



Department of *Economics and Finance*

Chair of Management

**FAST FASHION AND CORPORATE SOCIAL
RESPONSIBILITY: THE BAFFLING CASE OF SHEIN**

Prof. Vicentini Francesca

SUPERVISOR

Bottini Vittoria 243851

CANDIDATE

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ABSTRACT

Fast fashion is portrayed as the mass production of trend-followers products at astonishingly low prices. The principal aim of this industry is to meet customer demand for clothing visions coming from recent catwalks, celebrity influence and luxury stores through a focus on cheap and quick availability. The digital transformation, including the relevant position held by social media, is increasingly affecting the popularity of fast fashion brands, especially e-commerce stores. In addition, the Covid 19 pandemic also influenced and helped the development and success of online fast fashion brands, such as the Chinese giant Shein.

As this industry grows, the world perceives more and more its mark. Regular consumption, polluting supply chain operations, short-lived garments use, cheap manufacturing and labor abuses, are all characteristics addressable to the fast-fashion world and factors increasing the environmental damage. Since the current society is becoming increasingly aware and very alert about the planet, customers and firms are also transforming their behaviours. A growing majority of consumers are environmentally responsible, embrace social causes and are becoming more and more attracted by sustainability and ethically produced products, perfectly aligned with their values. Consequently, firms are changing their focus to adapt to those ideals of sustainability and environmental awareness. An example of this new mindset can be found in the ideals of Corporate Social Responsibility, the firm's action to align social and environmental efforts with the business purpose and value of the company.

Is it possible to combine the fast fashion industry with the social and environmental initiatives of Corporate Social Responsibility? Are firms currently engaged in this practice? Is it real, or is it just a myth? The answer to these queries is still unclear. Despite the public interest of fast fashion firms to engage in social and environmentally responsible practices (small-scale production, sustainable fabrics, recycling programs, better workers' conditions), sometimes there seems to be a lack of transparency between what is promised and what is eventually done.

The thesis aims to bring clarity on the relationship between fast fashion firms and CSR activities, while analyzing several factors: environmental impact, workers' conditions, complex customer behaviour, firms' actions and their results.

INTRODUCTION

Fast fashion is a popular phenomenon in modern society. Its rising popularity derives from the essence of its business model, established on speed and affordability. Customers are deeply attracted by the effortless nature of fast fashion purchases, in terms of price and time. If they are looking for the immediate pleasure of fashion purchases, fast fashion represents the right solution for their needs. However, the rising popularity of this industry is not positive for our worldwide community, as it represents one of the main contributors to pollution, environmental harm, and workers' exploitation. Despite the common knowledge about the detrimental impact of fast fashion, customers do not seem to care: they keep buying huge quantities of clothes from fast fashion companies, with no sign of stopping.

In this thesis, it will be analyzed the evolution of fast fashion and the compatibility of this industry with the practices and ideals of corporate social responsibility, in order to better understand if it is possible to combine them and hope for a better future for our planet.

More in detail, in Chapter 1, we will analyze the history of fast fashion, from its birth to its rising success, from slow fashion to fast mass production. Moreover, we will also analyze some important factors that have contributed to its huge popularity: the digital era, the important role of social media, and the Covid 19 pandemic. Fast fashion, digitalization and covid 19 are deeply connected to each other: the pandemic blocked us inside our houses and our only window on the world was social media. The growing popularity of social media, and the boom of Tik Tok, are crucial causes of the explosion of fast fashion e-commerce.

Furthermore, Chapter 2 will focus on CSR, examining its history and contemporary meaning. The values of CSR acquired importance through the years, reaching the highest point after the pandemic. The growing interest in CSR programmes by firms is also due to the apparent concern of customers, looking for sustainable and ethical consumption. We will also highlight the strategic relevance of CSR in order to understand how it can be a valuable source of competitive advantage. Chapter 3 will combine the two previous chapters, trying to find a meeting point between the fast fashion industry and CSR. It will first discuss the negative sides of fast fashion, regarding environmental damage and labourers' conditions and it will then focus on what companies are doing in order to address those issues. This chapter will also examine customers' behaviour and the role of ethical consumerism, with the goal of bringing some clarity to the gap between

customers' apparent values and their contrasting actions. After that, we will look at the current results of fast fashion firms' actions regarding environmental and labour issues, in order to understand if sustainability in this industry is just a myth and will not ever be achieved.

Finally, Chapter 4, will analyze the case of Shein, the emblem of the current fast fashion industry. Shein is the perfect example of everything that has been discussed throughout the thesis: instant gratification and throw away culture, the crucial role of social media and the mask of sustainable and ethical behaviour. We will focus on its history, business model and CSR programmes, to have a clearer image of the company and to address then, what is really behind the reason of its success.

CHAPTER 1: THE FAST FASHION INDUSTRY

1.1 Definition and History

In recent decades, the fashion industry has been revolutionized by a new business strategy known as fast fashion, which aims to democratize couture and bring trendy, affordable items to the masses (Sull and Turconi, 2008). Fast fashion recreates trend-followers products from catwalks and luxury stores at astonishingly low prices, focusing on cheap and quick availability. As an extremely volatile industry, fast fashion firms have to keep up with continuously changing consumers' preferences and tastes while reducing the processes involved in the buying cycle and lead times for getting new fashion products into stores (Barnes and Lea-Greenwood, 2006).

Even if people claim to have no interest in clothing, everyone adheres to some culturally constructed dress norm, which continuously changes (Brooks, 2015). Trends, indeed, are never static; they are constantly in motion, giving rise to what we know as the popular system of fast fashion. In the past, the fashion seasons were only four: fall, winter, spring and summer, and designers had to work months ahead to produce and predict customers' future desires and needs. Nowadays, fast fashion brands produce 52 "micro-seasons" a year, leading to giant consumption and waste. This retail industry follows the philosophy of quick manufacturing at affordable prices, putting the emphasis on optimizing certain aspects of the supply chain, making it fast and efficient. Therefore, fast fashion companies have shortened their lead times (production, distribution etc.) and have influenced other retailers to do the same in order to be competitive.

It is fundamental to understand how fast fashion happened and how it evolved. Before the 1800s, there was no developed technology, and fashion was slow: sourcing your own materials, like wool or leather, preparing them, weaving them, and finally making clothes. It was a very labour-intensive and time-consuming process. Fashion also occupied a precise position inside the society; it was intended only for the wealthier group, while the majority of people owned just a few clothes that they kept until they wore out. If someone outgrew a piece of clothing, the item was given to another family member, or the fabric was repurposed. Waste did not exist, as clothing was a remarkably precious commodity.

With the Industrial Revolution everything changed. New technology was introduced, such as sewing machines, and the whole process of making garments became faster, more efficient, and cheaper. The new inventions caused a precipitous fall in the price of clothing, which in turn boosted its manufacture.

Figure 1: The advent of mass manufacturing (Google Images, 2022)



Between the 1800s and 1900s, there was an expansion in textile and clothing factories, but most of the apparel production was still being done in small workshops. Wealthy women went to elite couturiers, and dressmaking shops emerged to meet the fashion needs of the middle class, while the poorest still sewed their clothes.

The 1960s was a turning point, as the purpose of fashion evolved from a pure necessity into a form of self-expression. As Virginia Woolf wrote in *Orlando*, "*clothes have...more important offices than to merely keep us warm. They change our view of the world and the world's view of us.*" In fact, clothes can reveal various hidden facets of individuals, as they are the initial and most basic communication tool. Thus, consumers became fashion-conscious, attentive to trends coming from fashion shows and catwalks, and their needs started to change at a much more rapid pace.

They began to reject the sartorial traditions of older generations to embrace cheaper and trendier clothing. Moreover, popular culture also played a vital role in the creation and shaping of the fast

fashion industry: music, films and television exerted a constant and powerful influence over consumers and fashion trends (Heuer and Becker-Leifhold,2018).

In the late 1980s, low-cost fashion reached a peak and fast-fashion retailers like H&M, Zara, Topshop, and Primark began their extraordinary expansion. The expression "fast fashion" is considered to have been coined by the New York Times to describe Zara's goal to take only 15 days for a garment to go from the design stage to being sold in stores:

<At Zara, too, the emphasis is on fast fashion, merchandised in a coordinated style.

"Every week there's a new shipment from Spain," said Juan Lopez, who came to New York in February to head Zara's United States operation. "The stock in the store changes every three weeks. The latest trend is what we're after. It takes 15 days between a new idea and getting it into the stores.">

New York Times, 31 December 1989

Throughout the 1990s, fast fashion, as well as the whole apparel industry, kept growing globally. By 2000, retail spending on clothing and accessories hit approximately \$900 billion worldwide, evenly split among major markets: the US (29%), Western Europe (34%) and Asia (23%) and fast fashion accounted for a major piece of those sales (Thomas, 2019). In addition, the application of new communication and digital technologies further optimized operations, tightened manufacturing cycles and increased output. Between 2000 and 2014, as McKinsey researchers observed, the number of garments produced doubled until reaching fourteen new garments per person per year for every person on the planet.

1.2 Characteristics

Nowadays, customers, especially Millennials, are becoming more and more familiar with instant gratification and are, therefore, much less willing to wait months to own the latest runway styles. This is known as the fashion-industry concept of "*see now, buy now*": the ability to quickly produce

new products in response to shifting trends, with the purpose to satisfy the volatile customers' desires. The two most important factors of fast fashion are lead time and customer demand.

It is vital for fast fashion firms to quickly respond to transforming fashion trends and reduce lead times to offer products to customers at the perfect time. Newness, being up-to-date, and the continuous renewal of fashion products are all significant features of the aforementioned industry. Indeed, the life cycle of garments has been dramatically shortened, from months to weeks or even days, putting pressure on retailers to constantly renew their product ranges. The fast-fashion system is sustained by four operational pillars: Quick response, enhanced design, dynamic assortment rotation and supply chain agility.

1- Quick Response

Initially, QR was developed as an inventory management strategy with the aim to respond quickly to market changes and disruptions by cutting lead time, enabling a closer match of supply and uncertain demand. Indeed, ordering fashion merchandise in the apparel industry has always been characterized by long lead times between order placement and delivery. Therefore, retailers had to place orders with manufacturers regarding individual items long before the demand was actually realized. Consequently, the retailer would have had too little inventory, resulting in product stockouts and low service levels, or too much inventory, resulting in forced markdowns, disposal costs, or expediting costs (Iyer and Bergen, 1997). With the QR strategy, the retailer can shorten lead times and adjust orders based on better demand information. Short lead times are enabled through the combination of localized production, sophisticated information systems boosting inventory monitoring and replenishment and expedited distribution methods (Cachon and Swinney, 2011). Nowadays, with the continuous and increasing evolution of technology, especially the one supporting information sharing among supply agents, the quick response practice is becoming increasingly common in various industries. Typically for fashion products, the QR strategy shortens lead times by one to four months, and the real benefit is that information collected about sales of related items can be used to reduce the forecast error.

2- Enhanced Design

The enhanced design technique consists in designing highly fashionable products that capture the latest consumer trends. The enhanced design is achieved by carefully monitoring consumer and industry tastes while reducing design lead times. For example, Benetton employs a network of "trend spotters" and pays incredible attention to seasonal fashion shows in Europe. Enhanced designed products have a higher value for customers and hence stimulate a greater willingness to pay, allowing for a higher price charging compared to traditional products. By making trendier products, customers are also less willing to wait for sales and risk that the item will stock out. Thus, whereas QR reduces the expected future utility of waiting for a price reduction, enhanced design increases the immediate utility of buying the product at the full price (Cachon and Swinney, 2011).

3- Dynamic Assortment rotation

The dynamic assortment rotation is a retailing practice consisting of changing the variety of products offered to customers. Store offerings are updated daily, not yearly, as in the traditional model. Frequent changes allow for higher sales, especially in the presence of variety-seeking customers. This practice has been a key factor in the recent success of fast-fashion firms such as Zara. By distributing the seasonal catalogue of products over multiple assortments rotated throughout the season, the retailer conceals a portion of its complete product catalogue from customers. This injects uncertainty into the consumer's relative product valuations since she is unable to observe the entire roster of products that the retailer will sell during the season. Rationally-acting consumers will respond to the additional uncertainty by purchasing more products, generating more sales for the retailer. This is known as the *value of concealment* (Ferreira and Goh, 2016).

4- Supply Chain Agility

The last pillar of the fast fashion industry is adopting an agile supply chain, which enhances firms' responsiveness to volatile market trends. Agile supply chains have the following characteristics:

- *Market sensitive*: the supply chain is able to read and respond to real demand; it is closely connected to end-users.
- *Virtual*: the supply chain relies upon shared information technology across all supply chain partners. Virtual supply chains are information-based instead of inventory-based.
- *Network-based*: the third ingredient of agility is the idea of the supply chain as a confederation of partners linked together as a network (Christopher and Towill, 2000).
- *Process-aligned*: defined as collaborative working between buyers and suppliers, joint product development, common systems, and shared information. Hence, the agile supply chain possesses a high degree of process interconnectivity between the network members (Becker and Heuer, 2018).

