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Chair of Organizational Design

**“SUSTAINABILITY AND
ORGANIZATIONAL MODELS: THE
FASHION INDUSTRY IS READY FOR
CHANGE”**

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INTRODUCTION

Over the last decade, sustainability has become a particularly significant subject of study. The sensitivity of the topic, as well as the constant and serious evolution that the ecosystem has been undergoing in recent years, has contributed to a marked attention and therefore profound analysis by the management bodies of the world's most important organizations. In many industries, the commitment to sustainability has grown steadily and the causes underlying this phenomenon are many and lie in the corporate awareness of the significance that both public opinion and consumers attribute to the environment and therefore to its protection, in the positive effects that a sustainable implementation of operational-management processes and systems can produce for a company, in terms of both revenues and image, as well as in the understanding of the relevance of the effects produced on a global scale by the actions of individual companies. In a scenario of deep-rooted transformation, most global companies create a considerable impact on the environment through excessive emissions, reckless use of raw materials and inordinate use of natural resources such as water.

In a context of this magnitude, there are several industries in the spotlight of public opinion and governmental organizations because of their impact on the environment. Among these, companies operating in the textile sector must be considered at the forefront for two reasons. Indeed, if on the one hand the clothing industry, presumably unbeknownst to most readers, is the second most polluting industry in the world, preceded only by the oil industry, on the other hand it is among the few sectors where many companies are truly committed to the promotion of campaigns and policies aimed at reducing their environmental impact, see the adoption of circular business models and the reduction of unsustainable fast fashion systems.

It is therefore the considerations outlined above, combined with the simplicity and seriousness of the subject, that define the reason for a fascinating and concrete study, aimed at creating a solid structure to analyze the fashion-sustainability binomial, dealing with its progress and benefits, present and future. The study has the purpose of shedding light on what sustainable development really means, as well as what its application and ramification is in the variegated world of fashion. Therefore, the aim of this thesis will be to provide the reader with comprehensive information, highlighting the magnitude and evolution of the sector considered, the internal change underway, and the effects, positive and negative,



produced by the various organizations in a key that could be summarized by the following two expressions: production efficiency and environmental safety.

Hence, the thesis is structured as follows: the first chapter will introduce the overall meaning of sustainability, the second chapter is conceived as a strict analysis of the fashion system, with a reflection on the circular economy, the third chapter follows with a discussion of the main differences between the fast and slow fashion systems, while the last one shows a remarkable presentation of an established and recognizable company, which could show a real commitment to sustainability and at the same time combine it with the application of efficient and visionary organizational practices.



CHAPTER 1: WHAT IS “SUSTAINABILITY”?

1.1. SUSTAINABILITY

Definition

Sustainability is such a broad concept that would be reductive to summarize it with a single word. Indeed, sustainability could be described by most as an idea: the idea of “sustainable development”. The complex nature of this considerations means that there are many interpretations, but the universally recognized definition dates back to 1987 and is found in the so-called “Brundtland Report”. The essay - called “The Future for All of Us”, presented by the then President of the World Commission on Environment and Development (WCED), Gro Harlem Brundtland -, had the purpose to formulate a guideline for sustainable development that is still valuable and used today. The report found that global environmental hotspots and problems were mainly due to the great poverty of the South and the unsustainable production and consumption patterns of the North.

The flow of considerations in this report made clear the need for a strategy capable of integrating the needs of development and the environment: this strategy was later named with the syntax sustainable development. Sustainability was then summarized as the condition of development that "*ensures that the needs of the present generation are met without compromising the ability of future generations to meet their own needs*" (WCED, 1987: p. 37). Therefore, this was the first and true definition of sustainability, but not the only one.

The same term was first used in 1992 during the first UNO Conference on the Environment, with a purely ecological reference. As time went on, the word also began to be used alongside concepts such as economy and society. The “Treccani” encyclopedia accurately specifies how this idea has undergone profound transformations over time with respect to its original versions, "*moving towards a more global meaning, taking into account not only the environmental dimension, but also the economic and social ones*" (Balocco, V., 2021). If we wanted to add a consideration on the meaning of the word sustainability, it would therefore be fair to think of it as the necessary condition for a universal balance between man and ecosystem, a balance that is indispensable to the proliferation of humanity over time. Ultimately, sustainability implies "*a constant and preferably increasing environmental,*



social and economic well-being and the prospect of leaving future generations a quality of life that is not inferior to the present one” (Balocco, V., 2021).

Sustainability Classification & Pillars

Over the years, sustainable development has been prioritized in numerous organizational and governmental meetings. The succession of natural and artificial events has fortified the debate, the change and expansion of its image in the everyday sphere have increased its value, and the outcome has been a real fractioning of the term. In a nutshell, we can state with absolute certainty that sustainability is no longer a notion that can be illustrated with reference to the environment alone (although it clearly remains the most relevant). The weight acquired by “economic” and “social” sustainability has largely grown, and with them a new pillar has emerged: according to the “ethics” definition, it is necessary *“to guarantee fair remuneration to all players in the supply chain in order to ensure not only sustainability, but also the actual quality of the end product”* (Green Your Life, 2022).

In this framework, environmental sustainability is understood as *“the condition through which the process of utilizing natural resources must have the least impact on the environment so as to allow it to remain the same for future generations”* (TEV Group, 2022); on the other hand, economic sustainability is linked to *“the capacity of a system to produce income and work consistently”* (TEV Group, 2022); lastly, social sustainability upholds *“the importance of the cohesion of a society in which effective members are able to be supported and are also able to achieve their own individual well-being¹”* (TEV Group, 2022). These definitions summarize the foundation on which economic and governmental actors rely to devise strategies for the pursuit of sustainable goals. Nevertheless, while these illustrations may appear clear and comprehensive, it must be said that they are not fully explanatory of the meaning attributed to each category.

Thus, environmental sustainability does not only refer to a condition whereby the process of resource exploitation is less impactful but means improving human well-being by *“preserving natural capital and bearing in mind that the environment itself places limits on*

¹ These three pillars are a direct result of the “Treaty of Amsterdam”, signed in 1997, with the aim of giving a concrete follow-up to the “Brundtland Report” published ten years earlier, resulting in a new agreement for a “harmonious development of human activities” (TEV Group, 2022).



some human activities” (Balocco, V., 2021). It is of substantial importance for human well-being that the environment continues to provide resources, absorb waste, and provide basic “life-supporting” functions. Likewise, the consumption of raw materials and the effective regeneration capacity of these must move in harmony. The underlying meaning of this consideration is elementary: waste production must not exceed the amount that the system is able to sustainably process. Thus, reducing the extraction of natural resources or reducing the production of chemical compounds are examples of a downturn and reshaping of consumption that the market has promoted for decades through the creation of superfluous needs.

The above definition of economic sustainability, on the other hand, might seem sufficient but, it does not consider some essential elements, including the unfair distribution of wealth. The latter causes unethical behaviour that makes change a more tortuous path. If a company wants to be sustainable from an economic point of view, *“it would have to prove capable of increasing or keeping its economic parameters stable as time goes by, redistribute wealth made possible by its exploitation, and finally make careful and judicious use of the available set of resources”* (Green Your Life, 2022).

The fair distribution of the wealth generated is also an essential aspect of social sustainability, as it is understood as the set of actions aimed at achieving this goal. Social sustainability implies a diversity of actions affecting mainly legal, economic and cultural levels. In general, it is realized through the deployment of maneuvers aimed at achieving basic conditions of dignity for the life of every human being. The aim is to significantly reduce social, class, and gender inequalities. To achieve this, the context in which the company operates must be able to recognize and appreciate its values and produce fertile ground for the initiatives the company intends to take to achieve social cohesion. A further relevant aspect, when social sustainability is the subject of corporate discussion, lies in *“the preservation of social capital through the investment and creation of services intended to constitute a universal vision in which the community is destined to grow hand in hand with the company”* (Green Your Life, 2022). In this way, it becomes possible not only to preserve future generations, but also to realize that our actions can have a spill-over effect on others and the rest of the world, as mentioned in the introduction to the paper. The concepts underpinning the above dimension, as well as elements to be leveraged for the maintenance and improvement of social quality are therefore many, but cohesion, reciprocity and honesty are the most significant of them all.



SDGs – Sustainable Development Goals

The definitions and classifications shown in the preceding paragraphs were essential to catalyze the reader's attention towards the driving theme of the essay, i.e., sustainability. In particular, the descriptive analysis so far has been rendered with the idea of facilitating the understanding of the actions and strategies that will be illustrated later on and that will be channeled into the main body of one of the most important texts of the last decades in the field of sustainable development, the 2030 Agenda. With reference to this agenda, a brief summary of the historical events that followed and led to the drafting of this action plan was considered pertinent for a more complete understanding.

When world's leading government leaders were genuinely alarmed about how our Planet was evolving was in 1972. The beginning of the international discussion took place in Stockholm at the United Nations Conference on the Human Environment. The first conferences were, however, based on meetings and debates oriented towards the establishment of measures to protect family rights, and then evolved, with the creation of the World Commission on Environment and Development (1983), towards the discussion of the countermeasures to take to hinder and remove the causes of the deterioration of the planetary ecosystem. An important breakthrough took place in 1992, with the first Earth Summit, held in Rio de Janeiro. The meeting was attended by 178 countries that drew up and adopted the first environment and development programme, also known as Programme 21 (Balocco, V., 2021). The governmental and political summit held in Brazil was essential for the definition of the first ideas concerning the SDGs, which followed the results of the Millennium Development Goals. A further significant event was the World Summit held in South Africa in 2002, where the Johannesburg Declaration on Sustainable Development and the Plan of Implementation was set off. The various participants were determined in reaffirming the global community's commitments to poverty eradication and the environment discussed in Agenda 21 and the Millennium Declaration, with greater emphasis on multilateral partnerships.

The SDGs and the 2030 Agenda, therefore, build on decades of work by UNO Member States, including the UN Department of Economic and Social Affairs. The latter provides "*a shared blueprint for peace and prosperity for people and the Planet, now and in the future*" (United Nations, 2020). In other words, the agenda presents itself as an action programme that pursues the strengthening of universal peace in greater freedom through the

establishment of strong partnerships. The document was signed on 25 September 2015 and officially launched the following year by the UNO General Assembly, i.e., by the governments of the 193 Member States. The agenda referred to the Programme 21 and the Development Goals but became of real interest starting with Colombia's proposal in 2011, and the 64th NGO Conference of the UNO Department of Public Information in Bonn, Germany, when the idea of drafting the goals emerged (Balocco, V., 2021). A year later, during the United Nations Conference on Sustainable Development (Rio +20), the ideas shared by the world's leading organizations and states converged in a resolution known as “The Future We Want”. This meeting was the conclusion of the discussion about the creation of a set of Sustainable Development Goals (SDGs) that would be based on the Millennium ones. Subsequently, preparatory meetings resulted in the creation of the Open Working Group (OWG)² in January 2013, which was tasked with preparing a proposal for the SDGs. The final result was the presentation of 17 goals and 169 targets, representing an urgent call to action by all countries - developed and developing - in a global partnership. They recognized that *“ending poverty and other deprivations must go hand in hand with strategies that improve health and education, reduce inequalities and stimulate economic growth, all while addressing climate change and working to preserve oceans and forests”* (United Nations, 2020).

Although all states can freely exercise total and permanent sovereignty over their wealth, natural resources, and economic activities, the work to determine common guidelines for improving the prospects for growth and maintaining the ecosystem requires that the Agenda would be subjected to periodic monitoring measures. These actions are exercised by the Division for Sustainable Development Goals (DSDG) of the United Nations Department of Economic and Social Affairs (UNDESA), which plays a key role in assessing the implementation of the 2030 Agenda and in advocacy and awareness-raising activities related to the SDGs. Through the preparation of Voluntary National Reviews and their comparison with monitoring indicators expressed by the Inter agency expert group on SDGs, the aim is to ensure the concrete implementation of the global targets.

² A 30-member open-ended working group of the UNO General Assembly on the Sustainable Development Goals.

These latter respond to the need to ensure inclusive and sustainable economic growth, but first and foremost, they are presented as a prerequisite for sustainable development, and a response to the greatest global challenge: "*eradicating poverty in all its forms and dimensions*" (United Nations, 2020). Their value and relevance to the topic, therefore, constitutes sufficient grounds for their concise presentation, coupled with the drafting of the main criticisms levelled at the action plan.

1. End poverty in all its forms everywhere

The first objective of the Agenda recalls the above challenge. The commitment of Member States to eradicate the problem of extreme poverty for people is realized, in accordance with the thoughts developed by the working group, through "*the implementation of appropriate social protection systems and measures, and in providing access to the same economic resources*" (United Nations, 2020). The objective described therefore emphasizes the provision of pro-poor and gender-sensitive development strategies.

2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Food security and food safety is a primary Treaty interest. Specifically, "*the goal of ensuring access to safe, nutritious and sufficient food for all people, as well as ending all forms of malnutrition, is made possible by improving agricultural production capacity, and thus increasing investment and international cooperation in rural infrastructure and research*" (United Nations, 2020). Through the implementation of agricultural practices, indeed, the possibility of maintaining ecosystems and strengthening the capacity to adapt to climate change is increased.

3. Ensure healthy lives and promote well-being for all at all ages

A further essential element of the UNO's campaign towards sustainable development has its focus on ensuring healthy lives and the reduction of mortality rates, both maternal and neonatal. Under this category, the recommended strategy includes a sustained commitment to struggling transmissible and non-transmissible diseases through prevention, treatment, and pharmaceutical development, as well as through health care services ensuring universal coverage. With a substantial increase in funding towards health resources, the expected outcome would be "*a reduction in deaths and illnesses caused by hazardous chemicals and pollution and contamination of air, soil, and water resources*" (United Nations, 2020).



4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

The Open Working Group, while drafting the document, devoted part of their energy to a priority issue summarized by the need for equitable and quality education. The summary of their work in this regard places emphasis on ensuring a level of defense and guaranteeing education that, starting with primary and secondary education, concludes with technical, professional, and tertiary education, including university for every woman and man in any country. The elimination of gender inequalities and equal access to all levels of education and professional training, including that of vulnerable people, are the key points of this objective. Not least, a constant aim of the various Member Countries should be to ensure that everyone can acquire the knowledge and skills necessary to promote sustainable development.

5. Achieve gender equality and empower all women and girls

“The commitment of Member Countries must be directed towards fighting all forms of discrimination and violence against women and eliminating all harmful practices - such as child marriage” (United Nations, 2020). To ensure real and substantive gender equality, the recognition and valorization of unpaid domestic work, full and effective participation and equal leadership opportunities in the political, economic, and public spheres are considered indispensable prerequisites by the working group. In conclusion, the adoption and strengthening of sound policies and legislation to promote gender equality are deemed necessary for ethically and socially sustainable progress.

6. Ensure availability and sustainable management of water and sanitation for all

Among its many goals, the 2030 Agenda places a strong emphasis on the valorization of these resources. In particular, the goals set are to achieve universal and equitable access to safe drinking water, to achieve access to adequate sanitation and hygiene for all, and to improve water quality by reducing pollution, minimizing the release of hazardous chemicals and materials, and significantly increasing recycling and safe reuse globally. The Council therefore aims *“to substantially increase the efficiency of water use in all sectors to significantly reduce the number of people suffering from water scarcity”* (United Nations, 2020). As we will see later on, this goal represents a key issue for textile companies, because of the large misuse of water resources.

7. Ensure access to affordable, reliable, sustainable, and modern energy for all

A concrete UNO mission is the management of energy services. Specifically, “*ensuring affordable and reliable universal access, improving the global rate of energy efficiency, strengthening international cooperation for access to research and technology for renewable energy and fossil fuels, and promoting investment in clean energy infrastructure*” (United Nations, 2020) are clear targets to be met by 2030.

8. Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all

Promoting sustainable economic growth, ensuring the achievement of higher levels of productivity through innovation and technological upgrading is a priority objective for the OWG. Member Countries must commit themselves to promoting development-oriented policies that support productive activities, decent work creation, entrepreneurship, creativity and innovation. With a view to universal economic growth, efforts must be made to progressively improve global resource efficiency in consumption and production to ensure the goal of full employment by 2030. Furthermore, the protection of labour rights and the promotion of safe environments for all, as well as the adoption of immediate measures to eradicate forced labour, modern slavery, and human trafficking are further points of reflection and management for the various Member States.

9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

“*Sustained and sustainable economic development also relies on building quality, thus reliable and resilient infrastructure*” (United Nations, 2020). These need to be modernized to enable greater efficiency in the use of resources and greater adoption of clean and environmentally friendly technologies and industrial processes. The strategy outlined by the UNO to ensure that these goals are promoted is based on substantially strengthening scientific research, encouraging innovation, research and development departments to constantly improve. Ensuring infrastructural growth at the national level, as set out by the Assembly, therefore requires increased financial, technological, and technical support. This becomes possible by creating a political environment favorable to industrial diversification and value addition to commodities.



10. Reduce inequality within and among countries

Among its goals by the 2030 deadline, the Treaty includes “*promoting the social, economic, and political inclusion of all, as well as ensuring equal opportunities and reducing inequalities in outcomes*” (United Nations, 2020). Strategies recommended by the UNO include adopting more impactful tax, wage, and social protection policies, improving regulation and monitoring of global financial markets, and facilitating responsible mobility of people, including through the implementation of planned and well-managed migration policies.

11. Make cities and human settlements inclusive, safe, resilient, and sustainable

Improving the living conditions of every human being is possible through ensuring adequate, safe and affordable housing, as well as access to reliable and accessible transport systems. Sustainable urbanization, reducing negative environmental impacts, ensuring universal access to safe and inclusive public spaces, adaptation to climate change, and resilience to disasters are all considerations that need to be included in their policy plans for a substantial improvement in life prospects.

12. Ensure sustainable consumption and production patterns

Concern about the use of programmes on sustainable consumption and production patterns is predictable. Indeed, by 2030, the commitment of States must be directed towards “*sustainable management and efficient use of natural resources, towards halving food waste and reducing food losses along production and supply chains*” (United Nations, 2020). In addition, a commitment to the ecologically sound management of chemicals and all waste, so as to significantly reduce their release into the air, water and soil, is imperative. The political organizations of the various nations included in the Treaty must use the right instruments and motivation to encourage companies on their own soil to adopt tolerable public procurement practices, so that all people have the information and awareness necessary for sustainable development.

13. Take urgent action to combat climate change and its impact

The ongoing climate change is irrefutable, which is why strong emphasis is placed on strengthening the capacity to adapt to climate-related risks and natural disasters. The duty of the various Member States results in “*the integration of climate change measures into national policies, strategies, and planning, and in the promotion of a culture in which citizens*



are sensitized and educated about climate change mitigation and environmental impact reduction actions” (United Nations, 2020).

14. Conserve and sustainably use the oceans, seas, and marine resources for sustainable development

Meticulous management of water resources is the key to a sustainable future. While previously, the Treaty focused on what needs to be done to ensure, through proper management of water resources, a preferable standard of living for all people, the emphasis is now shifted to which policies need to be adopted to reduce marine pollution, which is primarily caused by industrial activities. The protection and sustainable management of marine and coastal ecosystems and reducing the impacts of ocean acidification are issues that must be placed high on the agenda of any government programme. Scientific knowledge, as defined by the Treaty, must be increased *“to develop research capacity and improve ocean health, so as to enhance the contribution of marine biodiversity and improve the conservation and sustainable use of the oceans and their resources” (United Nations, 2020).*

15. Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat diversification, and halt and reserve land degradation and halt biodiversity loss

If the marine ecosystem is an issue that has proven to be highly sensitive in the eyes of the Assembly, the interest in protecting the terrestrial ecosystem is no less. Ensuring the conservation, restoration, and sustainable use of forests, wetlands, mountains, and drylands is therefore one of the obligations under international agreements, as is the fight against desertification and deforestation. Following the principles of the Treaty, the world's various political forces *“must cooperate to reduce the degradation of natural habitats, halt the loss of biodiversity, and prevent the extinction of threatened species by significantly increasing the financial resources that can be allocated to the sustainable conservation of ecosystems” (United Nations, 2020).*

16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels

As shown above, the Treaty pays special attention to the reduction of all kinds of violence against women. Below, the issue of violence is addressed in a more open manner. Promoting

a rule of law in which everyone has equal access to justice, reducing all forms of organized crime and corruption, and ensuring responsive, inclusive, participatory, and representative decision-making are essential actions for sustainable development to occur. The promotion of non-discriminatory laws and policies and the strengthening of relevant national institutions to prevent violence and combat terrorism and crime are relevant examples.

17. Strengthen the means of implementation and revitalize the global partnership for sustainable development

The conclusion of the Treaty focuses on concerns about promoting “*a universal multilateral trading system, as well as significantly increasing exports and improving global macroeconomic stability*” (United Nations, 2020). A prime objective must be to strengthen the partnership for sustainable development, based on sharing knowledge, skills, technology, and financial resources to support the achievement of the Development Goals.

In the end, the 2030 Agenda has received the support of most of the major non-governmental organizations, with none coming out against it, unlike previously happened with the Millennium Development Goals. However, the setting of 169 targets (a very high number), the decision not to consider the context of individual countries and the extremely high number of resources³ required to achieve the goals were widely considered by critics to be weak points, as was the contradictory nature of some of the goals⁴. “*The importance of multi-disciplinary research to support the implementation of the Agenda is, therefore, considered to be the only way forward in the long run to deal with the problem*” (Balocco, V., 2021).

ESG Criteria

The transition from the theory of sustainability to its practical application is the leitmotif of this paragraph. Indeed, while the description of the goals may provide a more than complete understanding of the main theme of the paper, how the sphere of sustainability crosses with the industrial world has not yet been addressed. To fulfil this, the presentation of ESG criteria immediately seemed congenial to answer our question. Indeed, it's impossible to look at ESG

³ *Between two and three trillion dollars a year.*

⁴ *Employment growth is considered contrary to the reduction of the cost of living, and the economic growth is not compatible with the ecological goals and the promotion of greater social equality.*

perspectives without understanding the economic paradigm of the circular economy, i.e., the ability to make environmental and social sustainability the basis of corporate strategy. Therefore, to address and understand the issues underlying ESG logic, it is necessary to be clear that these principles are realized starting from three major themes that are closely interrelated: the first relates to the awareness of the limits linked to the environment, the second to the concept of resource management, and the third to the principle of sustainability, i.e., respect for the environment or any context characterized by limited resources.

The acronym ESG, first used in 2005, links three recurring concepts in business: environment, social issue, governance. These three dimensions are necessary *“to verify, measure, control, and support the sustainability commitment of a company or organization”* (Bellini, M., 2021). Their relevance arises from the possibility of measuring a company's environmental, social, and governance performance based on standardized and agreed parameters. More specifically, ESG refers to a *“multiplicity of criteria for measuring environmental activities and corporate behaviour towards the environment (E), social impact and the relationship with the territory, people, employees, suppliers, customers, and the community in general (S), and governance; hence, the logics linked to executive remuneration, respect for shareholders' rights, and transparency in corporate decisions and choices (G)”* (Bellini, M., 2021). These criteria, therefore, take the form of a set of operational standards to which a company's operations must be inspired to guarantee the achievement of certain economic results. These make up the solid ground on which investors evaluate and make their investment choices.

Although the acronym, as mentioned above, dates back only a few years after the beginning of the new Millennium, the increase in its use is connected to the two major events in the “sustainability history”: the Paris Agreement⁵ and the 2030 Agenda. Since then, the ESG criteria have been shared by the community of companies and organizations most careful to the issues of environmental and social sustainability and good management practices of a company, and by the financial community to measure, evaluate, and compare environmental,

⁵ The Paris Agreement is a document that became binding on 12 December 2015, the date on which the 197 member countries of the UNFCCC, the United Nations Framework Convention on Climate Change, arrived at the first major universal and legally binding agreement on climate change.

social and governance performance together with the corporate one. The financial world's attention to this issue has been aroused by various analyses that have shown that *“the companies with the best ESG ratings are the ones with the best results and lowest risk in the event of emergencies or crisis situations”* (Bellini, M., 2021), but not just this. The clarity of analysis and the ease with which these criteria allow investors to choose between corporate stocks with the best sustainability indices are two obvious reasons for the attention they have received.

Carrying on with the financial relevance of the topic, investments guided by ESG criteria are understood to be investments aimed at *“producing an economically measurable positive return for investors but are also investments that generate positive effects for society and the environment”* (Bellini, M., 2021). The criteria thus make it possible to concretely measure the social and environmental effects of these investments, in addition to the economic effects linked to business results. Thus, the ESG approach is an ideal tool for *“an understanding and analysis of the sustainability of investments and as an assessment of the performance of companies, alongside traditional economic parameters”* (Bellini, M., 2021).

In conclusion, ESG is by no means a new phenomenon. Environmental and social choices have increased in value and significance over time, and the number of people seeking to have a more conscious and careful relationship with the environment has also increased. And it is precisely on this basis, i.e., the number of consumers who direct their choices informed by ethical criteria, that this phenomenon began and consolidated. The transition from a situation in which the environmental and social impact or the ethical commitment of companies influenced the choices of a rather small number of consumers to one in which both the sensitivity of citizens and the number of consumers has increased considerably, has created the conditions for sustainability to take on the role of an “existential driver”, which characterizes and influences lifestyles, directly impacting upon purchase and consumption choices (Bellini, M., 2021).

CHAPTER 2: FASHION INDUSTRY & CIRCULARITY

“Fashion is defined as the style or styles of clothing and accessories worn by groups of people at a given time” (Steele, V., et al., 2022). The fashion industry, in particular, is defined by the encyclopedia Britannica as *“a multi-billion-dollar global enterprise dedicated to the manufacture and sale of clothing”*. It is characterized by short product life cycles, volatile and unpredictable demand, an enormous variety of garments, long and inflexible supply processes and a complex supply chain. Some observers distinguish between the fashion industry and the clothing industry, where the former is dedicated to the production of high fashion garments, while the latter is limited to the production of ordinary clothes or “mass fashion”. However, the boundaries between the two are now blurred.

Today, the industry is considered highly globalized and accounts for a significant share of world economic output, with garments often designed in one country, manufactured in another and sold worldwide (Chavan, R.B., 2018). This dislocation necessitates a levelling of the industry into four consecutive layers: the production of raw materials; the production of fashion items by designers, contractors and others; retail; and finally, various forms of advertising and promotion. Each layer is made up of separate but interdependent sectors, which provide diversity and flexibility to the industry itself, as well as the satisfaction of consumer demand for clothing (Chavan, R.B., 2018). The industry thus constitutes a complex social phenomenon, involving sometimes conflicting motivations, but also a broader cultural phenomenon, known as the “fashion system”, a concept that embraces not only the business but also the art and craft of fashion, both in terms of production and consumption (Steele, V., et al., 2022).

