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# The Key Drivers of Born-Sustainable Businesses: Evidence from the Italian Fashion Industry

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Received: 26 October 2020; Accepted: 3 December 2020; Published: 8 December 2020



**Abstract:** Environmental pollution has become one of the most pressing preoccupations for governments, policymakers, and consumers. For this reason, many companies make constant efforts to comply with international laws and standards on ethics, social responsibility, and environmental protection. Fashion companies are among the main producers of pollution because their manufacturing processes result in highly negative outcomes for the environment. In recent years, numerous fashion industries have been transforming their production policies to be sustainable, while others are already born as sustainable businesses. Based on Resource-Based View (RBV) theory and Natural Resource-Based View theory (NRBV), this paper aims at understanding how internal and external factors stimulate born-sustainable businesses operating in the fashion sector, adopting a multiple case study methodology. Our analysis shows that culture, entrepreneurial orientation of the founders, and the proximity of the suppliers among the internal factors, combined with the increase of green consumers as an external factor, foster the creation of green businesses. At the same time, neither current legislation nor the dynamism and competitiveness of markets have influenced the choice of the companies' founders to start a business based on green production logic. These results reveal the centrality of the founders' sensitivity toward green strategies to create a sustainable business. The findings have practical implications because they could support regulatory institutions to introduce some incentives that more clearly encourages companies that choose to adopt sustainable business models from the founding, by acting to the internal and external key factors that drive born-sustainable businesses. This study also provides an extension of the existing literature on sustainable born companies, offering researchers useful information on internal and internal factors that promote the adoption of green policies in the fashion industry.

**Keywords:** born-sustainable businesses; fashion industry; resource-based view; sustainability; green business strategy

## 1. Introduction

Environmental pollution is one of the many problems that have plagued our planet and it represents a real danger to the health of all living organisms. The fashion industry contributes significantly to the release of toxic substances into the environment [1] ranking in second place as the most polluting industry [2].

In particular, in 2019, the textile sector was responsible for 20% of global water waste and 10% of carbon dioxide emissions [3]. It is also responsible for the production of more greenhouse gases than air and sea travel worldwide, and as a polluting sector, it is second only to the oil and gas sector [4].

The high pollution generated by the textile sector has led fashion companies to pay more attention to sustainability issues.

The main initiatives undertaken in this regard mainly concern corporate social responsibility (CSR) [5], green supply chain management [6] and eco-design [7]. The concept of Corporate Social Responsibility (CSR) is not easy to define, as it is a constantly evolving phenomenon [8]. The most shared definition of CSR concerns the integration of social, ethical, environmental, and philanthropic aspects in the company's activity and, more generally, in the company strategy [9]. To date, numerous companies operating in the fashion sector have decided to adopt a culture based on sustainability, abandoning production processes with a high environmental impact. The problem of pollution and climate change, together with the regulations and certifications guaranteed respect for the environment (ISO 9001 and ISO 14001) [10] are certainly some factors that have favored, or perhaps imposed, changes in production methods. Above all, to compete in new market niches and consolidate their own brand, the big established international brands but also the smaller companies, have decided to introduce a new concept of quality, taking care not only for the quality of the product but also of the sustainability of the traditional business model and the structure of the supply chain [11].

In recent years, a transition process has been underway in fashion companies toward the creation of a system geared to adopting practices capable of generating measurable long-term benefits for socio-environmental development [12]. This orientation is the result of companies' greater awareness of the correlation between economic-financial performance and ethical-social assessments in the decision-making process [13]. The latter aspect finds maximum expression in the triple dimension of company activity, known as the "triple bottom line" [14], which requires taking into account not only economic results ("one bottom line"), but also social and environmental performance [15].

Nowadays, many sectors, including the fashion sector, no longer operate in the sole direction of maximizing profit or simply complying with regulatory provisions [16] but are increasingly engaged in the implementation of protective environmental policies and enhancement of the environment and natural resources [17]. This growing attention to the use of natural resources in the textile industry is the answer to an economic phenomenon, known as Malthusianism, which explains how a linear population growth is associated with an exponential consumption of resources [18].