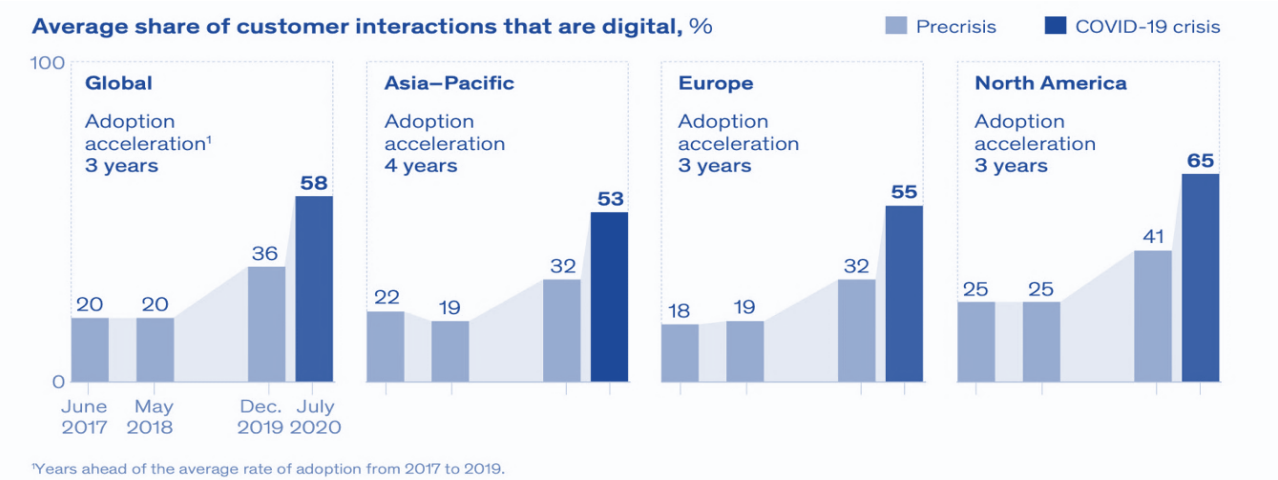
1.3 Fast-fashion and current events: Covid 19 and digital transformation

At the beginning of 2020, the global community's life and habits completely changed because of the new coronavirus (Covid-19) outbreak. With the pandemic situation, the world had to face unprecedented difficulties that caused a shock, both at the micro and macro scale. The virus affected millions of people worldwide and impacted businesses in almost every industry across the global economy. The pandemic put the fashion industry to the test: consumer habits began to change, supply chains collapsed, and the entire industry was on the verge of bankruptcy. The report "*The State of Fashion*" by McKinsey & Company shows how the economic profit of companies in the fashion industry dropped by 90% in 2020. The reasons for this fall in profit are quite clear. First of all, the number of customers visiting stores fell dramatically because of continuous lockdowns, quarantines, and governmental orders. Secondly, tourism disappeared because of travel restrictions. Thirdly, supply chains in the fashion industry, which are globally connected, were paralyzed by factory lockdowns and shipping restrictions. Lastly, fashion was not a top priority anymore, as people were lacking occasions to dress up. Fashion is a mean to show ourselves to the world, but with a world on lockdown, clothes are not essential anymore. A lot of culture and people-gathering had to be canceled due to the pandemic. All of that has an impact on

how we dress, what we shop for, and how we shop for it. Therefore, the Covid pandemic represented a deep crisis for the fashion industry, which heavily affected not only businesses but also suppliers and employees. In order to alleviate sales declines, fashion retailers cancelled many orders from vendors and suppliers and retrenched their corporate structures. As a result, millions of garment workers, sales associates, designers, and other employees who previously served the fashion industry lost their jobs (Kim and Woo, 2021). The impact was even more severe in suppliers' countries where the majority of people heavily rely on garment manufacturing for their livelihood.

Despite its negative impact, the pandemic has developed new opportunities and has enabled innovation and efficiency. Indeed, the other side of the covid pandemic is the “digital sprint”, the rapid switch toward online channels: students were following class remotely, employees were working from home, and firms were adopting digital business models to maintain revenue flows. Internet traffic in some countries increased by up to 60% shortly after the outbreak and in a period of just 8 months, e-commerce’s share of fashion sales nearly doubled from 16 to 29 percent globally, jumping forward six years’ worth of growth (McKinsey, 2021). Therefore, the pandemic caused structural changes in consumption and accelerated the digital transformation in the marketplace. McKinsey & Company made an online survey, “McKinsey Global Survey of executives”, from July 7 to July 31, 2020, and gathered responses from business executives and senior managers to show the effects of this accelerated digitalization.

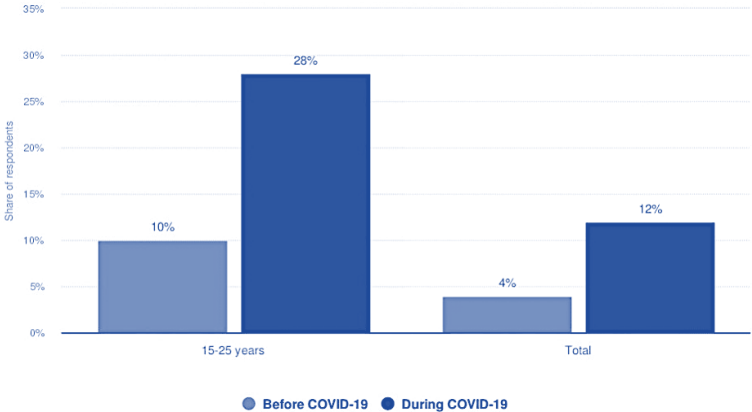
Figure 2: how the Covid-19 crisis has accelerated the digitization of customer interactions (McKinsey&Company, 2020)



The results demonstrated how interactions with customers mostly happened through online channels. Respondents were three times likelier now than before the crisis to say that at least 80% of their customer interactions were digital in nature.

To be competitive in this new economic environment, firms are required to adopt new strategies and practices and to recognize technology's strategic importance as a vital component of the business. One of the most significant aspects of digitalization, which has experienced tremendous growth, is social media. The use of social media for marketing purposes is a widespread practice among fashion firms, as it represents a perfect tool to build superior customer relationships. Considering that the target market for fast fashion retailers corresponds to the target market for social media platforms, which is young people, the rapid switch to online channels due to the outbreak of covid represented a great opportunity for companies in that industry. Social media became the most popular means to fight the boredom of staying home during the lockdown. In particular, we experienced the rise and growth of a new social media platform, Tik Tok, the “antidote” to the coronavirus crisis. The video-sharing social network was launched in China in 2016, and in 2021 it became the most downloaded app, with 656 million downloads. Tik Tok allows users to watch, create and post short videos with accompanying music and audiovisual effects, creating addictive content and a high level of engagement. It is evident as the Coronavirus lockdown helped the exponential rise in Tik Tok's use and visibility, with a growth of 180 percent among 15–25-year-old users after the pandemic broke out and people started working and studying primarily from home (Statista, 2020).

Figure 3: share of individuals using Tik Tok during the pandemic in the United States in 2020 (Statista, 2020)



Some fast-fashion companies have been perfectly able to catch the massive opportunity offered by the pandemic and by the increasing use of social media, especially Tik Tok. Shein, a Chinese e-commerce fashion brand launched in 2008, exploded in popularity and outperformed its competitors. In 2020, Shein doubled its sales, and it quickly became the most downloaded app in the U.S., beating Amazon. Unlike traditional European fast-fashion brands, Shein operates entirely digitally, allowing the company to flourish during the pandemic, while Zara and H&M suffered losses due to the copious restrictions. In addition, Shein has been brilliant in taking advantage of social media popularity to sell its products. The company implemented a solid social media marketing strategy, collaborating with influencers on Facebook, Instagram, and Pinterest to introduce the brand and products to consumers. In particular, Shein exploited the growing success of Tik Tok, going viral with the many unboxing "hauls" of Shein outfits.

Another aspect which seems to have been boosted by the covid pandemic is the shift towards sustainability, which I would define as the "*green sprint*". Market research seems to show how customers' habits are changing and becoming more environmentally aware. Consequently, fashion companies and manufacturers have accelerated the transition toward sustainability, eliminating hazardous chemicals, reducing CO2 emissions, and adopting circular economy practices.

However, some contradictions emerged regarding sustainability as a priority for consumers. On one side, there is evidence of the positive impact of Covid on the market for "green" fashion; for example, Zalando reported that more customers are opting for sustainable fashion than in the past, increasing to almost 30% of its total customers in March 2020 (Zalando, 2020). On the other hand, the sales of ultra-fast-fashion companies such as Shein and Boohoo incredibly increase during the pandemic, showing that customers are still attracted by cheap clothing, regardless of its environmental impact.

CHAPTER 2: CORPORATE SOCIAL RESPONSIBILITY

2.1 Definition

The World Business Council for Sustainable Development (WBCSD) defines Corporate Social Responsibility as *"the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large."*

In 1970, the economist and Nobel laureate Milton Friedman wrote, in a New York Times article, one of the most provocative statements of the past half-century: the sole purpose of a company is to generate profit for its shareholders. A shareholder is any party who owns at least one share of a company and thus has a financial interest in its profitability. Therefore, following this idea, corporate executives are responsible for conducting the business in accordance with the owners' desires. Friedman believed that companies that assumed additional social responsibilities would have placed themselves in a position of competitive disadvantage compared with those that had only focused on their bottom lines.

Attitudes have changed, and nowadays, Corporate Social Responsibility has become a popular business model and a major force in boardrooms. Companies are mindful of their environmental impact and their stakeholders' interests, as well as their profitability. Stakeholders are individuals or groups of persons who have a direct or indirect interest in the business and can be affected by its activities: customers, employees, suppliers, investors, governments, local communities, and the environment. Corporate social responsibility has received various and copious definitions and has been the protagonist of many researches and papers, aimed at analyzing its role in companies and society.

In this chapter, it will be first analyzed the history of the concept of CSR, from its ancient roots to its more contemporary meaning and then the focus will shift toward its link with firm performance and the process of value creation. This analysis will bring a clearer perspective on the role of CSR, through an investigation of the key causes leading to its birth and development.

2.2 Historical and theoretical background

The evolution of the notion of CSR is associated with a long and varied history, and it shows how this concept reflects the social expectations of each decade. For this reason, it is vital to cite the relevant academic publications and historical events that have shaped the conceptual paradigm of corporate social responsibility.

As stated by Chaffe (2017) in *"The origins of Corporate Social Responsibility"*, the origin of the social component in corporate behaviour can be dated back to the ancient Roman Law, where entities had a strong social aspect and were often organized for social purposes, such as asylums, homes for the poor, homes for the aged, hospitals, orphanages, political clubs, and burial societies. However, it was not until the 1930s and the 40s when the role of executives and the social performance of corporations began appearing in literature (Carroll, 1999), and authors began debating the specific social responsibilities of companies.

One of the most notable examples of the changing attitude toward corporate behaviour after the two World Wars is Bowen's "Social responsibilities of the Businessman" (1953), where he provided what was perhaps the first definition of CSR. The author believed that large corporations and their actions had a tangible impact on society, and as a consequence, there was a strong need for them to include those impacts in their decision-making process. The "Businessmen" decisions affect their stakeholders, employees, and customers, directly affecting the life of the society as a whole. Bowen defines the social responsibilities of business executives as *"the obligations of the businessman to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of the society"* (Bowen, 1953). Bowen's new approach to management is significantly relevant as it can be considered the first academic work to focus specifically on the doctrine of CSR, making him the *"Father of Corporate Social Responsibility"* (Carroll, 1999).

The 1960s were characterized by a new social context marked by a strong and growing protest culture revolving around civil rights and anti-war demonstrations. For example, in the USA, the Dow Chemical Company, which produced napalm used in the Vietnam War, generated a significant number of protests and accusations. As a result, scholars approached CSR as a response

to the problems and desires of the new modern society. As a remarkable example of this period, it is important to cite Keith Davis (1960), who explained that the social, economic, and political transformations taking place during those years represented a pressure for businesses to re-examine their role in society and their social responsibility. He highlighted the obligation of businessmen towards society in terms of economic and human values, and he also asserted that social responsibility could be linked to economic return. Another case of influential contributions of that time is Fredrick (1960). He proposed a new theory of business responsibility based on five requirements, such as recognizing that the behaviour of a businessman is a function of its role in society and that responsible business behaviour is not automatic but requires a deliberate and conscious effort.

The growing sense of awareness during the 1960s translated, in the 1970s, into a low level of confidence regarding the businesses' fulfillment of the needs and wants of the public. Society's confidence in business reached the lowest point in 1969, with a significant oil spill in Santa Barbara (California), which led to massive protests across the US and eventually the creation of the first Earth Day. During the first Earth Day, 20 million people across the USA joined protests to demand a clean and sustainable environment and to fight against pollution, which was caused mainly by corporations (e.g., oil spills, toxic dumps, polluting factories, and power plants) (Earth Day 2018).

Figure 4: The first Earth Day (Earthday.org)



All these events heavily influenced the US government, and they were fundamental for the constitution of the Environmental Protection Agency (EPA) by the end of 1970. Indeed, the USA made a significant step forward in social and environmental regulations, not only with the creation of the EPA but also with the establishment of the Consumer Product Safety Commission (CPSC), the Equal Employment Opportunity Commission (EEOC) and the Occupational Safety and Health Administration (OSHA).