In recent decades, the textile industry has attracted considerable attention in terms of production process management given the persistent generation of an unsustainable ecological footprint. Between 2000 and 2015, clothing production doubled while utilization - the average number of times a garment is worn before it ceases to be used - decreased by 36% (Ellen MacArthur Foundation, 2021: p. 8). This linear and wasteful model has resulted in a significant negative environmental impact. According to current data, the fashion

industry is second in the world in terms of environmental pollution⁶. It is estimated that the textile industry is responsible for around 20% of water pollution⁷ and 10% of global greenhouse gas emissions, a higher percentage than that generated by international flights and nautical shipping combined. 70% of this degenerative result comes from upstream activities such as production, preparation and processing of materials, highlighting the crucial importance of finding new ways to decouple revenues and growth from production and resource use (Ellen MacArthur Foundation, 2021: p. 8). The industry is also a major consumer of pesticides for cotton production, using about 10-20% (CBI, 2022). At the same time, the industry uses more than 98 million tons of non-renewable resources annually, including oil, fertilizers, and chemicals for the production, dyeing, and finishing of fibers and fabrics. A further source of concern comes from the accumulation of waste caused by the textile industry: fast fashion production has significantly increased the amount of clothes purchased - about 40% since 1996 - and with it, the waste of clothes has grown even more - about 87% of clothes are incinerated or landfilled -. At this rate, global forecasts see global production increasing by 63% by 2030, from the current 62 million to 102 million tons. If this happens, greenhouse gas emissions from the sector will rise to about 2.7 billion tons per year by 2030 (Ellen MacArthur Foundation, 2021: p. 8).

These data are sufficient to convince the reader of how the relationship between industry and the ecosystem is therefore flawed: where the former, responding to the growing needs of the world's population, pursues objectives of growth in turnover and profits, the ecosystem, due to the dynamics of indiscriminate supply of raw materials, becomes a prisoner of actions aimed at creating imbalances that are increasingly difficult to recompose. The following section, therefore, will aim to illustrate the essential features of one of the most successful industries on the Planet, and will then set out the actions taken by many textile companies in response to the growing concern shown by consumers and public opinion about the evolution of the ecosystem.

⁶ *The main cause of pollution is overproduction, the use of synthetic fibers and colours, and pollution of agricultural crops.*

⁷ *Approximately 1.2 billion tons of CO₂ and 500,000 tons of microplastic fibers are discharged into the oceans.*

2.1. THE GLOBAL APPAREL MARKET

Fashion is one of the world's most important industries and a key value creation sector for the global economy, as well as one of its driving forces (Fashion United, 2020). Increasing pressure on supply chains, the need to meet sustainability goals, changing consumer priorities, and risks related to the online world are some of the main challenges that the fashion industry will have to overcome in the coming years through digital, environmental and ethical innovation (Radonic, D., 2022).

In its “State of Fashion” report, McKinsey stated how the industry, if it were classified in terms of the GDP of individual countries, would represent the seventh largest economy in the world⁸. The global turnover of the textile industry in the pre-pandemic period was estimated between \$1.7 trillion and \$2.5 trillion; nevertheless, the advent of the pandemic has unquestionably reduced the size of the clothing and footwear market by as much as 18.1%, as well as the revenues generated, which have shrunk by as much as 20% (Fashion United, 2020).

Despite the advent of the pandemic, the world's largest retail markets remained China and the US, followed by the UK, Germany and Japan. In contrast to those countries, China and the United States continued their representation in international trade, indeed, while China topped the world export rankings, the United States came second in the import rankings (Fashion United, 2020). Export/import figures showed an annual change of -5.2% in world exports of manufactured goods, while textiles, due to demand for personal protective equipment, recorded a strong increase of 16% (Fashion United, 2020).

Following the lifting of the restrictions, and thus the end of the hardest pandemic phase, the textile industry's values rose again. The return of consumers to shops brought the industry back to pre-pandemic levels⁹ with 18.1% growth in 2020-21, reaching a market size of \$1.71 billion. The retail market experienced a first growth of 7.5% to reach \$1.84 billion in 2022,

⁸ *The fashion industry accounts for 2% of the global Gross Domestic Product (Fashion United, 2020).*

⁹ *The virus had a negative impact on the success of the substantial clothing market. Indeed, the advent of the pandemic brought a 28.5 % drop in retail sales in fashion and clothing shops, one of the largest ever in the industry (Fashion United, 2020).*

and a second of 6.1% the following year, forecasting a market size of \$1.95 billion by 2023 (Fashion United, 2020).

Fashion Companies

To satisfy the large textile and clothing industry, new companies enter the market every day. Most of these remain rather unknown to the consumer public, while the most famous brands keep dominating magazine and news rankings. In March 2022, the LVMH group was by far the fashion House with the highest turnover, around \$51.1 billion, and the highest market capitalization, at around \$367 billion, around \$150 billion more than Nike, in second position with a capitalization of \$216 billion and a turnover of around \$44.5 billion. Nevertheless, Nike was confirmed as the most valuable clothing brand title in the world, followed by Gucci, down by 11.5% from 2020, as shown below (Figure 1: Fashion United, 2020).

Brand	Brand value US\$	%
Nike	30.4 billion	-12,5%
Gucci	15.6 billion	-11,5%
Louis Vuitton	14.8 billion	-9,8%
Adidas	14.3 billion	-13%
Chanel	13,2 billion	-3,4%

Figure 1: Leading clothing companies with the highest brand value (Fashion United, 2020)

Labor Force

The garment, textile, and footwear industry are labor-intensive sectors. According to the International Labour Organization, there are more than 60 million workers in the textile, clothing, leather, and footwear industry worldwide. The Ellen MacArthur Foundation, on the other hand, states that the garment industry employs more than 300 million people¹⁰ along the value chain, which can also be understood as including people working in the design, distribution and retail divisions. In Europe alone, 537,482 people are employed in the textile sector and 760,637 in the clothing sector, totaling 1.3 million people employed in the industry by 143,000 companies (Fashion United, 2020).

¹⁰ Most people working in fashion and textile production live in Asia.

Global Apparel Production & Consumption

Over the past 15 years, rising global incomes and the spread of fast fashion that offers lower prices, annual collections, and new styles to conform to, have led the industry to double its production from 50 billion garments in 2000 to over 100 billion as of 2015, according to McKinsey data. Fashion consumers purchase over 80 billion new garments each year, an increase of over 400% compared to two decades ago consumption (Fashion United, 2020). The above numbers, considering the shift towards a sustainable economy, are far more alarming when one considers that these also include millions of people in extreme poverty and therefore unable to purchase such products. Data states that in 2021 alone, people consumed an average of 16.7 units of clothing and footwear worldwide, spending an average of \$220.7 (Fashion United, 2020). Should this trend be confirmed in the years to come, the consumption of non-renewable resources would rise to 300 million tons, and 22 million microplastic fibers would be dumped into the oceans by 2050, thus rendering in vain any efforts not to exceed the 1.5 degree increase in the Earth's temperature set by COP21¹¹.

Online Fashion

The fashion industry is not new to the use of advanced technologies. Digital innovation, increasing globalization and changes in consumer spending habits have catapulted the fashion industry into the midst of seismic changes. The retail apocalypse caused by the Coronavirus has made the industry more unpredictable than ever and opened the door to the rapid descent of online fashion. According to Statista, the compound annual growth rate (CAGR) of the e-commerce fashion industry is expected to reach 14.2% between 2017 and 2025, with the industry hitting a \$1 trillion valuation by 2024. Sales of apparel, footwear, and accessories surged in 2021 and are expected to grow a further 13% in the current year, with \$205 billion being spent on fashion items online (Keenan, M., 2022). The opportunities that have enabled this growth are the expansion of global markets outside the West, increased online access and smartphone penetration, the emergence of global middle classes with disposable income, and the power of celebrity culture and influencers (Keenan, M., 2022).

The Coronavirus pandemic, however, has upset the predictions of recent years about e-commerce. When the first global closures were implemented in March 2020, McKinsey

¹¹ *Twenty-first United Nations Framework Convention on Climate Change, held between 30 November and 12 December 2015.*

called it the “*perfect storm for fashion markets*”¹². One branch of fashion retail that has taken off is athleisure (Keenan, M., 2022). Indeed, given consumers' desire for simple, minimalist garments and stretch workwear to wear all day, many retailers have launched more comfortable clothing collections, riding a trend that will continue to influence the workwear segment in the future. While its market was valued at \$155.2 billion in 2018, it is expected to reach \$257.1 billion by 2026 (Keenan, M., 2022). From this growth, brands such as Nike have particularly benefited, registering an increase in sales that is nothing short of remarkable. Between the advent of the pandemic and the beginning of the post-pandemic period, the footwear, handbags, and accessories segment also achieved enormous growth rates. While the footwear segment is estimated to grow in global market size from \$365.5 billion in 2022 to \$530.3 billion in 2027, the handbags and accessories segment is expected to grow at a CAGR of 12.3% over the same period (Keenan, M., 2022). The global jewelry market, in addition, has not been constrained by the change in habits proposed by the virus. While its overall valuation was previously estimated at \$228 billion, the forecast of growth to \$307 billion by 2025¹³ is strongly driven by the presence of e-commerce sites that will support 20.8% of sales in this category (Keenan, M., 2022). The same conclusion is drawn for the luxury market, which, although with a slow growth rate of 3.4% per year, could get a huge boost from e-commerce that would lead the sector to triple its sales in the next decade, reaching \$79.5 billion by 2025 (Keenan, M., 2022).

2.2. FASHION INDUSTRY GLOBAL TRENDS

The textile industry's peculiar characteristic of being a “global ecosystem” has contributed to making the sector one of the hardest hits during the pandemic (Le Rolland, M., 2022). The industry's complex and opaque supply chains have contributed to increased shipping and raw material costs and forced fashion companies to review their pricing and production strategies. The war in Ukraine has forced a reorientation of trade and triggered an energy crisis, while ageing port systems around the world are creating transport bottlenecks. Global inflation has driven up input costs and extreme weather conditions are affecting developing economies.

¹² Zalando reported a 32-34% growth in gross merchandise value (GMV) in Q2 2020. The Shein brand saw its valuation double to \$30 billion, making it the largest online-only fashion retailer in the world (Keenan, M., 2022).

¹³ The largest market for fashion accessories in 2022 is China, with an estimated turnover of \$76.5 billion, according to Statista.

These are the reasons why more than half of fashion industry executives identified supply chain disruptions as one of the main risks hindering the growth of the global economy in 2023 (Amed, I., et al., 2022: p. 90). To ensure textile organizations can cope with rapid changes in consumer demand and unpredictable logistical disruptions, the adoption of digital inventory management systems to eliminate guesswork about delivery times and shipment status, together with the transparency, planning, and clear communication between buyers and suppliers have been proposed as solutions that can make such chains more efficient and effective (Savilia, K., 2022), when coupled with nearshoring, on-demand production¹⁴ and micro-manufacturing strategies (Figure 2: Amed, I., et al., 2022: p. 93). The former allows brands to increase speed to market while reducing transport costs and duties and mitigating various risks, including those related to inventory. This form of sourcing can also create environmental benefits by helping producers de-carbonize production and leverage their improved sustainability credentials to differentiate themselves from competitors (Amed, I., et al., 2022: p. 91). Micro-manufacturing strategies, on the other hand, respond directly “to rising rates of inflation, shipping costs, raw materials and lack of warehousing by setting up micro-factories using automation instead of workers, thus helping them to be more agile and produce on demand” (CBI, 2022). For these trends to keep developing, the regulatory environment must encourage these strategies and new carbon taxes and waste regulations - such as the EU Sustainable Textiles Strategy - would make it more convenient for companies to produce locally (CBI, 2022).

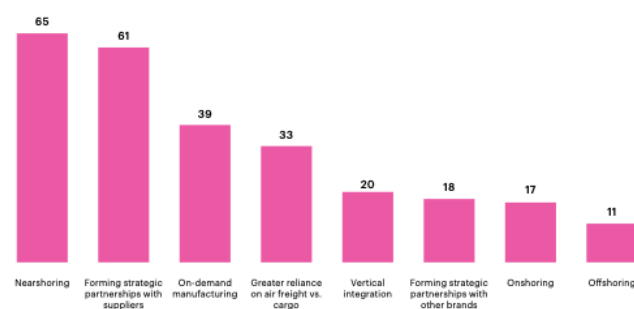


Figure 2: Strategies being considered to achieve greater supply chain security (Amed, I., et al., 2022: p. 93)

Furthermore, the considerable chain of consequences generated by the pandemic period was increased by the countless challenges that emerged during the last year, which have strongly

¹⁴ The on-demand service allows customers to create clothes with their exact body measurements and fabric choices.

contributed to the ongoing transformation of production and consumption patterns¹⁵ and required fashion operators to act swiftly to adapt to the new world and new conventions by implementing well-calibrated joint strategies of cost containment and targeted investments in e-commerce, digitization, and sustainability.

A more detailed analysis will be provided below to enlighten the reader on the evolution of these trends.

E-Commerce

The pandemic induced by the Coronavirus has caused a shift of various activities, including learning, working, eating, shopping, and socializing, increasingly within the home and online, imposing a major reorganization of retail spaces and, above all, accelerating the focus of industry players on direct-to-consumer (D2C) strategies with the creation of new ties through the digital space. The pandemic phase has thus favored the advent of online shopping, and a significant figure supporting the growth of this sales channel is presented by the percentage of global online sales of clothing and footwear, which from 19% in 2019 reached 30% in 2021 alone, thus suggesting an escalation for the immediate future (Figure 3: Le Rolland, M., 2022).



Figure 3: Global Apparel and Footwear Sales: Specialist Retailers vs. e-Commerce 2019/2021/2026 (Le Rolland, M., 2022)

¹⁵ The movement of consumers from in-store shopping to online shopping, shop closures, drastic labour shortages and supply chain problems due to factory closures and shipping bottlenecks has resulted in an influx of inventory known as the “inventory bubble”.

This growth has been made possible, as mentioned, by the new ways of consumption that the Coronavirus has helped to create, but also by the peculiar features of e-commerce itself, including personalization. This has long been regarded as the secret of modern e-commerce. The use of artificial intelligence allows brands to use consumers' personal information to develop more specific messaging and provide them with a better shopping experience, i.e., proximity marketing, by predicting their needs and preferences.

The growth of online commerce has been propelled by the crucial role played by social media platforms, since, as is well known, dependence on various electronic devices is now out of control, and this has facilitated marketing commerce strategies wherein social media are used not only to consume new fashion trends, but also to facilitate in-app purchases. That said, one trend that deserves special attention in the discussion on the growth of the virtual world concerns the evolution of the Metaverse¹⁶, a completely new playground for digital fashion, that promises a new blockchain-proof revenue stream. *“Virtual garments and fashion NFTs¹⁷ have recently seen a surge of interest, both from luxury and high-end brands”* (Le Rolland, M., 2022). Through virtual reality, indeed, fashion brands can sell their products through gaming platforms such as Roblox and Fortnite to engage their customers more deeply and unlock new value streams. Digital spaces, therefore, have allowed fashion creators to push the boundaries of offline possibilities and will undoubtedly continue to have a significant impact on the industry, not least because virtual fashion avoids traditional supply chains and helps to strengthen the sustainability credentials of fashion brands.

In conclusion, e-commerce is now an established reality, and the future holds for it to grow at ever increasing rates. The evolution of consumption patterns, which began with the pandemic, and thus, the increasing demand for online product acquisition, has forced the various companies to create solid structures that can guarantee their users/consumers to carry out the purchasing process directly from their homes. This trend, however, has contributed to an increasingly fierce competition between the various companies, as consumers now can compare a multitude of products and choose the one that best suits their needs. Investment in

¹⁶ *The yet undefined promise of virtual societies is that people can perform everyday activities such as connecting with friends, playing games, and buying products, even through an online virtual world.*

¹⁷ *Non-fungible tokens are owned by one person, usually paid in virtual currency like cryptocurrencies. Data show that on 1 January 2022 alone, \$87.03 million was spent on NFTs (Le Rolland, M., 2022).*

branding strategies thus becomes an essential weapon in the arsenal of various companies to build ever higher customer retention rates and increase bottom-line profits.

Digitization

“Although textile production has traditionally been considered a labor-intensive industry, today it is increasingly driven and influenced by technology. Developments in automation, artificial intelligence, data analysis, and IT platforms make product development, production and sales faster and more efficient” (CBI, 2022). Digitization helps companies to reduce design time, visualize products and samples, increase speed to market and cut costs (CBI, 2022), but it is also present in the creation of e-commerce and loyalty systems and used as a response to the growing relevance of traceability. As a function of the above, the apparel industry has increased investment in IT management platforms and data monitoring tools that *“can provide automatic information on free production capacity or efficiency improvement potential and enable buyers and suppliers to react more quickly to changes in demand”*¹⁸ (CBI, 2022).

The digitization of the entire supply chain is another essential element in ensuring quality improvements in production processes. In pre-production, digital platforms help brands to source fabrics and create digital samples, saving time and money and reducing waste. In post-production, digital aspects facilitate quality control and improve the flow of information between suppliers and brands (Amed, I., et al., 2022: p. 92). Although these innovations are modernizing distinct parts of the value chain, linking them together into an integrated digital journey remains a challenge. However, new platforms are emerging that digitally connect key parts of the production process. Some fashion brands are looking for suppliers capable of handling small batch production. This requires manufacturers to invest in capabilities such as 3D sampling, automated sewing and knitting, 3D and digital printing, direct-to-fabric and direct-to-garment printing, as well as automated post-production logistics to finalize orders (Amed, I., et al., 2022: p. 92). In this regard, *“automation, already widely used in the*

¹⁸ In 2004, Euratex created the European Technological Platform for the Future of Textiles and Clothing, which connects more than 200-member organizations and more than 500 individual registered experts to share information on industry developments and changes and improve education in the sector. It is the largest European network for textile research and innovation (CBI, 2022).

footwear industry, and robotics, make production faster, more demand-oriented, cheaper, and more agile” (CBI, 2022). In addition, the trend of garment fitting increasingly oriented towards “real” bodies, e.g., using 3D technology whereby products can be marketed online and tried on via personalized avatars, makes it clear how the digitization of the process chain, from design through production to retail, can help to align products with customer desires. “Automation technology can then be used to create new business models, such as in-store factories or micro-factories, which could further drive the trend towards personalized clothing” (CBI, 2022).

Where previous innovations have present visibility, the fashion industry is expected to be increasingly influenced by developments in AI technology and machine learning in the future. Data analysis and learning algorithms use historical purchase and research data to understand consumer preferences and predict demand, but also provide an automated overview of production processes and follow industry news and developments (CBI, 2022). This would help companies to be more precise in inventory management, but also reduce forecasting errors by up to 50%, simplify quality assurance processes and make supply chains more efficient. Artificial intelligence will also clearly come useful for fashion retailers that focus on online distribution, as algorithms in web shops will ensure that they *“can analyze customers' buying behaviour and find other products for them, producing a customized range of the same suited to the customer's style and choices” (CBI, 2022).*

In conclusion, digitization rises as a major player to provide the necessary transparency along the value chain, and on the other hand, to provide more comprehensive information to an increasingly demanding consumer, thus determining and setting new fashion trends for the near future. Alongside it, sustainability will be driven to do the same. They are, indeed, far from being opposing categories as there are countless sustainable developments that can only be implemented through digital processes (Henkel, R., 2022), e.g., the use of digital “product passports”, which contain data on how products were created and their environmental impact.

Sustainability

As is well known, sustainability is an issue that has become increasingly sensitive in the eyes of the public opinion. Surveys show that *“around 37.5% of consumers in the major European garment markets say they consider environmental and social impacts when purchasing*

textiles" (CBI, 2022), while 66% of employees in the fashion value chain say they would "stop or significantly reduce purchases from a brand that does not treat its employees or suppliers' employees fairly" (Ferrais, G., 2021). This trend towards social fairness and transparency creates opportunities for fashion producers who focus on social responsibility and whose production is organized through strict controls of supply chains and product design, and using raw materials produced with a positive impact on the climate e.g., not to use materials of animal origin that may be part of vulnerable, endangered or wild-caught species, and to replace materials now in use with a new trend of producing carbon dioxide clothes (CBI, 2022).

A further goal vigorously pursued by industry and government agencies worldwide, as evidenced by the series of laws and campaigns that have taken place in recent years, lies in achieving climate neutrality through the development of production models that use climate-friendly materials and less water in production, while at the same time diverting towards alternative consumption patterns, including the second-hand market and the rental fashion, thus defining a real and significant contribution towards the definition of a greater global benefit. *"The recycling trend creates opportunities for companies that find viable ways to design more circular fashion production and for companies that produce better quality and more durable garments"* (CBI, 2022). In the short term, this trend constitutes a small share of the fashion market, but it is expected to grow in the coming years and could even threaten the fast fashion system for one obvious reason: the new consumer mentality, termed "less is more", includes a preference for more durable, higher quality and sustainably produced goods over those derived from fast fashion collections (Ferrais, G., 2021).

While the above-mentioned intentions are certainly noble and necessary, beware, however, of being completely confused by the good intentions of one part of the industry. Indeed, numerous companies, rather than emphasizing real changes in their management and production, have been reprimanded by the Competition and Market Authority for "greenwashing"¹⁹ (Amed, I., et al., 2022: p. 78). This blame called for these companies to revise the way they present sustainability claims through investments in tools to collect and manage supply chain data and thus ensure better traceability along the value chain, and

¹⁹ Willingness to make potential customers believe that a brand is much more committed to environmental protection than it actually is.

through building stronger bridges between companies' technical sustainability and marketing teams to examine how to communicate information responsibly and effectively (Amed, I., et al., 2022: p. 80). Therefore, language that could mislead consumers, such as broad terms like “green” or “eco-friendly” should be avoided, as they could give the impression that products have positive environmental attributes (Amed, I., et al., 2022: p. 80). Brands will also have to become more forthright about their progress and shortcomings, both through public relations and product labels. If brands do not find a responsible and effective way to talk about their sustainability journey, they may risk damaging consumer trust or suffering compliance repercussions, thus requiring brand legal teams to work closely with communication colleagues (Amed, I., et al., 2022: p. 81).

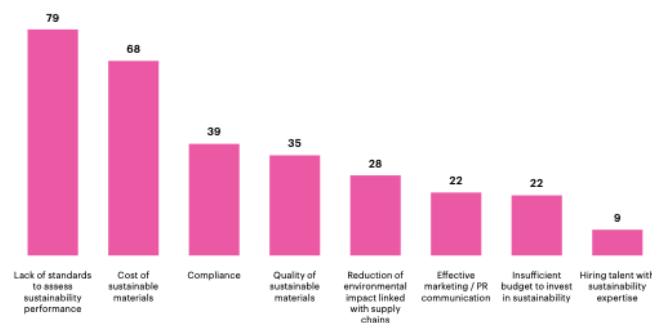


Figure 4: Biggest challenges to improving sustainability credentials in the eyes of consumer, (Amed, I., et al., 2022: p. 80)

Gender-fluid Fashion

In conclusion, a trend that has become a binding reality in recent years, i.e., gender-fluid fashion, has been considered for its importance and representation of a worldview aimed at inclusiveness and respect for gender equality. Indeed, gender-fluid fashion is increasingly gaining ground as a result of changing and evolving cultural and social attitudes towards gender differences. Over the past few years, many people have developed a greater acceptance and understanding of sexual orientations and gender identities, and younger generations now view gender identity as a spectrum, rather than a pair (Amed, I., et al., 2022: p. 50).

Introducing gender fluidity into product collections may require a practical update of the operating systems that have been used in the fashion industry for decades (Amed, I., et al., 2022: p. 50). Although unisex fashion has existed since the 1960s, having a unisex line today

may not be precise enough to meet the perspectives of the younger generation on a gender spectrum. In an attempt to meet the demand for gender-fluid fashion in 2023, fashion leaders should consider how to evolve marketing, product design, shop design and merchandising (Amed, I., et al., 2022: p. 53). Fashion industry executives may consider creating a diverse workforce to help strengthen understanding of the conversation and ensure that companies avoid symbolic designs that could be perceived as lacking sincerity or authenticity. Brands and retailers could train shop employees to help cross-gender shoppers find the right fit, with an understanding of how sizes translate into gendered items (Amed, I., et al., 2022: p. 52) or through the development of new size charts, which appeal to a wider range of customers. Retailers with networks of shops can also address fit challenges by offering in-store alterations or made-to-measure designs, where brands that decide to give more space to gender-fluid collections could start with small changes targeted at the most receptive customers, i.e., younger shoppers who are the most likely to seek out and shop across gender lines.

Furthermore, fashion companies can consider the many ways in which they already interact with customers looking for gender-fluid products and use these contact points as learning opportunities. Establishing customer focus groups or employee task forces can help brands understand which gender-fluid products current customers want to see displayed in storefronts, while brand collaborations can help test the products themselves (Amed, I., et al., 2022: p. 53). After building a knowledge base and product testing, companies can progressively integrate gender-fluid products and strategies into all their activities. From the design process to major seasonal campaigns and shop design, brands can use a variety of maneuvers to modernize their approaches and evolve ideas on gender norms (Amed, I., et al., 2022: p. 53). These changes are likely to become increasingly important as Gen-Z consumers mature and their purchasing power grows.

2.3. DEALING WITH AN EVER-CHANGING ENVIRONMENT

In accordance with the “Open Systems Theory”, organizations are not simply closed bureaucratic structures separated from their environment, but highly complex entities that face considerable uncertainties in their functioning and constantly interact with the environment (Bastedo, M.N., 2004). Where an organization is composed of innumerable components such as suppliers, customers, creditors, community, government, and trade

unions, it cannot avoid its relationship with the external environment which creates a significant impact on the organization's performance. Indeed, the environment creates both limitations and opportunities for a company's strategy and consequently for its structure (Burton, R.M., et al., 2021). The environment surrounding the fashion industry, specifically, requires a large and rapid information processing capacity, as there are many interdependent factors that cannot be predicted, so that it is necessary for different companies to be able to determine limited forecasts based on high levels of structural flexibility, rapid and coordinated adjustments when events become known.

The presentation of the main determinants of opportunities and limitations for the textile industry will therefore be shown below, together with the disclosure of recommended strategies to be adopted to navigate the turbulence defined by a volatile and complex environment.

Global Weaknesses

Just when the fashion industry was beginning to find its way back after the turbulence of Covid-19, the final months of 2022 seem set to throw brands and retailers off course again (Figure 5: Amed, I., et al., 2022: p. 25). Although in 2021, when economies around the world began to lift restrictions after enduring the devastation of the pandemic, the fashion industry benefited from an explosion in consumer demand, for the coming year, industry leaders are concerned about instability and rising geopolitical tensions, supply chain disruptions, climate crises²⁰, declining consumer confidence in anticipation of a large-scale recession, and increased economic volatility (Amed, I., et al., 2022: p. 12). Russia's invasion of Ukraine contributed to the creation of a humanitarian crisis resulting in higher food prices and energy costs, reducing consumer budgets for discretionary goods such as fashion (Amed, I., et al., 2022: p. 22). The inflation generated could impact fashion companies in terms of higher borrowing costs, which could cause a delay or downsizing of planned investments or growth strategies.

