashion. Interviewee 1 emphasized the significance of second-hand clothing and repair services, stating, *“Second-hand is also a huge topic. First of all, second-hand as such, but also the provision of repair services”* (verbatim Interviewee 1). Interviewee 2 corroborated this, noting a strong trend toward the consumption of second-hand and vintage fashion, driven by a growing recognition of the value in pre-owned garments and a desire for unique pieces with a history. He stated, *“There are some exciting trends that will shape the future of sustainable fashion. First, we are seeing a strong trend towards the consumption of second-hand and vintage fashion. More and more people are recognizing the value of previously worn garments and are looking for unique pieces with a history. This not only reduces the need for new products, but also promotes the reuse and extension of the life cycle of clothing”* (verbatim Interviewee 2). Additionally, interview number 4 highlights the appeal of second-hand fashion, particularly among younger demographics, signaling a broader societal embrace of recycling and conscious consumption practices. He mentioned, *“Second-hand is also a big topic, especially among young people. Recycling and a more conscious approach. Trends are all well and good, trends also repeat themselves, which is also good for second-hand”* (verbatim Interviewee 4).

Transitioning to the second sub-topic of “Technological innovations and materials science”, experts anticipate transformative advancements in sustainable

fashion. Interviewee 3 expressed optimism toward technologies facilitating large-scale material recycling, stating, *“...I am optimistic about various technologies that make it possible to recycle materials on a large scale”* (verbatim Interviewee 3). Similarly, Interviewee 5 foresaw the emergence of reusable materials and heightened attention toward sustainability driven by media coverage and educational efforts. She said, *“I think we’re about to see some exciting trends and tech advances shaping sustainable fashion. For sure new materials that are reusable, and a lot more attention on the topic overall, thanks to increased media coverage and better education efforts”* (verbatim Interviewee 5).

Under the third sub-topic of “Circular economy and resource efficiency”, experts addressed the imperative of addressing overproduction and advancing materials recycling. Interviewee 1 emphasized the challenge of overproduction and the need for innovative strategies to address surplus inventory. He mentioned, *“Another huge issue that we are currently dealing with is that we are not going to get to grips with the problem of overproduction today. In other words, significantly more is still being produced than is actually needed and bought. And these things are often lying around somewhere because nobody buys them, so I have to think about what I have to do to get someone to buy them”* (verbatim Interviewee 1). Interview partner 2 predicted a surge in materials recycling facilitated by technological advancements, which not only reduces the demand for new raw materials but also mitigates environmental impacts. He explained, *“Materials recycling will also experience a major boom. Advances in technology will enable textiles to be recycled more efficiently and new materials to be obtained from existing resources. This not only reduces the need for new raw materials, but also minimizes the environmental impact of waste and pollution”* (verbatim Interviewee 2). Additionally, interview partner number 6 underscored the potential of the circular economy as a powerful instrument for the fashion industry to achieve sustainability goals, stating, *“So I think circular economy can be very useful and it’s a very powerful instrument for the fashion industry”* (verbatim Interviewee 6).

These insights collectively suggest that embracing technological innovations and circular economy principles is essential for the fashion industry to transition toward a more sustainable future. By prioritizing the recycling of materials

and reducing overproduction, stakeholders can significantly minimize the ecological footprint of fashion and foster a system that promotes responsible consumption and production practices. This holistic approach not only addresses immediate challenges but also sets the stage for long-term sustainable growth in the industry.

Conclusions

This study conducted an in-depth exploration of sustainable transformation within the fashion industry, focusing on the environmental, social, and economic impacts associated with the circular economy and ethical consumer behavior. Through qualitative analysis of expert interviews and a thorough literature review, several key elements driving sustainability in the fashion industry were identified. These elements include the integration of circular economy principles, active consumer engagement in sustainable practices, and the critical role of regulatory frameworks in fostering sustainable fashion.

The research revealed that essential elements for promoting sustainability encompass ecological, social, and economic dimensions, each being pivotal in creating a sustainable future. Ecologically, the integration of circular economy principles is vital, as it promotes resource efficiency, reduces waste, and encourages the use of eco-friendly materials, ultimately mitigating environmental impacts (Geissdoerfer et al., 2018). Socially, sustainability requires a commitment to fair labor practices, ensuring safe working conditions, fair wages, and respect for workers' rights throughout the supply chain. This commitment addresses ethical concerns and enhances social equity (Sarkis et al., 2019). Economically, sustainable transformation involves balancing profitability with responsible practices, thus supporting economic viability while minimizing ecological and social costs (Bocken et al., 2016).