Furthermore, it is essential to cite the critical contributions of that period, coming from the Committee for Economic Development (CED). Firstly, there is the *"New Rationale for Corporate Social Policy"* where the authors question to what extent corporate involvement in social problems can be justified, suggesting that long-term corporate self-interest may be compatible with some forms of social do-goodism (Baumol et al., 1970). Secondly, the *"Social Responsibilities of Business Corporations"*, that explores society's new expectations on the business sector and defines business as an *"important instrument for social progress in our pluralistic society"*.

The 1980s were characterized by a series of industry incidents affecting the environment and the lives of many people. An example is the Chernobyl nuclear disaster in 1986 which strongly impacted the international community and raised a sense of awareness regarding human and environmental health. Another example of a significant industrial accident is the Bhopal disaster in India in 1984: 45 tons of an extremely dangerous gas escaped from an insecticide plant owned by the Indian subsidiary of the American firm Union Carbide Corporation, killing thousands of people., killing thousands of people. Later investigations demonstrated how the low operating and safety conditions were the cause of the catastrophe. Even if those events are not directly linked to the concept of CSR, they created a deep feeling of worry in the heart of the worldwide community, influencing the needs and desires of the society. Indeed, during this period, as Carroll (2008) remarks, society's expectations of corporate behaviour revolved around *"environmental pollution, employment discrimination, consumer abuses, employee health and safety, quality of work-life, and questionable practices of multinational corporations"*.

Regarding relevant publications of the 1980s, it is crucial to cite Tuzzolino and Armandi with *"A Need-Hierarchy Framework for Assessing Corporate Social Responsibility"* (1981). They highlighted the parallelism between individual and organizational needs by creating a framework to assess the company's social responsibility performance based on five criteria:

- Physiological, which corresponds to profitability in the classical model.
- Safety: dividend policy, payout ratio, vertical and horizontal integration.
- Affiliation: trade associations, industry publications, lobby groups.
- Esteem: market positioning, market share, image creation, product leadership.
- Self-actualization: internal (employee relations) such as job enrichment, compensation policy, pension plan, goal alignment and external (community and government relations) such as corporate philanthropy, pollution abatement, and product reliability.

2.2.1 The 1990s: Carroll's Pyramid and Elkington's Triple Bottom Line Approach

During the 1990s, the interest in the concept of CSR continued to grow, and it gained international appeal, probably because of the globalization process taking place during those years. As a result, the operations of multinational corporations increased, making them face various business environments abroad. Many corporations realized how being socially responsible should represent the perfect way to balance the challenges and opportunities offered by the globalization process, and as a result, the institutionalization of CSR became stronger. A relevant example was in 1992 with the constitution of the association Business for Social Responsibility (BSR), composed initially of 51 companies unified by the same vision of inspiring a positive social change, becoming "a force that would preserve and restore natural resources, ensure human dignity and fairness, and operate transparently" (Business for Social Responsibility, 2018).

Regarding important publications, it is essential to cite at least two key contributions of this period. The first one is Carroll's Pyramid of Corporate Social Responsibility (1991), where the author aims to provide a useful approach for business executives to commit to the ideals of CSR. To illustrate his model, Carroll realized a graphic representation of a pyramid divided into four parts, representing the four main responsibilities of any company: economic, legal, ethical, and philanthropic. Carroll's division of CSR in four parts has been originally defined as follows: "*Corporate social responsibility encompasses the economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organizations at a given point in time*" (Carroll, 1979). The pyramid's lowest level is represented by Economic responsibilities, which denotes the most basic requirement for a business: being profitable. Profits are essential for

the business' growth, for rewarding investors and for society as a whole. The only manner for a business to persist long-term and generate benefits is to be profitable.

The second level of the pyramid is defined by Legal responsibilities, the business' obligation to comply with laws and regulations: performing consistently with government and law expectations, complying with federal, state, and local regulations, fulfilling legal obligations to stakeholders, and providing goods and services meeting the minimal legal requirements.

The third level is represented by Ethical responsibilities. Businesses should conduct their operations in an ethical and moral manner by complying with laws but also by satisfying society's ethical expectations and by recognizing and respecting new and evolving moral norms.

The fourth and last layer of the pyramid is defined by Philanthropic responsibilities, the business's discretionary action to "give back" to the community by engaging in a variety of activities such as donations and volunteering. In this way, businesses can demonstrate their good "corporate citizenship". Therefore, it can be concluded that economic and legal responsibilities are "required" by society; ethical responsibility is "expected" by society, and ethical responsibility is "desired" by society (Carroll, 1991).

Figure 5: Carroll's Pyramid of CSR (1991) (Google Images, 2022)

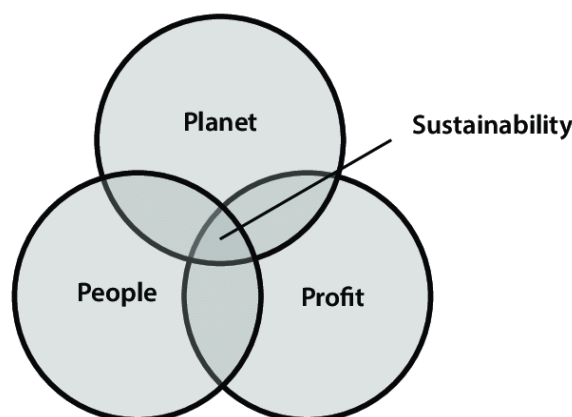


The second relevant contribution which is essential to cite is the Triple Bottom Line Approach developed by Elkington (1994). In traditional accounting, the bottom line represents a company's net income in a certain period and, thus, is an index of economic or financial performance.

The triple bottom line framework (TBL) defines new measures to assess a company's performance, incorporating environmental and social dimensions. The TBL dimensions are represented as the 3Ps: Profits, People and Planet.

- 1- *Profits*: the economic value of firm performance, which is at the baseline of its success, as also expressed by Carroll's Pyramid (1991). Generally, business strategies and initiatives are designed to maximize profits, reduce costs, and mitigate risks.
- 2- *People*: the business' impact on society and its commitment to stakeholders' needs and desires, including employees, customers, and the community as a whole.
- 3- *Planet*: the business impact on the environment. Companies should understand their responsibility to become drivers of positive change regarding their environmental impact. Adjustments like using ethically sourced materials or cutting down on energy consumption are all necessary steps toward reducing their carbon footprint.

Figure 6: The 3Ps (Google Images, 2022)



2.3 CSR and firm performance

As we have seen from the history and literature developments, the concept of CSR has always been relevant in the eyes of customers and companies, especially with the increase in industrial and environmental disasters, giving birth to a deep sense of awareness and responsibility towards our planet. The growing importance of CSR has brought to the surface a very interesting and complicated question: can the firm performance be affected by the commitment to CSR?

Many empirical and theoretical studies have this question as their primary focus. Researchers have been trying to examine and explain how CSR can have a powerful impact on firm performance, increasing its competitiveness. What are the benefits gained by a company which is aware of its vital role in society and is highly devoted to sustainable practices?

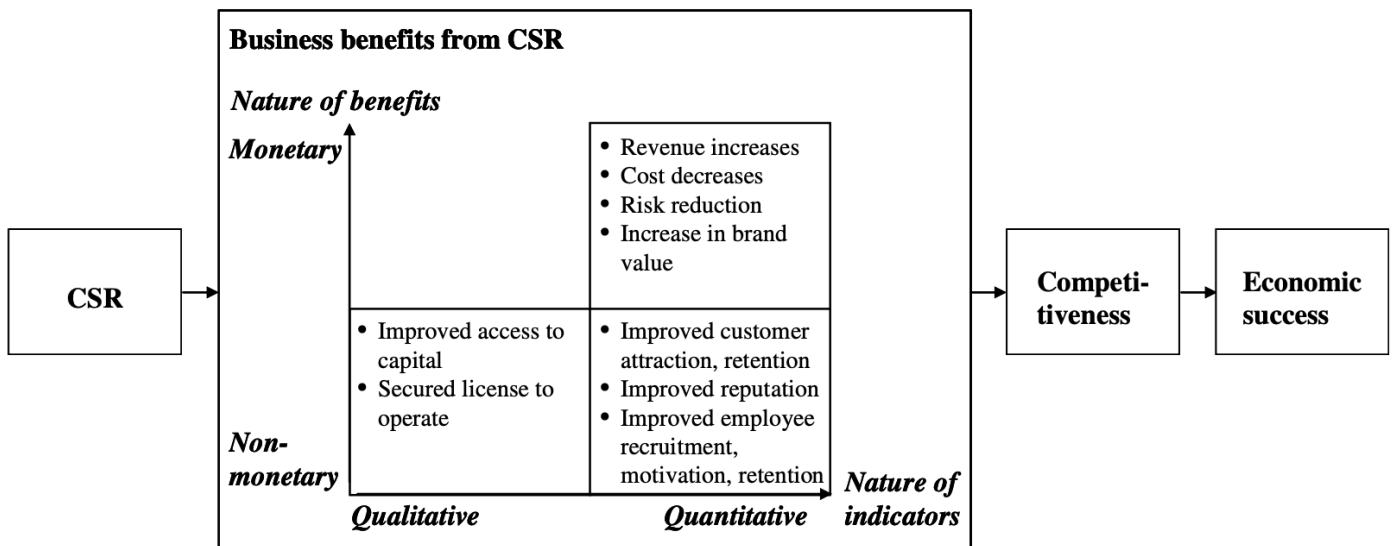
In her paper, Weber (2008) defines the five main benefits which arise from CSR activities:

- 1- Company's image and reputation: image and reputation are strictly related, but their meaning is quite different. The image is the mental portrait, the perception that people hold in their minds about the company, its products, and its services. On the other hand, reputation represents the overall estimation and judgement of the business by its stakeholders. Image can change quickly, while reputation slowly develops over time, influenced by the company's past and future actions. CSR can enhance the company's image and reputation and consequently increase its competitiveness.
- 2- Employee motivation, retention, and recruitment: CSR can directly or indirectly influence current employees, boosting their motivation to work for a sustainable and responsible company and increasing its attractiveness in potential employees' eyes.
- 3- Cost savings: CSR activities can lead to efficiency gains resulting from the improvement in the relationship with stakeholders and the access to capital due to the growing sensitivity of investors toward sustainability issues.

- 4- Revenue increases from higher sales and market share: even if it does not exist a formula for converting investments in CSR into a financial return, it is suggested that socially responsible companies can expect an increase in revenue and profitability, achieved indirectly with an improvement in the brand image or directly through a CSR-driven product or market development.

- 5- CSR-related risk reduction or management: for example, avoiding negative press or customer/NGO boycotts.

Figure 7: CSR Impact Model (Weber, 2008)



The picture shows the CSR impact model, which illustrates the benefits described above and divides them into two categories: monetary and non-monetary benefits. Monetary benefits include direct financial effects as well as benefits not directly leading to cash flows but still measurable in monetary terms. One example is the improvement in brand value due to CSR involvement, as it reflects the financial value of a brand to a company. When the brand is sold, there is a direct financial effect; however, if the brand is retained, the benefit can still be expressed in monetary terms as it indicates an improvement in its market value, which will be realized once the brand is sold. On the other hand, we have non-monetary benefits that influence the company's financial

success and competitiveness but are not measurable in monetary terms. Non-monetary benefits can be assessed through quantitative indicators (e.g., changes in repurchase rates) or qualitative indicators (e.g., evaluating customer attitudes). Therefore, CSR can result in monetary or non-monetary benefits that impact the firm's competitiveness and economic success. As presented in the model, monetary benefits include revenue increases, cost decreases, risk reduction, and increases in brand value. Non-monetary benefits that can be evaluated through qualitative methods are improved access to capital and secured license to operate, or its *"right to exist"*, secured by the maintenance of good stakeholders' relations. Non-monetary benefits are measured using quantitative indicators such as repurchase rates, reputation indices, or fluctuation rates, and include: improved customer attraction and retention, improved reputation, improved employee recruitment, motivation, and retention.

2.3.1 Strategic CSR

"Corporate social responsibility is strategic when it yields substantial business-related benefits to the firm, in particular by supporting core business activities and thus contributing to the firm's effectiveness in accomplishing its mission" (Burke and Logsdon, 1996)

In order to fully evaluate the connection between firm performance and CSR policies, it is crucial to highlight and define the concept of strategic CSR. The strategic dimension of CSR is essential to identify the benefits it can create for the firm, as well as stakeholders and society. Indeed, strategic CSR consists of a mutual relationship that benefits both parties involved: creating an economic profit while satisfying society's needs and desires.

Burke and Logsdon (1996) proposed one of the most relevant models concerning the link between CSR and strategy, believing that a CSR reorientation toward a more strategic perspective should promote its implementation, thus fulfilling stakeholders' and society's interests. The authors identified five dimensions that link strategy to CSR and are critical in the firm's value creation process: centrality, specificity, proactivity, voluntarism, and visibility.

1- Centrality

Centrality measures the suitability between the firm's mission and goals and CSR activities. High centrality actions translate into high priority within an organization and are expected to generate future benefits. The consistency of CSR policies with a firm's mission is far more valuable and beneficial than wide-ranging corporate philanthropy programmes.

