

Hop off the fast fashion bandwagon! How entrepreneurs in the fashion industry are making (B Corp) certifiable social and environmental impact

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Problems within the fashion industry

While providing individuals worldwide with one of the most necessary goods, the fashion industry is notorious for unethical labor practices, environmental harm, and an overall lack of consumer consciousness. Many brands use harmful materials, exploit vulnerable consumers, and produce low-quality, disposable products that encourage excessive consumption. Watchdog organizations report that the industry generates 92 million tons of waste annually, with the average US consumer discarding over 80 pounds of clothing each year. Despite criticism, the primary culprit, fast fashion—which relies on cheap labor and materials—continues to grow, with today's annual clothing production more than double that of 2000.

Barriers to change

Refusing to conform to the standards of the fashion industry is no easy task. The pressure to produce inexpensive clothing and mistreat workers is strong, as these practices widen profit margins and capture more of the market. Fast fashion's strategy of mass-producing high fashion trends quickly and cheaply has grown into a \$3 trillion industry. This profitability allows the industry to rationalize its societal consequences for continued success.

Another barrier for socially responsible fashion brands comes from the attempts of their unethical competitors to exploit the marketing opportunity presented by fashion consumers' social/environmental distress, without making meaningful changes, to improve their public image. Greenwashing and bluewashing – exaggerating or altogether deceiving the public with unsupported claims of environmental and social impact respectively – have become commonplace, making it even more difficult for truly ethical fashion brands to be distinguished. Consumers want to feel good about their purchases, and fast fashion brands can accommodate this demand with bold, unsubstantiated claims about their ethics all while keeping prices low (a feat legitimately ethical brands cannot match).

Introducing the changemakers: fashion B Corps

Fashion B Corps are brands operating within the fashion industry that have succeeded in breaking away from the prevailing practices, prioritizing traditionally ignored external stakeholder groups and raising their standards of environmental and social consciousness. Their B Corp status certifies their impact, proving it possible to walk-the-walk of socially and environmentally conscious business despite the allure of a more common, and potentially more lucrative, approach to business in the current dynamic of the industry. Fashion B Corps are engaging in what scholars call 'hybridization' by incorporating policies, practices, and business designs that balance traditional economic business objectives with socially responsible goals.

How to drive change in the fashion industry: Lessons from fashion B Corps

In <u>our recent study</u>, we shine a light on fashion B Corps to gain understanding on how they successfully challenge the prevailing norms of the fashion industry. Using a combination of computerized and manual analysis, we evaluated the self-descriptions of 102 fashion B-Corps to discover where these companies focus their entrepreneurial efforts to achieve real impact. In analyzing how these companies describe their practices and values, we identified three key approaches that can guide fashion entrepreneurs aiming to make a meaningful social and environmental change:

1. Product Design

The first path to impact is creating products that are both eco-friendly and timeless. Using sustainable materials and designing styles that transcend fleeting fashion trends can reduce waste and promote longer-lasting consumer satisfaction. For instance, Patara emphasizes "simple yet classic designs that are made using quality and sustainable materials like hemp, cork, organic cotton, recycled PET, and natural rubber, all without compromising on style." This ensures their products remain relevant and usable for longer periods.

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2. Business design

Another crucial approach is integrating ethical practices throughout business operations. This involves taking control of the supply chain to ensure all stages of production meet high ethical standards. Additionally, intentional hiring and maintaining ethical working conditions are essential, as is fostering a positive company culture. For example, Uncommon Goods ensures that "lowest-wage earners take home double the federal minimum". Creating a workplace environment that supports and uplifts employees encourages them to contribute meaningfully to the company's mission.

3. Auxiliary initiatives

The third approach involves participating in initiatives that support broader social and environmental causes. Partnering with and supporting marginalized communities can create meaningful allyship. Furthermore, organizing and participating in volunteer events and making charitable donations can give back to the community and environment. For example, "for every product sold, United By Blue removes one pound of trash from oceans and waterways".

The bottom line

For fashion entrepreneurs who wish to challenge the harmful norms of fast fashion, our study provides insights on how this might be achieved. In a time where greenwashing and bluewashing create consumer cynicism surrounding ethical claims, B Corp certification ensures that social and environmental impact are legitimized. Furthermore, meaningful change is possible to achieve through a multitude of outlets (i.e., product design, business design, and auxiliary initiatives). For a more detailed discussion of these mechanisms for change, see our <u>full article</u>, published in the *Journal of Business Venturing Insights*.

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