The integration of circular economy principles significantly enhances resource efficiency in the fashion industry by encouraging the reuse, recycling, and extended use of materials. This approach reduces the demand for new

resources, minimizes waste production, and lessens the environmental footprint of fashion products (Murray et al., 2017). By transitioning from a linear to a circular model, the industry can better conserve resources and promote sustainability throughout the product lifecycle.

Consumer engagement is crucial in enhancing the sustainability of fashion by creating demand for sustainable products and encouraging brands to adopt more responsible practices. Informed consumers drive change by selecting products that are ethically produced, made from sustainable materials, and designed for longevity. This shift in consumer behavior fosters a culture of repair, reuse, and recycling, further embedding sustainable practices within the industry (Thøgersen, 2006).

Regulatory frameworks are essential in supporting sustainable fashion by establishing standards and policies that guide industry practices toward sustainability. These frameworks mandate transparency in supply chains, enforce the use of sustainable materials, and promote fair labor practices. By providing a structured approach to sustainability, regulations help ensure that fashion companies adhere to ethical and environmental standards, thus facilitating a more sustainable industry overall (European Commission, 2021).

In conclusion, this research underscores the need for a multifaceted approach to achieve sustainability in the fashion industry, highlighting the interconnectedness of ecological, social, and economic factors, as well as the vital roles of circular economy principles, consumer engagement, and regulatory frameworks in fostering sustainable transformation.

Main contributions

The paper offers contributions to the understanding of sustainability within the fashion sector by examining its environmental, social, and economic impacts. It clarifies the essential roles of the circular economy and ethical consumer behavior in fostering sustainable practices, emphasizing that these elements are critical for the industry's transition toward sustainability. Key factors identified in the research include the necessity of integrating circular economy principles to enhance resource efficiency, the influence of consumer engagement

in promoting sustainable fashion, and the crucial role of regulatory frameworks in supporting these initiatives.

Moreover, the study provides practical insights for various stakeholders in the fashion industry – such as businesses, policymakers, and consumers – on how to encourage a more sustainable fashion landscape through collaborative efforts, innovation, and systemic change. This comprehensive analysis contributes to the academic field by delivering a nuanced understanding of the challenges and opportunities associated with sustainable transformation in the fashion industry, thereby setting the stage for further research and practical applications in this essential area.

Study limitations

Despite its contributions, this dissertation also has limitations. The study's reliance on expert interviews may introduce a bias due to the subjective nature of personal experiences and perspectives shared by the interviewees. Additionally, the sample size, while providing valuable insights, may not be representative of the broader fashion industry, potentially limiting the generalizability of the findings. The research also focuses primarily on established industry practices, which may overlook emerging trends and innovations in sustainability. Furthermore, while the study highlights regulatory frameworks, it does not delve deeply into the effectiveness of existing regulations or the challenges in their implementation. Future research could address these limitations by incorporating a more diverse range of stakeholders, expanding the sample size, and exploring the dynamic nature of sustainable practices in the fashion industry.

Final remarks

The future of sustainable transformation in the fashion industry holds promise but necessitates unified efforts across various domains. Continued advancements in materials science and manufacturing techniques, coupled with heightened consumer awareness and demand for sustainable products, are vital for driving further change. However, realizing a truly sustainable fashion industry

requires the establishment of more robust regulatory frameworks and international cooperation to tackle challenges such as overproduction, waste management, and fair treatment of workers throughout the supply chain.

Integrating circular economy principles serves as a guiding framework for the industry, promoting resource efficiency and minimizing waste. Nevertheless, its implementation poses complexities that demand infrastructural investments, consumer engagement, and collaboration across sectors. As sustainability increasingly becomes intertwined with consumer identities and preferences, the fashion industry must adapt by providing transparent, ethical, and environmentally friendly alternatives.

In summary, while significant progress has been made toward sustainable transformation in the fashion industry, the journey is far from over. Ongoing research, supportive policies, and innovation are essential for overcoming current obstacles and achieving a fashion industry that aligns with our environmental, social, and economic goals.

Looking ahead, the collaborative actions of consumers, businesses, and governments will significantly influence the sustainability trajectory of the fashion industry, underscoring the importance of sustained vigilance, creativity, and cooperation in the quest for a more sustainable future.

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