2- Specificity

Specificity describes the firm's capability to capture and internalize private CSR benefits, instead of creating collective goods that other organizations can take advantage of. Public goods are clearly nonspecific, while patentable products are highly specific.

3- Proactivity

Proactivity determines the firm's ability to anticipate CSR policies and programmes based on emerging economic, technological, political, and social trends. Firms should be able to scan the surrounding environment to anticipate potential changes that might affect them. The firm recognizing those likely changes will be better positioned and better prepared to take advantage of new opportunities or contrast new threats.

4- Voluntarism

Voluntarism defines the level of discretion in the firm's decision-making process regarding CSR activities, which should be free from any external influence and not imposed by legal, political, and social requirements or constraints.

5- Visibility

Visibility indicates the level of observability of a business activity and to what extent the firm can gain recognition from internal and external stakeholders. Generally, visibility can be both positive and negative. For example, positive visibility includes successful new product launches or favourable media recognition, while negative forms of visibility are government investigations of contract fraud or the discovery of dangerous side effects to otherwise

beneficial drugs. Visibility for CSR programmes is usually positive and beneficial for the company.

These five strategic dimensions are helpful to understanding how the CSR commitment can be easily integrated into the firm's activities and objectives and how it can be favourable to the value creation process, which represents the expected stream of economic benefits.

2.4 Summary

Corporate social responsibility is a broad concept, defined in many different ways and approached by firms in just as many. Its relevance and importance in the eyes of businesses and customers grew over the years, moving in parallel with a "new" society that was slowly acquiring awareness about its responsibility towards the community and the planet, asking for transparent and sustainable operations and fair working conditions. The newborn consciousness arrived with the various natural and industrial accidents our community had to experience, such as the Chernobyl disaster. Businesses' activities were hurting the environment while exploiting the labor force, obliged to work in inhumane and unsafe conditions and sometimes, as in the Bhopal accident, workers became the main victims. Society started to realize how its footprint on the planet was heavy and dangerous and consequently, firms started to include CSR in their operations, aiming to satisfy the need and desires of a "*green community*", while enhancing human and labor rights. However, the desires of this new conscious community seem to be inconsistent with their behaviour, as is demonstrated by the tremendous growth of some "*enemies*" to our planet, such as the fast-fashion industry, which leans on emissions, waste, and unethical labor practices. The next chapter will analyze the impact of fast fashion, its perception in customers' eyes, and how it affects their behaviour. In addition, it will be investigated the approach of fast-fashion firms to the ideals of CSR. Is it possible for a fast-fashion firm to reduce its massive hostile impact on the environment and assure acceptable conditions to its labor force?

CHAPTER 3: FAST FASHION AND CSR

3.1 The impact of fast fashion

Since the 1980s, the fast-fashion industry has experienced tremendous growth, becoming the leading actor in a modern society driven by instant gratification. As we observed in Chapter 1, the rise of fast-fashion is deeply connected to humanity's entrance into the "digital era" and the increasing popularity of social media, which have become a part of our daily routine. In addition, the Covid 19 pandemic has accelerated the digitalization process together with the popularity of fast-fashion firms, especially e-commerce. As we have already emphasized, fast-fashion's growth happened in parallel with the rising interest in CSR values and awareness of humans' harmful impact on the planet. Considering that society is becoming progressively aware of the environmental damage of industries and workers' exploitation, how is it possible that fast fashion, which is linked to waste, emissions, massive resources exploitation, and labour abuses, is growing at an incredible speed? Fast-fashion firms are starting to be engaged in CSR operations concerning the environment and working conditions, but can such an industry become effectively sustainable and ethical?

3.1.1 The environment

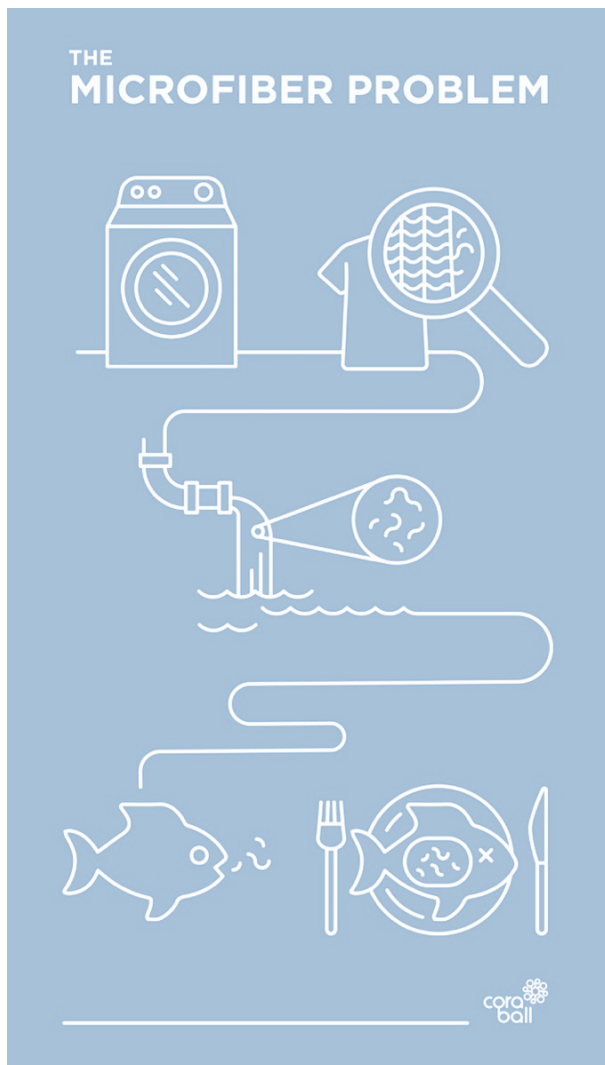
"Fashion's speed and greed has eviscerated the environment in all ways." (Thomas, 2020)

The first victim of fast fashion has been Earth. An industry built upon instant gratification and throw-away culture, where clothes are seen as food that spoils quickly, is destined to generate severe environmental concerns. Indeed, the fast-fashion industry is one of the most polluting, contributing to 10% of global carbon emissions and 20% of industrial water pollution (Ro, 2020).

From its production stage, textile requires high resource usage. The leading actor in the production process is cotton, humanity's oldest and favoured crop. Cotton can be found everywhere, even in banknotes, but its most common use is for clothing: 60-75% of clothes contain it. However, cotton is one of the most manhandled plants; it has been spliced, sprayed, and altered to the point that it

barely resembles its original version. Nonorganic cotton, the result of this alteration process, is one of the most infamous and dirtiest agricultural crops, as it is the most pesticide-dependent. More than 10% of all pesticides are reserved for the protection of nonorganic cotton, and the World Health Organization has classified eight of them as "hazardous". The second concern linked to textile production is water requirements. To grow one kilo of cotton is required 10,000 litres of water, and processing it requires even more: 20,000 litres for one t-shirt and a pair of jeans. If garments production keeps its current pace, the water demand will exceed the world's supply by 40% in 2030 (Thomas, 2020). The production of synthetic fibers also raises environmental concerns. Synthetic fibers (polyester, acrylic, nylon, rayon, acetate, latex) are developed in factories, and they do not need water to grow, as they are artificial. However, their production

Figure 8: Microfibers' path (Cora Ball/Rozalia Project, 2018)

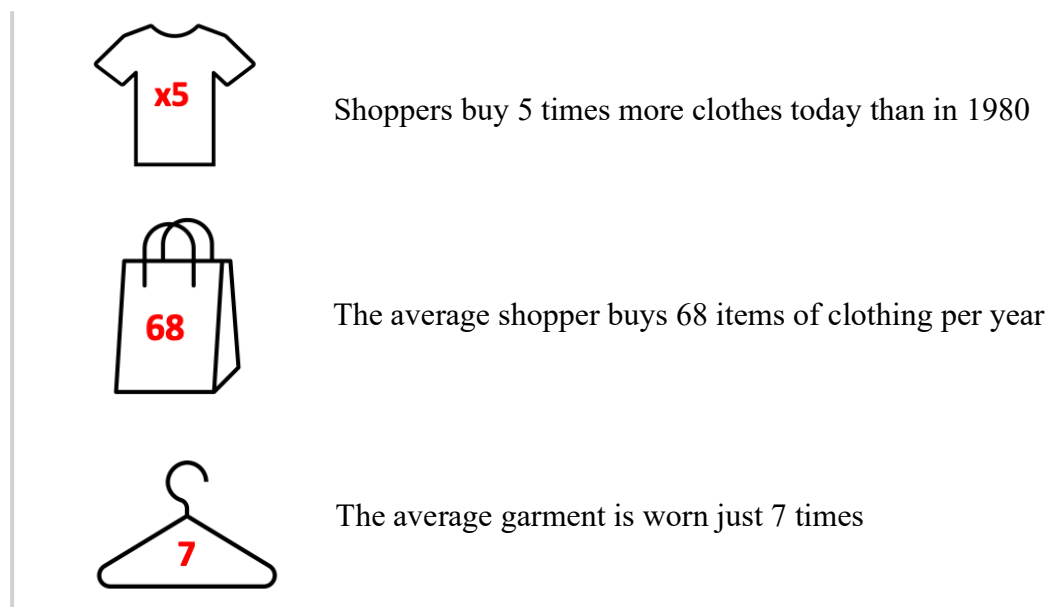


process involves many hazardous chemicals that aggravate environmental and health issues. The various fabric preparation processes (desizing, scouring, bleaching, and mercerizing) use water, followed by careful washing to remove all the chemicals before the next step. Eventually, the wastewater containing toxic chemicals returns to the ecosystem, causing pollution and endangering people's health (Becker-Leifhold and Heuer, 2018).

After the buying of clothes, there is the maintenance stage, which also highly contributes to pollution. The washing of clothes made with synthetic fibers (60% of clothing worldwide) can release 700.000 microfibers in a single wash. Microfibers are tiny plastic strands that do not biodegrade and plague our oceans. According to the IUCN (International Union for Conservation of Nature), 35% of microplastic pollution comes from the washing of synthetic fabrics. In the ocean, fishes and other sea life

ingest microplastics, leading the way to our food chain and thus threatening our health. A recent study from the Institute for Polymers, Composites and Biomaterials of the National Research Council of Italy (IPCB-CNR) and the University of Plymouth has shown how the simple act of wearing clothes made from synthetic materials could release microfibers in the air, polluting just as much as washing them: 400 fibres per gram of fabric could be released by items of clothing during just 20 minutes of normal activity (Williams, 2020). Furthermore, wearing low quality clothes can be dangerous for our health; clothes contain a lot of chemicals that can be easily absorbed by our skin. A Greenpeace study for the Detox campaign exposed how clothes of various global fashion brands carried highly dangerous chemicals, containing toxins, carcinogens, and hormone disruptors.

An additional issue coming from the fast fashion industry is the disposal of clothes. The volume of clothes production and consumption is growing at an incredible speed (100 billion garments are produced every year) to the point that people in developed countries own many more items of clothing than they can actually wear. In her book "Fashionopolis", Dana Thomas highlights some important numbers concerning the fast-fashion industry that can briefly clarify the meaning of throwaway culture:



All of this can be summarized with a simple word: waste. Consumers buy huge quantities of clothes, wear them a few times, and then throw them out. It is estimated that 92 million tonnes of

textiles waste are created each year, the equivalent of a rubbish truck full of clothes every second (Beall, 2020). Clothes are thrown out with domestic waste and end up in landfills and incinerators. Moreover, fast fashion clothes are made from synthetic textiles that are not biodegradable and can take 200 years to decompose. However, also clothes made from natural fibres such as wool have a negative impact on the environment, indeed their decomposition process releases methane, which contributes to global warming.

3.1.2 Workforce

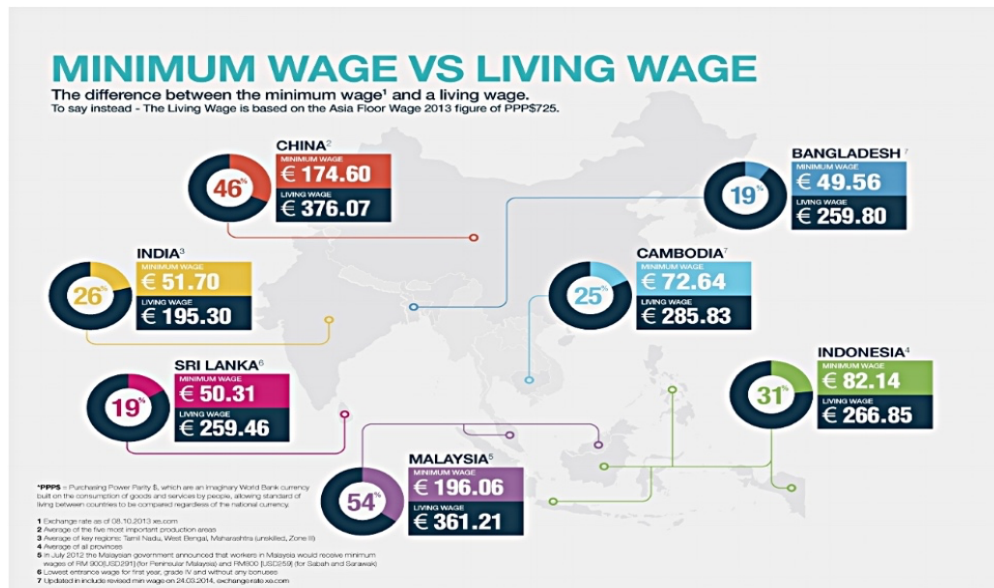
In 2013, the Rana Plaza garment factory situated in Dhaka, the capital of Bangladesh, collapsed, killing 1 138 workers, and injuring over 2 500. The Rana Plaza tragedy has been one of the deadliest accidents in the global clothing industry history, but sadly it represents only one in a series of garment factory disasters, such as the Tazreen factory fire: another accident happened in Bangladesh, where a multi-firm garment factory burnt down, killing hundreds of workers.