²⁰ *Severe floods in Pakistan and Brazil and extreme temperatures in India in 2022 show how climate disruptions can hamper both raw material production and manufacturing activities, which are crucial for the fashion industry.*

After years of favourable macroeconomic conditions, therefore, volatility and uncertainty are back on the global agenda. For most companies in the fashion industry, inflation tops the list of concerns for 2023. As rising prices squeeze fashion industry margins, central banks are raising interest rates to the highest levels in at least 15 years, producing a dampening effect on consumer sentiment (Amed, I., et al., 2022: p. 26). In this context, the world map of industry growth is shifting. Markets that once showed solid growth potential now face a wider range of risks, ranging from extreme weather conditions to political or social unrest (Amed, I., et al., 2022: p. 11). For these reasons, planning for scenarios and contingencies becomes even more critical, as companies need to understand whether the range of potential outcomes will require tactical changes in their operational plans over the next one to two years to mitigate risks and reduce costs and seize hidden opportunities (Amed, I., et al., 2022: p. 22). Fashion industry leaders, therefore, will have to prepare for a range of economic and political outcomes. Some of the most difficult scenarios for fashion may occur in developing countries, where local conflicts in production centres may escalate and impact industry practices. At the same time, trade wars and sanctions may restrict access to raw materials and energy sources, hampering supply chains (Amed, I., et al., 2022: p. 24).

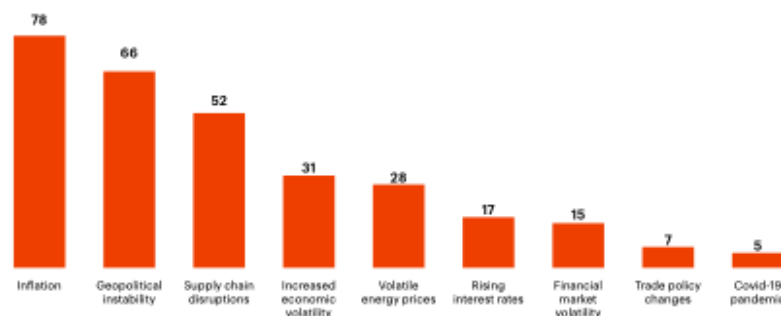


Figure 5: Top three risks to fashion businesses in 2023 (Amed, I., et al., 2022: p. 25)

Strategic Responses

When considering scenarios for key markets, brands should sharpen their flexibility, agility and speed to balance the reality of short-term crises with long-term strategic priorities (Amed, I., et al., 2022: p. 24). Increased geopolitical uncertainty and uneven post-pandemic economic recovery are among the factors that will make the geographic diversification strategy an even greater challenge in 2023. Indeed, the latter requires a well-formulated plan of action in light of the global changes taking place, including an update of organizational structures and a

rethinking of supply chain strategies to seize key growth opportunities and to respond more effectively to the risks caused by the various political, regulatory and cultural scenarios in the various areas where demand for goods is growing. The use of local executives coupled with increased use of data analysis and technology will also be essential to anticipate and respond to any sudden changes in scenarios and provide a point of contact for external stakeholders (Amed, I., et al., 2022: p. 11, 35).

When it comes to geographic diversification, fashion brands have long aimed at a position of political neutrality to avoid alienating their customers, investors and business partners despite the fact that in today's polarized and interconnected world, the public, political and social affiliations of a global brand can undoubtedly have an impact on relations with the above categories. Where giving up operations in a particular market may therefore mean a loss of revenue in the short term, business leaders should consider the impact on brand equity and consumer trust in other markets in the long term. The politicization of the private sector thus adds a new dimension to how and where to focus on growing one's business globally, not forgetting the social tensions and political uncertainties that may hamper business operations or increase reputational risk (Amed, I., et al., 2022: p. 32).

The worsening economic conditions caused by the disruption of supply chains and the Russia-Ukraine conflict also led to an increase in the cost of sales, general, administrative, and selling expenses by more than 5% (Amed, I., et al., 2022: p. 14-16). In a context of pervasive price increases along the value chain, productivity remains a success factor and its maximization a goal to be pursued through rigorous evaluation of input costs and doubling indirect expenses and organizational efficiencies or relocation of distribution centres to balance labour economics with last-mile costs, or by using third-party logistics and supply-chain-as-a-service providers to reduce asset intensity and distribution overheads (Amed, I., et al., 2022: p. 28).

In addition, textile companies should tend their efforts towards cost optimization and modernization of operations to build resilience in tumultuous times through strategies mainly focused on increasing prices and reducing the number of products and styles to simplify inventory (Amed, I., et al., 2022: p. 16), as well as through optimization maneuvers and renegotiation of sourcing agreements coupled with the implementation of an agile approach to product design that allows manufacturers to reset their cost bases and meet and adapt to

changes in consumer demand (Amed, I., et al., 2022: p. 27). If brands were instead to decide to preserve margins by passing on cost increases to customers, they would have to do so with a deep understanding of the risks, including the potential loss of margins to lower-priced rivals. An alternative strategy could be based on reformulating prices per customer and per product segment, considering both margin performance and willingness to pay. In parallel, they could introduce customized promotions and loyalty initiatives, especially for products that are highly exposed to inflation or important to customers. This can strengthen relationships and at the same time relieve pressure on margins by reducing the need for mass promotions. Fashion players that take a surgical approach to these efforts are more likely to emerge with an intact profitability and consumer relationships (Amed, I., et al., 2022: p. 29). In addition, fashion industry leaders should be particularly attentive to the needs of their target customers, identifying changes that may lead to spikes in purchases or reductions in spending, or rapid shifts to different channels, categories or price points. To avoid having to increase the share of discounted or off-price products, brands must therefore return to their core value propositions by taking a laser-like approach to products, strengthening merchandising plans to focus on bestsellers, developing more responsive methods to react to consumer demand, and increasing speed to market by adopting nearshoring and on-demand production strategies (Amed, I., et al., 2022: p. 44).

To the above, it must be added that key projects, including investments in digitization progress and environmental impact reduction, should not be abandoned. While before the pandemic, the industry experienced a period of strong growth during which many brands could focus on their top lines and building market share, and financing was historically cheap and accessible, in the coming year investors are expected to be more cautious, showing a high, if not singular, preference for companies with solid margins. The focus on profits in this inflationary climate will require difficult trade-offs between containing wages or investing in wage increases to retain key employees in a competitive labour market. Increasing profitability will involve multiple actions, including learning how to better manage unpredictable consumption patterns and keep up with supply and demand pressures. By adopting an all “hands-on-deck” approach, leaders can thus strengthen their companies' positions to thrive even amidst global volatility and economic uncertainty (Amed, I., et al., 2022: p. 24).

In conclusion, this is an ideal time for decision-makers to eliminate bottlenecks and streamline communications and workflows with suppliers, design teams, shop and e-commerce operators. From a tactical perspective, this could improve visibility into cost structures and communicate strategically within the organization and with vendors and suppliers. By accelerating the decision-making process, fashion operators can focus on pricing for maximum return on investment, especially when it comes to responding to competitors' moves. Inflation (Figure 6: Amed, I., et al., 2022: p. 15) and economic uncertainty are powerful factors influencing fashion industry performance and are unlikely to be reduced anytime soon, therefore, the task for decision-makers in the coming months will be to impose short-term tactical discipline on business models, but at the same time incorporate strategies that promote flexibility, clarity and speed of decision-making across geographies and operations (Amed, I., et al., 2022: p. 29).

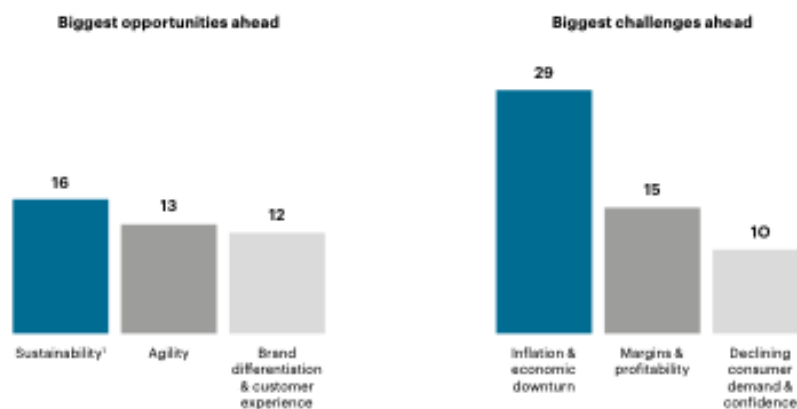


Figure 6: Top three opportunities and challenges (Amed, I., et al., 2022: p. 15)

2.4. CIRCULAR ECONOMY

The main idea behind the circular economy trend is to base economic production on targeted restoration and regeneration. Defined as *"an economic model in which planning, resources, sourcing, production and reprocessing are designed and managed, both as process and output, to maximize ecosystem functioning and human well-being"* (Dragomir, V., and Dumitru, M., 2022), the circular economy aims to keep products, components and materials at their maximum utility and value. This model seeks to decouple economic growth and development from the consumption of limited resources by providing opportunities for innovation in the design of products, services and business models; consequently, it establishes a framework and building blocks for a long-term resilient system. In other words,

the circular economy is a framework of systemic solutions that addresses global challenges such as climate change, biodiversity loss, waste and pollution through three core principles: eliminating waste and pollution, circulating products and materials and regenerating nature (Ellen MacArthur Foundation, 2021: p. 4). It is therefore a bigger idea that goes beyond treating the symptoms of the current economy to address the root causes of global challenges, while offering opportunities for better growth that benefit businesses, people and the environment (Ellen MacArthur Foundation, 2021: p. 4).

The transition to the circular economy, nevertheless, entails holistic adaptations in companies' business models or even the creation of new ones, coupled with new visions and strategies and a fundamental redesign of product concepts, service offerings and channels towards long-lasting solutions (Ferasso, M., et al., 2020: p. 3007). The concept of circularity, therefore, goes beyond mere recycling and considers the entire product life cycle and all actors in the value chain, as *"an industrial system that is restorative or regenerative by intent and design"* (Dragomir, V., and Dumitru, M., 2022).

Among the actors that are recognized as essential for the promotion of a sustainable chain, consumers play a very active role in slowing down the consumption of goods in order to induce a prolongation of their life through greater reuse. Initially, what drives consumers is nostalgia for childhood memories of exchanging gifts within the family, followed, in adulthood, by economic reasons and the realization that buying second-hand goods is a way of getting quality products that last longer. This idea pushes consumers to “reject” the traditional perspective of repetitive consumption and instead buy less expensive but more durable products (Pal R., Shen B. and Sandberg E., 2019: p. 300). With this central role of consumers and their engagement in determining the longevity of the product in circulation, the authors further emphasize the role of companies in communicating the circular value proposition to customers and engaging them in the practice, highlighting that *"a life-cycle-focused customer engagement strategy is needed, informing them about the reuse and recycling value of the products they have purchased. This can be achieved through sales and marketing messages focused on the product life cycle"* (Pal R., Shen B. and Sandberg E., 2019: p. 303).

The increasing demand for raw materials and resource scarcity are further key factors in the transition towards the adoption of circular economy models. Indeed, they have created the

need for a transition to a “closed” production system, as opposed to the current “open” systems²¹, which involves sharing, lending, reusing, repairing, reconditioning and recycling materials for as long as possible, thus extending the life cycle of products and helping to minimize waste (Ferasso, M., et al., 2020: p. 3007). The way it works is that once the product has completed its function, the materials from which it is made are indeed reintroduced, where possible, into the economic cycle to generate further value²². Closed production systems, ensuring a more efficient use and re-use of resources, and the consequent reduction of overall inputs of energy, emissions, and waste dispersion should ultimately provide environmental, social, and financial benefits without compromising growth and prosperity, achieving a better balance between economy, environment, and society. As witnessed in several articles in modern literature, circularity in business models would indeed lead to: i., significant cost savings for companies, no longer exposed to fluctuations and price increases of virgin materials; ii., an increase in possible innovations; iii., a significant reduction of pressure on the environment; iv., an improvement in mutual trust with customers, being able to enjoy more durable and innovative products that save money and improve the quality of life, as well as an increase in employment.

According to what it has been said earlier, the pivotal purpose is reflected in the desire to create a sustainable and clean environment. This goal, however, is so great that no sector can solve it alone, no matter how well-intentioned or successful a single initiative or set of initiatives may be. Consumers must be willing to support brands that credibly reduce their environmental impact and punish those who do not. The same also applies to retailers and regulators. The latter can help the industry shift to more sustainable practices by defining and enforcing global standards and guidelines, for example on value chain traceability or minimum product durability. They can help create the necessary infrastructure, such as take-back programs, support investment in research in areas ranging from new fiber development to recycling technologies (Pal R., Shen B. and Sandberg E., 2019: p. 298), encourage sustainable behavior through tax incentives for different companies and prohibit unethical

²¹ *Traditional expensive and unsuccessful linear systems in which resources are used to produce finished products and become waste after consumption.*

²² *The principles of the circular economy contrast with the traditional linear economic model, which is based on the typical “extract, produce, use and throw away” scheme. The traditional economic model depends on the availability of large quantities of readily available and cheap materials and energy.*

practices such as burning unsold stock. Despite the commitment and support of government authorities, retailers, and consumers to create an eco-sustainable industry, if the conversation considers textiles only, it would be intuitive to realize how the linear operating model still dominates the way fashion is designed. In order to move the industry towards greater sustainability, circular business models, one of the crucial elements of a circular economy for fashion, must become mainstream in the industry (Ellen MacArthur Foundation, 2021: p. 4) and this will be an element of analysis in the next section. First, a summary and presentation of the concept of circular fashion was considered as a perfect thread between the two main themes: circularity and business models.

Circular Fashion

The emphasis on the need for a redefinition of production and consumption patterns, and thus in essence, the move towards a circular economy, has obviously affected the textile sector too. The UN-backed Fashion Industry Charter for Climate Action provides a very pertinent example of this²³. The document sets ambitious targets, including sourcing 100% of electricity from renewable sources, sourcing environmentally friendly raw materials and phasing out coal from the supply chain by 2030 (Dittmar, F., et al., 2022). *“To be effective, the implementation of global regulations and laws for materials, business models and circular production processes must incentivize every link in the fashion value chain, including the consumer”* (Dittmar, F., et al., 2022). In addition to the above, the European Commission recently reaffirmed its commitment to the drafting of a comprehensive EU strategy for the textile industry, with the intention of putting an end to fast fashion as we know it by 2030 by proposing eco-design rules that require the mandatory minimum use of recycled fibers and seek to contain the release of microplastics (Dittmar, F., et al., 2022). In conclusion, the set of goals and strategies dealt by governmental bodies have a clear objective: to enable circularity in the textile industry.

Historically, the term “circular fashion” was first mentioned during a seminar held in Sweden in 2014, as a result of the collision and intersection of the circular economy with sustainable and ethical fashion (Hill, M., 2022). This new category immediately positioned itself as a

²³ At the COP26 meeting last November, companies increased their medium- and long-term targets, committing to halving emissions by 2030 and achieving zero emissions by 2050.

necessary addition to the fashion industry's sustainability journey and progression, envisaging a move away from the linear “take-make-waste” model and calling for the industry to include responsible production, based on using less material in the production of individual items to increase their recyclability, a commitment to the elimination of non-recyclable and polluting materials from the supply chain, and the establishment of collection programmes (Hill, M., 2022). This production model is made possible through a new logistical system that considers the entire life cycle of the product and its circulation within society for as long as possible, with maximum product longevity combined with maximum efficient use of resources, minimum waste production, and minimum environmental damage and pollution (Figure 7: Hill, M., 2022).

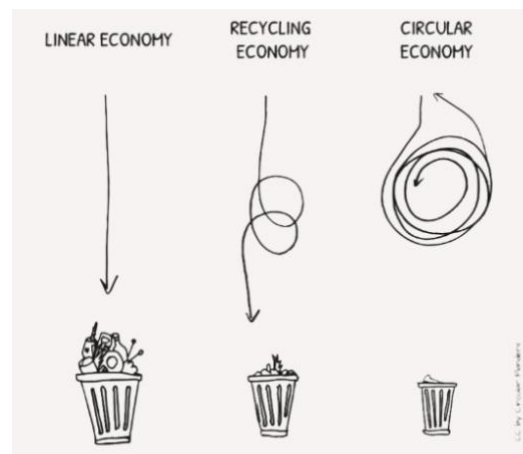


Figure 7: Circular fashion is... (Hill, M., 2022)

However, the reconfiguration of the corporate business model towards a sustainable model does not end only with the inclusion of new logistics system. *“Fashion brands must recognize, understand, and own their environmental impact from one end of the value chain to the other, including production, distribution, and retail partners. Designers must take circularity into account in their process. Clothes should be more durable and styles more timeless, so that consumers can wear them for longer. Production that incorporates monodies and other innovative materials, that are easier to recycle, would make a big difference. Finally, brands should increase their investments in repair services and second-hand and rental services”* (Dittmar, F., et al., 2022).

Business Model Definition

There are several definitions of business model in the literature. Where Amit and Zott (2012) describe it as *"a system of interconnected and independent activities that determines how a company does business with its customers, partners and vendors"*, Baden-Fuller and Morgan (2010) explained that the role of a business model is to *"provide a set of generic-level descriptors of how a company organizes itself to profitably create and distribute value"*. In their monumental publication, on the other hand, Osterwalder et al. (2005) define a business model as a conceptual tool that encompasses *"objects, concepts and their relationships with the aim of expressing a company's business logic"* (Khajavi, S.H., 2021). For several definitions, however, the roots are the same for each of them. Indeed, each one agrees with the thought that these models have three distinct dimensions: value proposition, value creation and value capture. Where *"value proposition"* incorporates the company's product and service offerings and how these are utilized, the *"value creation"* answers the question of how this proposition can be created through the utilization of the company's internal and external capabilities, its technical infrastructure and the processes in which value creation takes place. Finally, *"value capture"* focuses on the question of how the company earns money by examining the costs associated with value creation, as well as the sources of revenue and models associated with the value proposition (Ferasso M., et al., 2020: p. 3008).

If the attributes of the circular economy are attached to a business model, on the other hand, the implication is that the model is aimed at *"creating new value by exploiting pre-existing value stored in used products to generate new offerings"* (Dragomir, V., and Dumitru, M., 2022). Circularity, therefore, focuses on resources, not outputs. Resources can be recovered, recycled, reused, depending on their physical properties, available technologies and consumer demand for these transformations. However, the first step in any circular model is to reduce resource consumption, because the fundamental goal of circularity is to preserve natural resources and avoid waste production. In summary, the implementation of circularity solutions is an inter-organizational effort focused on innovation, stakeholder collaboration and consumer education (Dragomir, V., and Dumitru, M., 2022).

By shifting the discussion towards its application on the textile industry, the use of such models would represent a significant opportunity for new and improved growth as it could decouple revenues from production and resource use, maximizing environmental benefits:

this means less need for raw material production and thus lower greenhouse gas emissions, pollution, and pressure on biodiversity (Ellen MacArthur Foundation, 2021: p. 5). Circular business models, by their very design, keep products and materials circulating in the economy at their highest value by allowing industry as a whole to earn more revenue while significantly reducing the number of products produced (Ellen MacArthur Foundation, 2021: p. 10), as well as providing the opportunity for positive social outcomes to address the industry's concerns about insufficient job security and quality, which can lead to increased poverty, inequality, and exclusion in the communities of the workers concerned (Ellen MacArthur Foundation, 2021: p. 42).

Business Model Categories

To date, there are four main circular business models that, when brought together under a single strategy, have the potential to decouple revenue streams from production and resource use and increase potential revenue and cost benefits (Ellen MacArthur Foundation, 2021: p. 13). Each of these models can be designed to perform different activities and ensure longer-term utilization through the design of products that are physically and emotionally durable and the provision of services that support their long-term use. Such business models have the potential to design and deliver platforms and/or services that facilitate the movement of products from user to user, or to design and develop non-physical digital products and/or services that replace, enhance and complement users' fashion needs and aspirations. Circular business models can ensure better profit margins and competitiveness by allowing companies to offer new services, such as restoration, customization and tailoring, providing multiple revenue streams from a single product. At the same time, costs can be reduced through savings from improved resource productivity and reduced risk (Ellen MacArthur Foundation, 2021: p. 13).

There are four circular business models recognized and incorporated in the business strategies of the best textile companies today. “*Resale*” includes peer-to-peer sales of second-hand items, third-party marketplaces, re-commerce and own-brand pick-up, both online and offline. “*Rental*” includes large-scale subscription models by multi-brand platforms or individual brands, as well as peer-to-peer rental by private owners. “*Repair*” represents the operation by which a defective or broken product or component is restored to a usable state, while “*Remaking*” refers to the operation by which a product is created from existing

products or components. The latter operation includes disassembly, dyeing, and reuse (Ellen MacArthur Foundation, 2021: p. 14).

In recent years, resale, rental, repair and remaking activities have experienced unparalleled progress and growth, representing a \$73 billion market as of 2019 (Figure 8: Ellen MacArthur Foundation, 2021: p. 15). This value was largely driven by the mass market segment, which accounts for about 80% of revenues, with the luxury market segment covering the remaining 20%. 63% of the turnover was generated by resale models, while 20% of the turnover was contributed by rental activities, and the remaining market value captured by repair and remaking (Ellen MacArthur Foundation, 2021: p. 13). Although the pandemic impacted revenues from traditional business models - due to supply chain disruptions, closures, and other economic-political factors - rental and resale was able to recover quickly, demonstrating resilience and perpetual growth, with an estimated valuation above \$1 billion (Ellen MacArthur Foundation, 2021: p. 5).

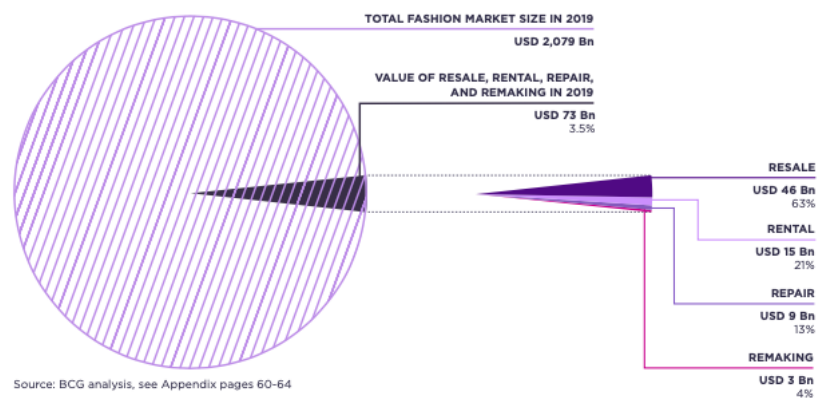


Figure 8: Economic value of resale, rental, repair, and remaking in 2019 (Ellen MacArthur Foundation, 2021: p. 15)

The enormous growth achieved in recent years by these models hides a much greater potential, indeed, forecasts estimate that by 2030 these activities could grow to 23% of the global fashion market (Figure 9: Ellen MacArthur Foundation, 2021: p. 15) contributing significantly to the reduction of greenhouse gas emissions of the industry, totaling around 340 million tons of CO2 equivalent per year (Ellen MacArthur Foundation, 2021: pp. 5, 16). This would allow an overall reduction in CO2 emissions for the fashion industry of up to 16%,

thus contributing up to one third of the reduction needed to be on a 1.5-degree pathway²⁴ (Ellen MacArthur Foundation, 2021: p. 18).

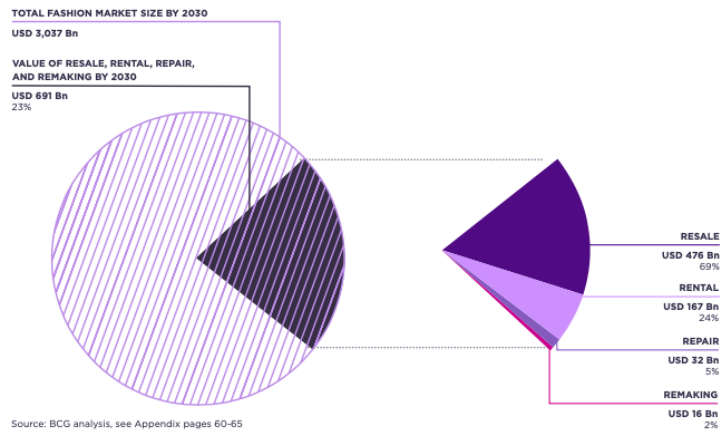


Figure 9: Economic value of resale, rental, repair, and remaking by 2030 (Ellen MacArthur Foundation, 2021: p. 16)

Achieving more uses with fewer products displaces the need for new production and thus also offers one of the greatest opportunities to reduce the negative impacts on biodiversity associated with virgin fiber production, processing, and disposal. Resale, rental, repair, and remaking can, on average, increase product utilization from 25 to 45 uses per item by 2030. This is especially important considering that the textile industry currently relies mainly on non-renewable resources and that, within seven years, more than 134 million tons of textiles per year are expected to be discarded globally (Ellen MacArthur Foundation, 2021: p.18). Figure 10 shows the contribution circular business models can make to the path towards the goal of limiting global warming to 1.5 degrees.

²⁴ The fashion industry needs to reduce CO2 emissions by around 50% by 2030 to help limit global warming to 1.5 degrees (Ellen MacArthur Foundation, 2021: p. 18).

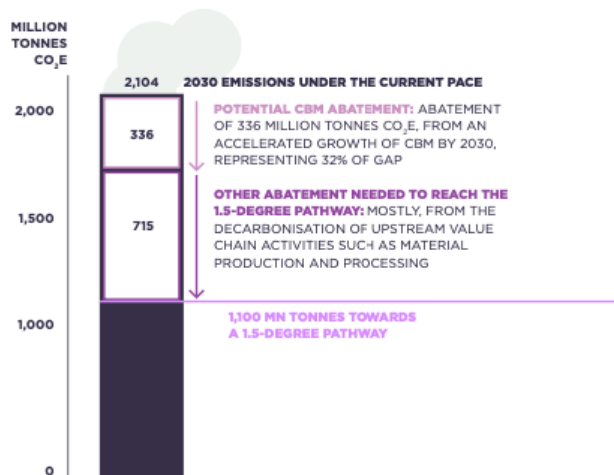


Figure 10: Circular business models' contribution potential to a 1.5-degree pathway (Ellen MacArthur Foundation, 2021: p. 18)

Primary Benefits

Circular business models enable companies to achieve better margins and greater product competitiveness. Additional services such as restoration, customization, and tailoring can indeed provide companies with multiple revenue streams from a single product, while customers can adapt products to their style. At the same time, costs tend to be reduced due to improved resource productivity and reduced risk by valorizing the by-products of production (Ellen MacArthur Foundation, 2021: p. 53). Thus, the benefits brought by the use of sustainable business models are manifold and translate into monetary benefits in and out.

The various activities underpinning circular models allow for physically durable products which, accompanied by quality guarantees and good service, can increase user confidence in the products and thus brand loyalty, as customers feel confident that they will get a higher level of use out of the acquired goods. The additional services provided by the activities defined in these models also enable brands to increase the physical and emotional durability of their products as well as access data on user demand and usage. Consequently, by aligning products with customer desires, different companies can increase their revenues faster.