However, the increase in awareness regarding sustainability issues, both social and environmental, certainly requires a more careful monitoring of the entire value chain to invoke the responsibility of all stakeholders and also an entrepreneurial vision based on process innovation. In addition, the ethical orientation, values, and beliefs of an entrepreneur, whose identity constitutes one of the main characteristics of corporate governance, cannot be ignored [19].

There are several internal and external factors that influence the transition process towards a sustainable business model [20–22]. It appears interesting to explore the drivers that affect the born-sustainable businesses [23].

For "born-sustainable businesses" we intend companies that have chosen, since their establishment, to build a business model focused on the sustainability principles [23]. The aim of this study is to extend this literature focusing on the combination of internal and external factors that stimulate the creation of sustainable companies, giving researchers information about the drivers of sustainable production policies in the fashion industry. By identifying these factors, the regulators could define specific interventions that make the choice to be born as sustainable convenient. A possible measure could be the granting of tax incentives aimed at supporting companies that claim to focus their business model on eco-sustainable policies. In addition, awarding prizes and public recognition to companies that promote innovative sustainable business could be contemplated. To this end, we consider those firms that have chosen to base all production on respect for the environment since their foundation, excluding those companies that have opted later for the transformation toward a sustainable business model. Italy represents an ideal context to examine this issue, given the historical importance of Italian fashion companies on a global basis [24].

The work is structured as follows. Section 2 proposes an analysis of the theoretical elements inferred from the literature concerning the relationship between environmental pollution and the fashion industry. Additionally, the section analyzes the factors that influence the decision-making process and therefore the choices to direct the company's activity toward sustainable production practices. Section 3 illustrates the methodology used. Section 4 gives the results and discussions, which aim to explore the internal and external factors that can influence the emergence of sustainable businesses, while Section 5 presents the conclusions of the work, as well as possible ideas for future research.

## 2. Literature Review

### 2.1. The Environmental Impact of Fashion Industry

The problems of environmental pollution and climate change are two extremely topical issues that now affect all regions of the world. The activities of humans are considered the only and fully responsible causes of the variation of the earth's temperature, as a result of conducting industrial activities that increase the concentration of gases present in the atmosphere, such as carbon dioxide and methane [25]. Not only car traffic and deforestation, but also, and above all, industrial processes and the combustion of fossil materials are the main polluting agents [26].

The seriousness of the consequences of pollution for the ecosystem and the health of all living beings has drawn the attention not only of environmentalists but also of national and international public institutions. For example, the European Parliament has issued a number of directives (Directive 2010/75/EU, Directive 2015/2193/EU; Directive 2009/125/EC; Directive 2000/60/EC) aimed at reducing the environmental impact of companies on the ecosystem even if the manufacturing industry continues to be one of the main sources of pollution. The regulation of industrial pollution is consolidated more in economically developed countries where the presence of equally advanced public institutions facilitates the issuing of and compliance with regulatory provisions [27]. Some authors find a positive relationship between per capita income and rigor in terms of environmental regulation [28].

To date, the fashion sector is characterized by a significant release of pollutants into the environment and a considerable consumption of fresh water [29]. It ranks second, after the oil industry, in exerting a negative impact on the environment, also in terms of waste produced [2]. Excessive energy consumption, greenhouse gas emissions (especially for the production of nylon, which generates nitrogen oxide), and high consumption of water and pesticides necessary for the cultivation of cotton just some of the problems associated with pollution in the apparel sector [30]. The higher energy consumption and a high environmental impact are attributed to the production phase, unlike other phases such as transport [2]. In fact, the printing and dyeing processes contribute significantly to pollution [4].

In a very short time, the spread of fast fashion, based on the creation of cheap and trendy clothing, has accentuated the question of environmental pollution and radically changed consumers' purchasing. The culture of consumerism is increasingly consolidating, leading to the premature replacement of the product due to the rapid obsolescence of fashion [31]. Consumerism is the belief that emotional and social needs can be met by purchasing goods and services in ever-increasing quantities [30], and this leads people to buy, use, and consume far more raw materials than the earth can sustain [32]. The offer of low-cost clothing encourages consumers to make purchases that are not really necessary from a disposable perspective. This consequently generates greater environmental pollution due to the constant production of clothing and greater waste.