Therefore, it is common knowledge how the fast fashion industry relies on cheap manufacturing by exploiting workers in developing countries, forced to operate in inhumane conditions. For instance, the European Parliament (2014) has used the word "*slave labour*" to refer to the harsh conditions in which Asian workers have to perform their jobs. Moreover, the fast fashion industry employs 1 in 6 workers, but only 2% of them earn the living wage. Many fast-fashion companies assure customers that their garment workers are earning at least the minimum wage. However, there is a huge difference between minimum and living wage. As the Universal Declaration of Human Rights states, "*Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection*". Hence, the living wage represents the bare minimum for a family to satisfy their basic needs, such as food, rent, healthcare, education, clothing, and savings.

On the other hand, the minimum wage is 2-5 lower than the living wage, and it is far from sufficient to allow workers and their families to live with dignity. In addition to the minimum wage, garment workers are also obliged to work for 14 to 16 hours a day, every day. Sometimes, to meet fashion brands' deadlines, they are pushed to work overtime until 2 or 3 am. In addition to unimaginable working hours, it is also important to remember where these workers perform their activities: in

places where health and safety conditions are inexistent. They usually work in unsafe buildings with no ventilation and while inhaling toxic substances and fiber dust.

Figure 9: The difference between minimum and living wage (cleanclothes.org)



Child labour is also a common practice in the fast fashion industry. The countries particularly infamous for child labour in the textile and garment industry are China, India, Pakistan, Egypt, Thailand, and Bangladesh. In 2020, 160 million children were forced to work, and after the Covid 19, this number was expected to increase, with an additional 8.9 million children in the labour force by the end of 2022 because of the rising poverty driven by the pandemic (ILO and UNICEF, 2021). The high demand for a low-skilled workforce makes child labour particularly common in this industry. In particular, some tasks are considered to be better suited to children rather than adults, such as in cotton picking, where employers prefer to hire children for their small fingers, which do not damage the crop. Child labour is also very common along the supply chain, such as in the “cut-make-trim” stage, where clothes are put together. Children perform various tasks such as dyeing, sewing buttons, cutting, and trimming threads, folding, moving, and packing garments. The garment supply chain is so complex that it is very difficult to individuate and address child labour. Indeed, even when firms set severe guidelines for their suppliers, it happens that work gets sub-contracted to other factories that the buyer may not even know about (Moulds, no date).

3.2 Fast fashion and CSR

The growing popularity of the fast fashion industry has led to a worsening of environmental degradation and labor abuses. The common knowledge about the gravity of issues linked to the clothing industry has been accelerated by the current digitalization and social media use. Firms are highly exposed to the public and consequently, customers are increasingly aware of their actions' impacts and expect to see some improvements. Thus, fashion retailers are becoming to be engaged in CSR activities to reduce their heavy footprint on the planet, enhance working conditions and respect human rights. Although CSR encompasses many different areas, companies in the apparel industry mainly focus on CSR practices revolving around environmental and labor issues, such as ethical sourcing and environmental programs.

3.2.1 CSR and labor issues

Ethical sourcing can be defined as the process of ensuring that a company's products are obtained through sustainable and responsible methods: respect of human rights, fair working conditions, safe working environments. The garment industry requires high labor-intensive production and for this reason companies have outsourced this task to low-labor-cost regions. In 2020, US apparel imports supplied 96.5% of apparel available in the US market (AAFA). The cost savings derived from outsourced labor to developing countries might lead to the suspect that low prices from the suppliers could be linked to labor abuses such as low wages, unsafe working environments, forced and child labor. Thus, ethical sourcing consists of efforts to abandon labor abuses and ensure proper working conditions along the global supply chain. To ensure reasonable working conditions, many companies have established a code of conduct (CoC), which is defined as a "policy document that defines the responsibilities of the corporation toward its stakeholders and/or the conduct the corporation expects of its employees" (Kaptein, 2004). With the growing importance of CSR, the adoption of CoCs represents a primary tool to monitor corporations' CSR activities and to estimate their effort in response to labor issues. Sometimes, in the creation of CoCs, the labour standards of the International Labour Organization (ILO) and the Universal Declaration of Human Rights, represent an important source of inspiration: no forced labour, no child labour, freedom of association, no discrimination, equal and living wage, healthy and safe working conditions, reasonable working hours, and security of employment. In order to meet labor

standards, various apparel companies have also used guidelines developed by the Social Accountability International (SAI) or by the Worldwide Responsible Accredited Production (WRAP), to project, implement, evaluate, and report their CSR programs (Mann et al., 2014). Social Accountability International is a “global non-governmental organization advancing human rights at work” (SAI) and it developed SA8000, a framework to conduct business in a fair and ethical way and adhere to high social standards. It reflects provisions contained in the Universal Declaration of Human Rights and International Labour Organization conventions and it also respects, complements, and supports national labor laws around the world (SAI). The SA 8000 evaluates social performance according to nine principles: Child Labor, Forced or Compulsory Labor, Health and Safety, Freedom of Association and Right to Collective Bargaining, Discrimination, Disciplinary Practices, Working Hours, Remuneration, Management System. The Worldwide Responsible Accredited Production is defined as “an independent, objective, non-profit team of global social compliance experts dedicated to promoting safe, lawful, humane, and ethical manufacturing around the world through certification and education” (WRAP). WRAP is the largest independent facility certification program focused on apparel, footwear, and sewn product sectors. It is based on twelve principles: Compliance with local laws, Prohibition of forced labor, Prohibition of child labor, Prohibition of harassment or abuse, Compensation and benefits, Hours of work, Prohibition of discrimination, Health and safety, Freedom of association and collective bargaining, Environment, Custom compliance, and Security.

3.2.2 CSR and environmental issues

The second main CSR area of focus for fashion companies concerns environmental issues. Many corporations have been trying to reduce their harmful environmental impact, shifting to more sustainable and “green” practices, also because of the growing interest and concern of stakeholders. In particular in the fashion industry - remarkably noted for environmental damage coming from toxic chemicals, emissions, exploitation of natural resources - companies need to be aware of their role and develop some CSR programmes to reduce their footprint, while enhancing customers’ relations. Fast fashion companies, such as Zara, H&M, Mango and Asos, have set a series of goals to be achieved in the next years: all materials and products will be fully recycled and sustainably sourced, carbon emissions and the release of toxic chemicals will be reduced, and the usage of

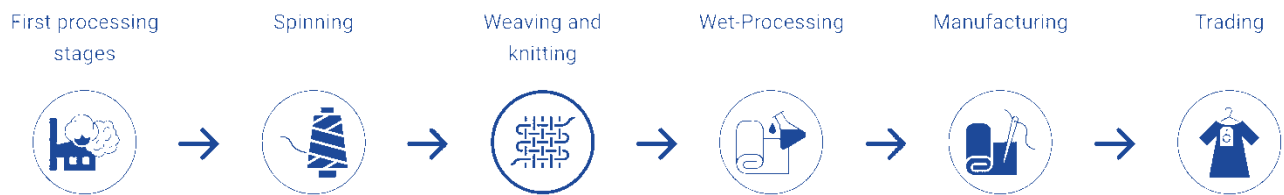
Figure 10: Circular Fashion Ecosystem (Lablaco Circular Fashion Report, 2020)



renewable energy will be increased. An important CSR measure adopted by fashion companies aiming at lessening their environmental impact is circular economy. Circular economy provides an alternative to traditional economy (fabrication, use and disposal), in which resources are kept in a loop as much as possible, through new business models such as recycling, re-use and rental. Ecological labelling is another example of environmental practice. The labels provide important information about a product or service in terms of its environmental impact, positively affecting customers’

purchasing decisions. An important example is the EU Ecolabel: it is the European Union voluntary label for environmental excellence and products receiving this certificate are guaranteed to have a low environmental impact. To be certified, products have to meet high environmental standards through their full life cycle, from production until disposal. It is also essential to cite the Global Organic Textile Standard, established to define worldwide recognised requirements for organic textiles.

Figure 11: Who needs to be certified (global-standard.org)



The GOTS logo can be applied to the final product only if all stages of the supply chain satisfy the GOTS criteria, thus delivering credible promise to end customers. Products carrying the logo of the Global Organic Textile Standard contain the credible assurance of organic origin of the product, as well as environmentally and socially responsible processing (GOTS).

3.3 The myth of sustainability

“And before anyone gets too optimistic about the latest false dawn of corporate responsibility, we need to acknowledge another persistent feature of the corporate landscape, namely corporate irresponsibility.” (Vogel, 2019)

As it has been previously explained, the fast fashion industry is responsible for a huge portion of environmental damage and labor abuses and for this reason, a growing number of companies has begun to undertake operations to improve their impact on the planet and the working conditions along the supply chain. Nowadays, we are continually assured to be entering into a new era of responsible business, a “new dawn” of corporate social responsibility. An era where companies seem to be extremely aware of their role and eager to help building a better future for the whole humanity. However, the sad truth is that unethical behaviour is still a recurrent trait of business and, in the long-term, the benefits of CSR end up being intangible and overshadowed by the desire to maximize stockholder value. Indeed, it can be argued that recent social and environmental harms caused by irresponsible firms offsets the social and environmental benefits produced by more responsible ones (Vogel, 2019). First of all, it is interesting to highlight how almost every fast fashion firm seem to be highly committed to CSR values and engaged in the protection workers’ rights, for example through Codes of Conduct, and how they eventually end up in scandals concerning unethical labour conditions. For instance, the fast-fashion company H&M, has a webpage fully dedicated to the protection of human rights: *“Our business is all about people. Respecting human rights is essential for H&M Group to operate sustainably and successfully. This means we treat everyone equally, with respect and dignity, wherever or whoever they are”* (H&M Group). H&M Group also points out how they do not employ the garment workers who make their clothes but how they are responsible to ensure “safe, fair and equal working conditions”. As we know, a globalised supply chain is hard to control, and it is hard to certainly know who is producing your clothes. For this reason, it is easy to end up in scandals linked to unethical labor practices, as happened to H&M, and to many other companies in the same industry. In 2021, H&M was involved in a scandal linked to the working conditions of women at one of the company’s suppliers in India. Women were being victims of sexual violence and verbal abuse from male supervisors that exercised total power over them. This terrible situation came out after the death of one of these women, killed by the supervisor who had been abusing her in the past weeks and was then charged

for her murder. One worker of the supplier factory stated that “When we try to complain about inappropriate behaviour from our supervisors, the [senior] management also tells us this is how working conditions are in a garment factory and that our role is only to ‘come to the factory, finish our work, take our salary and leave” (Kelly, 2021). This is only one example of the discrepancy between what is said and what is done. (The Guardian, 2017)

The gap keeps enlarging if we also consider environmental impact. It is true that companies are trying to be more sustainable in their operations, but several common steps they are taking are not having the intended effects. First of all, transparency: nowadays, all public fashion companies present their corporate social responsibility report but most of them do not accurately measure the full carbon emissions profile. A 2021 BCG GAMMA survey highlighted how only 9% of organizations are able to quantify their total greenhouse gas emissions. Thus, how can they set the right target to reduce emissions if they cannot even compute their baseline level? (BCG, 2021).

Secondly, we have recycling, a popular practice among fast fashion companies, that does very little

Figure 12: H&M Recycling bins campaign
(The Guardian, 2017)



to lessen environmental harm. Indeed, there are several obstacles linked to recycling and the main one regards the composition of clothing, as it consists of a complex combination of inputs. Sorting textiles into different materials and fibres is labour intensive, slow and requires skilled workforce, and with the increasing usage of modern fabric blends, also mechanically sorting is becoming more difficult. In addition, recycling has evolved into a greenwashing practice: fast fashion companies are trying to distance themselves from environmental damages through “green” marketing campaigns, such as the introduction of recycling bins in fast fashion stores such as H&M and Zara. However, this practice only further increases consumption as

customers can drop off their old clothes and receive a coupon for their next purchases and it is estimated that less than 1% of all clothing is recycled into new garments (Pucker, 2022). Lastly, companies are developing new business models, such as resale or rental, in order to preserve the

limited number of resources our planet is offering. Resale impact is not quite clear; on one hand, finding new owners for used clothes can prevent them from invading landfills and reduce their carbon footprint, but, on the other, by creating a market for unwanted clothes, the risk is to intensify the need for compulsive shopping: *“The Burberry fan who sells a used handbag so they can afford to buy a new one might not be reducing fashion’s footprint as much as it first appears”* (Kent, 2020). Another issue is connected to the fact that resale retailers reject most goods presented to them for sale, because of the growing number of fast fashion items, characterized by low prices and poor quality. The resale model reduced carbon emission by far less than one hundredth of 1% (Pucker, 2022).