Through the “newness” without the “new” approach, companies can provide the same product to multiple users, expanding a company's customer base, while meeting client needs for accessibility, convenience, and speed of delivery (Ellen MacArthur Foundation, 2021: p. 53). Although the implementation of circular business models is not an easy step, there are numerous examples of companies that have moved to implement circular activities within

their operations, resulting in an increase in their level of attractiveness and consequently a better reputation in the eyes of the public opinion, which is crucial for a less pressing management of possible business crises. The diversification of revenue streams generated by such models, as well as the reduction of the dependence of the company's production department on the extraction of raw materials and new production systems decreases the risk of the early stages of the value chain and ultimately reduces the dependence on the global supply chain (Ellen MacArthur Foundation, 2021: p. 54). In conclusion, through the implementation of the business models described in this paragraph, companies guarantee themselves a concrete improvement in their level of financial efficiency, also thanks to an undoubtedly significant recognition by the investment community, which sees in such companies prospects of fulfilling ESG requirements undoubtedly better than companies that have not implemented such activities in their business management model (Ellen MacArthur Foundation, 2021: p. 53).

2.5. HOW ORGANIZATIONAL COMPLEXITIES INFLUENCE THE DESIGN OF CIRCULAR BUSINESS MODELS

As inflation dampens consumer sentiment and costs rise for many companies, fashion leaders cannot put off the arduous task of reinventing their organizations. Indeed, in the years to come, talent and organizational structures will become a key performance differentiator and leaders will have to work to align their organizations around the key strategic themes that will drive growth (Amed, I., et al., 2022: p. 108). The evolving competitive landscape and the many challenges facing the fashion industry requires the organization to be structured in a way that allows for a high level of agility to build the resilience needed in 2023 and beyond. This becomes even more necessary if the priority objectives of industry executives include the adoption of circularity in supply chains and business models. Indeed, the main challenges are related to the product process, e.g., in terms of uncertainties in the volume and timeliness of returns, material quality, lack of organizational and change resources to implement circularity, and external factors, such as lack of customer demand and unfavorable regulation (Pal R., Shen B. and Sandberg E., 2019, p. 301).

With particular reference to consumers, a potential cause of failure of many of the sustainable business models is related to the level of customer's education and expectations. While many innovative models have failed to convince consumers of the benefits of sustainable fashion

products, educating consumers can be a catalyst for changes in their behaviour towards more sustainable individual fashion-related practices. A key component of this challenge then becomes convincing consumers that it is worth their effort to increase the value of existing garments, extending their lifespan and creatively finding new uses for them. Consumers could then be steered towards more sustainable consumption behaviour in order to reduce usage levels, making better use of collaborative consumption solutions such as fashion libraries and rewarding upcycling and recycling initiatives (Todeschini, B.V., et al., 2017: p. 767). As mentioned above, consumers are not the only barrier preventing business models such as resale, rental, repair and remaking from seizing their full economic and environmental opportunities. Although they have great potential, booming sectors such as rental and resale do not automatically decouple income streams from production and resource use, nor do they realize the resulting environmental benefits. This is due to three main barriers that prevent companies from achieving their full economic and environmental opportunity: performance indicators, product design and supply chain (Ellen MacArthur Foundation, 2021: p. 25).

The fashion industry is predominantly linear and performance indicators are optimized for this model, i.e., to increase the sales of manufactured products. Even today, circular business models are “added on” to linear models, rather than being a central part of a company's strategic ambition, and this is because performance indicators and customer incentives are not designed in such a way that they intentionally seek to move the company and its customers from linear to circular business models in a way that achieves the economic and environmental benefits that are potentially realizable (Ellen MacArthur Foundation, 2021: p. 25). The shift to a business model based on increased product usage therefore requires the company to rethink how it measures success and encourage customers to choose the circular offering through carefully designed incentives and better customer experiences (Ellen MacArthur Foundation, 2021: p. 6). This means explicitly encouraging customers to engage in models that increase usage, with the added opportunity to benefit from greater access to customer data and preferences and build brand loyalty (Ellen MacArthur Foundation, 2021: p. 31). Designing loyalty programmes that reward customers who access fashion through circular models or offering certain products exclusively through them could make the transition to such models smoother and make the circular model experience more desirable. To this end, companies need to invest resources to position the product or service according to the ideals, aspirations and aesthetics of their audience, while at the same time trying to

expose misconceptions and scepticism towards sustainable models. Developing convenient user experiences, creating community lifestyle platforms and designing marketing campaigns that portray rental or second-hand as “cool” are potential ways to achieve this (Ellen MacArthur Foundation, 2021: p. 32).

A further problem lies in the design and development phase of a sustainable product. During the design phase, the decisions made affect the entire product and thus the quality, materials, production processes and associated costs (Todeschini, B.V., et al., 2017: p. 767). To date, most products are not currently designed to be kept in use through various circular business models, but if product design was considered from the outset through the adoption of environmentally friendly materials and sustainable production processes, significant business benefits could be achieved, allowing products to be used for longer and ensuring alignment with the circular business model (Ellen MacArthur Foundation, 2021: p. 25). However, the decision to adopt such materials is still a challenge for fashion companies, which do not perceive it as a strategic priority for the industry. Moreover, the design phase is fraught with technical challenges. The development of concepts for products using post-consumer waste is severely limited by the size, types, colours and shapes of available materials, which often have to be manually disassembled in a time-consuming process (Todeschini, B.V., et al., 2017: p. 767). Despite the existence of such issues, in order to maximize the economic and environmental potential of circular models, companies must ensure that design is geared towards products that are physically²⁵ and emotionally²⁶ durable and can be remade and recycled at the end of their use. Therefore, it is essential that design decisions are prioritized and specifically tailored to maximize the economic and environmental outcomes of each individual business model. Like physical durability, emotional durability - which refers to how long people want to use a product - is also necessary in many cases to maximize the profitability of circular business models in all product categories and market segments while realizing environmental benefits. Products with a low emotional durability have a shorter life span, limiting their circulation potential through circular business models. One opportunity to

²⁵ *Combine material choices and garment construction, including component reinforcement, to create highly durable products that can resist damage and wear over long periods of time.*

²⁶ *The application of strategies that increase and maintain the relevance and desirability of a product for a user, or multiple users, over time. It depends on the value the user attaches to the product based on factors such as temporality, rarity, history, and significance, among other aspects.*

extend the emotional durability of an item could be to share stories about how the product was made, to help create attachment. Similarly, offering customization services to make products unique to a user may increase the users' desire to wear that product for years to come (Ellen MacArthur Foundation, 2021: p. 35).

In conclusion, the problems associated with a unidirectional supply chain constitute a further barrier towards the implementation of a circular organization. To maximize the profitability of circular business models, effective and efficient infrastructure (off-shore, near-shore and on-shore) and reverse logistics skills are required to circulate products both locally and globally through the establishment of a diverse and highly connected network between all actors in the fashion system (Ellen MacArthur Foundation, 2021: p. 43) and the use of digital technologies (Ellen MacArthur Foundation, 2021: p. 6, 25), which can be harnessed to enable multi-lateral communication and advanced logistics, as well as improve multi-way collaboration and move away from one-way transactions to mutually beneficial partnerships (Ellen MacArthur Foundation, 2021: p. 41). Such collaboration is *"necessary to create logistics, systematize access to materials on an industrial basis, and achieve scale to create sufficient demand for recycling technologies"* (Pal R., Shen B. and Sandberg E., 2019, p. 301). However, one of the main barriers to achieve such industry-wide collaboration is the difference in practices between different actors when it comes to goals and strategies related to material quality and the pace of product introduction, as well as design perspectives. To overcome this issue and enable a smoother sharing of information that facilitates the movement of products and the effective use of product and customer data to operate in real time and on demand, technologies such as artificial intelligence and blockchain may be valid. The latter would provide the necessary traceability to enable smooth exchanges between businesses and suppliers to manage the processes required to make circular business models work (Ellen MacArthur Foundation, 2021: p. 44). Financial aspects in the reverse supply chain are also crucial to consider making the circular supply chain economically viable. Although storage, sorting and disposal costs can be minimized by entering into partnerships with professional collectors, in general the costs of current sorting practices and those for developing new recycling technologies to meet current constraints are considerably high in the textile and fashion industry (Pal R., Shen B. and Sandberg E., 2019, p. 301). There are not only technical problems to be solved, e.g., integrating logistics and information systems, establishing rules for knowledge exchange, defining collaborative marketing strategies in

different regional contexts, but also misaligned organizational values can derail efforts to effectively engage in strategic partnerships (Todeschini, B.V., et al., 2017: p. 768).

CHAPTER 3: FAST VS SLOW FASHION

3.1. DEFINITION

Although “fast fashion”, unbeknownst to most readers, is a system that has its roots with the beginnings of the second industrial revolution, it has only become a trend since the early 1980s. While clothing shopping was once considered an event, and consumers saved to buy new clothes at certain times of the year, consumption patterns began to change with the turn of the Millennium, when shopping became a form of entertainment and discretionary spending on clothing increased (Hayes, A., 2022). This change was strongly affected by the global growth of fast fashion, which, by providing the possibility to wear and acquire luxurious garments at a low cost contributed to the establishment of the phenomenon known as the “democratization” of fashion (NUW, 2021).

The above may help the reader to find a reference date when the term fast fashion was first made public, and this date is highlighted by the opening of Zara's first flagship store in New York in 1990. At that event, the New York Times described the brand's mission as fast fashion, knowing that Ortega had built Zara on the principle of speed as a driving force (NUW, 2021). The emergence of the term brought with it numerous definitions, including a *“cheap, trendy form of clothing that takes its cue from the catwalks or celebrity culture and transforms it into clothing for mass retailers”* (Rauterier, S., 2022) or as *“clothes that are made and sold cheaply, so that people can buy new ones often”* (Cambridge Dictionary, n.d.). According to the Merriam-Webster dictionary (n.d.), fast fashion is defined as an *“approach to the design, creation, and marketing of clothing fashions that emphasizes making fashion trends available to consumers quickly and inexpensively”*. In reality, it is a much-contested term that has come to mean anything from a fast-growing segment of the fashion industry to a description of the speed of the supply chain, and finally a way of expressing the increasing level of consumption that has led fashion to rank as the second most polluting industry on the Planet (NUW, 2021).

In conclusion, what emerges from the various definitions is that fast fashion describes *“low-priced but fashionable clothing that moves rapidly from design to retail shops to meet trends, with new collections being introduced continuously”* (Hayes, A., 2022). Its objective, i.e., to rapidly produce low-cost clothing items in response to rapidly changing consumer demands,

is made possible by the development of faster production and shipping methods and the cost-cutting that has occurred in the textile industry's supply chain, which has contributed to the realization of exponential growth, as evidenced by the figure below (Figure 11: Statista, 2022).

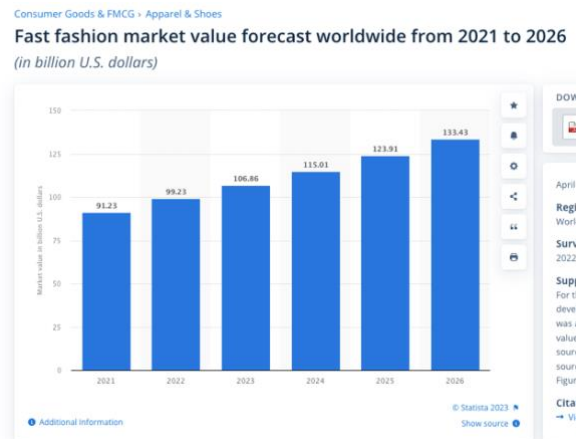


Figure 11: Fast Fashion Market Value Forecast Worldwide from 2021 to 2026 (Statista, 2022)

As we will see later in the chapter, the rise of fast fashion has created large-scale environmental and social side effects. In China, India and Bangladesh, once-prosperous rivers have been destroyed by wastewater discharges from textile factories. Tiny plastic microfibers falling from synthetic garments during the washing process are flooding water supplies and the food chain. These negative effects, combined with other consequences that will be further discussed, have resulted in many companies seeking a solution to the problem, opposing themselves to this trend and focusing more on designing a sustainable fashion system, based on the production of trend-free, superior quality and durable clothing designs (Marquis, C., 2021), by reducing the number of annual collections and realizing made-to-order garments to reduce unnecessary production (Hill, M., 2021). Thus, the “slow fashion” movement was born.

The system identifies itself as the exact opposite of fast fashion. It encompasses an awareness and approach to fashion that considers the processes and resources required for the production of clothing (Hill, M., 2021). Slow fashion, therefore, is defined as an *“approach to clothing production that takes into account all aspects of the supply chain, and in doing so, aims to respect people, the environment and animals by spending more time on the design process and thus ensuring that each garment is of quality”* (Marquis, C., 2021).

Although historically, the term was first coined in 2007 by Kate Fletcher within the Centre for Sustainable Fashion, following the phenomenon of the “slow food” movement (Hill, M., 2021), modern slow fashion is primarily based on the habits of the ancient culture of the industry, when people bought durable garments that could serve them for a long time or made them with the fabrics and resources available to them. This system has always encouraged people to buy fewer garments less often and to opt for second-hand whenever possible, hence encouraging an attitude aimed at stop treating clothes as disposable, and to undertake to repair, recycle, pass them on or dispose of them responsibly when they are no longer worn (Hill, M., 2021). In recent years, slow fashion has seen growing support from consumers who demand higher ethical and sustainability standards, and as a result, this attention has generated steady growth in the global ethical fashion market, which from \$7.57 billion in value in 2022 is expected to grow to \$10.28 billion in 2026, with a compound annual growth rate of 8% (Globe Newswire, 2022). The hope, therefore, is that as awareness and popularity of such a system increases, the Planet and all its inhabitants are set to benefit from this slower and more considered approach to fashion (Hill, M., 2021).

3.2. FAST FASHION BUSINESS MODEL

The repeated change of clothing trends and styles makes fashion a highly dynamic industry (Chavan, R.B., 2018). Through the systematic introduction of seasonal products in advance, typical of fast fashion organizations, companies influence market demand and contribute to the creation of products which attract consumers seeking for creativity and innovation (Lorenzoni, G., 2016: p. 65). At the company level, the introduction of collections takes place through designer trips to international fashion and textile fairs and to major world capitals, where hundreds of garments are purchased to reproduce the trends of the major fashion Houses. The information gathered are then used to design the collections and potential suppliers send their proposals as samples to the design headquarters. The garments are chosen for production and entire teams of buyers and designers begin the price negotiation phase (Figure 12: Chavero S.T., 2017: p. 58).

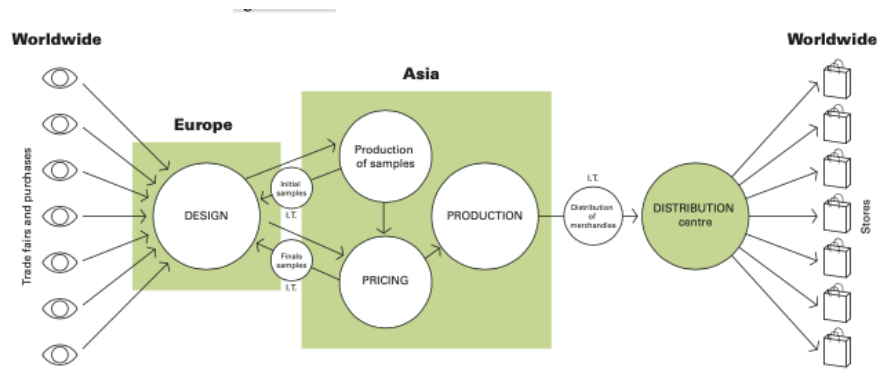


Figure 12: Stages in multinationals' operations international transport (Chavero S.T., 2017: p. 58)

Main Features & Organizational Goal

The constant growth in consumer demand, globalization, and trade liberalization are the key factors that have favored the internationalization of supply chains and the consequent shift of textile and garment production to areas²⁷ where labour is cheaper (Bick, R., et al., 2018). Furthermore, the development of innovative production methods, coupled with the increasing use of technologies such as additive manufacturing or 3D printing, enabled manufacturers to create garments faster and faster, so as to respond instantaneously to the growing needs of the population (Brewer, M.K., 2019) and their appetite for the latest styles. This set of factors has thus given rise to a new approach to fashion i.e., fast fashion, where the immediate satisfaction of demand and the creation of an easily accessible fashion was the main goal behind every business decision.

In this context, the fast fashion or ready-made garment (RMG) model is thus identified as a “business model that offers the perception of clothes at an inexpensive price and supports a high demand for the supply of trends that change periodically” (Croce, R., 2020). Through lean and just-in-time production approaches, fast fashion aims to adapt quickly to newer clothing styles, frequently changing the products offered by retailers (Centobelli, P., et al., 2022) and thus keeping up with the constant demand for more and different styles (Bick, R., et al., 2018). Through on-demand production, instead, companies seek to reduce inventories and to increase the rotation of goods; therefore, the warehouse exists as a showroom and not as a warehouse to buffer continuous demand (Lorenzoni, G., 2016: p. 68). In addition, companies that make use of this business model combine fast processes with a short “time to

²⁷ Mainly low- and middle-income countries - LMICs -

market” and are able to develop original brands that are distinctive and immediately recognizable to customers; as a result, garments introduced to the market are always perceived as “innovative” and “highly fashionable” (Vecchi, A., and Buckley, C., 2016). The close link between design, sourcing, distribution and retailing (Stal, H.I., and Corvellec, H., 2022: p. 871) therefore allows for low prices, short marketing and delivery times (Chavan, R.B., 2018), together with a novelty character of the collections and speed in the production process (Centobelli, P., et al., 2022). This approach has strategic features and requires an organizational commitment of the entire company, since the satisfaction of customer needs is determined by three key elements: speed²⁸, efficiency and flexibility. In practice, this means a rapid updating of trends, a shorter product life cycle, as well as high reaction ability with respect to changes in clients’ demand (Jarka, S., 2018: p. 107).

The above implies that fast fashion companies make use of a light business model that allows to grasp the weak signals of market trends at different stages of the collection creation process and turn the information into products to respond quickly to market demands. The activities of the focal company are focused on the detection and implementation of external trends and the subsequent efficient delivery of products to end users; therefore, the organizational aspect of the business model requires the orchestration of third parties outside the boundaries of the focal companies. Ultimately, the fast fashion business model is discovery-oriented and realized with limited resources and focused capabilities: this is why the strategy and organization of the different production processes must proceed simultaneously (Lorenzoni, G., 2016: p. 68).

Organizational Strategy: More Exploitation, Less Exploration

The fast fashion is a linear model that offers numerous benefits, including proper time and goods management and reduced inventory costs. These benefits are made possible by the implementation of a vertical integration strategy, which ensures that retailers have total control over the design and production phases, together with a significant reduction in delivery times, resulting in the possibility of catching up with fashion trends (Schabasser, C., 2022). In the fast-moving supply chain, the use of lean production and management concepts

²⁸ This concept is based on reducing the time of the flow of goods and information along the entire supply chain: from the preparation of product concepts to their production, to their delivery to the shops, all to increase customer satisfaction.

are necessary to support a flexible, efficient, and competitive business model and to ensure the production of a high variety of products at reduced costs (Demirkazik, N., 2020). From a strategic point of view, such a business model focuses on aspiring and gathering information on new trends, translating this into a collection of products to be offered and sold. This activity is developed using a large number of internal resources to keep variable costs as low as possible, and additional external capacities to limit fixed costs (Lorenzoni, G., 2016: p. 68). Furthermore, companies following this model orient product design and production on the basis of market demand, allowing, through a “pull” approach, to better cope with demand variability and reduce the uncertainty and risk of consumers' strategic choices, as well as to improve the company's economic performance (Vecchi, A., and Buckley, C., 2016).

The basic approach is therefore to follow a “market-oriented” strategy that meets consumer expectations with innovative and fashionable products within the framework of a “differentiated product promise”, together with a “product-oriented” strategy that meets expectations of an affordable price for a medium-quality product. The combination of these two lines of operation, indeed, guarantees the production of standardized garments, together with the possibility of achieving a differentiated, necessary and non-imitable competitive advantage through optimized processes and appropriate technological investments (Demirkazik, N., 2020). Furthermore, this strategy is intended to increase brand adaptability with respect to consumer demand for different products at the desired time and at an affordable price. Indeed, the aim is to ensure flexibility and agility throughout the value chain that can serve the goal of satisfying consumer demands (Demirkazik, N., 2020). Indisputably, to implement the hybrid strategy outlined above, companies must be able to operate in lean, flexible and holistic structures. To this end, companies are radically reorganized through a procedure of aligning the organizational structure with business processes. The critical element therefore becomes the creation of business models designed on the basis of customer objectives and expectations, organizing processes by product subgroups and the types of orders they represent (Demirkazik, N., 2020). In addition, the same models need to ensure proper supply chain management, as well as to define detailed process performance indicators that can be both an effective management tool for the various work teams and improve effectiveness in achieving the final objectives (Demirkazik, N., 2020).

From the above, it is possible to summarize how companies following a fast fashion business strategy are strongly focused on the exploitation of current technologies and moderately on

risk-taking and the pursuit of innovation. Indeed, the main objective of such organizations is to maintain market position and invest in resources to pursue new opportunities (Burton, R.M., Obel, B., and Hakonsson, D.D., 2021). The aim is to be highly efficient by imitating the processes and innovations of companies with which there is a direct level of competition. This strategy can provide the organization with a source of invulnerability to what others are doing through small process changes for existing products and services, but at the same time define a non-negligible source of vulnerability when companies follow the wrong trend or fail to imitate quickly enough (Burton, R.M., Obel, B., and Hakonsson, D.D., 2021).

In addition, it should be considered that the fast fashion companies with the highest international recognition are characterized by a high degree of diversification, both in terms of the number of products and collections offered and in the geographical areas served. This requires them to adopt a matrix configuration that allows individual organizations to take advantage of a certain degree of economy of scale, while maintaining the flexibility to adapt to change and foster innovation (Burton, R.M., Obel, B., and Hakonsson, D.D., 2021; Donaldson, L., and Joffe, G., 2014). This configuration is often the subject of business consideration when the strategic choice moves towards the implementation of a transnational strategy characterized by a high degree of local responsiveness and integration to achieve worldwide economies of scale through standardized products and integrated global supply chains (Donaldson, L., and Joffe, G., 2014). In fact, with the intensification of globalization processes, most companies have started to abandon multi-local strategies to pursue global strategies, favored by the development of information and communication technologies and the consequent integration of marketing, sourcing, production, and distribution processes (Jarka, S., 2018: p. 108). This choice to adopt transnational strategies considers the difficult strategic decisions regarding the location of production that the fashion industry faces for effective operation, development, and survival. Indeed, they are seen as the most suitable option for the growth of the organizations themselves, together with a decisive factor in reducing corporate operating costs (Jarka, S., 2018: p. 108).

3.3. THE DARK SIDE OF FAST FASHION

The fast fashion system is linked to many overarching challenges, including environmental degradation, human rights exploitation and “feminism”. These define just a few of the social and environmental consequences that are triggered and that provoke dissatisfaction and

criticism, which among other things, come from a variety of sources including the industry itself, media, celebrities, and academic writers (Chang, A., 2020).

Therefore, the following paragraph is intended to give voice to the issues highlighted by this system, first analyzing them from the perspective of the thorny social issues, and then turning to the more common and visible environmental problems. In addition, with particular reference to the burdensome ecological impact generated by the model under study, the idea of proposing to readers the ways in which a completely sustainable supply chain can be achieved was thought to be absolutely pertinent to the conclusion of this paragraph.

Ethical Impact

Globalization, the vulnerability of global capital, and the consequent volatility of job opportunities in developing countries can lead to improved economies and create employment for many people by offering them financial stability and a chance to escape poverty. However, the process is not perfect: recession, low wages, poor labour rights - inadequate health and safety, long hours, no contracts - and child labour are evident in some countries (Mukherjee, S., 2015: p. 29). Indeed, globalization has led not only to benefits, but also to systematic inequalities in the fast fashion industry, as textile workers are repeatedly exploited to allow the relatively rich to enjoy the luxury of the latest fashion trends. On the surface, more affordable clothing seems a positive step towards fairness; however, if the consumer pays little, someone else pays the price. This implies that consumers do not pay reasonable wages, hours and working conditions for employees, which means that there is a human cost associated with the purchase. In summary, fast fashion not only causes considerable waste, pollution and emissions, but is also associated with gender discrimination, violation of workers' rights and inhuman working conditions in many countries (Chavero, S.T., 2017: p. 62).

One of the most prominent problems from a social-ethical point of view reports of an industry that pursues its interests by violating the numerous laws covering workers' rights. Human rights violations and sweatshop-like working conditions affect millions of workers in the textile and clothing industry. When working conditions are poor, workers' health suffers, with health risks such as back pain, varicose veins, asthma, miscarriage, acidity, eye strain, burns, and other injuries (Mukherjee, S., 2015: p. 31). A further ominous aspect considers the

daily pay of such employees, which more often than not, is below the legal minimum wage, forcing them to work long hours in unsafe environments, without access to health care or paid leave. The problems are therefore multiple and deep-rooted. Indeed, for textile workers, fast fashion is synonymous with terrible working conditions, abuse, and a wage that is not a “living wage”, as evidenced by the fact that most working families tend to send more than one member to work in the industry (Mukherjee, S., 2015: p. 30).

The fast fashion system, therefore, leverages local communities to produce cheap clothes by abusing labour laws and human rights protections that are lacking in the countries where most factories operate. Given the importance of meeting delivery times, people are forced to work intensively for long periods during the peak season. In tailoring units, clerks tend to work for 36 hours at a time when export orders abroad are high (Mukherjee, S., 2015: p. 30). Falling garment prices have necessitated low-cost production throughout the supply chain, from pickers and laborers on farms to factory workers. Manufacturers are under additional pressure to cut costs, and workshops with poor standards are seen as a “hidden” way to do this (Mukherjee, S., 2015: p. 30). A further problem relates to cases of forced and child labour that are increasing in number in developing countries. Although children have been employed in this sector in the past, with the shift to the export market, their employment has increased significantly (Mukherjee, S., 2015: p. 30). Indeed, although the elimination of child labour is one of the goals of the International Labour Organization (ILO), it remains a challenge in the garment and textile industry, especially due to the difficulty of monitoring subcontractors, indirect workers and homeworkers (Mukherjee, S., 2015: p. 31).

A growing concern is related to the absence or lack of strict legislation and procedures to protect the safety and health of workers. Occupational and safety standards in LDCs are often not enforced due to poor policy infrastructure and organizational management. The result is a myriad of occupational hazards, including respiratory risks due to poor ventilation, and musculoskeletal risks due to repetitive motion activities. In the same countries, reported health outcomes include debilitating and life-threatening conditions such as lung disease and cancer, endocrine function damage, adverse reproductive and fetal outcomes, accidental injuries, overuse injuries, and death (Bick, R., et al., 2018).