Several authors have studied this problem, proposing various solutions. Among these, the strategy of slowing down the product replacement cycle has assumed a central role, thereby reducing the production times of new clothing lines [33]. This would limit production volumes, consumption, and waste. Another solution is represented by the substitution of series production for order production. Through this type of production, the creation of garments that could remain unsold would be avoided [34], since only what is really necessary would be produced. In addition, initiatives concerning CSR, green supply chain management [5,6], and eco-design have been undertaken [7].

With reference to waste management, it is certainly important to develop effective recycling strategies, since landfills are hugely expensive, as well as damaging to the environment by polluting the soil, groundwater, and air more than incinerators [4]. In this regard, some authors [35] have identified incineration as the preferable disposal method that would allow greater energy savings.

Of these many pollution sources, the fashion industry makes substantial contributions. One of the theoretical approaches used for the analysis of this problem is a Life-Cycle-Assessment (LCA), an analytical structure that allows a producer to identify the environmental impacts of a product through all stages of the life-cycle and thus assess all the measures aimed at increasing the sustainability of products and supply chains. Indeed, to implement a real reduction of the negative environmental impacts deriving from fashion production, it is necessary that companies adopt a sustainable approach, which is indispensable for remaining competitive on the market [36]. Over the last 20 years, the demand for ecological clothing has increased [37,38], causing already established brands to transform their production processes [12] and favoring the creation of sustainable businesses. However, to be effective, sustainability must be propagated along the entire supply chain, particularly involving suppliers [39]. The supply of raw materials represents the first stage of the fashion supply chain [39], and transmitting practices of environmental and social sustainability to cotton farmers could prove to be fundamental for the reduction of waste and environmental impacts.

Various ways exist to eliminate negative impacts on the environment. Companies could save energy through the replacement of traditional energy sources with photovoltaic solar and biomass power [2]. The use of innovative fibers and fabrics with low environmental impact as well as recycled materials [40] helps reduce pollution. The most effective intervention to reduce water consumption is to replace cotton with forest-based regeneration or recycled cellulose fibers [35]. Certainly, the transition from a cotton supply following a traditional process to a sustainable one (organic cotton) causes an increase in the purchase price of the raw material, although it has been shown that the purchasing power of consumers with reference to organic clothing is higher [41].

Following a sustainable energy approach in the fashion sector increases the chances of developing a solid long-term competitive advantage [2,12,39] as well as improving the corporate image and reputation, understood as the “set of perceptions held by people inside and outside a company” [42]. Indeed, some authors have shown how the three aspects of sustainability (economic, social, and environmental) are all positively correlated with the company’s image and reputation [43].

## 2.2. *The Drivers of a Sustainable Business*

In recent years, there has been a transition toward a circular economy combined with the widespread diffusion of sustainable business models in terms of products, production/processes, and decision [44]. This process has led companies to review their corporate strategy, aiming at the development of green strategies by integrating environmental aspects in different functional areas of the business [45]. This is a new approach that is not limited to the recycling of materials but provides an eco-efficient use of resources, especially natural, which aims to meet human needs by limiting the environmental impact [46]. In fact, a greater use of these materials allows to mitigate the pollution caused by the exponential consumption of resources compared to a linear growth of the population (Invers Malthusianis) [18].

This evolution has increased companies’ awareness of the impossibility of dissociating economic and financial performance from ethical and social evaluations in the decision-making process [13]. In fact, business activity is based on the simultaneous achievement of profit, environmental protection, and social quality, known as the “triple bottom line” [14]. This trend initially affected large companies, but in recent years, small and medium-sized enterprises (SMEs) have become increasingly important both numerically and economically [47]. Despite their limited resources, SMEs are taking the sustainable path [48], creating new sustainable business models [49] and initiating organizational changes that require a culture focused on environmental awareness [50].

Especially in the fashion sector, given its high environmental impact, the adoption of sustainable production policies, also guided by national and international regulations [16], leads to the protection of the environment and its natural resources [17]. Many sustainable practices exist that combine tradition with technology to produce new products using recovered textile fibers, food byproducts that are inedible, or recycled materials, significantly reducing both the amount of raw materials needed and the use and release of pollutants into the environment as well as being more attractive to new eco-sensitive customers [11].

To achieve these objectives, businesses have to develop adequate organizational capabilities that not only identify threats and capture the opportunities offered by the environment, but also to identify the tangible and intangible resources that best support business competitiveness [51].