Then, there is rental, a new business model that allows customers to rent one or several clothing items for a few days, depending on the occasion. Rent the Runway is the pioneer in fashion rental and the vision behind it, as stated by its CEO Jennifer Hyman, is that the *“sharing economy could be expanded to the closet”*. Rental companies are promoting themselves as a “green” and sustainable alternative to simply buying clothes. Is this completely true? Every item borrowed must be returned, which means that the shipping impact is higher than that of purchasing clothing online. Transportation is one of the top sources of carbon dioxide emissions in the US and online shopping, with the numerous daily deliveries, is partly responsible for it. Thus, rental shopping with the continuous movements of clothes would involve a higher number of transportations activities compared to regular delivery (Cline, 2019). Rental only reduces CO₂ by 3% versus conventional new apparel buying (Pucker,2022).

Despite the engagement of fast fashion companies in CSR practices, aimed at lessening their harmful impact on the environment and at assuring good working quality, the concrete outcome produced is still quite small. Emissions are reduced by incredibly small percentages and workers along the supply chain are still being abused. Nevertheless, the profits and popularity of fast fashion companies are keeping growing. This is the result of complex customer behaviour. Customers seem to look for ethical products until they get caught by the impulse of cheap fast fashion. For this reason, it is now essential to analyze customers’ behaviour associated with the attractive fashion industry.

3.4 Ethical consumerism

As it has been shown, the negative impact of the fast fashion industry on the environment and local communities is enormous, and its growing popularity has amplified it. Emissions, toxic chemicals, exploitation of natural resources, water pollution, waste, poor pay, forced and child labour, are all issues directly related to this massive industry. However, through the use of the Internet and social media, the current digitalization has raised consumers' concerns about environmental and social matters, opening the scene for ethical consumerism. Ethical consumerism can be described as the practice of purchasing goods and services produced in a way that minimizes social and environmental costs. It thus consists of consumers switching toward ethical, sustainable, and "green" products with the purpose of relieving their heavy mark on the planet and community. However, it seems that the predicted growth in ethical purchasing has not been mirrored in actual consumers' behaviour, as happened after the Rana Plaza tragedy. Indeed, the UK fast-fashion companies most closely associated with the Rana Plaza disaster posted their financial results 6-month after the accident, showing how consumers had actually increased their spending on those brands. On the other hand, it is interesting to highlight how many surveys and customer questionnaires have predicted a growth in ethical consumerism. However, consumers' behaviour is influenced by an infinite number of factors, and for this reason, it is so hard to predict. The combination of human psychology, fashion appetites and the culture of consumption may build an environment where the ethical consumer is just a myth and a delusion for the mainstream market. At the core of many models trying to examine and explain what influences customer behaviour, there are three value orientations: self-enhancement, self-transcendent and biospheric valuations. Self-enhancement values emphasize the pursuit of self-interest and align with the idea of egoistic values. An individual with this type of personal-focus values will act ethically only if perceived benefits outweigh perceived costs, as long as it does not compromise its power or status. On the other hand, self-transcendent values are social-focus and align with altruistic motives. These values arise from realizing the adverse impact behaviour can have and from recognizing our personal responsibility. Self-transcendent values are positively associated with ethical behaviour because individuals are more concerned with society and the global environment rather than self-interest. Lastly, biospheric values are clearly linked to positive ethical behaviour as they express a high level of concern toward the environment and nature for their own sake, without a link to human welfare or benefits. However, consumer behaviour is not driven only by these values, but

it is a more complex combination of factors such as context, habitual responses and what is salient at the time of decision making. Indeed, choices are never straightforward, and individuals can reveal various valuation personas dependent on internal and external factors. For example, an individual needing to buy an outfit for a special occasion would be motivated by his desire to appear stylish, attractive, or wealthy, pushed by self-interest and egoistical motives, without thinking about the ethical consequences of his decision. Fashion creates egoistical self-focus, where decisions are driven by psychological behavioural motivations. Indeed, fashion is considered the most vital communication tool and the perfect way to express identity. Therefore, customers will choose ethical fashion products when there is no sacrifice in terms of the key functions that the product should deliver (Becker-Leifhold and Heuer, 2018).

3.4.1 Attitude-behaviour gap

Despite the growing number of consumers interested in the ethical behaviour of business, concerned about the impact of their purchasing decisions and more willing to follow the values of ethical consumerism, a change in purchasing habits is not yet apparent. There is a considerable gap between customers' intentions and actions, which researchers have defined as “Ethical Purchasing Gap” or “Attitude-Behaviour Gap”. Heuer and Becker-Leifhold (2018) have deeply examined this misalignment between customers' ethical concerns and their actual purchasing behaviour by analyzing and summarizing existing literature on ethical fashion consumption drivers and obstacles, such as product-related and consumer-related factors.

Product-related factors play an essential role in influencing consumers' decision-making:

- *Price*: a significant factor of influence in consumers' purchasing decisions, and in concrete decision-making situations, it usually outweighs ethics.

- *Quality*: it highly influences ethical decision-making as many customers believe that if a firm's primary focus is to adhere to ethical standards, then the quality of its products will be lower. Ethical business behaviour cannot compensate for perceived low quality.

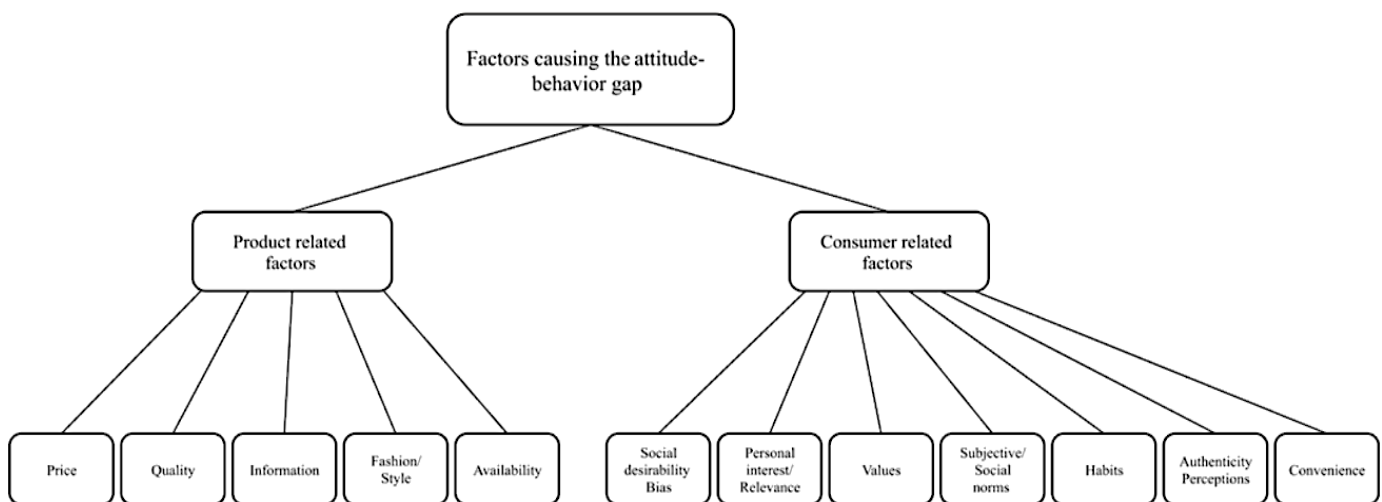
- *Information*: the lack of information about products and producers reduces customers' intentions for ethical consumption.
- *Fashion/style*: the need to show our personality and identity through clothes makes fashion and style important factors driving purchasing decisions. The lack of fashionable ethical clothing pushes customers toward the trade-off of ethical values for personal identity.
- *Availability*: the limited availability of ethical clothing represents an important impediment to ethical consumption.

Consumer-related factors make up the second group influencing purchasing habits:

- *Social desirability bias*: it is one of the most significant factors causing the attitude-behaviour gap, and it is described as the customers' tendency to respond to surveys in a socially acceptable way, aiming to give the "correct answer" and show their commitment to ethical values.
- *Personal interest and perceived personal relevance*: customers seem to care more about ethics if it directly affects them and if they can be positively or negatively impacted by their behaviour.
- *Values*: clearly, behaviour and ethical decision-making are connected to an individual's personal values. Customers' will prefer those brand that allow them to express and reveal their values within the society.
- *Subjective and social norms*: major drivers of ethical consumption, as consumers highly take into consideration society's expectations when deciding on an appropriate behaviour. This can be defined as "the group effect": consumers' purchasing decisions are in part driven by others' perception of what is good and what is not.

- *Habits*: it is an important barrier to ethical consumerism, more than price and quality, because it prevents people from changing their purchasing habits. Consumers' commitment to certain brands does not enable them to switch towards ethical alternatives.
- *Authenticity perceptions*: Another obstacle is represented by customers tendency to be skeptical and cynic toward the authenticity of companies ethical claims, perceived as a part of a marketing strategy aimed at distancing themselves from the negative impacts of their operations, and acquiring competitive advantage and customers' support.
- *Convenience*: another strong barrier to ethical consumption. Consumers willing to purchase ethical products are then discouraged by the inconvenience, in terms of time and effort.

Figure 13: Attitude-behaviour gap (Heuer and Becker-Leifhold,2018)



Some of these barriers can be removed with the right actions of fashion companies, such as demonstrating customers that ethical purchasing does not involve a compromise in terms of price, quality, and fashionableness. Indeed, ethical clothing is meant to last longer than cheap quality fast fashion items and it can be also a way to emphasize one's identity and differentiate himself from

others. Customer also need additional information and accessibility, to reduce the obstacle of authenticity perceptions and inconvenience. The rest of the barriers (values, habits, personal interest, and social norms) seem to be more complicated to remove or even reduce, as they are more internally founded. It is evident how consumers' purchasing decisions are a complicated process that cannot be simplified and forecasted by surveys, as it is demonstrated by the actual gap between the needs of a responsible community and its actual behaviour (Becker-Leifhold and Heuer, 2018).

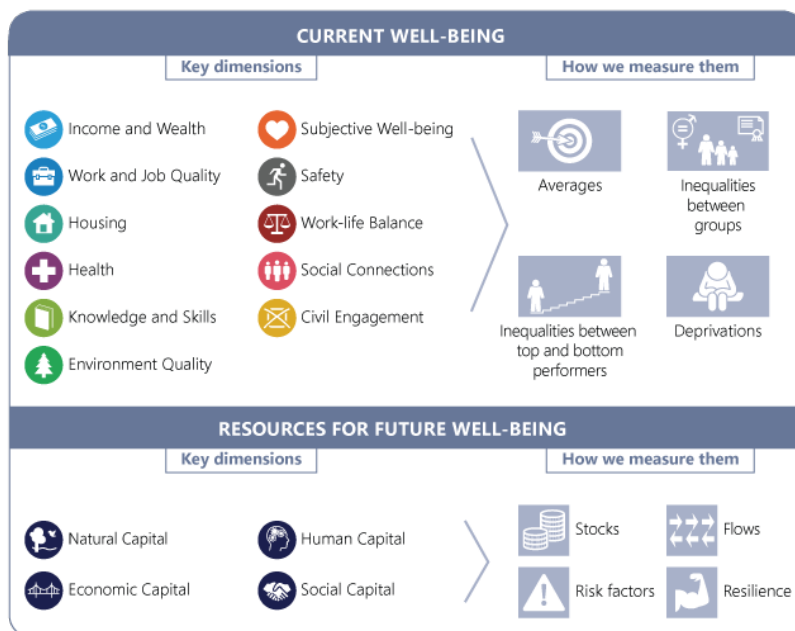
3.5 What can be done

The fast fashion industry is forecasted to continue growing in the future and this growth will still be concentrated in lower costs, thus aggravating environmental challenges including water scarcity and the pollution of microplastics. Kenneth P. Pucker (2022), in his article published on the Harvard Business Journal, gives some insights about actions that can be undertaken in order to address environmental issues and achieve real results. The first step is to retire the word "Sustainability", which is overused and most of the time is void in meaning. Sustainability programs have the goal of lessening negative environmental impact, of "doing less harm", while they should instead focus on "doing more good". Companies need to shift their mindset and become "flourishing enterprises" as described by Chris Laszlo and co-author Judy Sorum Brown in their book "Flourishing enterprise: The new spirit of business" (2014), which means to reassess their corporate *raison d'être* and transform their objectives from reducing harm to create prosperity. Patagonia (an American fashion company considered one of the most eco-conscious in the industry) for example, does not use the word "sustainable" anymore:

"At Patagonia, we don't use the word "sustainable." Why? Because we recognize we are part of the problem. Previously, we set ourselves the target of carbon neutrality by 2025. But purchasing offsets to get us there doesn't erase the footprint we create and won't save us in the long run. We must first put the weight of our business behind drastically cutting emissions across the full length of our supply chain." (Thoren, 2021)

The second step is to redefine progress. GDP is limited as it measures for example the number of cars produced within an economy, but it omits the emissions they generate. Thus, GDP does not provide sufficient information about the actual living conditions that people experience. For example, the OECD (Organisation for Economic Co-operation and Development) has been developing a new index focused on wellbeing and including social, environmental, economic, and human capital.