The collapse of the Rana Plaza²⁹ industrial complex in Dhaka, Bangladesh in 2013, was a terrible and sad metaphor for the uncontrollable impacts of fast fashion, but also an example of how this system needs profound change. Following the echo of this public outrage, in fact, many companies started to invest in more virtuous production practices both to safeguard their reputation and for ethical purposes (Centobelli, P., et al., 2022). Subsequently, a group of large-scale retail textile companies and NGOs set up two private remediation and governance programmes, the “Accord on Building and Fire Safety” and the “Alliance for Workers Safety”, with the aim of asking large-scale retail companies to take responsibility for working conditions in their suppliers' factories and to create a system to inspect and finance repairs in these factories (Croce, R., 2020).

In conclusion, it was felt that it was only right to also give prominence and space to one of the issues initially listed, and which answers to the term feminism, i.e., “*the belief that women should be allowed the same rights, power, and opportunities as men and be treated in the same way, or the set of activities intended to achieve this state*” (ik Dictionary, n.d.). Women are the backbone of the textile industry, as well as the main workers in European multinationals and Asian companies (Chavero, S.T., 2017: p. 59). Therefore, the social implications of the fast fashion industry have a disproportionate impact on them. Actually, they are forced to work in sweatshops, in dangerous conditions, often in windowless rooms, poisoned by fumes from the chemicals used in the production and dyeing of clothes (Chang, A., 2020). They predominantly occupy low-level, monotonous, low-paid positions with grueling working hours, while all positions of power and the most important benefits are the prerogative of men (Mukherjee, S., 2015: p. 30). In recent years, the proportion of women in the total workforce has also increased. In absolute terms, there has been a shift from an average number of female workers to a high number of female workers in this sector, mainly due to the segmentation of the workforce according to gender and age, but also due to an unhealthy belief that women are compliant, docile, retractable, and have less bargaining power (Chang, A., 2020; Mukherjee, S., 2015: p. 29). The predominance of women workers in factory premises and their relative powerlessness, as witnessed by the near absence of

²⁹ On 23 April 2013, the Rana Plaza building collapsed, killing about 1,134 people and leaving about 2,000 injured. The Rana Plaza was one of thousands of buildings converted into textile factories in Dhaka, Bangladesh. It was an eight-store high building, and although it was evident that there were many cracks in the walls, workers were ordered to enter and go to work at the risk of losing their jobs (Croce, R., 2020).

higher management positions and a difficult socio-economic environment, often make them sexually vulnerable, which is why, incidents of harassment, both in terms of physical and verbal violence, are very high in garment factories (Mukherjee, S., 2015: p. 31). In addition, women would be legally entitled to maternity leave and, optionally, reduced working hours for a few years after giving birth. The reality, however, can be very different: some women workers do not take the maternity leave to which they are entitled for fear of losing their jobs, while others reduce their working hours, but over time the company suggests a return to the full working day and, in some cases, even tries to reach an agreement with the woman to leave the company. These are not isolated incidents, but common practices considered quite normal by the multinationals in question (Chavero, S.T., 2017: p. 60).

Environmental Impact

Climate change, environmental degradation, loss of biodiversity, depletion of natural resources and water wastage are the main problems civilization is currently facing. Instead of considering how design and production can meet sustainability criteria, clothing is designed and manufactured for rapid trend replacement through obsolescence and premature disposal, allowing for quick profit and generating a large amount of waste (Centobelli, P., et al., 2022). This business strategy makes the fashion industry one of the most polluting globally, ranking among the top three pressures on water and land use, as well as among the top five in terms of raw material use and greenhouse gas emissions. Specifically, the fashion industry requires 79 billion cubic metres of water annually - about 20% of the world's total water consumption -, generates 1.7 billion tons of CO₂ - about 10% of the world's total CO₂ emissions -, and produces 92 million tons of textile waste (Centobelli, P., et al., 2022). Furthermore, carbon emissions are creating significant global warming; as a result, natural disasters and effects such as floods, droughts, storms, and rising sea levels are becoming increasingly frequent (Centobelli, P., et al., 2022).

Despite the widely publicized environmental impact, however, the industry continues to grow, partly due to the rise of fast fashion (Rukhaya, S., et al., 2021: p. 517). This model has changed the way people buy and dispose of clothes. Although this transition is sometimes heralded as the democratization of fashion, the human and environmental health risks associated with cheap clothing are hidden throughout the life cycle of each garment (Bick, R., et al., 2018). More than 80 million garments are sold globally each year, and more than 75%

of those discarded end up in landfills. One fifth of the toxins discharged into the world's waters come from the textile industry, which uses billions of liters of water to produce all kinds of garments (Chavero, S.T., 2017, p. 56), along with the demand for energy and raw materials, resulting in an unsustainable demand for natural resources on the Planet. To make matters worse, large quantities of chemical pollutants, carbon dioxide and other toxic substances are released into waterways, soil and air³⁰ during the production of clothing (Rukhaya, S., et al., 2021: p. 517). The negative strand of impacts continues during the use phase by the consumer, who instead of reusing or recycling their garments, too often throws them into landfills. There are therefore implications both in terms of increased textile waste streams and environmental impacts associated with the production, use and end-of-life management of products. Fast fashion therefore leaves a polluting footprint, as each stage of the clothing lifecycle generates potential environmental and employment risks; thus, even if it offers shoppers the opportunity to buy more clothing at a lower price, there is a disproportionate burden of environmental health risks for those who work or reside near textile production facilities (Rukhaya, S., et al., 2021: p. 518).

For these reasons, industry is under increasing global scrutiny for its behaviour towards sustainability issues together with those related to sourcing operations and overconsumption of natural resources. This leads to a discussion on sustainability in general; however, this is a sensitive issue because the industry relies on production in low-cost countries where environmental and safety standards may be weak (Thorisdottir, T.S., and Johannsdottir, L., 2019). Furthermore, there are numerous factors that influence sustainability practices and precisely, vary from governmental, regulatory and market, closed-loop pressure and value creation to elements such as innovation, equity, authenticity, functionality, localism and exclusivity (Thorisdottir, T.S., and Johannsdottir, L., 2019).

Adding to the global concerns about industry management are problems that follow an increasing trajectory and are unlikely to be solved in the near future. As mentioned earlier, the global fashion industry generates many greenhouse emissions due to the energy used during the production, processing, and transportation of the millions of garments purchased each year. It is assumed that polyester/cotton blends have the greatest influence on

³⁰ Gaseous emissions have been recognized as the second biggest pollution problem for the textile industry (Rukhaya, S., et al., 2021: p. 519).

greenhouse gases in the vaporization process, with wool having a greater impact in the early stages of production due to the methane released (Rukhaya, S., et al., 2021: p. 518). To exacerbate this problem, let's consider how cheap and easy-care fibers, such as polyester, are becoming the textile industry's miracle solution. Their processing is based on an energy-intensive process that requires large quantities of crude oil and releases emissions, including volatile organic compounds and acid gases that can cause respiratory diseases (Mukherjee, S., 2015: p. 25). Looking at the consequences generated by the cultivation and use of cotton, there are numbers to support the enormous danger it generates on a planetary level. Cotton, indeed, uses around 25% of the world's insecticides and more than 10% of pesticides, substances that heavily pollute groundwater, air, and soil (Chavero, S.T., 2017: p. 61). Furthermore, the massive use of chemicals in cotton cultivation causes diseases and premature deaths among farmers (Rukhaya, S., et al., 2021: p. 519). In short, the extent of the devastation caused by synthetic fibers is staggering: scientists estimate that microfibers make up 85% of the man-made debris on ocean shores, and their decomposition process is particularly slow. A growing number of publications suggest that microfibers have entered the human food chain not only through the consumption of aquatic life forms, but more worryingly also through drinking water (Brewer, M.K., 2019).

The pollution of water resources is a further consequence of fast fashion production processes. Actually, the textile industry uses large quantities of water in all its operations, from fiber washing to bleaching, dyeing and washing the finished products. This puts enormous pressure on this precious resource, which is already scarce, and has dramatic ecological consequences, such as the desertification of the Aral Sea, where cotton production has completely dried up the water. The large volumes of wastewater generated also contain various chemicals, which are used during processing. These can cause damage if they are not properly treated before being discharged into the environment, thus leading to water pollution (Rukhaya, S., et al., 2021: p. 519). An additional problem inherent to the aquifer system considers the use of dyes. Indeed, many of them present health risks to the user and damage the environment in various ways. The dyeing process generally involves a number of toxic chemicals such as dioxins, which are carcinogenic and can disrupt hormones; heavy metals such as chromium, copper and zinc, which are known carcinogens; and formaldehyde, a suspected carcinogen. Many dyes, including natural ones, do not "stick" to the fabric well enough to prevent large amounts of colored water from being washed off the fabric immediately after dyeing. Every year, the global textile industry discharges 40,000-50,000

tons of dyes into rivers and streams. Although this wastewater can be treated to remove the dye, salt and other toxic chemicals such as heavy metals, so that the water is safe to return to water systems, this treatment process is expensive and does not always happen. Finally, even when the water may seem clean, the temperature of the water can be a problem. Water used in the dye production process is heated, resulting in hot wastewater being discharged into river systems, which can impact and damage fish and the ecosystem (Mukherjee, S., 2015: p. 27).

Just as various pollutants can create an unparalleled risk to our aquatic resources, the same can be said about land use. One of the main environmental problems the Planet is facing is the massive and global degradation of this element at the base of the ecosystem. However, the chemical pollution caused by textile processing activities, together with the use of herbicides, insecticides, fertilizers, and the loss of biodiversity, poses a serious threat as a function of the global warming it contributes to (Rukhaya, S., et al., 2021: p. 518). Healthy soil is necessary for food production but also for absorbing CO₂. Thousands of hectares of ancient and endangered rainforests are cut down every year and replaced by plantations of trees used to produce wood-based textiles. This harms indigenous communities and also the Earth (Rukhaya, S., et al., 2021: p. 518).

Sustainable Supply Chain Management

Fast fashion is on a trajectory that will contribute to irreparable damage to the environment by 2030. To meet the growing demand for low-cost clothing, brands have developed supply chains that produce high volumes of petroleum-based synthetic garments in developing countries. This, as anticipated, has contributed to the creation of significant levels of greenhouse gases and landfill waste, which is why, after a series of complaints and controversies about the impact of fast fashion, leaders have decided to take sustainability initiatives and declared that they want to be more “eco-friendly” by reducing the environmental impact generated by their supply chains (Wren, B., 2022). Although new sustainability measures are being implemented, change is not forthcoming. The fashion industry will contribute to pushing global temperatures beyond the 1.5C limit set by the IPCC by 2030 if it does not commit to a reduction of total CO₂ production below 1.1 billion metric tons by then, a 48% decrease from current levels. This requires effective supply chain management that integrates sustainable policies into all manufacturing operations by focusing

on two key areas: reducing the indirect impact created by upstream and downstream activities and re-evaluating garment design to make current sustainability measures more effective (Wren, B., 2022).

However, there are several problems behind the implementation of a sustainable supply chain. These include the lack of involvement of upstream partners in sustainability initiatives, the focus on short-term incentives for suppliers rather than long-term investments in green practices, and the lack of commitment to a more sustainable design standard with less harmful raw materials (Wren, B., 2022). Another major weakness that needs to be addressed is the inability to fully incorporate the garment design standard into a company's SSCM strategy. Most fast fashion products, as it is well known, are made from petroleum-based synthetic materials, such as polyester or nylon, which are difficult to recycle. By investing in less harmful materials, brands can ensure that the production of each garment has a significantly lower environmental impact over its lifetime. Finally, industry leaders cannot fully commit to effective SSCM strategies without also committing to transparency of their impact as, without this, it will be difficult for consumers and policymakers to develop a clear understanding of industry improvements (Wren, B., 2022). In summary, fast fashion brands need to incentivize sustainable practices in upstream and downstream activities and commit to a more sustainable design standard for garments.

To address upstream activities, brands can leverage their partners' programmes to decarbonize material production and processing, improve energy efficiency and increase the use of renewable energy sources. Decarbonization can be achieved through the use of various new processing technologies and targeted agricultural techniques (Wren, B., 2022). For instance, raw material suppliers can decarbonize cotton production by reducing the use of fertilizers and pesticides and using improved agricultural practices such as targeted spreading (Chopin, P., et al., 2021). This fertilization method involves targeted application of fertilizers rather than blanket application, which creates fallout and releases excess carbon that is stored in the soil (Wren, B., 2022). On the other hand, improvements in energy efficiency will be essential for the production of synthetic materials, such as polyester, which require large amounts of energy to create, and to reduce greenhouse gas emissions created by fast fashion supply chains. This can be achieved mainly through technological improvements in

processing and production, such as the transition from wet³¹ to dry³² processing (Wren, B., 2022).

Commitment to the integration of downstream activities, on the other hand, takes many forms, including giving garments another purpose with recycling, repair, rental, and resale activities, investing in innovative materials that make existing recycling efforts more effective, and designing garments that provide more long-term value for consumers (Wren, B., 2022). Many brands, through the use of their shops as collection points for used clothing, enable consumers to reduce their contribution to landfills; however, this programme can be more effectively harnessed to encourage a higher participation rate. Rental options offer advantages for both brands and shoppers: brands can obtain a continuous revenue stream from a single garment and reduce waste, while shoppers have the opportunity to try new styles at an affordable price. Repair services, on the other hand, allow the brand to pursue an excellent opportunity to create jobs for underserved communities and increase CSR efforts. Finally, resale offers an additional revenue opportunity, as companies earn revenue from gently used garments, as well as reinforcing their public commitment to sustainable practices (Wren, B., 2022).

To create more environmentally friendly products, brands need to understand the current impact of each garment. This can be achieved through a life cycle assessment, which tracks the environmental impact of a specific product during each stage of the supply chain, from raw material collection to disposal (Wren, B., 2022), and which allows for the identification of which products and processes have the greatest impact and need the most change (Seuring, S., and Müller, M., 2008). After completing such valuation, the creation of environmentally friendly products begins with one of the most important steps in the supply chain: the design phase. By changing the design standard of a garment, fashion companies influence its impact at every stage of the chain, from the production of raw materials to the recycling of the garment after use by the consumer (Wren, B., 2022). Moreover, at this level, raw material innovation becomes a key component in creating greener products. The materials used to

³¹ *Wet processing refers to processes that use large amounts of water and energy to transform fabrics into finished products, including bleaching, dyeing, printing, and finishing (Wren, B., 2022).*

³² *An example of switching to dry processing is the laser dyeing of jeans, instead of heating large quantities of water for dyeing (Wren, B., 2022).*

produce a garment determine how it is manufactured, how it is cared for, and how it can be reused at the end of its life cycle; therefore, by researching and using greener and more durable materials, brands can make recycling efforts more effective (Wren, B., 2022).

In the future, fast fashion companies can make recycling more effective in the long run by focusing CSR funds on the search for raw materials suitable for recycling or reuse, gaining long-term benefits from this investment, thus demonstrating the brand's genuine commitment to sustainability and making recycling efforts more effective in the long run (Wren, B., 2022). In conclusion, fast fashion organizations should incentivize collaboration towards more holistic SSCM policies throughout the fashion supply chain to significantly mitigate their environmental impact and create a more sustainable industry that offers long-term benefits to their production line, customers and the Planet (Wren, B., 2022).

3.4. SLOW FASHION BUSINESS MODEL

Main Features and Organizational Goal

Slow fashion has emerged as an effective way to improve the sustainability of the fashion industry, representing an alternative to the dominant model of fast fashion (Centobelli, P., 2022). With respect to the latter, we could point to slow fashion as an innovative movement (Chavan, R.B., 2018) that identifies a production philosophy attentive to the respective needs of the various stakeholders, designers, retailers, consumers, and ecosystems (Centobelli, P., 2022). Slow fashion involves local artisans and the use of “eco-friendly” materials, with the aim of preserving the environment, and ultimately providing value to both consumers and producers (Wang, Y.S., 2022). Indeed, it seeks to incorporate green thinking into the world of fashion and move customers away from the throwaway culture that has been created with the emergence of the fast fashion concept, through the promotion of more conscious buying behaviour and reduction in consumption. Slow fashion therefore stands for sustainability and quality, values that can be achieved through a commitment to transparent management of the production chain (Chavan, R.B., 2018). Sustainable fashion involves adopting an approach to the design, production, and sale of clothing that maximizes benefits for people and communities around the world while minimizing negative impacts on the environment. With reference to the supply chain, it is designed on the basis of high ethical, reliability, sustainability, and quality standards, emphasizing the use of local resources, organic or recycled materials thus ensuring a longer product life (Chavan, R.B., 2018). The latter are

driven by sustainability and sensory characteristics and mainly constructed on the basis of fair-trade textiles in order to create garments that generate meaningful experiences and are more appreciated than typical consumer goods. The garments produced have characteristics of manual production, which are invariable and with a well-defined and relevant social justice, so there is no need for flexibility in their production (Solino, L.J.S., and Dantas, Í.J.M., 2020: p. 179). The product is seen as an investment, so maintaining quality and beauty are essential (Ertekin, Z.O., and Atik, D., 2015: p. 58).

The available data show that eco-friendly clothing represents only 1% of the global clothing market to date (Chang, A., 2020). In order for this percentage to take a decisive turn, not only consumers must commit to a change in their consumption habits, but an investment in clean technologies with real legislative support from key government agencies is required (Rukhaya, S., et al., 2021: p. 519). Where technologies can become an accelerator of growth and a source of competitive advantage (Štefko, R., and Steffek, V., 2018), the same can be required to political organizations: the EU Strategy developed by the European Commission for sustainable and circular textiles aimed at defining conditions and incentives to achieve a sustainable ecosystem by 2030 represents a clear example of how to support organizations that adopt the values of slow fashion (Centobelli, P., 2022).

Thus, this movement encompasses designing, producing, consuming, and living in a healthy way considering environmental, social, ethical, and moral sustainability, producing clothes that maintain aesthetic appeal while being aware of their effects on the environment (Solino, L.J.S., and Dantas, Í.J.M., 2020: p. 185). It focuses on slowing down consumerism and respecting the environment and ethics (Wang, Y.S., 2022); indeed, the principles on which this model is based are the same as those of the circular economy, fair trade, and sharing economy (Centobelli, P., 2022). Through an increased emphasis on the connection between raw materials, designers, craftspeople, retailers, and consumers, companies in the slow fashion movement promote sustainability in sourcing, production and consumption, favoring craftsmanship and good management. However, consumers' interest in sustainable fashion is not always instantly translated into a change in their behaviour. In fact, one of the primary differentiators with fast fashion, i.e., the premium price, can act as a repellent. Organizations that make use of this model use natural or recycled materials that require more time and labour, at the same time, small-scale production undermines production efficiency, leading to higher fixed and variable costs (Liu, C., Liu, G., and Gong, X., 2021: p. 233). Slow fashion

designers offer iconic pieces with an “immortal” value, investing time in the realization of their designs (Štefko, R., and Steffek, V., 2018); however, this has to be transferred to a fair selling price, which of course, far exceeds the price of goods produced by a fast fashion system. Therefore, those organizations need to communicate the cost of the “fast” model more effectively to consumers and continue to emphasize the responsible practices of ethical fashion and its contributions to sustainability (Brewer, M.K., 2019).

Considering its purest features, ethical fashion is based on incontrovertible principles. It is a movement that emphasizes durability, aesthetics, exclusivity, comfort, and quality construction and opposes standardization and fashions (Mukherjee, S., 2015: p. 33). Slow fashion is unique, authentic, and difficult to copy, with a timeless and individual style. High-quality fabrics and classic styles are the hallmarks of this trend, as well as craftsmanship (Wang, Y.S., 2022). The local fashion movement emphasizes the importance of place in fashion to strengthen the relationship between consumer and producer (Mukherjee, S., 2015: p. 33). No less important is the collaboration between designers, producers, and consumers to adequately address the impact of production processes and consumption patterns; ethical designers, indeed, must meet consumer needs in terms of style, comfort, quality, value, and aesthetics, while minimizing environmental and social impacts (Mukherjee, S., 2015: p. 33). The development of a garment with a cultural and emotional connection is at the heart of the purpose of slow fashion: consumers will keep a dress longer than a season if they feel emotionally or culturally connected to it. There is also an important movement towards greater transparency of companies: many sustainable fashion organizations reveal the production process of their clothes and designs, helping buyers to make more informed purchasing decisions (Wang, Y.S., 2022).

Slow fashion, therefore, is no longer just a theory about product connection and improvement, but also involves consumer lifestyles and ethical production. It transcends the concept of simply being fashionable and embraces clothing as self-expression. The movement focuses on individual creativity and serves as a means of personal expression, reflecting the wearer (Štefko, R., and Steffek, V., 2018). Actually, such a system aims to reduce the speed at which the industry operates, thus ensuring that quality is put before quantity: instead of providing an endless supply of shoddy clothing, the movement focuses on thoughtful design, creation, and consumption that puts quality, longevity, and impact first (Wang, Y.S., 2022). Slow fashion emphasizes balance: as there is no time certainty, it allows

suppliers to plan orders and forecast the number of workers needed in the long term, giving companies time to build mutually beneficial relationships (Ertekin, Z.O., and Atik, D., 2015: p. 57).

In conclusion, slow fashion was born with the premise of inhibiting the speed with which fashion products reach the end consumer, and in such a short time they are discarded. This transparent production system with less intermediation between consumer and producer prioritizes care, quality, and long-term production (Solino, L.J.S., and Dantas, Í.J.M., 2020: p. 183) in order to segment and differentiate the pieces produced in a model in which the form of growth is gradual and spontaneous (Solino, L.J.S., and Dantas, Í.J.M., 2020: p. 190). Any organization that considers the production of garments according to this system is therefore based on a high concentration on the quality of the output, and on the development of new ideas regarding the materials to be used in order to create a durable product that is pleasing to the eye while satisfying all those consumers who care about the fate of our ecosystem and feel responsible for change.

Organizational Strategy

The slow fashion industry is characterized by a highly competitive environment in which each organization pursues different strategies with varying degrees of market orientation. The industry presents risks related to customer demand, technical feasibility, and business growth; therefore, “slow” organizations should use a differentiation strategy and high-level orientation in the hope of attracting more customers and creating more opportunities to expand their market share (Wang, Y.S., 2022).

On the organizational front, choosing a local approach that emphasizes design and production, through the use and exploitation of local materials, resources, and skills, would potentially provide an alternative to standardization and centralization and encourage diversity (Ertekin, Z.O., and Atik, D., 2015: p. 58). To fulfil this outcome, it becomes essential to create transparent production systems with less intermediation between producers and consumers. Transparency refers to the blurring of the boundary between consumption and production, as seen in small-scale enterprises and local practices, through the use of manual skills and other artisanal processes. More transparent production systems and less intermediation foster collaboration between designers, producers, and users, redefining their

roles and enabling the establishment of win-win relationships (Ertekin, Z.O., and Atik, D., 2015: p. 58). The same transparency is also required in the design of the supply chain, which, by definition, deals with the production of functional products and thus, with long life cycles and independent of recent trends (Schabasser, C., 2022). Ultimately, the use of a local approach requires the repositioning of design, production, consumption, use, and reuse strategies and considers the procedures and resources required to create garments (Wang, Y.S., 2022), considering the provision of unique and customized services as a differentiator (Štefko, R., and Steffek, V., 2018).

Moreover, new ideas and product innovations are constantly redefining slow fashion (Wang, Y.S., 2022). This trend towards the use of new technologies and operational processes, coupled with a willingness to take risks and innovate, enables slow organizations to produce high quality goods and to be able to make significant changes in terms of products when demand requires it. In terms of internal organizational aspects, a highly skilled workforce and multidisciplinary teams are crucial for achieving product or process innovation, as well as the achievement of innovative leadership (Patora-Wysocka, Z., and Sulkowski, L., 2019). As we noted in the previous section, the main concern is not on the efficient use of resources, but on the quality of output products, which can enable companies to sustain a high-cost structure in the face of higher selling prices (Burton, R.M., Obel, B., and Hakonsson, D.D., 2021). To remain competitive, such organizations require detailed and targeted information that enables continuous refinement of current products and production methods (Burton, R.M., Obel, B., and Hakonsson, D.D., 2021). In summary, companies in the industry seek to focus on quality products and timeless design, serving niche markets using local suppliers and own-brand boutique sales (Štefko, R., and Steffek, V., 2018).

A final interesting aspect considers corporate sustainability practices in the slow fashion industry. In particular, organizational change requires an observed management of the interactions and the way in which actors use resources, tools, technologies, and internal knowledge in order to incrementally adjust work, processes, organization, and everyday practice (Patora-Wysocka, Z., and Sulkowski, L., 2019). In other words, it is necessary for an organization to be concerned with existing short-term routines, planning, and compliance, and the continuity of the chosen practice. The centre of gravity shifts to supply chain practices as the process ends with sustainable customer value. Furthermore, companies bring about sustainable change by influencing the practices of their suppliers: this is done through

direct control of the production process and careful selection of suppliers based on sustainability criteria (Patora-Wysocka, Z., and Sulkowski, L., 2019).

Slow Fashion Barriers

The rapid globalization of the world economy has led to the creation of the current system of low-cost products based on the exploitation of labour and natural resources, i.e., fast fashion, and contributed to the creation of a fragmented, complex, and less transparent supply chain, thus not allowing ethical standards to be applied to the entire system, including the supply of components, the labour used in the production of garments, transport from factory to point of sale, after-sales, and disposal. Furthermore, globalization processes have distanced the individual from the social and environmental consequences of the goods consumed. This, together with the disconnection from resource origins and environmental consequences of consumption practices, often acts as barriers to sustainable development (Ertekin, Z.O., and Atik, D., 2015: p. 61). Many of these stems from inadequate policies regarding the availability, quality, and accessibility of eco-friendly products, thus making the adoption of sustainable behaviour and lifestyles difficult and inconvenient. When consumers feel they have limited choices, they often do not act. They usually ignore environmental impacts or working conditions if being ethical requires a greater investment of time and effort; consequently, the desire for comfort, convenience, and practicality become important barriers to sustainable behaviour (Ertekin, Z.O., and Atik, D., 2015: p. 61).

Economic factors determine a further barrier for the implementation of a slow fashion system. Indeed, they often play a role in consumers' preference for cheap and accessible fashion. Lack of money is a major constraint that may prevent or limit pro-sustainable and pro-environmental behaviour. Products obtainable from the “slow” chain are often perceived as more expensive, which is a deterrent to their extensive use. Therefore, cost is often a very critical consideration, especially when the desire to get the best value for money prevails over ethical convictions. This leads to a situation in which consumers are inclined to choose fast fashion over local designers or vintage shops, because these latter are often more expensive. The creation of a sustainable fashion system, therefore, disagrees with consumer preferences for cheaper products, regardless of suppliers and production techniques (Ertekin, Z.O., and Atik, D., 2015: p. 61).