In this regard, RBV theory highlights the centrality of resources and organizational skills in the implementation of a competitive business strategy [52], especially in SMEs [21]. These resources are also relevant for the formulation of green strategies [53]. Confirming these capabilities, the NRBV adds that pollution prevention, product stewardship, and sustainable development are instrumental factors in improving the efficiency and competitiveness of businesses [54].

Among the practices that promote the prevention of pollution, the principle of recycling is now a crucial element of many sustainable fashion start-ups, which, through recycling, the choice of natural, organic, and innovative fibers and the introduction of innovative production models, take responsibility for the environmental impact of their supply chains in order to achieve zero discharges of polluting chemicals, which, as already mentioned, typify the fashion sector [55]. However, achieving this result requires careful control of the sources of supply, supervision, and certification of its own value chain and that of the subcontracting network and therefore the transparency of the production chain, as well as an entrepreneurial orientation (EO) based on the three dimensions of innovativeness, risk taking, and proactiveness [56,57]. With reference to innovation, the NRBV classifies innovations in “product stewardship” and “clean technology”. The first one is characterized by the use of alternative materials for the realization of the product, without altering the final output. The second one implies a modification of the functionality of existing products, redefining the entire production process in a sustainable way.

Sustainability cannot succeed without continuous innovation involving the responsibility of all the stakeholders of the social concept (customers, suppliers, employees, investors, and local community) through the implementation of effective stakeholder engagement policies and strategies that, at the same time, lead to the formulation of creative and alternative ideas and solutions for existing production systems [56]. In particular, the creation of partnerships with local suppliers contributes to the formulation of business policies that are sensitive to environmental and social issues [58].

Moreover, the concept of the “learning organization” takes on particular relevance, being considered the tool through which to guarantee the active participation of employees, which is necessary for a green innovation strategy [59]. Sustainable development is necessarily “people-centered.” Fashion companies are oriented toward a proactive and holistic inclusion of all functional areas in the definition of eco-friendly business strategies [60,61]. This organizational capability is positively associated with the development of proactive green strategies and is well integrated with the improvement of the territory and with the need to establish a network of strong local relationships [62] to create value through the achievement of the common objective of developing a socially responsible context. Sustainability in the fashion sector is an ethical challenge with important effects in terms of investment and energy savings as well as being an important strategy to improve the company’s reputation to consumers. It is an integral part of the value proposition of competitive success [61].

These aspects lead to the creation of a sustainable business strategy that is strongly influenced by the founder’s culture. In this sense, the ethical orientation, values, and beliefs of the entrepreneur (ethical entrepreneurship) are fundamental to activating the necessary transformation to make a company truly sustainable [63,64]. This is intrinsic, especially in small and emerging businesses.

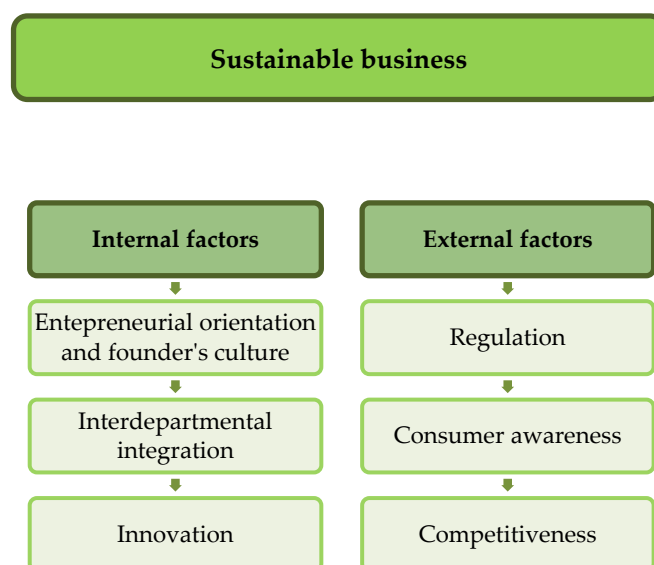
In these realities, the subjective variables have a greater incidence considering the centrality of the entrepreneur and their system of values that facilitate convergence around the business mission as well as the organicity of the organizational structure [19,65–68].