Figure 14: OECD well-being framework (oecd.org)



The last advice Pucker (2022) gives is to “rewrite the rules”. Negative externalities should be priced by governments; for instance, carbon and water should be taxed to include social costs, and thus discouraging their use. This could lead to innovation and an accelerated adoption of renewable energy. Also, a tax on virgin plastic could be useful as it will increase the price of synthetic textiles and push fast fashion firms toward natural materials. The plastic tax is one of the reforms proposed as a part of the EU Green Deal, which is a package of strategic initiatives with the goal of setting the EU on the path to a green transition, with the ultimate purpose of reaching climate neutrality by 2050. Moreover, governments should adopt EPR (extended producer responsibility) legislation, which refers to policies under which producers are significantly responsible for the treatment and

disposal of post-consumer products. Such a responsibility should provide incentives to cut waste at the source, promoting product design for the environment and supporting the accomplishment of recycling and materials management goals (OECD). Finally, fast fashion companies should be forced to share and respect their supply chain commitments, through additional legislation, such as the new law developed by the State of New York. We are talking about the “Fashion Sustainability and Social Accountability Act” that will require fashion brands with more than 100\$ million in revenue to operate up to some standards and to make various sustainability and social disclosures concerning supply chain, carbon emissions and wage payments. Companies unable to meet those standards will be fined 2% of revenue.

As shown above, achieving results in terms of environmental damage can be possible through the real efforts of company and governments. What is needed is a shift in the overall mindset, of businesses and customers, because the current behaviour of fast fashion companies cannot be sustained in the long-term by our planet’s resources.

CHAPTER 4: THE CASE OF SHEIN

4.1 The company: history, mission, and vision

SHEIN is an international B2C fast fashion e-commerce company founded in 2012 by Chris Xu in China. In reality, the company, originally called ZZKO, was created in 2008 with the purpose of selling wedding dresses. Later on, in 2012, the business shifts toward the sale of general womenswear acquired from Guangzhou’s wholesale clothing market, and it is renamed “SheInside”. SheInside turns into Shein in 2015, intending to acquire a name that is easier to remember and find online. In 2016, Shein already had 100 employees and was headquartered in Guangzhou, China. The company developed and expanded its own supply chain system and collected a team of 800 designers and prototypers, manufacturing Shein-branded

Figure 15: SHEIN logo
(Google images, 2022)

The image shows the SHEIN logo, which consists of the word "SHEIN" in a bold, black, sans-serif font. The letters are all uppercase and are evenly spaced.

clothing. Shein eventually expanded its product catalogue, offering apparel for women, men, and children, as well as everything from home goods to pet supplies (Chen et al., 2021). Nowadays, the company ships to over 150 countries worldwide and in 2020, it became the most downloaded app, experiencing a 250% growth in sales after the arrival of Covid 19 and the explosion of Tik Tok. In 2021 annual revenue reached \$16 billion, up from \$10 billion in 2020 (Bloomberg, 2022). In particular, Shein has become famous for its strategical marketing campaigns, addressing a generation who grew up on the Internet, exploring their identity and personal style on social media, such as Instagram, Facebook, Pinterest, and, more recently, Tik Tok.

The vision of Shein is to satisfy the fashion needs of a young worldwide community, becoming a fast fashion e-commerce platform able to provide customers with stylish products at appealing prices. Shein is able to catch and deliver trends at an incredible speed because it has the talent of impeccably decoding Gen Z desires. More specifically, Shein's mission statement is "*everyone can enjoy the beauty of fashion*", meaning that everyone should be able to follow fashion trends and afford stylish clothes, regardless of their financial status.

4.2 Business model and reasons for success

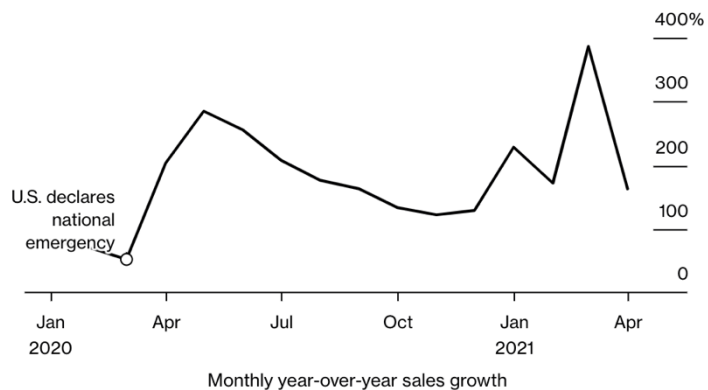
"If some god had decided to invent a clothing brand tailored to the pandemic era, in which all of public life contracted into the rectangular space of a computer or phone screen, it might look a lot like Shein". (Vara, 2022)

Shein's extraordinary success, from 2020 on, is due to the ability of the company to attract customers with the multiple strategic marketing campaigns exploiting the features of the digital era we are currently in, and society's need for instant gratification. We are now going to examine Shein's business model, focusing on the reasons for its success and on how the company managed to surpass many other important and oldest fashion brands, such as Zara and H&M. Indeed, in June 2020, Shein accounted for 28% of all US fast fashion sales, almost just as much as Zara and H&M combined (Chen et al., 2021).

Shein's business model is the result of the digital era: internet-based sales, including both mobile and desktop users. Running an e-commerce is less expensive than running a physical store and thus, helps the company reduce its costs. In addition, Shein is headquartered and has its production facilities in China, where manufacturing is cheaper and can thus, further moderate its costs.

However, it is essential to point out that Shein has not disclosed who its partners are and where they are located (Alibaba.com, 2021). Regarding the company's success, it is vital to highlight some characteristics that led to the brand's global explosion, opening the "ultra-fast fashion" era. The first game-

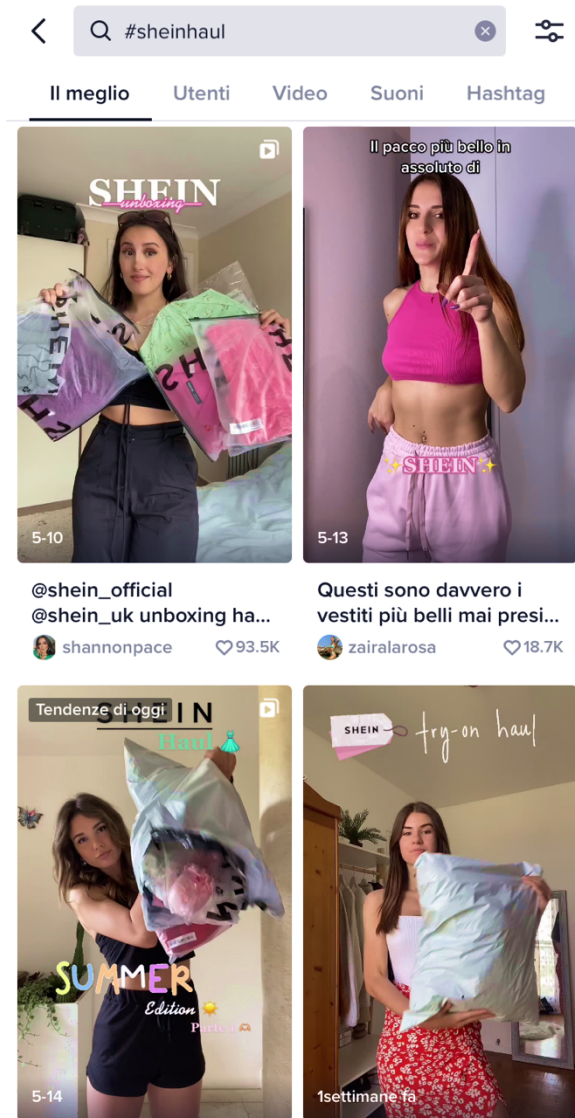
Figure 16: SHEIN's US sales (Bloomberg, 2021)



changing feature of Shein relies on its incredible digitalization. Indeed, China is leading the way in developing and using AI (Artificial Intelligence), enabling Chinese companies to acquire a substantial competitive advantage. Shein uses a software that relies on AI to determine trends and predict customers' demand patterns; whenever the AI engine catches changes in demand or interest for some new trend, the supply chain can instantly react. Shein has been able to create and deliver a new collection in three days, surpassing Zara's three weeks (Langer, 2021). The second important characteristic of Shein is pricing. The first thing a customer would note opening the Shein webpage or app is the super low prices. This hyper-competitive pricing attracts younger generations, which are not financially independent and cannot afford to spend much money on clothing. Thus, Shein represents freedom for Gen Z, as it allows them to follow fashion trends and show their personality without weighing on their family's bank account. It is also essential to underline how Shein owes its success to China and the trade war with the USA. Indeed, since 2018, China has not taxed exports by Chinese direct-to-consumer companies and considering that Shein ships products from its Chinese warehouses, it was able to waive taxation costs. In addition, when the Trump administration imposed tariffs to make Chinese products more expensive, the small-value shipments remained exempt. Without physical stores to fill, SHEIN was able to maintain prices very low, as it did not need to export in bulk: "For Shein, China's tax support on top of the U.S. loophole was like adding Mentos to Diet Coke." (Bloomberg, 2021). To further increase and

encourage consumer spending, Shein offers discount codes, points collection and various activities and games to make people engaged. Hence, another reason for Shein's success is linked to the high level of engagement offered by its platform and the unique customer experience. For instance, Shein has a points system where 100 points equal 1\$ and can be used by customers as discounts

Figure 17: #sheinhaul on Tik Tok
(Screenshot of the Tik Tok mobile app)



for their purchases. Points can be acquired in many different ways: daily check-in on the Shein app, making purchases (one point for every dollar spent), reviewing products, tune in Shein live (fashion bloggers and influencers show and try on their latest purchases) and participate to design competitions (where customers have to create an outfit with Shein clothes based on some specific theme). In this way, the company achieves its goal to attract customers, pushing them to participate in Shein’s activities in order to obtain even lower prices. By creating all these appealing activities, Shein has been able to push customers to use its app instead of its website (72% of Shein customers use the app), allowing the company to play on a very known ground field: the mobile app e-commerce, in which China has a super solid competitive advantage. The third and probably most important reason for the company’s success regards the use of social media and the efficiency of Shein’s marketing campaigns. Tik Tok is the fundamental ingredient of Shein’s recipe for success. The two platforms, both Chinese, are targeting the same customer group, Gen Z, and have

contributed to each other’s success. On Tik Tok, in April 2021, #shein had collected 6.2 billion views, while currently, in May 2022 the same hashtag is collecting 28.8 billion views. In particular, Shein popularity on Tik Tok mainly derives from the “Shein hauls” (#sheinhaul has 5.3 billion of views), short videos in which people, especially influencers, show and try on their Shein purchases.

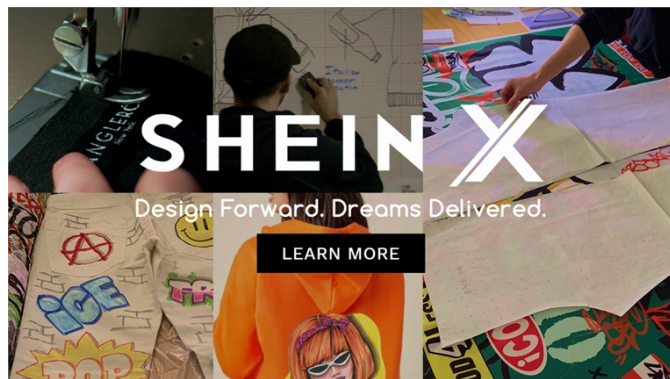
This type of video is tailored on Shein, as the company, famous for its hyper-low prices, can allow customers to afford a huge ton of items. The combination of Tik Tok addictive short videos and the Gen Z's desire to follow new trends has contributed to the creation of a supportive and loyal customer base for Shein. This fully explains why Shein has been denominated the “Tik Tok of e-commerce” (Not Boring, 2021).

Furthermore, Shein also heavily relies on influencers marketing, inviting fans around the world to join its affiliate program, through which they can receive a 10-20% commission per sale, for supporting and promoting the brand through the post of their outfits. The affiliates promote Shein on social platforms, potential customers click on the posts, they make purchases on Shein, and the affiliates thus receive commissions. Everything it is free and simple, demonstrating the incredible marketing ability of the company.

Figure 18: SHEIN’s partnership with Addison Rae (Not Boring, 2021)



Shein also leans into KOL, Key Opinion Leaders, celebrities, and popular influencers paid to promote the company on social media. An example is Shein’s partnership with Tik Tok star Addison Rae. The strategic choice of Addison Rae as celebrity supporting the company is very smart, as their target audiences coincide perfectly. She has a Gen Z loyal fan base, 40.3 million followers on Instagram and 87.7 million on Tik Tok and addresses young women aspiring to look and dress like her, thus building the perfect fit for a Shein partnership.