A further hurdle is the lack of knowledge, skills, awareness, and consideration of sustainability issues and problems. Although designers, brands, and retailers of slow fashion are increasingly numerous and labels such as “ethical”, “eco-friendly”, “fair trade” and even “second-hand” or “vintage” are used to convince customers of the goodness of the products purchased, in general, consumer awareness of the impacts of the fashion industry is rather low and, thus, the slow fashion is still a niche market rather than a mass reality (Ertekin, Z.O., and Atik, D., 2015: p. 61). Furthermore, personal effort also depends on the motivation of individuals; indeed, not everyone is equally motivated to change their lifestyle in a sustainable direction. Lack of empowerment, a sense of powerlessness or a lack of self-efficacy in solving environmental and ethical problems can reduce individual motivation, just as the legitimacy of consumers and other actors affects market dynamics. When consumers lack legitimacy, resources, and power in traditional markets, the pace of change in these markets may be slow, erratic or limited. The same applies to institutional entrepreneurs, as they are potential agents of change, too. (Ertekin, Z.O., and Atik, D., 2015: p. 62).

The perceived unreliability of sustainable products and negative judgements about their functional performance act as an additional obstacle to the growth of slow fashion. Ambiguous and contradictory messages can generate confusion about the social and environmental consequences of purchases, leading to consumer mistrust. Lack of trust in the company or product and scepticism about companies' environmental claims often prevent people from acting in favor of the environment or choosing sustainable products and lifestyles. Furthermore, the lack of transparent information often generates uncertainty; as a result, only a small percentage of consumers fully trust labels and product information (Ertekin, Z.O., and Atik, D., 2015: p. 62). In addition, even when attitudes towards sustainability are positive, a gap between these attitudes and actual consumption behaviour has been observed. Consumers aware of the negative consequences of their actions may continue to indulge in consumption patterns that are contrary to ecological best practices, either because the belief that a situation cannot be changed produces apathy, or because of the so-called psychological role of materialistic consumption (Ertekin, Z.O., and Atik, D., 2015: pp. 62-63). Actually, fashion consumption is still considered pleasurable and liberating, as well as used for identity construction and self-fulfillment. The concept of shopping well-being (SHWB), defined as *“the belief that shopping contributes to the overall quality of one's own and one's family's life by producing a general sense of well-being”* defines a real psychological barrier. Consumers, therefore, may be reluctant to change their lifestyle

because they think that sustainable consumption means giving up and losing material benefits (Ertekin, Z.O., and Atik, D., 2015: p. 63).

Last but not least, aesthetics has not often been successfully employed in the promotion of slow fashion. Indeed, many people see sustainable lifestyles as difficult, unexciting, and unattractive (Ertekin, Z.O., and Atik, D., 2015: p. 63). The fact that the production process and materials are all environmentally friendly limits the diversity of slow fashion clothing (Liu, C., Liu, G., and Gong, X., 2021: p. 233), and this reality is augmented by the thought that such a system tends to present an anachronistic aesthetic-visual configuration, thus giving value to the idea that the perceived rusticity in slow fashion products proves to be a negative barrier that prevents greater dissemination and acceptance of ethical-sustainable thinking (Solino, L.J.S., and Dantas, Í.J.M., 2020: p. 191). Aesthetics, therefore, is a crucial factor influencing consumer choice; unfortunately, style, quality, colour, and compatibility with the majority of consumers are among the barriers to the “slow” movement (Ertekin, Z.O., and Atik, D., 2015: p. 63).

CHAPTER 4: GUCCI – ORGANIZATIONAL PRACTICES & SUSTAINABILITY

The term “luxury brand” usually refers to companies that sell an eclectic combination of products ranging from clothing to fashion, from beauty products to leather goods, from watches to champagne. The definition given to luxury goods, however, varies slightly between academic sources and specialist market reports; nevertheless, there is a consensus that such goods are characterized by exclusivity, high prices, image, and status, which contribute to make them desirable for reasons other than mere function (Jackson, Tim and Haid, Carmen, 2002: p. 161). These values are shared through communication that aims to create the perception of a dream, and to emphasize the appeal of the products that distinguish the brand's offerings, leveraging intangible elements of singularity such as timelessness, pricelessness, social status, and hedonism (Zlatanova, M., Manole, M., and Hellfach, T., 2017). The problem that arises for luxury brands is that, although historically, it was quite easy to communicate an image in line with their identity, as users were more loyal and easily satisfied, the situation today has changed considerably. In fact, nowadays luxury brands face a highly competitive and globalized market; furthermore, consumers' desires are constantly changing, thus there is a constant need to diversify and maintain the heritage and long traditions of the brand, which form the fundamental basis for most organizations in the sector.

Being persuasive, having a recognizable aesthetic, high product quality, a sense of history and a soul (Jackson, Tim and Haid, Carmen, 2002: p. 162) are the necessary requirements to make inroads into the hearts of consumers, and Gucci exemplifies this with its simplicity, longevity, and modernity. Actually, the Italian fashion House is one of the best known and most influential luxury brands in the world, a true international benchmark in fashion and accessories, and in modern and innovative business management (Kering Group, 2023). Founded in Florence in 1921, under the name of “Valigeria Gucci” (Jackson, Tim and Haid, Carmen, 2002: p. 161), the Maison has experienced an extraordinary history since its early beginnings, until becoming, since the 1970s, a major international player in the luxury goods industry. Gucci, as part of the Kering Group since 1999, is known for its eclectic, romantic, and contemporary creations, an expression of Italian craftsmanship excellence, unsurpassed in terms of quality, attention to detail, and innovative design (Kering Group, 2023). Through the continuous pursuit of innovation and progress, together with an exemplary commitment

and charisma shown at every stage of the production process, the organization is creating a thoroughly modern approach to fashion (Gucci, 2021: p.3). Its success is due to its managerial ability to control design, production, and distribution, as well as its systematic investment in communication along with the values it upholds on a daily basis (Jackson, Tim and Haid, Carmen, 2002: p. 165) and which will be accurately reported in this chapter.

4.1. GUCCI'S MISSION & VISION STATEMENT

During the 21st century, the commitment to build a successful, responsible, and sustainable company has been possible starting from the development of a creative identity and the implementation of an innovative and progressive strategy (Gucci, 2021: p.2; Zlatanova, M., Manole, M., and Hellfach, T., 2017). Purpose and progress, therefore, are the two essential cornerstones around which the organization bases all its decisions; in particular, these are considered at every stage of the production chain, from the choice of materials to the distribution of finished products, and they identify the pillars of change for which the organization wants to be responsible and protagonist (Gucci, 2021: p.2). Through the pursuit of such ideals and policies respecting human rights, diversity, equality, and the environment, Gucci consolidates a privileged position in the industry; furthermore, with a value proposition based on high standards of quality and creativity, together with the innovative and bold design provided by the combination of tradition and modernity, the brand has stood “the test of time” and regained its reputation as one of the most influential luxury brands (Zlatanova, M., Manole, M., and Hellfach, T., 2017).

The values described above are closely linked to the mission statement of the Italian brand, i.e., “*to encourage everyone to fully express themselves: gender, sexuality, race, ethnicity, culture and disability*” (Gucci, 2021: p. 2). With extreme precision and brevity, the Maison is therefore committed to providing its customers with unique and exclusive products that can enhance each person as they present themselves to the world, and with the aim of increasing the satisfaction of its consumers and enhancing their pride when in possession of the garments provided by the Haute Couture House. Inclusion and appreciation of diversity are essential features of the Florentine company's evolutionary path, and as we will see in the last paragraph, essential values for the brand's evolution. Ultimately, Gucci, despite being aware of the dominant position achieved, is constantly working to maintain and increase its position and strength in the market among other fashion giants; hence, Gucci's vision statement, i.e.,

“to become a global leader and influencer in the luxury market” (Zlatanova, M., Manole, M., and Hellfach, T., 2017), emphasizes the goal of reinventing the brand in a modern context, which will ultimately help the company re-establish itself as an unparalleled luxury fashion brand.

4.2. GUCCI'S ORGANIZATION

Gucci's Business Model: Focus on Strategy

Gucci is a luxury brand that loves to innovate and lead fashion (Xu, J., Ma, Y., and Chen, Y., 2022: p. 573). The Italian fashion House is currently the largest brand owned by the Kering group, with an annual turnover of EUR 9.7 billion (Rapetti, F., 2022) and no less than 522 directly operated shops worldwide (Desiderio, E., 2022). These numbers are the result of an exponential growth that has occurred since 2015, when, with the decision to entrust the operational management of the brand to Marco Bizzarri, former President and CEO of Bottega Veneta, and the creative direction to Alessandro Michele, the company rapidly adapted its strategy and transformed its business model (see Figure 13), renewing the aesthetic codes of the brand with a timely injection of eclectic and bohemian glamour and reversing a trend of years of declining sales (Business Models Inc, n.d.).

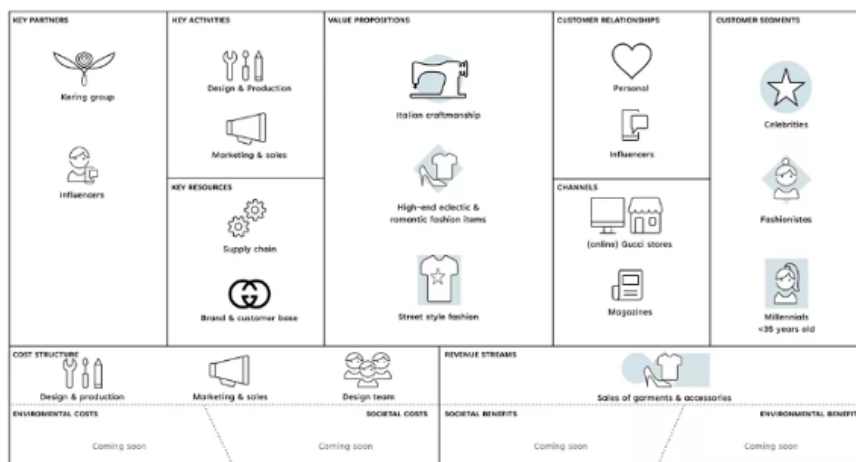


Figure 13: Gucci's Business Model after 2015 (Business Models Inc, n.d.)

As will be analyzed in the dedicated section, the new leadership focused on transforming the corporate culture, creating an environment that empowers employees, encourages innovation and is based on diversity and inclusion. Secondly, Bizzarri and Michele shared a bold vision for the company in which creativity was prioritized and online presence became as important as physical shops; in fact, the goal was to make Gucci the first historic luxury brand to

behave like a “digital native” (Business Models Inc, n.d.), making innovation the company's winning weapon. The success of this transformation, as well as the reinvention of a colossus like Gucci in such a short period of time, was a titanic feat, which touched every aspect of the organization and required the commitment of over 17,000 employees. Following the approach of parent company Kering, Gucci began to focus on its own channels to tell its story, integrating both the digital and in-store experience to create an omnichannel strategy that could increase the target audience and encourage repeat business.

The economic upturn and visibility that the Italian brand achieved with the organizational change brought about by the Bizzarri-Michele duo was therefore supported by the implementation of an organizational strategy based on three cornerstones: adaptability, inclusiveness and flexibility, which enabled it to respond quickly to changing consumption patterns globally. Furthermore, through consumer engagement provided by a push approach, the organization was able to develop a strong ability to anticipate market changes and consequently, devise strategies to meet trends, empowering it to achieve and sustain a relevant and lasting strategic advantage (Harvey, M., 2020; Jamali, A.F., Muxtorova, N.S., and Kamovola, O.S.Q., 2022). Such an approach, clearly defined and communicated to all employees and stakeholders helped the organization to manage performance, guide actions and devise different business tactics that provided greater transparency and alignment of responsibilities across operational teams (Harvey, M., 2020). This enabled the company to increase its level of competitiveness by offering differentiated products of high quality and exclusivity (Jamali, A.F., Muxtorova, N.S., and Kamovola, O.S.Q., 2022).

However, the total reinvention of the brand cannot be explained in its entirety without mentioning the renewed digital strategy, which through the consideration of digitization, artificial intelligence and social innovation, ensured long-term growth, and a complete organizational redesign. Indeed, the use of AI has enabled business leaders to understand consumer trends and preferences to identify new product opportunities, but also to reduce waste, where the brand's ability to utilize sensitive data has enabled a level of personalization that is vital to consumers in the luxury industry. Investment in advanced technologies has enabled the company to transform ideas and concepts at a faster rate than many of its competitors, meeting Generation Z's demand for fast and unique products and enabling creative people to realize their ideas much faster than in the past. From this perspective, the “3Dream” project, conducted within the futuristic “ArtLab” factory, and based on 3D

modelling and prototyping, enabled creative teams to make product development much faster and more flexible, improving the sustainable impact, and outlining the “Gucci of the future”. In addition, the use of blockchain technologies and the digitization of logistics has enabled production time to be reduced and the entire production process to be made more efficient, thus improving the overall customer experience and addressing waste reduction needs (AIDA Editorial Team, 2022; Kering Group, 2023).

The strategic flexibility and digitization undertaken by the Italian company define an organization capable of excelling both in the efficiency game, see the digitization of logistics, and in the innovation game (Hofmeyr, K., Bell, L., and Bouwer, C., 2021: p. 8). Actually, Gucci is able to develop new products by continuing to exploit the existing market and building on current knowledge and capabilities; at the same time, the mindset that Bizzarri and Michele introduced when joining the House, requires employees to explore and develop new knowledge and capabilities to ensure both product and process innovation. Moreover, in its organizational redesign, Gucci decided to introduce flexibility into a structure with well-specified leadership roles and centralized decision-making processes that enabled operational teams to have greater autonomy and accountability (Hofmeyr, K., Bell, L., and Bouwer, C., 2021: p. 7). Ultimately, what is significant to remember is that both research and literature tell us that innovation and efficiency require appropriate cultures, organizational structures and processes, and leadership styles in order to be successful (Hofmeyr, K., Bell, L., and Bouwer, C., 2021: p. 8), aspects that will be analyzed below and that will allow us to understand how Gucci is able to develop innovative and cutting-edge products that can attract new customers and further grow the company's business.

Organizational Necessity: Be Agile

The fashion industry is characterized by a short life cycle, high volatility and low predictability, with high impulse buying behaviour by customers and a long heterogeneous supply process. In the luxury sector, consumers demand a greater variety of models, higher service and quality, including reliable and fast delivery, as well as a personalized experience; therefore, organizations need to be responsive to meet customers' evolving preferences and this is made possible through the establishment of an agile and hybrid organizational structure that accelerates decision-making processes at every level of the organization (Kvasha, E., and Gouwens, J., 2019), while at the same time, being considered suitable for

dynamic environments where companies need to change rapidly. By implementing such a model, a vertical, functional organization divides employees into work departments or business divisions with further subdivisions into functional areas. Then, horizontal divisions are created between departments, each of which deals with particular products and programmes. Thereafter, each employee is vertically connected to a superior manager and team members of other functional departments as well as project managers (Kvasha, E., and Gouwens, J., 2019).

Such structural hybridization is also a feature traceable in the present case study. In fact, Gucci provides an example of a hybrid and agile organizational structure, which helps to accelerate its decision-making process at every level of the organization. Like many progressive companies, Gucci advocates decentralized decision-making on the one hand, thus allowing its employees to take responsibility and set goals with the coordination and mutual understanding of supervisors, while on the other hand, Gucci behaves as a centralized entity by ensuring that managers approve the various efforts and tactics that employees choose to guarantee that they are aligned with the organization's strategy and values (Harvey, M., 2020). Specifically, the CEO, Marco Bizzarri, provided for the creation of a more vertical organization with more delegated responsibilities and less direct reporting: the sales channels were merged into a new business unit headed by the creative director, Alessandro Michele, who, until the previous year, was responsible for all sales channels and markets as Chief Consumer Officer (Murdocca, G., 2017: p. 74), succeeding in the role to Micaela Le Divelec who, after twenty years of collaboration with the fashion House, was dismissed following an internal executive reorganization decision. This choice, as motivated by the current President, was considered necessary to evolve towards a more agile, streamlined and decentralized structure, underpinned by a corporate culture that allows the company to anticipate market needs and correspond to customers' desires, accelerating decision-making at every level of the organization (Lerévérénd, A., 2018). The renewal of the Maison, therefore, led to the establishment of new departments to meet the needs of global business expansion, entrusting Jacopo Venturini with the management of the merchandising and global markets department, Piero Braga with the management of the wholesale, outlet and travel retail channels, Nicolas Oudinot with the digital business and innovation department, and Robert Triefus with the management of brand and customer engagement (Zhang, Q., 2021: p. 9; Lerévérénd, A., 2018). The above-mentioned four executive pillars will have to report directly to the CEO and promote steady growth and realize profits; furthermore, by optimizing the structure,

departments will have to maintain close ties to each other and the same corporate values (Zhang, Q., 2021: p. 9). The aforementioned internal structural changes indicate that the company must not only adapt to environmental changes and integrate new departments, but also promote the brand image subliminally through the formation of a unified, top-down culture (Zhang, Q., 2021: p. 9). The ultimate goal of the fashion House with this new organization is to strengthen and deepen the brand's relationship with its customers, establishing and maintaining a constant and personalized conversation across all channels and strengthening emotional engagement with them by leveraging emerging technologies (Lerévérénd, A., 2018).

The above structural reorganization takes place within a framework in which Gucci has set well-defined systems to ensure effective management of business operations and the absence of conflicts or disputes. Gucci's systems are largely departmental in nature and range from human resources management, finance, and marketing to sales, public relations management, and supply chain management. Each one has tools and methods specifically designed to assess performance and the achievement of objectives and are specifically designed in the different departments according to the nature of their tasks and responsibilities. Each department also designs specific controls for members to assess performance and interdepartmental tasks and responsibilities. Obviously, these systems are subject to designed controls where performance monitoring is constant and continuous and is carried out through observation and informal discussions. Gucci has processes and methods in place to ensure that all departments and systems within the organization are aligned and working in harmony towards the most important business goals and objectives within the broader corporate vision and strategy (Harvey, M., 2020).

Thus, Gucci presents itself as a highly flexible organization that is able to learn through open communication and empowerment of employees. The flat organizational hierarchy, with fewer middle management levels and greater access to senior management and leadership, allows employees to feel more secure and confident and have greater access to information, which increases their organizational commitment (Harvey, M., 2020). The innovative communication system between employees and different management levels ensures the improvement of the overall organizational structure and allows for an easy flow of information ensuring that no task or organizational goal is compromised due to a lack of communication or misunderstanding (Harvey, M., 2020). Furthermore, effective and

organized coordination allows departments within the company to often form interdepartmental teams for projects and tasks requiring multiple skills (Harvey, M., 2020).

To reinvent the Gucci brand, in conclusion, Bizzarri had to reinvent the company itself, transforming the historic Florentine House into an adaptable “learning organization” with rapid decision-making that, in turn, was also applied and required in supply chain management. While many products were outsourced under the previous management, the new Board focused on the internalization of development, manufacturing, and production through the establishment of a Hub near Florence, bringing Gucci back to the “Made in Italy”, and thus guaranteeing high standards of quality and perfection.

Diversity, Inclusion & Equity: Gucci’s Culture Cornerstones

Organizational culture represents the specific predefined policies that provide guidance to employees and give a sense of direction. It is a complex system comprising shared beliefs, values, and assumptions that governs the behaviour of workers within the firm. These underlying assumptions, beliefs, and values contribute to a unique and distinct psychological and social environment (Harry, 2020). The literature suggests that organizational culture is particularly valuable as it can be a company's strongest asset, as well as its greatest liability. It is based, as anticipated, on shared assumptions communicated by the interactions of laborers and its success depends on the creation and communication of the same directly by the leaders. The latter have the role to keep a deeply and correctly embedded culture which can illustrate how staff members should behave to increase productivity and achieve company’s goals. At the same time, the firm’s behavioural framework ensures employee satisfaction: employees are often more motivated when they feel the support of the leader.

Furthermore, organizational culture acquires greater value depending on its ability to influence knowledge sharing, and this can be done in two distinct ways. First, by creating an environment in which there are strong social norms about the importance of sharing one's knowledge with others. Secondly, by creating an environment of care and trust.

Organizational cultures are typically created and sustained through processes of socialization, storytelling, and rituals; for the culture to be positive, it is important to develop open communication that increases the frequency of interactions between people, an egalitarian work place where employees are empowered and status barriers removed, having fairness in

decision-making processes and perceived support from the company: indeed, feelings of support contribute to the creation of an environment characterized by trust, respect, and care.

In the analysis of the Gucci brand, the main reason for understanding organizational culture is that it can serve as a strategic tool to understand the company's readiness for change, and it can help to identify possible gaps between the current and desired work culture (Harry, 2020). The latter, in particular, can be studied by looking at the series of tangible and intangible factors such as artefacts, core values, and assumptions on which it is based. Where the former constitutes the tangible and visible aspects of Gucci's corporate culture, and thus the layout of offices rather than the official clothing of workers, values refer to the promise of shared thinking in which diversity, collaboration, equality, inclusion, and fairness are dominant. Finally, assumptions look at deeply rooted ideologies and philosophies and form the foundation of Gucci's culture; staff members play an important role in the formulation of core values and visible behaviors (Harry, 2020). The implementation of these values makes the Italian Haute Couture House an example of a positive corporate culture, which empowers jobholders, promotes creativity, and is based on equal opportunities (Team TechRecur, 2022) and ensures employee happiness by helping the company itself achieve significantly higher organizational effectiveness, as people feel valued and part of a positive environment. The culture fostered ensures that all the workforces share a vision which is well aligned with the broader organizational purpose. The explicit alignment of ingrained behaviors, goals and philosophies enables employees to point their efforts in the right direction, deliver the best performance and ensure a strong commitment to the firm (Harry, 2020).

What has been said so far refers to a culture that is inward-looking, professional, employee-oriented and characterized by an open system. The top management openly communicates the importance of adopting an ethical attitude in responding to market needs and being able to ensure a quick response to changing customer requirements. The company shares a strong commitment to incorporating ethics and integrity into its business operations and people, and it believes they know the explicit and implicit needs of customers and act accordingly (Harry, 2020). Professionalism, on the other hand, reports a culture in which the workforce tends to identify with their profession or job content. Gucci promotes an attitude in which diversity is central and differences are appreciated: this is promoted in order to exploit the opportunities offered by several and constructive views (Harry, 2020). The brand's executive management also defines a culture that is employee-oriented, aware of the value of its human capital, and



thus of the importance of ensuring staff satisfaction and motivation. In fact, even if the latter are loaded with challenging objectives, the executive Board takes care of their concerns and avoids putting them under pressure that could lead to burnout. Offering rewards and services such as coaching or mentoring motivates and trains laborers to manage stress and time, maximizes productivity and improves psychological well-being (Harry, 2020). In addition, the analysis of Gucci shows that the company has a clear bias towards the open side, meaning that the firm is conducive to welcoming new employees and creating an inclusive place where people from different demographic backgrounds can easily fit in. Gucci keeps the door open to outsiders and incorporates flexibility so that everyone can value diversity as a key element (Harry, 2020); furthermore, the open lines of communication and flexible, well-diversified organizational culture ensures a high flow of information and harnessing the knowledge, skills and competencies of employees from different backgrounds (Harry, 2020).

In conclusion, for the promotion of a culture with such characteristics, the company executives voted for a bottom-up change, which promotes a work ethic more focused on constant teamwork, not crystallized on the status quo, but oriented towards continuous improvement: a culture not of terror, but of respect, of shared values such as humility, talent, and collective participation, enhancing the contribution and impact of each individual employee. Actually, Gucci seeks to create a path that helps bring people around leaders, ensuring a direct channel of communication, and guaranteeing them the possibility of professional advancement across functions and geographic areas (BOF TEAM, 2016). Furthermore, a culture based on diversity exposes the brand to different ways of thinking, gives a different perspective on the same topic, which can be a real opportunity, increases engagement and involvement while fostering collaboration and communication, resulting in a positive worker experience and a positive bottom line. Gucci strives to be egalitarian, allowing people to express opinions and concerns. Ideas are judged on their merit and not on the seniority of the person expressing them and this reinforces the respect and dignity of each employee and aims to make the workplace happier and more productive. In addition, the company's pursuit of open-minded, flexible, adaptable, and agile workforce (BOF TEAM, 2016) brings substantial benefits ranging from increased employee productivity and commitment to improved financial performances and customer satisfaction.

An Example of Participatory Leadership

Leadership style is the predominant mode used by top executives to manage employees (Burton, R.M., Obel, B., and Hakonsson, D.D., 2021). Leadership identity development is a dynamic process, firmly anchored in context (Thwaite, S.V., 2022: p. 68), requiring flexibility and adaptability (Thwaite, S.V., 2022: p. 67). Good leadership is able to turn uncertainties and obstacles into solutions and to efficiently communicate all strategies and actions. Therefore, an organizational leader must demonstrate trust and credibility, competence and experience, honesty and openness, dedication and commitment (Josan, I.J., 2020). In addition, they must develop a broader, system-wide mindset that promotes longevity, taking into consideration the growing challenges they face, including climate change, inequality, unemployment, and the different expectations of a company's stakeholders (Laurens, F., 2021: p. 10). An understanding of the business framework is crucial to appreciate the internal and external context of the company or industry in question, the specific risks and opportunities involved, the competitive environment and the needs of customers. An external view of the world becomes even more powerful when leaders are familiar with organizational strategy and can take responsibility for supporting strategic imperatives within their decision-making processes. Stakeholder management, at the same time, proves to be a crucial component in ambidextrous organizations. Actually, an appropriate management, teamwork, and collaboration can lead to increased innovation, improved performance, and a more stable internal environment in the midst of change (Hofmeyr, K., Bell, L., and Bouwer, C., 2021: p. 9). In order for this to happen, executives need to adapt leadership styles that enable the development, upgrading, and retraining of employees affected by material change (Thwaite, S.V., 2022: p. 65) and this happens if the leader has the ability to harness the power of diversity, which depends on the ability to accelerate inclusiveness. Therefore, it is crucial that companies facilitate the development of skills and tools that accelerate greater inclusiveness, equity, and social justice (Laurens, F., 2021: p. 11). Ultimately, one should not only aspire to create inclusive environments for individuals at all levels of an organization, but also cultivate a proactive attitude that acknowledges the multifaceted histories and experiences of different groups, while setting the tone and meaningful progress (Thwaite, S.V., 2022: p. 65).