Corporate culture, leadership, and people are crucial drivers for the implementation of a successful sustainable strategy. For an eco-efficient approach, organizational and cultural change is essential. This action has to start with leadership and then affect the whole organization [69]. Many fashion start-ups are the result of management attitude and behavior which is leading to an acceleration of innovation with the highest potential to transform the fashion industry into a sustainable one.

In addition to organizational resources and capabilities, the development of green strategies is also influenced by external factors, such as the growing attention of consumers to environmental issues, regulation, dynamism, and market competitiveness [21]. In fact, the demand for products made by ethical companies that do not exploit labor and do not contaminate the environment is, in fact, increasing [70].

The coincidence between entrepreneurial orientation and customer sensitivity to environmental issues promotes an action orientation toward social legitimacy that can strengthen and differentiate the company's position through the positive influence of a good reputation [54].

Figure 1 shows the internal and external factors identified by the literature analysis leading to sustainable business.



**Figure 1.** Internal and external factors of a sustainable business. Source: our elaboration.

Through this study, we aim to understand the relationship between the choice to adopt a production model focused on sustainability in born-sustainable businesses and the internal and external factors that influence sustainable strategies, asking the following research questions:

RQ<sub>1</sub>: How is the creation of sustainable business in the fashion industry influenced by internal factors?

RQ<sub>2</sub>: How is the creation of sustainable business in the fashion industry influenced by external factors?

### 3. Methodology

To answer the research questions, a multiple case study methodology was used [71]. This qualitative approach is particularly suitable for the observation of complex phenomena [72] since it allows researchers to understand the relationships between variables within complex processes and the influence of the social context [73]. Indeed, this research approach is characterized by the observation of

a specific investigation object, being “a phenomenon of some sort occurring in a bounded context” [74]. The case study methodology allowed us to highlight the importance of internal resources for the development of green business models. We used multiple cases in order to explore any differences or similarities between the selected cases.

### 3.1. Sample Selection

Our analysis was conducted on three Italian SMEs operating in the fashion industry, which were originally conceived to develop a sustainable business model. According to the case study methodology, the selection of a sample company is not random but is based on an appropriate criteria [75]. We focused on these companies because they have adopted sustainable production strategies, creating ethical and trendy clothing lines since their foundation.

Company A is a Prato start-up founded in 2017 based on the work experience in Vietnam of its founder, through which he became aware of the problem of overproduction and overconsumption that characterizes the clothing sector and was motivated to make a new start. The company produces a clothing line that uses regenerated materials and at the same time offers a service to people to dispose of their old clothes, so that they are transformed into new products.

Company B was founded in Turin in 2010 from the idea of a group of designers with different backgrounds and who for many years have collaborated with some of the most important international clothing brands. It is committed to the design of sustainable and responsible clothing, always focusing on respect for the environment, people, and human relations.

Company C, founded in 2014 in Bergamo, was born from the idea of creating a brand that produces high-quality jeans using ethical and sustainable practices in the development and production of all their products.

Given each company’s peculiarities, the selected realities allow us to exhaustively answer the research questions by identifying critical and representative cases [71].

### 3.2. Data Collection

To investigate the phenomenon, we first defined a research protocol to ensure the validity of our analysis [76]. In particular, we identified the different sources of data (corporate documents and materials, companies’ websites, and interviews with the founders), and we defined questions for the interviews.

Our data were principally gathered between February 2020 and July 2020. The average length of each interview was 60 min. They were tape-recorded and then transcribed. The semi-structured interviews consisted of 18 questions useful for understanding the logic and the main drivers that underlie the sustainability of the production processes and aim at overcoming the traditional production mechanisms based exclusively on profits. The questions were constructed using the theoretical approaches of the RBV and the NRBV. Specifically, the interviews were structured in two parts.

The first part of the interview investigated the motivations or events that led the founder to constitute a company based on the principles of sustainability. In particular, to understand the internal resources driving this process, we asked the interviewees about the role of the manager’s personal values and beliefs in developing ecological sustainability throughout the organizational hierarchy. Some questions were useful to assess whether for companies innovation has been incremental (involving a modification, redefinition or improvement of existing processes) or radical (determining the adoption of innovative technologies or reconfiguration of the product/service offered). In addition, the development of an internal corporate culture oriented towards sustainability and the characteristics of the sustainable business strategy implemented (e.g., the role of all stakeholders involved and the environmental management tools adopted) were analyzed.