In addition, in 2021, the company undertook a new marketing campaign with the launch of a new initiative aimed at supporting emergent designers: Shein X. This new program will elevate young and independent designers, who will own the copyright of their products while sharing

Figure 19: SHEIN X (Google Images, 2022)

profits with Shein, who will also handling the selling, marketing, and manufacturing of the designers creations. Emergent designers will be able to benefit from Shein's success and visibility, offering their products to an enormous customer base. The unique feature of this initiative is that anyone dreaming of becoming a fashion designer can participate, after a selection process. Moreover, Shein also created a real contest show, Shein X 100K Challenge, with celebrities judges such as Khloe Kardashian and celebrity stylist Law Roach. The contest consists of a four-episode series streamed through Shein's social media channels and in the final episode the winner will be announced and will receive a \$100,000 prize.

In conclusion, Shein's success is grounded on three pillars that the company has successfully delivered: Price, selection, and retention. The affordability of Shein, characterized by prices lower than almost every fast-fashion firm, plus the infinite assortment of products, with an average of 2000 items added to the store daily, plus the addictive content and activities offered to customers, represented the key to their incredible success.

4.3 CSR

As almost very fast-fashion firm, also Shein is adhering to CSR responsibility values, expressing concerns for the environment and for workers' conditions. On its webpage, Shein has a space fully dedicated to CSR. Firstly, there is the section "Our employees", where the company explains how it is engaged and interested in providing good working conditions for its employees:

- *Employees Care*: Shein assures that its employees work in a safe, clean, and happy environment and earn above average salaries and benefits.
- *Wages and Benefits*: Shein guarantees that employees are receiving the living wage and other benefits such as health insurance, yearly bonuses, and investment plans.
- *Health and Safety*: Shein provides employees with healthy working environments in order to reduce the risk on injuries and accidents. The company also conducts test to ensure that all of its products are free of dangerous substance and materials.
- *No Child Labour*: Shein abides by child labor laws in each country it operates in.
- *No Forced Labour*: because of Shein strong belief in ethical working conditions, force labor is not allowed.

- *No Harassment or Abuse*: Shein assures that every worker is treated with dignity and respect. Shein is making every effort to ensure a safe and positive working environment, free of any type of abuse.

Secondly, there is the section dedicated to environmental protection:

- *Recycled Fibre*: Shein aims at increasing the percentage of recycling fibres (such as recycling polyester) within its product range, in order to reduce its environmental impact.
- *Limited Quantity of New Production*: Shein produces 50-100 pieces per product to avoid waste of resources. Only when a specific product becomes popular, Shein increases production.
- *Limited Quantity of Denim Production*: Denim is subjected to several chemical-intensive washes and for this reason, Shein has decided to reduce the use of denim across its products.
- *Advanced Digital Printing Technology*: Shein uses an innovative printing technology to print graphics and patterns onto fabrics. It is more costly but less polluting than screen printing.
- *Intelligent Warehouse Automation*: Shein's warehouses are automated. The distribution of products is completely operated by machines, which reduces the workload of workers. The vehicles used for transporting products use solar energy thus reducing carbon emissions.
- *Energy Saving Plan in Office*: Shein's offices promote low-carbon life. Meetings are based online to reduce the use of paper and electric lights. Power and water have automated switch off in order to avoid waste.

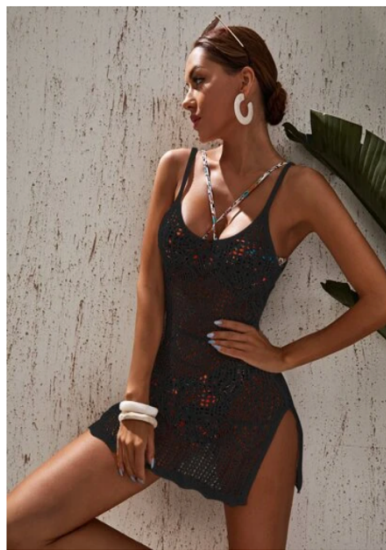
4.4 Can Shein be sustainable and ethical?

As demonstrated above, Shein seems to be highly committed to Corporate Social Responsibility, having a webpage fully dedicated to its interest toward the environment and its working community. However, throughout the thesis it has been shown how, despite the effort of companies, the fast fashion industry is still one of the most pollutive and how, along its globalized supply chain, it is very hard to have full control over workers' conditions. If we consider that Shein

has doubled the rhythms of fast fashion firms and has lowered the prices even more, at the point to be defined as an ultra-fast fashion firm, how can it actually be ethical and sustainable?

Shein's business model cannot be sustainable, firstly because all the reasons of its popularity and success are perpetuating the throwaway culture, which is deadly for our planet. Hyper-low prices, endless product catalogue, continuous discounts, and most of all the "Shein hauls", are all factors encouraging binge shopping and thus, waste. The Shein hauls published on Tik Tok are the perfect representation of the enormous waste of resources Shein is contributing to: influencers buying a huge bulk of Shein clothes with a few money and encouraging followers to do the same using their discounts. Most of those clothes will be worn just a few times or never, probably because of their super cheap quality and thus, they will end up in landfills. Hence, Shein has aggravated all the issues linked to fast shopping, because it made shopping faster and cheaper: with the same budget a customer can buy one dress in Zara and two dresses or more in Shein, depending on the type. For example, if looking for a "crochet dress" on both platforms, the huge difference in prices is quite clear: Zara dress costs almost 7 times more than a Shein dress.

Figure 20: Comparison of Zara and Shein prices for a similar product (Shein.com and Zara.com)



Hollow Out Split Side Cover Up
US\$11.00



CROCHET KNIT DR... 69.90 USD

Shein scale of production is unsustainable for our planet's finite resources. In addition, the company also lacks transparency: it declares that its partners must comply with local laws about

environmental protection and must adopt measures to mitigate the impact of their operations but, these claims are extremely vague and Shein does not seem to have any third party certification (such as the Global Organic Textile Standard) to ensure the truth of its affirmations. Furthermore, in October 2021, CBC Marketplace published an investigation in which researchers looked for toxic chemicals inside Shein products, and they found out that 38 samples of children's, adult's and maternity clothes and accessories contained dangerous chemicals such as lead and phthalates. Scientists found that a jacket for children contained almost 20 times the amount of lead that Health Canada says is safe for children. A red purse, also purchased from Shein, had more than five times the threshold. Lead is a very dangerous element that can cause damage to the brain, heart, kidneys, and reproductive system (Agro et al., 2021). Even if lead is a natural element that can be found in the environment, the level found in Shein product was too high to be derived only from environmental contamination. This means that lead was intentionally used, above the levels considered safe.

Shein lacks transparency also in its supply chain regarding workers' conditions. As we have previously learned, Shein has a code of conduct for its suppliers where the company assures a positive working environment for its employees, free of any type of abuse and prohibit child and forced labor. However, the company seems always vague: it affirmed, for example, that associated factories were “certified” by the International Organization for Standardization (ISO), and its website previously stated that the company was "proudly in compliance with strict fair labour standards set by international organizations like SA8000" (Jones, 2021). However, this was a false statement, as the Social Accountability International (SAI), which created the standard, told the BBC that Shein was not certified and never had been to its knowledge. Indeed, the company has been the protagonist of many scandals linked to the violation of labour laws. In late 2020, Public Eye, a non-profit organization focused on global justice, released a detailed report accusing Shein of violating Chinese labour laws. Public Eye contacted an organization defending workers' rights in South China to track Shein's manufacturing and packing process and find out the truth behind its factories. Researchers managed to locate 17 Shein's suppliers in Guangzhou (where Shein is headquartered) and interview some of their workers. Several workshops were located in former residential buildings, and some of them did have barred windows and no emergency exit. Big bags

of clothes and rolls of fabric block the corridors and stairways, not allowing workers to leave quickly in dangerous situations, such as a fire breaking out.

Moreover, Shein workers were working 75 hours per week, with only one day off; this violates not only the Shein code of conduct stating that suppliers should “arrange working hours reasonably”, but also contravenes Chinese labour laws, according to which a working week can cover a maximum of 40 hours, with one day off per week. The majority of Shein suppliers’ workers are migrants coming from other provinces, living in the city for a limited period, with the only goal of earning as much as possible and returning to their families. Shein takes advantage of the fact that these workers are prepared to sacrifice even a minimum degree of safety, free time, and quality of life because they feel like they don’t really have an alternative. They work two jobs in one, working an interminable number of hours without even having an employment contract (Public Eye, 2021). Public Eye tried to confront Shein with the result of their research and received twice a computer-generated message: “The Shein Sustainability Team has received your suggestions and feedback, and we will follow up on related matters as soon as possible. Thank you.”. Then, after editors of major media channels confronted Shein with those results, the Vice President for U.S. Public Affairs at “Shein Technology” contacted Public Eye. The organization forwarded to him all the questions about the conditions of the workers in suppliers’ factories and received a few hours later the following message: “SHEIN has no comment at this time as we await a copy of the report and an opportunity to review. We take all supply chain matters seriously and look forward to hearing back.”

Nothing has changed, and it is not even sure if it will. Shein has put on a mask of apparent concern for the environment and ethical practices, but its actions suggest otherwise. The company is always vague and still does not disclose anything relative to its suppliers. But still, the main problem relies on the existence of the company itself, as a business model founded on infinite production and low prices cannot and will never be green and ethical.

CONCLUSION

Fast fashion is a huge global phenomenon that experienced incredible growth in the last few years. In chapter 1, we have seen the evolution of this industry, from slow to ultra-fast fashion, from considering clothing as a precious commodity to viewing it as food that spoils quickly. This shift in consumption derives from a change in our mindsets. The current society has many desires and needs them to be satisfied as soon as possible; we are dominated by a culture based upon an impatience for immediate pleasure: we want something, we look for it, we buy it, and in a few time, we own it. Social media have undoubtedly contributed to this societal behaviour, as they have become a significant part of our daily life. Through social media, we show ourselves: what we have, what we do and what we wear. We want people to know that we are happy, sad, in love, rich, stylish, and so on. Also, social media are based upon instant gratification, and we just need to think about the meaning behind the "LIKE" button. Fashion has the same purpose inside customers' minds: communicate who we are through clothes, and with fast fashion, this is even simpler because clothes are cheaper, and we can afford to buy everything we need to follow our favourite trends and show our personality.

During the pandemic of Covid 19, two aspects were mainly boosted: digitalization and the need for sustainability. Consumers seemed to become more environmentally aware, and, as a consequence, fashion firms began to be even more engaged in CSR programs, showing their commitment to ethical behaviour with the inclusion of social and environmental concerns inside their business operations. This shift in mentality has been demonstrated in Chapter 2 by the various frameworks explaining the responsibilities of businesses, which go far beyond the economic one. However, the fast fashion business model seems to be incompatible with CSR ideals. Clothes produce enormous pollution, from their production to their disposal, making the fashion industry one of the most poisonous to the environment. In particular, fast fashion has doubled the speed of consumption, further increasing all the environmental issues linked to the garment industry: water pollution, resources exploitation, carbon and toxic chemicals emissions, microplastics and colossal waste. Despite the several practices put in place by fashion firms to reduce environmental damage (resale, rental, and recycling), the impact of this industry is quite the same. Moreover, fast fashion

companies have used some of these "more sustainable" practices as a "greenwashing" technique to distance themselves from their toxic business model.

Labour abuses are another issue linked to the fashion industry. As we have seen in Chapter 3, fast fashion companies are using Codes of Conduct for their suppliers to control the conditions of their workers in developing countries. Companies like H&M and Shein have a web page entirely dedicated to protecting workers' rights. However, this is not what happens in reality because labourers are still being abused and exploited. The main problem relies on the fast fashion business model: its globalized supply chain is too long and complex to control. It often happens that suppliers sub-contract work to other factories that use unethical labour practices, such as child and forced labour.

Fast fashion cannot be sustainable and ethical, as the main problem relies on its essence: supply chains too complex to be controlled, and production too large to not be pollutive.

Fast fashion is a pure addiction for customers, especially Gen Z, looking for hyper-low prices and stylish trends, to imitate their favourite celebrities or just post a "video haul" on Tik Tok. The ethical consumerism explained in Chapter 3, does not seem valid when it comes to fast fashion.

In Chapter 4, with the case of Shein, we have clear evidence of what has been said above. Shein is a Chinese ultra-fast fashion company which owes its success to Gen Z and social media, especially Tik Tok. Shein is the emblem of fast fashion and binge shopping: its prices are so low that customers can afford to buy giant quantities of clothes. Increased consumption leads to more waste and then more pollution. This could never be sustainable, even if the fast fashion industry wants us to believe so. Shein also has a page devoted to its employees' rights, but in its factories in Guangzhou, workers are exploited to the core. It seems like the company is trying to put a veil of sustainability over practices that are not sustainable at all.

The central focus of this thesis can be summarized with a citation from the journalist and author Lucy Siegle: *"Fast fashion isn't free. Someone, somewhere is paying"*. We let us be attracted and persuaded by the easy purchase of fast fashion clothes, as they are cheap and do not involve complicated decision-making. Why spend money on something that maybe will not be fashionable the next year or even the next month? The answer is clear: buy it fast fashion; it does not require any financial effort. Even if we are not paying the full price of our purchase, someone is: the environment and exploited workers. We, as customers, play a crucial role. We need to acquire

consciousness about who are the real victims of are decisions and quit mindless shopping because, without us, fast fashion cannot exist. It is time to care about the people, the planet, and the future.

“There is no beauty in the finest cloth if it makes hunger and unhappiness”
(Mahatma Gandhi)

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