With reference to Gucci, the fashion House has always followed a classical approach, and thus characterized by a defined hierarchical system in which the CEO leads a small group of

creative directors and marketing managers to design and sell products (Manucot, A., 2018). The classical style has historically dominated organizations, because its highly structured approach makes it one of the most stable and reliable forms of leadership, as business leaders hold the majority of decision-making power and followers comply with the leaders' demands out of fear or respect, but do not have much to say in how decisions are made. This is sometimes advantageous because decision-making is fast and ideas are consistent, after all, there is little opposition from outside perspectives as control is centralized at the top of the organization's hierarchy (Manucot, A., 2018). However, over-centralized authority can lead to employee dissatisfaction, as those at the bottom are simply forced to follow commands. In these toxic environments, employees become less engaged, less productive, and less likely to express their thoughts. In an industry like fashion, where consumer desires can change in a matter of weeks, it is crucial to maintain the satisfaction of employees in shops or factories, who are the ones who interact the most with customers. The presence of a hierarchy restricts the potential flow of ideas between them and the company's managers, so authority bias cannot be eliminated. As a result, a fashion company led strictly with a classical approach remains inflexible in the face of consumers' evolution and this makes it less competitive in the modern industry (Manucot, A., 2018). In other words, to compete in today's fashion industry, it might be in a company's interest to try a more flexible model such as transformational leadership, otherwise known as "visionary leadership". Since this style is based on a shared vision between managers and followers, the company's strategy can be modified according to what the latter wants, to adapt to current market conditions. After all, part of being a transformational leader today requires the ability to unite a team with a responsible, socially conscious, and inclusive vision for the benefit of the company and the world (Manucot, A., 2018). Ultimately, it is not ideal for fashion companies to continue to rely on pure, authoritarian leadership. Although it is difficult to completely abandon hierarchies within companies, implementing aspects of transformational style in a classical approach could also help them remain relevant in the contemporary industry (Manucot, A., 2018).

The new management approach is precisely what has been pursued with the arrival of Marco Bizzarri and has enabled the Italian company's all-round growth. Gucci, while maintaining a centralized structure, has opened up to participative leadership that allows its employees to be involved in decision-making processes and managerial choices. This allows for regular interaction with employees and different teams to identify any conflicts to be solved and to

get feedback on strategic tactics and operations. Through participative leadership, Gucci is able to increase employees' motivation and increase organizational commitment and participation of workers and other stakeholders (Harvey, M., 2020). Moreover, this style has proven to be very effective in achieving the organization's corporate goals and vision. Employees feel like active members of the company and are valued for their suggestions, feedback, and input. Furthermore, through a participatory approach, leaders and managers are able to identify current and potential conflicts within the Gucci organization and actively work to solve them as soon as possible (Harvey, M., 2020). Through this transformation of the internal management model, Gucci makes room for collaboration and cooperation between employees, systems, teams, and departments. This is important because its activities are spread globally and also because the tasks and responsibilities within the company often require interdepartmental feedback and input. In addition, with increasing expansion and synergies, the company regularly forms project teams, which function effectively due to the cooperative culture of the organization itself (Harvey, M., 2020). Ambidextrous leaders, as in the case of the Maison, help support their teams in dealing with constant change and to do so, they create a shared vision and ensure that people have the resources, skills, and tools they need to get the job done (Hofmeyr, K., Bell, L., and Boucher, C., 2021: p. 9). From this perspective, Gucci has effective and functional teams and works with them internally to achieve various business goals and complete tasks. The company's management is encouraging and supportive and the leadership provides a motivating and pragmatic vision to achieve. The human resources management system, as well as organizational training, supports all employees in their growth in a fair and transparent manner and this leads to the formation of effective teams, rather than nominal groups within the organization, both for various projects and for specific departmental tasks and roles (Harvey, M., 2020). In conclusion, the classical approach together with the sharing of a participatory style that allows employees to be involved in the decision-making process and to adapt the strategy to suit the current market conditions, establishes the importance of having a certain degree of organizational decentralization, and thus, through a moderate preference for delegation, allowing employees to be able to manage their own tasks and responsibilities and have access to corporate decision-making.

4.3. THE ACTIONS OF A “SUSTAINABLE LUXURY”

Gucci’s Sustainable Strategy

The luxury industry is going through a sensitive stage. Actually, more and more consumers, such as Generation Z or Millennials, are observing companies and assessing their production according to their impact on the Planet and international communities. The demand for a sustainable luxury, which counteracts the programmed obsolescence of products and continuously provides meaning and value to the user over time, through values such as durability, recyclability, decomposability, accessibility, and uniqueness (Kelleci, A., 2022), as opposed to the traditional luxury characterized by values such as rarity and excellence, forces companies to rethink their production processes (Kelleci, A., 2022). This shift in thinking brings “*unique but significant challenges for the industry, where quality and rarity, which drive higher prices, are considered key components of luxury*” (Christodoulides, G., et al., 2021). Furthermore, this requires organizations to take a responsible attitude towards the land, environment, and community, and to focus on creating value through respect for people and society as a whole and the sustainable use of resources.

In this scenario, Gucci is identified as a first mover and an example for the companies with which it competes in the international landscape. In line with its mission, it is committed to implementing a culture of sustainability and awareness, promoting a policy based on conducting business according to principles of honesty, fairness, transparency, and integrity (Gucci, 2020). Indeed, the Maison considers sustainability as the driving force behind a process of continuous improvement that contributes to the strengthening of economic performance and to the control and mitigation of business risks; for this reason, Gucci considers necessary to support and promote, within the company, along the supply chain, and in the organizational and marketing process, a business growth model that combines excellence in craftsmanship with the creation of “sustainable value” (Gucci, 2020). Thanks to values such as creativity and collaboration³³, this is made possible through the implementation of a ten-year strategy called “Culture of Purpose” (2015-2025) that aims to achieve a series of environmental goals through the creation of sustainable supply chains, the implementation of a policy to optimize production efficiency, and the use of an

³³ An example is given by the partnership with *The RealReal (TRR)*, an online and in-store marketplace for the sale of authenticated luxury items, which allows Gucci to establish a complete resale business (Kelleci, A., 2022).

environmental reporting tool known as EP&L³⁴ (Gucci Equilibrium, 2021). This climate strategy, guided by a carbon neutral approach, allows the company to reduce waste through the implementation of circular systems, the shift to renewable energy, the increase of alternative and sustainable low-impact materials, and to sustain and restore vital ecosystems worldwide (Gucci Equilibrium, 2021), while guaranteeing an increase in its level of competitiveness and the further development of its activities, as well as the protection and improvement of the quality of life and the creation of socio-economic growth opportunities for local, national, and international communities (Gucci, 2020).

If environmental sustainability is a priority focus for the Italian fashion House, the same applies to social sustainability. Based on values such as fairness, exploration, empathy, and imagination, employees are challenged, celebrated, and valued on a daily basis in a joyful community of change makers. The establishment of an inclusive environment where each individual embraces the same values allows people *“to feel free to express themselves and belong to a global community where passion, imagination, and desire are nurtured as key factors of professional success”* (Gucci, 2021: p. 8). Diversity, equity, and inclusion are therefore central to Gucci's creative vision. Through the implementation of a “proactive” strategy, the Florentine House aims to promote a process of cultural change internally to foster the development of an organizational culture in which there is a strong consensus on essential values such as recognition, respect for diversity, and a commitment to enhancement (D'Agostino, M., et al., 2022: p. 210). Inclusion, in particular, means creating and ensuring a sense of belonging in which every individual is valued and treated fairly, allowing everyone to contribute, thrive, and develop for who they are (D'Agostino, M., et al., 2022: p. 212). Furthermore, Gucci is committed to promoting employment standards that respect workers' rights and ensures that everyone has equal employment and career opportunities and receives equal treatment based on merit. Gucci is actively committed to recognizing and promoting the development of the professional skills and competencies of each worker, improving behavioural factors and ensuring the full realization of the creative potential of individuals, and to recognizing the value of diversity, carrying out each activity with respect for the cultures, traditions, religions, ethnic groups, and communities with which it interacts,

³⁴ This tool makes it possible to measure greenhouse gas emissions, air and water pollution, land use, and waste production along the entire supply chain, thus making the various environmental impacts of Gucci's activities visible, quantifiable, and comparable (Gucci, 2021: p. 41).

preserving their biological, environmental, social, cultural, and economic identity (Gucci, 2020). Finally, the Maison is driven by a strong motivation with regard to the reporting of its results to the plethora of reference stakeholders; for this reason, the House is committed to developing and pursuing a dialogue with its stakeholders based on fairness and transparency, in the belief that they represent a fundamental asset of the company that must be promoted and developed (Gucci, 2020).

Gucci Equilibrium: Impact Report 2021

Through the use of alternative and sustainable low-impact materials, and the implementation of circular approaches, Gucci attempts to respond to the need for a profound and systemic change that the clothing industry is obliged to undergo. Moving increasingly away from the linear model of fashion to one in which circularity is not an exception to design and creation, but is integrated as part of the process, the Maison provides the possibility of *“a future in which the beauty of old materials is celebrated in an eternal cycle and new natural resources are not a requirement for glamour and quality”* (Gucci Equilibrium, 2021). The vision of “responsible” luxury includes the transformation of the supply chain so that it can give back to nature, not just minimize the impact generated on it; transformation, which together with regenerative agriculture techniques, can provide leverage for luxury and fashion to help reverse the trajectory of climate change and biodiversity loss (Gucci, 2021: p. 2).

With this in mind, Gucci has recently implemented a unique action programme composed of a selection of social and environmental commitments and actions (Gucci, 2021: p. 41) that present the company to the international community as a true prototype of a sustainable organization. This project, known as “Gucci Equilibrium”, and whose logo is presented below (Figure 14: Gucci, 2021), is an entire portal dedicated to explaining and providing updates on the company's environmental and social best practices, testifying the desire to build a responsible organization and business. The site brings together the choices made so far and the plans for the future, also emphasizing the humanitarian commitment through programmes such as “Gucci Changemakers” and “Chime for Change”, which will be discussed in this paragraph. Gucci Equilibrium defines the commitment to generate positive change (Gucci, 2021: p. 3), bringing together the principles the organization upholds and the actions it pursues to live in harmony and respect with the Planet and with others. Through innovative paths towards social and environmental sustainability, the company's ongoing

commitment lies in reinforcing the climate strategy defined in 2015 under the name of “Culture of Purpose” (Gucci, 2021), through two key pillars: protection of the environment, and respect for people and valuing diversity.



Figure 14: Gucci Equilibrium Logo (Gucci, 2021)

The first pillar is a priority focus within the Gucci Equilibrium plan. Through the implementation of an all-encompassing climate strategy, and an ambitious yet simple approach, Gucci prioritizes the reduction of emissions within its supply chain through low-impact actions, translating the total remaining emissions into the protection and restoration of nature. In 2021, the Italian company evolved its climate strategy to go beyond carbon neutrality and ensure the “*protection and restoration of important ecosystems that mitigate climate change, while providing lasting benefits to biodiversity and climate for years to come*” (Gucci, 2021: p. 37). With the “Natural Climate Solutions Portfolio”, Gucci's ambition moves towards the implementation of sustainable projects within the supply chain, such as regenerative agriculture (Gucci, 2021: p. 37). As the individual production and processing of raw materials accounts for 63% of the total footprint generated by the fashion House, sustainable sourcing, the promotion of traceability and the use of climate-friendly materials are key operations in the brand's strategy (Gucci, 2021: p. 30). Indeed, Gucci carefully selects all materials used, focusing on their production systems, the way they are processed and produced, so that they have a lower carbon, water, and chemical footprint, while avoiding the deterioration of natural ecosystems and local biodiversity, and ensuring the use of certified materials (Gucci, 2021: p. 30). This becomes possible by sourcing from regenerative agricultural systems that replenish and strengthen nature, rather than depleting it with conventional, chemical-intensive methods. Regenerative agriculture, therefore, improves the overall quality and health of the Earth by rebuilding and regenerating, enriching and

increasing soil health, water quality and biodiversity, and contributing to the reduction of carbon in the atmosphere, which is essential in the fight against climate change. With this in mind, supporting individual farmers to shift to more regenerative agriculture is done through a “carbon farming” investment that helps bridge the financial gap between the cost of change and the time it takes farmers to realize the productivity and profitability benefits of regenerative practices (Gucci, 2021: p. 38).

The pre-announced climate strategy is not directed toward sustainable sourcing only, but it promotes actions to reduce the impacts generated by the Italian fashion House's shops, offices, and production sites, through the promotion of eco-friendly initiatives from construction, design, and technology to sustainability policies and daily on-site management i.e., recycling and waste disposal management in a sustainable manner. In this context, the switch to renewable energy and the achieved result of 100% renewable energy in 44 of the 49 countries where the organization is currently operating, with a saving of 52,000 tons of CO₂ in 2021 (Gucci, 2021: p. 28), provides a further explanation of how Gucci intends to ensure the complete sustainability of its system. Significant improvements in environmental performance in terms of energy and water savings, waste reduction and recycling, guaranteed by LEED (Leadership in Energy and Environmental Design) certification, together with the use of digital stations for back-office activities and the redesigning of packaging using FSC-certified paper, are further actions that highlight the Haute Couture House's thoroughness in relation to the sustainability of its actions (Gucci, 2021: p. 28). The shift towards a complete circularity of daily activities also considers the importance of reducing the use of plastic in all operational areas, opting for sustainable solutions such as recycled plastics and bioplastics. In this scenario, the “Take Back” programme has made it possible to reuse all the plastic protective boxes of its accessories, and consequently, avoid the production of 578,000 new boxes, equivalent to 70 tons of plastic for industrial packaging in 2021 alone (Gucci, 2021: p. 35).

Sustainable sourcing actions, the promotion of initiatives aimed at reducing environmental pollution produced in workspaces, and the circularity of products and materials are the three cornerstones of the brand's current circular economy strategy. Moreover, the announcement of the House's entry into the Ellen MacArthur Foundation is intended to further accelerate the brand's vision under this perspective and complements Gucci's current commitment to generating positive changes for the Planet; a commitment that is witnessed by numerous

projects that the organization has implemented and supported over the last five years. Among these, “Gucci Vault” stands as a creative exploration of a circular model based on the inclusion of a curated collection of vintage items, carefully reconditioned thanks to the know-how and craftsmanship of Gucci’s artisans (Gucci, 2021: p. 35). The “Demetra” project, on the other hand, stems from the desire to explore and innovate materials for the future, combining quality, softness, and durability with an ecological ethos (Gucci, 2021: p. 32). This material is incorporated into the “Gucci Off the Grid” collections, a sustainable collection of over 70 products designed based on recycled, organic, biological, and sustainably sourced materials such as Econyl (Kelleci, A., 2022). The composition of at least 77% of raw materials of plant origin and mainly from sustainable, renewable, and organic sources allows, with Demetra, to implement an animal-free strategy and to make production more efficient by minimizing unusable parts of the material and cutting waste, which are then recycled thanks to the extension of the “Gucci-Up” programme (Gucci, 2021: p. 32). The latter, in fact, allows the organization to recycle leather and fabric scraps created during production while contributing to the preservation of natural resources. Inaugurated in 2018, the project allows through the upcycling technique to transform items that are considered waste into resources through repurposing, repairing, and remanufacturing. The process contributes to the reduction of the environmental impact but also to the creation of positive impacts for the community through the involvement of social enterprises; indeed, high quality leathers and fabrics that are no longer used are put back on the market or donated to social enterprises to be used in socially responsible processes (Gucci Equilibrium, 2021). The “Gucci Scrap-less” programme is a further way in which the organization is oriented towards reducing its leather production footprint. Specifically, through a disruption of traditional processing methods, Gucci is able to process only what it needs for production, significantly reducing the amount of energy, water, and chemicals required to process the material, but also the greenhouse gas emissions associated with transport from the tanneries to the factories³⁵ (Gucci, 2021: p. 35).

All the projects just shown are the result of the Gucci’s reporting work that allows it to have an in-depth analysis of environmental impacts and supply chains, revealing problems and opportunities, in order to generate positive changes. An EP&L, i.e., environmental profit and

³⁵ The results showed a saving of 1,085 tons of CO₂ in 2021 alone, with a total of 2,328 tons of CO₂ avoided since 2018 (Gucci, 2021: p. 35).

loss account, provides valuable information to understand the major drivers of impact and their location, integrates the results into daily operations and strategies, influencing product design, sourcing decisions, production, and innovation, and allows for more resilient supply chains to manage future risks (Gucci, 2021: p. 25). Because EP&L provides an in-depth understanding of where and how environmental impacts are generated, Gucci has been able to tailor programmes to address impacts more effectively by employing best practices, adopting efficient manufacturing, using renewable energy, sourcing climate-friendly materials, and innovating through circular design. Underlying these choices are reduction targets for direct operations and the supply chain; in particular, against a 2015 baseline, the Maison's target should have been a -40% reduction in global footprint and -50% reduction in greenhouse gas emissions by 2025. The results of the EP&L 2021 revealed that not only is Gucci on track to meet its emissions target, achieving a -46% reduction in GHG emissions intensity [see Figure 15, (Gucci, 2021: p. 26)], but that it has already surpassed its target of -49% reduction in total impacts. Moreover, for all remaining GHG emissions that cannot be reduced each year, these are translated into the protection and restoration of forests and biodiversity (Gucci, 2021: p. 26).



Figure 15: EP&L and GHG Year-on-Year Reduction (Gucci, 2021: p. 26)

So far, the thesis has considered only the numerous actions and programmes undertaken by the organization to ensure the safeguarding of the Planet, without mentioning that Gucci also places strong emphasis on the issue of respecting people and valuing diversity, see Figure 16 (Gucci, 2021: p. 10). The promotion of an inclusive work environment takes place through the implementation of a global people strategy and the establishment of a Global Equity

Board responsible for defining the priorities that determine the corporate culture (Gucci, 2021: p. 11). This strategy considers both the importance of ensuring opportunities for professional growth and mentorship for its employees through global exchange programmes (Gucci, 2021: p. 11), and the importance of generating the right talent and ensuring they operate in an environment where they are free to express themselves; which is why, in 2021, the organization launched the “Gucci Retail Graduate Program”, focused on the two-year recruitment of academically outstanding students from the EMEA region (Gucci, 2021: p. 9). This programme augments the existing efforts of the company, which had previously, through collaborations with specialized organizations in underrepresented talent, managed to develop a more diverse pipeline of candidates, and expand inclusive hiring and interviewing practices (Gucci, 2021: p. 11).

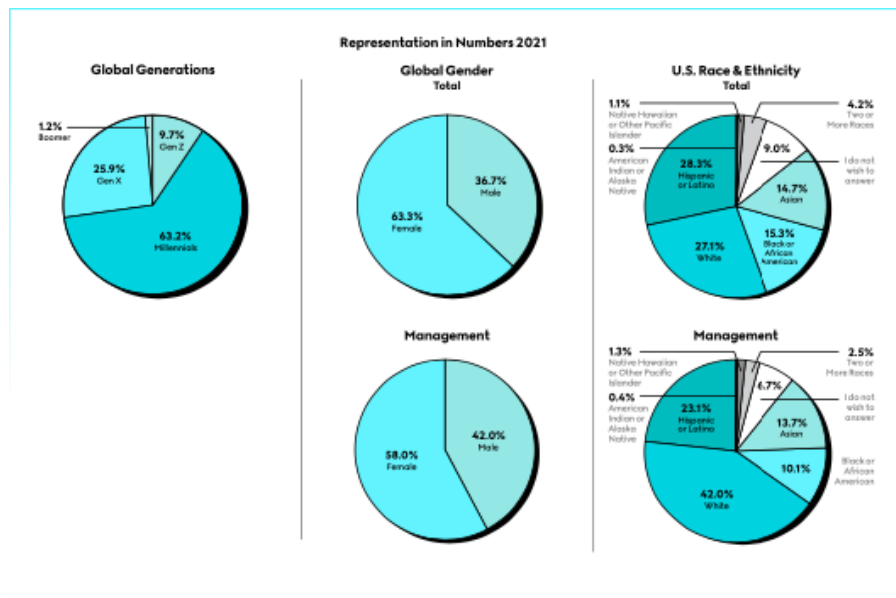


Figure 16: Equity Numbers (Gucci, 2021: p. 10)

In managing its employees, Gucci is a company strongly focused on promoting initiatives and programmes that both embrace values such as equity, inclusion, and diversity and set an example, and in this, Gucci Changemakers and Chime for Change are two of the company's manifesto programmes. Gucci Changemakers is the organizational community of employees and non-profit partners dedicated to creating positive impacts in local communities around the world. In 2021 alone, the initiative managed to support over 140 NGOs in 88 global cities with more than 1,700 employees involved (Gucci, 2021: p. 20). Through the promotion of this programme, the company offers each individual employee up to 32 hours of paid annual leave to volunteer with non-profit organizations by volunteering their time and skills. The

commitment to generate positive change in the community means working and nurturing extraordinary partnerships at the local level, which is the goal of this project, along with promoting social justice, protecting the environment, improving education, and sustaining health and well-being (Gucci, 2021: p. 20). The Chime for Change campaign, on the other hand, inspires participation in a collective community, uniting people across borders and generations in the fight for gender equality. Since its launch in 2013, the programme has brought together and strengthened the voices of those fighting for gender equality, and during 2021, it has continued to do so through supporting more than 25 organizations worldwide and directly impacting 62,526 women and girls (Gucci, 2021: p. 15).

In conclusion, supporting women's empowerment is a priority objective at Gucci and this is why, beyond the Chime for Change programme, the organization has led initiatives such as the “Women in the Supply Chain Project” with Camera Nazionale della Moda Italiana, which has allowed for the study of the condition and opportunities to support women's economic and social empowerment, and the G20 Women's Forum in Milan, a global platform that puts women's voices at the centre for the building of a more inclusive and prosperous economy. While for the first project, the study on the role of women in the luxury supply chain in Italy led to the offering of the first training courses focused on leadership and gender, career development, assertiveness, networking, and group support (Gucci, 2021: p. 19), the Milan event organized by Gucci addressed topics ranging from gender equality to climate change and health and produced concrete results, providing five key strategic actions to accelerate the transition to zero gender gap i.e., 1) continue to mitigate the impact of unconscious bias in recruitment and promotion processes, 2) set ambitious female recruitment and promotion targets, 3) support the retention and advancement of female talent, 4) ensure that equal pay for equal work is in place and effective, 5) measure, monitor, and regularly evaluate progress on all of the above actions (Gucci, 2021: p. 13).

These programmes enable the necessary foundations to increase diversity and inclusion throughout the company, and this is evidenced by the gender equality and leadership achieved in management, where 58% of the workforce is female, as well as the goals that the high fashion House has set for equal pay, i.e., equal pay for workers of both sexes for the same job position by 2025 (Gucci, 2021: p. 7, 11).

Circular Fashion Index Ranking 2022

Although fashion brand executives cannot save the environment on their own, they can and must do much more, starting with considering sustainability at every stage of the value chain. A recent Kearney survey conducted to thirty of them shows the perceived level of complexity for each sustainability goal and indicates the actions they intend to implement first, starting with increasing the share of recycled and environmentally friendly materials, improving product traceability and reducing the impact of overproduction through better planning and allocation capabilities (Figure 17: Ehrig, B., et al., 2022).

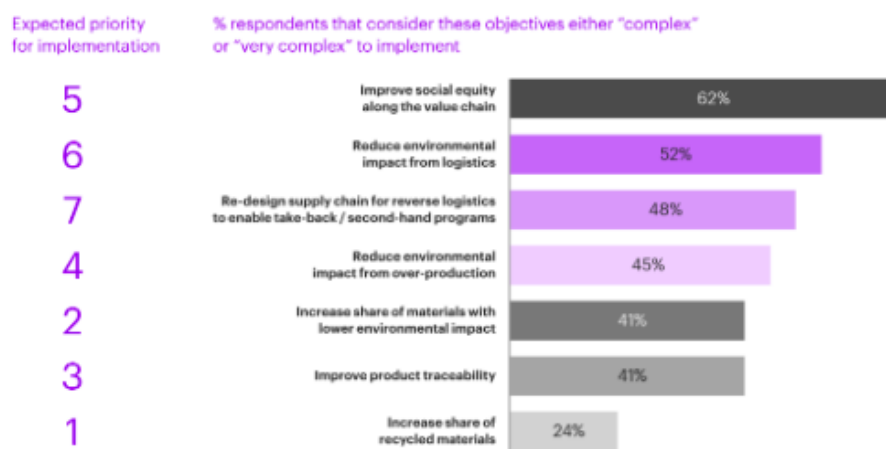


Figure 17: Fashion luxury brands' plans include increasing the share of recycled and eco-friendly materials (Ehrig, B., et al., 2022)

This survey forms the basis of the analysis that Kearney has been conducting on an annual basis since 2020, which aims to develop an index known as the Circular Fashion Index (CFX) and which measures fashion brands' efforts to extend the life cycle of their garments. This latter assesses a company's circularity performance based on seven dimensions that influence the longevity of garments and include two perspectives: the primary market (which concerns sales of new products to consumers) and the secondary market (such as the second-hand market or recycling), as specified in Figure 18 (Ehrig, B., et al., 2022).

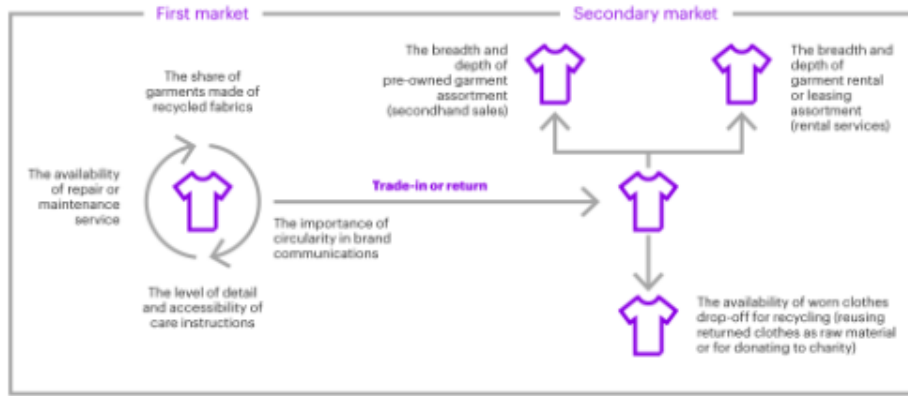


Figure 18: The CFV measures fashion brands' efforts to extend the life cycle of their products based on seven dimensions (Ehrig, B., et al., 2022)

The results are often discouraging. Only a few brands show credible efforts to reduce their environmental impact and even though the activity of both the industry and consumers has increased since 2020, resulting in a greater awareness of the role fashion plays - or does not play - in creating a more sustainable environment, this has turned out not to be enough; indeed, the industry should be doing much more in terms of promoting sustainability. The CFV 2022, in particular, gave an average score of only 2.97 out of 10 to the 150 brands analyzed, reflecting the low commitment of the organizations to sustainability; in fact, only 7% were found to use recycled materials to a credible extent, only 54% used recycled materials for a few or selected items, and 39% did not use any recycled materials at all. Furthermore, although communication and promotion of the commitment to circularity are the easiest and quickest measures to implement, 44% of brands did not do so and 40% merely provided the minimum of care instructions required by law (Ehrig, B., et al., 2022).

Despite the less-than-positive results, there were companies that performed successfully and climbed positions compared to the previous year's analysis, with Gucci being among the most successful and top-ranked companies in the luxury sector, as shown in Figure 19 (Ehrig, B., et al., 2022).