The second part of the interview explored the external factors influencing the creation of sustainable businesses as environmental regulations, the increasing attention of consumers to sustainability issues, or the competitiveness of markets.

In addition to the interviews, we examined financial reports and the institutional websites of the companies, as well as articles published in specialized magazines and newspapers of national relevance. Among others, the websites of the organizations that awarded environmental certifications to the interviewed companies have been consulted. The use of different sources of data allowed us to ensure data triangulation [76].

### 3.3. Data Analysis

We interpreted the data using the RBV and the NRBV theories, which explain the internal and external factors capable of stimulating the creation of sustainable enterprises. Examining companies in terms of the resources and capabilities that make them unique and scarcely imitable by competitors [52], the RBV theory explains how some of these factors are often essential to the formulation of highly competitive eco-sustainable strategies [53]. In addition, the NRBV theory affirms the importance in the development of sustainable firms of the following issue: pollution prevention, product stewardship, the improvement of efficiency, and the strengthening of business competitiveness [54]. The choice to analyze the factors that drive the birth of small sustainable companies is linked, on the one hand, to their organizational flexibility and entrepreneurial capacity, which allows them to capture the opportunities offered by the external environment more promptly than large companies [76]. On the other hand, we intend to extend previous literature focusing on the sustainability of small businesses, little deepen because it is believed that small companies, unlike large ones, which use comparatively fewer resources, have a smaller environmental impact [21]. The data were separately coded by two researchers, and then the obtained results were compared to verify their validity. In particular, the reliability of the findings was verified through the percentage definition of the level of agreement between the two researchers about the investigation profiles.

For data analysis we used the open coding method [77]—grouping the raw data that emerged from the interviews within well-defined conceptual subcategories, referring to the topics under investigation. The presence of clearly defined conceptual subcategories meant that there were no errors of interpretation, thus bringing conceptually similar information back into the relevant subcategory.

## 4. Results and Discussion

In this section we present the results of the interviews, aimed at understanding the main drivers that led the founders to develop a sustainable business model. The following table (Table 1) summarizes the internal and external factors that influence the implementation of a green business project.

**Table 1.** Internal and external factors driving the development of the interviewed fashion businesses.

Company	Company Information	Internal Factors			External Factors		
		Entrepreneurial Orientation and Founder's Culture	Interdepartmental Integration	Innovation	Regulation	Consumer Awareness	Competitiveness
A	Production of regenerated clothing with cashmere and cotton.	×	×	×	-	×	-
B	Realization of overcoats from recycled plastic.	×	×	×	-	×	-
C	Realization of jeans from recycled textiles.	×	×	×	-	×	-

Source: our elaboration.



#### 4.1. The Role of Internal Drivers for Born-Sustainable Businesses

##### 4.1.1. Entrepreneurial Orientation and Founder's Culture

To answer the first research question (“How is the creation of sustainable business in the fashion industry influenced by internal factors?”) we posed the interviewees questions aimed at understanding the role of internal factors identified by the literature in the creation of their sustainable business project. In the examined entrepreneurial realities, the role of the founder was decisive regarding the company organization and also for the spread of a corporate culture based on sustainability. These results are in line with previous studies, according to which, the identity of the founder significantly influences corporate decisions, especially when dealing with emerging companies [63,64]. One of the main characteristics of entrepreneurship relates precisely to the entrepreneur's freedom to express their identity through corporate activity [19]. Since their foundation, the companies of this study's focus have placed environmental issues at the center of their production policies, for the purpose of designing sustainable, ethical, and responsible clothing.

In Company A, the idea was born from the personal experience of the founder and from his idea and conviction of the need to face the saturation problem that characterizes the fashion sector, which translates into the production of garments in excess of the actual needs. As is well known, the phenomenon of “fast fashion” invites consumers to buy more than necessary, resulting in an unjustifiable waste of resources used in the production of garments that will most likely remain unused. Furthermore, the most used materials are polyester and cotton, whose processing requires an excessive use of water to which the use of pesticides is added with a consequent disadvantage for the health of the final consumer, of the workers employed for the processes, and the territories in which they take place. The sensitivity of the founder regarding these issues has been of crucial importance in the implementation of a project aimed at the creation of garments with increasingly sustainable materials in order to favor above all environmental and social performances. Nowadays, this company's reality represents an important union between the protection of the planet and the centuries-old manual tradition of the founder's hometown.