Rank 2022	Rank 2020	Brand name
1	1	Patagonia
2	3	Levi's
3	2	The North Face
4	8	Esprit
5	17	OVS
6	15	Gucci
7	16	Gant
8	-	Coach
9	-	Lululemon Athletica
10	4	Lindex

Figure 19: Circular Fashion Index ranking 2022 (Ehrig, B., et al., 2022)

The prestigious position occupied, behind brands famous for their approach to sustainability such as Patagonia and Levi's, stems from the company's efforts in designing the Gucci Equilibrium plan and the Gucci Off the Grid collection, but also thanks to the promotion and communication on product longevity and circularity. Furthermore, thanks to the "Gucci-Econyl" and Gucci-Up upcycling programme, the company recorded the highest improvement under the heading "used as raw material" (Ehrig, B., et al., 2022). As the company itself explained through its media platforms, a cornerstone of its strategy to support the circular economy is related to the increase of recycled and regenerated materials in its collections, such as the use of fibers originally derived from post-industrial textile waste. In this sense, Gucci was the first luxury brand to use ECONYL® regenerated nylon yarn for its products, starting in 2016. ECONYL® regenerated nylon is made from 100% pre-consumer and post-consumer waste, such as fishing nets and discarded carpets - including plastics that harm marine life and old materials that end up in landfills - which are regenerated into a new high-quality yarn. Moreover, Econyl® is the main material used in Gucci Off the Grid, the first collection of Gucci's circular lines. To ensure the goodness of this initiative, in 2018 the organization expanded the use of this resource with the "GUCCI-ECONYL® PRE-CONSUMER FABRIC TAKE BACK PROGRAM", whereby suppliers recover all ECONYL® regenerated nylon waste from Gucci's production and transform it into a new high-quality yarn (Gucci Equilibrium, 2021).

In conclusion, as demonstrated by CFX 2022, the fashion industry should do much more. Even the best-performing brands must continue to significantly reduce the number of items produced, and at the same time, extend the lifespan of garments, allowing consumers to wear them for longer, in order to reduce the environmental impact of the industry. But before this can happen, fashion brands must recognize, understand, and own their environmental impact from end-to-end in the value chain, including manufacturing, distribution, and retail partners. Investment in communication is essential as well as process circularity. Indeed, as the example of Gucci shows, production incorporating fibers and other innovative materials that are easier to recycle would make a big difference. In this context, sustainability will be ensured to a greater extent if regulators and legislators also help the industry to move towards more sustainable practices by defining and enforcing global standards and guidelines, e.g., on value chain traceability or minimum durability of garments, and by helping to create the necessary infrastructure. Therefore, although the hurdles to industry sustainability are significant, they can be overcome if every link in the global fashion supply chain, from raw material suppliers to the consumer, agrees that our Planet is worth saving (Ehrig, B., et al., 2022).

CONCLUSION & PERSONAL COMMENTS

The proposed draft has a content of high priority for the world's major political communities as well as the media and public opinion. Indeed, the attention paid to sustainable consumption and the preservation of the Planet is at an increasing stage. Today, news reports inform us how the global ecosystem is constantly deteriorating, and what possible tools or conditions can be adopted to reverse an unhealthy trend. In particular, this topic has been analyzed from the point of view of the fashion industry, which, as reported throughout the text, is the second most polluting industry in the world. This was mainly characterized by a change in consumption patterns and thus the excessive demands of consumers looking for new trends and new ways to appear. Fast fashion, which now represents the largest slice of the clothing industry, has caused uncontrollable environmental, economic and social damage, and what has been found and creates a further parameter for reflection, is that it would seem that this trend is only in its development phase and has not yet reached maturity. Actually, the last few years have witnessed a continuous development of new global brands that, through the exploitation of human and natural resources, have spoiled the system and allowed the consumer to be inundated with new garments at a disarming speed.

Despite the fact that the fashion industry is an exorbitant sector in terms of its proportions and ramifications, and therefore it is evident how its better contribution to the preservation of the Planet may be essential for the future fate, the paper has been able to show how within the same industry, whether due to the ethicality of certain organizations, or to the ever-increasing demands of charities, public opinion, and political entities, there are also examples of companies that adopt sustainable management and production models. Slow fashion companies are based on a production system that aims to minimize the effects produced on the environment and people through the implementation of circular economy systems, i.e., management models of operations that envisage the recycling of raw materials, which, if unused, are reintroduced into the production system, as well as for surplus garments. The development of second-hand markets is a further step in this direction, as is the search for sustainable raw materials. The idea behind such a production and consumption model is the extension of the products life cycle, and thus, the reduction of waste on a global level. What the research has highlighted, however, is that these organizations are in an absolutely small number, which is why it has become crucial for political communities to strongly enter the



industry and regulate how raw materials can be produced and exploited. There are numerous cases of legislation favoring and supporting companies that promote sustainable sourcing methods, rather than process management in line with sustainability standards and parameters. At the same time, the same political entities have not long begun to demand in various States around the world that the companies themselves be bearers of sound values, and this is essentially translated into the demand for sustainability reports testifying to the goodness of the actions practiced by these entities in the fashion system. The difficulties of recent times and the need for a decisive and incontrovertible change of direction is evidenced by recent legislation, see the European Union, through which international communities are trying to halt the unstoppable march of fast fashion brands.

In a context of this magnitude, it seemed absolutely pertinent to report the case of a company that gives readers a real-life example of how sustainability can be approached, and in this specific case, Gucci has been also analyzed in terms of its Italian character and therefore worldwide pride. In fact, the case study shows how, at least in the luxury industry, the company has produced extraordinary results in the field of sustainability. Gucci's Equilibrium programme, together with the numerous pilot projects initiated by the organization, define how it is possible to be a company that guarantees a substantial profit, and at the same time, take care of its approach and define a working methodology that allows not only the company and its employees, but also the external environment, to prosper. Such an organizational vision can only be pursued through a reorganization of the organizational models possessed. Actually, what is most relevant, and therefore the key and central object of the proposed thesis, is that a review of management and production models can be the key factor in bringing about positive change. The search for an organizational structure and business models that allow a company to remain highly competitive without its operations being detrimental to the environment is possible, however, this requires that the company is ready to share the change internally, through the development of leadership models and the sharing of an organizational culture that not only accepts the change but is also the bearer of it. Companies in the sector, even those operating in the fast fashion, can highly reduce their environmental impact; indeed, what is challenged in the development of the paper is that the only solution to change and the reduction of emissions or the exploitation of people is not to end the fast fashion system, but that the system itself can embrace modes of management and production that are in line with sound principles, and that aim at a higher and collective wellbeing, not only personal and based on mere profit.



In conclusion, therefore, this thesis has confronted the reader with a reality for which change is possible. There are numerous variables that can speed up the latter, and among these, consumer behaviour obviously has its impact, so revisiting it can certainly bring essential benefits. Nevertheless, new organizational systems together with the development of new technologies and innovations, if properly incorporated into the business system, can make an abysmal difference. It is possible to generate a positive impact and safeguard the Earth system, what needs to change is the mindset. Being willing to change one's operating models takes time and obviously costs more, but if such companies can operate on our Planet, they must be aware and understand that they cannot be the reason for a substantial decay of the ecosystem. Everyone must make their own contribution, and the solutions that have been proposed and that come from academic studies in various fields have been seen as undoubtedly great solutions, as demonstrated by the case study at the end of this draft. Change, therefore, is mandatory. Greater ethics in operations is necessary. Businesses must operate for the common good, to save a Planet that gave them birth in the first place. The possibilities and actions proposed throughout the paper summarize how environmental impact can be reduced, and demonstrate, ultimately, how such internal change, as in the Gucci case, can only improve their presentation to the plethora of consumers and public opinion, gaining in visibility, acceptability, but above all ethicality of operations.

SUMMARY

Over the last decade, sustainability has become a particularly significant subject of study. The sensitivity of the topic, as well as the constant and serious evolution that the ecosystem has been undergoing in recent years, has contributed to a marked attention and therefore profound analysis by the management bodies of the world's most important organizations. In this context, there are several industries in the spotlight of public opinion and governmental organizations because of their impact on the environment. Among these, companies operating in the textile sector must be considered at the forefront for two reasons. Indeed, if on the one hand the textile industry is the second most polluting industry in the world, on the other hand, it is among the few industries where many companies are truly committed to the promotion of campaigns and policies aimed at reducing their environmental impact, see the adoption of circular business models and the reduction of unsustainable fast fashion systems. It is therefore the considerations outlined above, combined with the simplicity and seriousness of the subject, that define the reason for a fascinating and concrete study, aimed at creating a solid structure to analyze the fashion-sustainability binomial, dealing with its progress and benefits, present and future. The study has the purpose of shedding light on what sustainable development really means, as well as what its application and ramification is in the variegated world of fashion. Therefore, the aim of this thesis will be to provide the reader with comprehensive information, highlighting the magnitude and evolution of the industry considered, the internal change underway, and the effects, positive and negative, produced by the various organizations.

Sustainability can be described by most as an idea: the idea of “sustainable development”. The complex nature of this consideration means that there are many interpretations, but the universally recognized definition dates back to 1987 and is found in the so-called “Brundtland Report”. The flow of considerations in this paper made clear the need for a strategy capable of integrating the needs of development and the environment: this strategy was later named with the syntax “sustainable development”. Sustainability was then summarized as the condition of development that “*ensures that the needs of the present generation are met without compromising the ability of future generations to meet their own needs*” (WCED, 1987: p. 37). Therefore, this was the first and true definition of sustainability, but not the only one. Actually, the same term was first used in 1992 during the first UNO Conference on the Environment, with a purely ecological reference. As time went

on, the word also began to be used alongside concepts such as economy and society. The “Treccani” encyclopedia specifies how this idea has undergone profound transformations over time with respect to its original versions, *“moving towards a more global meaning, taking into account not only the environmental dimension, but also the economic and social ones”* (Balocco, V., 2021). If we wanted to add a consideration on the meaning of the word sustainability, it would therefore be fair to think of it as the necessary condition for a universal balance between man and ecosystem, a balance that is indispensable to the proliferation of humanity over time. This definition explains why sustainable development has been prioritized in numerous organizational and governmental meetings. Furthermore, the succession of natural and artificial events has fortified the debate, the change and expansion of its image in the everyday sphere have increased its value, and the outcome has been a real fractioning of the term. The weight acquired by “economic” and “social” sustainability has largely grown, and with them a new pillar has emerged: the “ethic” one. In this framework, environmental sustainability is understood as *“the condition through which the process of utilizing natural resources must have the least impact on the environment so as to allow it to remain the same for future generations”* (TEV Group, 2022); on the other hand, economic sustainability is linked to *“the capacity of a system to produce income and work consistently”* (TEV Group, 2022); lastly, social sustainability upholds *“the importance of the cohesion of a society in which effective members are able to be supported and are also able to achieve their own individual well-being”* (TEV Group, 2022). Nevertheless, while these illustrations may appear clear and comprehensive, they are not fully explanatory of the meaning attributed to each category. For this reason, the thesis will give further information about what the pillars actually mean.

As we said earlier, sustainability is a concept which deeply interconnects with the fashion industry. The latter is defined by the encyclopedia Britannica as *“a multi-billion-dollar global enterprise dedicated to the manufacture and sale of clothing”*. It is characterized by short product life cycles, volatile, and unpredictable demand, an enormous variety of garments, long and inflexible supply processes, and a complex supply chain. Today, the industry is considered highly globalized and accounts for a significant share of world economic output (Chavan, R.B., 2018). In recent decades, the textile industry has attracted considerable attention in terms of production process management given the persistent generation of an unsustainable ecological footprint. According to current data, the fashion industry is estimated to be responsible for around 20% of water pollution and 10% of global



greenhouse gas emissions. The industry uses more than 98 million tons of non-renewable resources annually, including oil, fertilizers, and chemicals for the production, dyeing, and finishing of fibers and fabrics. A further source of concern comes from the accumulation of waste caused by the textile industry: fast fashion production has significantly increased the amount of clothes purchased and with it, the waste of clothes has grown even more. At this rate, global forecasts see global production increasing by 63% by 2030, from the current 62 million to 102 million tons (Ellen MacArthur Foundation, 2021: p. 8). These data are sufficient to convince the reader of how the relationship between industry and the ecosystem is therefore flawed: where the former, responding to the growing needs of the world's population, pursues objectives of growth in turnover and profits, the ecosystem becomes a prisoner of actions aimed at creating imbalances that are increasingly difficult to recompose. With this regard, the industry's complex and opaque supply chains have contributed to increased shipping and raw material costs and forced fashion companies to review their pricing and production strategies. The war in Ukraine has forced a reorientation of trade and triggered an energy crisis, while ageing port systems around the world are creating transport bottlenecks. Global inflation has driven up input costs and extreme weather conditions are affecting developing economies. To ensure textile organizations can cope with rapid changes in consumer demand and unpredictable logistical disruptions, the adoption of transparency, planning, and clear communication between buyers and suppliers have been proposed as solutions that can make such chains more efficient and effective (Savilia, K., 2022), when coupled with nearshoring, on-demand production and micro-manufacturing strategies (Amed, I., et al., 2022: p. 93). Furthermore, the considerable chain of consequences generated by the pandemic period was increased by the countless challenges that emerged during the last year, which have strongly contributed to the ongoing transformation of production and consumption patterns and required fashion operators to implement well-calibrated joint strategies of cost containment and targeted investments in e-commerce, digitization, and sustainability, which are properly discussed in the thesis. Going on through the fashion industry presentation, it's essential to consider two more dimensions. Firstly, regarding the environment, it requires a large and rapid information processing capacity, as there are many interdependent factors that cannot be predicted, so that it is necessary for different companies to be able to determine limited forecasts based on high levels of structural flexibility, rapid and coordinated adjustments when events become known. After years of favourable macroeconomic conditions, therefore, volatility and uncertainty are back on the global agenda. Markets that once showed solid growth potential now face a wider range of risks,



ranging from extreme weather conditions to political or social unrest (Amed, I., et al., 2022: p. 11). For these reasons, planning for scenarios and contingencies becomes even more critical, as companies need to understand whether the range of potential outcomes will require tactical changes in their operational plans to mitigate risks and reduce costs and seize hidden opportunities (Amed, I., et al., 2022: p. 22). Increased geopolitical uncertainty and uneven post-pandemic economic recovery are among the factors that will make the geographic diversification strategy an even greater challenge in 2023. Actually, the latter requires a well-formulated plan of action in light of the global changes taking place, including an update of organizational structure and a rethinking of supply chain strategies to seize key growth opportunities and to respond more effectively to the risks caused by the various political, regulatory, and cultural scenarios. Furthermore, the politicization of the private sector adds a new dimension to how and where to focus on growing one's business globally, not forgetting the social tensions and political uncertainties that may hamper business operations or increase reputational risk (Amed, I., et al., 2022: p. 32). In a context of pervasive price increases along the value chain, productivity remains a success factor and its maximization a goal to be pursued through rigorous evaluation of input costs and doubling indirect expenses and organizational efficiencies (Amed, I., et al., 2022: p. 28). In addition, textile companies should tend their efforts towards cost optimization and modernization of operations to build resilience in tumultuous times through strategies mainly focused on increasing prices and reducing the number of products and styles to simplify inventory (Amed, I., et al., 2022: p. 16), as well as through optimization maneuvers and renegotiation of sourcing agreements coupled with the implementation of an agile approach to product design that allows manufacturers to reset their cost bases and meet and adapt to changes in consumer demand (Amed, I., et al., 2022: p. 27).

Moving on to the discussion about circular economy, the latter has been defined as “*an economic model in which planning, resources, sourcing, production and reprocessing are designed and managed, both as process and output, to maximize ecosystem functioning and human well-being*” (Dragomir, V., and Dumitru, M., 2022). This model seeks to decouple economic growth and development from the consumption of limited resources by providing opportunities for innovation in the design of products, services and business models; consequently, it establishes a framework and building blocks for a long-term resilient system. The transition to the circular economy, nevertheless, entails holistic adaptations in companies' business models or even the creation of new ones, coupled with new visions and



strategies and a fundamental redesign of product concepts, service offerings, and channels towards long-lasting solutions (Ferasso, M., et al., 2020: p. 3007). To date, there are four main circular business models that have the potential to decouple revenue streams from production and resources use and increase potential revenue and cost benefits (Ellen MacArthur Foundation, 2021: p. 13) and those are “*Resale*”, which includes peer-to-peer sales of second-hand items; “*Rental*” which includes large-scale subscription models by multi-brand platforms or individual brands; “*Repair*” which represents the operation by which a defective or broken product or component is restored to a usable state, while “*Remaking*” refers to the operation by which a product is created from existing products or components (Ellen MacArthur Foundation, 2021: p. 14). The concept of circularity, therefore, goes beyond mere recycling and considers the entire product life cycle and all actors in the value chain, as “*an industrial system that is restorative or regenerative by intent and design*” (Dragomir, V., and Dumitru, M., 2022). The increasing demand for raw materials and resource scarcity are further key factors in the transition towards the adoption of circular economy models and transition towards a “closed” production system which involves sharing, lending, repairing, reconditioning, and recycling materials for as long as possible, thus extending the life cycle of products and helping to minimize waste (Ferasso, M., et al., 2020: p. 3007), ensuring a more efficient use and re-use of resources, and the consequent reduction of overall inputs of energy, emissions, and waste dispersion which should ultimately provide environmental, social, and financial benefits without compromising growth and prosperity, achieving a better balance between economy, environment, and society.

Another topic of interest which has been highlighted during the thesis recalls the difference between fast and slow fashion. In fact, the two main fashion systems can help to explain how the industry as a whole impact on the external environment. Hence, the fast fashion is described as a linear model that offers numerous benefits, including proper time and goods management and reduced inventory costs. These benefits are made possible by the implementation of a vertical integration strategy, which ensures that retailers have total control over the design and production phases, together with a significant reduction in delivery times (Schabasser, C., 2022). In the fast-moving supply chain, the use of lean production and management concepts are necessary to support a flexible, efficient, and competitive business model and to ensure the production of a high variety of products at reduced costs (Demirkazik, N., 2020). From a strategic point of view, such a business model



focuses on aspiring and gathering information on new trends, translating this into a collection of products to be offered and sold. Furthermore, companies following this model orient product design and production on the basis of market demand, allowing to better cope with demand variability and reduce the uncertainty and risk of consumers' strategic choices, as well as to improve the company's economic performance (Vecchi, A., and Buckley, C., 2016). Therefore, it is possible to summarize how companies following a fast fashion business strategy are strongly focused on the exploitation of current technologies and moderately on risk-taking and the pursuit of innovation. The aim is to be highly efficient by imitating the processes and innovations of companies with which there is a direct level of competition (Burton, R.M., Obel, B., and Hakonsson, D.D., 2021). Unfortunately, what it has to be said right here is that the fast fashion system is linked to many overarching challenges, including environmental degradation and human rights exploitation. Indeed, globalization has led not only to benefits, but also to systematic inequalities in the fast fashion industry, as textile workers are repeatedly exploited to allow the relatively rich to enjoy the luxury of the latest fashion trends. One of the most prominent problems from a social-ethical point of view reports of an industry that pursues its interests by violating the numerous laws covering workers' rights. A further ominous aspect considers the daily pay of such employees, which more often than not, is below the legal minimum wage, forcing them to work long hours in unsafe environments. On the environmental side, this business strategy makes the fashion industry one of the most polluting globally, ranking among the top three pressures on water and land use, as well as among the top five in terms of raw material use and greenhouse gas emissions (Centobelli, P. et al., 2022). Although this model is sometimes heralded as the "democratization" of fashion, the human and environmental health risks associated with cheap clothing are hidden throughout the life cycle of each garment (Bick, R., et al., 2018). Actual data confirm that one fifth of the toxins discharged into the world's waters come from the textile industry, which uses billions of liters of water to produce all kinds of garments (Chavero, S.T., 2017: p. 56), along with the demand for energy and raw materials, resulting in an unsustainable demand for natural resources on the Planet. To make matters worse, large quantities of chemical pollutants, carbon dioxide, and other toxic substances are released into waterways, soil, and air during the production of clothing (Rukhaya, S., et a., 2021: p. 517). There are therefore implications both in terms of increased textile waste streams and environmental impacts associated with the production, use and end-of-life management of products. Fast fashion therefore leaves a polluting footprint, as each stage of the clothing lifecycle generates potential environment and employment risks; thus, even if it offers

shoppers the opportunity to buy more clothing at a lower price, there is a disproportionate burden of environmental health risks for those who work or reside near textile production facilities (Rukhaya, S., et al., 2021: p. 518).

As opposed to the fast fashion system, slow fashion has emerged as an effective way to improve sustainability of the fashion industry (Centobelli, P., 2022). Actually, it identifies an innovative movement or a production philosophy attentive to the respective needs of the various stakeholders and ecosystems (Centobelli, P., 2022). Slow fashion involves local artisans and the use of “eco-friendly” materials, with the aim of preserving the environment, and ultimately providing value to both consumers and producers (Wang, Y.S., 2022). Indeed, it seeks to incorporate green thinking into the world of fashion and move customers away from the throwaway culture that has been created with the emerge of the fast fashion concept. Slow fashion stands for sustainability and quality, values that can be achieved through a commitment to transparent management of the production chain (Chavan, R.B., 2018). Sustainable fashion involves adopting an approach to the design, production, and sale of clothing that maximizes benefits for people and communities around the world while minimizing negative impacts on the environment. With reference to the supply chain, it is designed on the basis of high ethical, reliability, sustainability, and quality standards, emphasizing the use of local resources, organic or recycled materials thus ensuring a longer product life (Chavan, R.B., 2018). Unfortunately, the rapid globalization of the world economy has led to the creation of the current systems of low-cost products based on the exploitation of labour and natural resources, i.e., fast fashion, and contributed to the creation of a fragmented, complex, and less transparent supply chain, thus not allowing ethical standards to be applied to the entire system. At the end, the globalization represents just one macro-economic hurdle to the implementation of slow fashion systems; indeed, the other barriers are shown along the thesis and consider the economic factors, the lack of knowledge of sustainability issues and problems, the perceived unreliability of sustainable products, and the aesthetics.

The discussion proposed throughout the thesis explains the relationship between sustainability and fashion system and how the reorganization of an entire firm can produce a better impact on the environment. During the last chapter, this binomial has been discussed considering the rise and practices of Gucci. Actually, the Maison, in line with its mission, is committed to implementing a culture of sustainability and awareness, promoting a policy



based on conducting business according to principle of honesty, fairness, transparency, and integrity (Gucci, 2020). Indeed, the brand considers sustainability as the driving force behind a process of continuous improvement that contributes to the strengthening of economic performance and to the control and mitigation of business risks. Through the use of alternative and sustainable low-impact materials, and the implementation of circular approaches, Gucci attempts to respond to the need for a profound and systemic change. Moving increasingly away from the linear model of fashion to one in which circularity is not an exception to design and creation, the firm provides the possibility of *“a future in which the beauty of old materials is celebrated in an eternal cycle and new natural resources are not a requirement for glamour and quality”* (Gucci Equilibrium, 2021). Therefore, Gucci has implemented a unique programme composed of a selection of social and environmental commitments and actions (Gucci, 2021: p. 41) that present the company to the international community as a true prototype of a sustainable organization. This project, known as “Gucci Equilibrium”, is an entire portal dedicated to explaining and providing updates on the company’s environmental and social best practices, testifying the desire to build a responsible organization. The site brings together the choices made so far and the plans for the future, also emphasizing the humanitarian commitment through programmes such as “Gucci Changemakers” and “Chime for Change”. Gucci Equilibrium defines the commitment to generate positive change (Gucci, 2021: p. 3), bringing together the principles the organization upholds and the actions it pursues to live in harmony and respect with the Planet and with others. Through innovative paths towards social and environmental sustainability, the company’s ongoing commitment lies in reinforcing the climate strategy defined in 2015 under the name of “Culture of Purpose” (Gucci, 2021), through two key pillars: protection of the environment, respect for people and valuing.

Indisputably, such climate strategy has been rendered possible because of a reorganization of the entire firm which has started in 2015, with the arrival of the new CEO Marco Bizzarri and creative director Alessandro Michele. These two figures helped the company to rapidly adapt the strategy and transform the business model, renewing the aesthetic codes of the brand with a timely injection of eclectic and bohemian glamour and reversing a trend of years of declining sales (Business Models Inc, n.d.). The economic upturn and visibility that the Italian brand achieved with the organizational change brought about by the Bizzarri-Michele duo was supported by the implementation of an organizational strategy based on three cornerstones: adaptability, inclusiveness, and flexibility, which enabled it to respond quickly



to changing consumption patterns globally. However, the total reinvention of the brand cannot be explained in its entirety without mentioning the renewed digital strategy, which through the consideration of digitization, AI, and social innovation, ensured long-term growth, and a complete organizational redesign. The strategic flexibility and digitization undertaken by the Italian company define an organization capable of excelling both in the efficiency, and in the innovation game (Hofmeyr, K., Bell, L., and Bouwer, C., 2021: p. 8). Gucci is able to develop new products by continuing to exploit the existing market and building on current knowledge and capabilities, while, at the same time, the mindset that Bizzarri and Michele introduced when joining the House, requires employees to explore and develop new knowledge and capabilities to ensure both product and process innovation. Moreover, in its organizational redesign, Gucci decided to introduce flexibility into a structure with well-specified leadership roles and centralized decision-making processes that enabled operational teams to have greater autonomy and accountability (Hofmeyr, K., Bell, L., and Bouwer, C., 2021: p. 7). Such structural hybridization provides an example of how Gucci wants to accelerate its decision-making process at every level of the organization. Like many progressive companies, Gucci advocates decentralized decision-making on the one hand, thus allowing its employees to take responsibility and set goals with the coordination and mutual understanding of supervisors, while on the other hand, Gucci behaves as a centralized entity by ensuring that managers approve the various efforts and tactics that employees choose (Harvey, M., 2020). Specifically, the CEO provided for the creation of a more vertical organization with more delegated responsibilities and less direct reporting. This choice was considered necessary to evolve towards a more agile, streamlined, and decentralized structure, underpinned by a corporate culture that allows the company to anticipate market needs and correspond to customers' desires, accelerating decision-making at every level of the organization (Lerévérend, A., 2018). To reinvent the Gucci brand, in conclusion, Bizzarri had to reinvent the company itself, transforming the historic Florentine House into an adaptable "learning organization" with rapid decision-making that, in turn, was also applied and required in supply chain management. While many products were outsourced under the previous management, the new Board focused on the internalization of development, manufacturing, and production through the establishment of a Hub near Florence, bringing Gucci back to the "Made in Italy", and thus guaranteeing high standards of quality and perfection.



In conclusion, therefore, this thesis has confronted the reader with a reality for which change is possible. There are numerous variables that can speed up the latter, nevertheless, new organizational systems together with the development of new technologies and innovations, if properly incorporated into the business system, can make an abysmal difference. It is possible to generate a positive impact and safeguard the Planet, what needs to change is the mindset. Being willing to change one's operating models takes time and obviously costs more, but if such companies can operate on our Planet, they must be aware and understand that they cannot be the reason for a substantial decay of the ecosystem. Everyone must take their own contribution, and the solution that have been proposed have been seen as undoubtedly great ones, as demonstrated by the Gucci case. Change, therefore, is mandatory. Grater ethics in operations is necessary. Businesses must operate for the common good, to save a Planet that gave them birth in the first place.

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