Even in Company B, the founder's awareness of the polluting power of the fashion sector and the desire to protect living beings has influenced both the company's processes and the type of product offered. Before starting his own clothing line, the founder designed collections for other companies, which did not practice sustainable production policies. The contact with companies that showed little attention to sustainability and to the exploitation of the animal world led him to radically change his lifestyle to the point of becoming vegan, stating that he started working in the fashion business for famous international brands whose corporate policies aimed at using low-cost labor and toxic chemicals in the production of the most common garments.

The questionable behavior of these manufacturing businesses and their trade policies soon led him to become a vegan, and start to think in a sustainable way.

The company currently boasts the maximum “Animal Free” rating, testifying to its commitment to making products free of animal-based materials and renouncing the use of fur, feathers, leather, and wool.

Company C, like the previous two, has chosen since its foundation to adopt sustainable production policies, starting from the selection of the raw materials used, such as certified organic cotton (GOTS or OEKO-TEX) or regenerated fabrics (GSR), up to the various production phases, opting for treatments that are not harmful to workers or the environment (toxic-free products) and excluding the use of materials of animal origin (cruelty-free products). With reference to the role of the manager's personal values and beliefs in developing ecological sustainability throughout the organizational hierarchy, the company stated that values of respect for the environment and the dignity of people and workers characterize the personal beliefs of the brand's founders. In addition, a deep and direct knowledge of the world of clothing and its potential for improvement towards the creation of more respectful

and ethical products has allowed the two managers to have a value compass that could guide them in choosing suppliers, collaborators, and partners.

#### 4.1.2. Interdepartmental Integration

From the analysis, it emerged that in all three companies the responsibility of economic actors in contributing to sustainable development is not confined to a few subjects, but increasingly arises as a need to define a collaborative strategy that allows individual participants to increase their knowledge about the economic, social, and environmental aspects, thereby enhancing the relationships between the various actors of the different functional areas, relying on the aid of suitable tools to encourage engagement.

The choice to operate in a sustainable way extends not only to the examined production realities, but also to the suppliers themselves. For the selection of suppliers to collaborate with, companies require the possession of certain environmental certifications (ISO 9001, ISO 14001) as they report better environmental performance [10]. Furthermore, the selection of partners and suppliers from which to obtain raw materials or to carry out some phases of the production process is not based only on procedures and innovative and sustainable business models, but also on the respective geographical location. Indeed, the examined companies have chosen suppliers very close to the company's operational headquarters. In this way, it is possible to easily monitor the entire production chain, eliminating the problems associated with relocation, including the sustaining of higher costs and higher pollution due to transport from foreign countries to the place of sale.

In addition, the founders of the interviewed companies excluded many potential companies with which to collaborate. For example, the manager of one of the three companies turned to a certifying body of absolute integrity (ICEA—Institute for Ethical and Environmental Certification), which identified which companies adhered to certain, very advanced protocols to collaborate with ethically and ecologically. The companies also declare that the choice to adopt sustainable policies has consistently improved their reputation and corporate image among customers and suppliers. One of the companies claimed that sustainability is a strategic element because it is a factor of brand value that is recognized by the various stakeholders and not perceived on the contrary as greenwashing.

For all the companies interviewed, the sensitivity of the founder toward the issue of environmental pollution has favored the evolution of the environmental dimension to a great extent, followed by social factors. The economic dimension is the least developed, although the interviewed companies have declared that the number of consumers who have decided to grant their preferences to companies that can guarantee the ethics, sustainability, and responsibility of their products is constantly increasing. For these companies, sustainability is a strategic element incorporated into brand value and recognized by various stakeholders.

#### 4.1.3. Innovation

In addition to the entrepreneurial orientation, innovation is also one of the internal factors that motivated the born-sustainable businesses.

Company A promotes a form of slow fashion rather than fast fashion. It does this by skillfully mixing creativity and technological innovation in a way that leads to the transformation of fabric remnants and old clothes into new garments without affecting the quality of the original product and paying attention to details thanks to the craftsmanship of the territorial context in which the company operates. The adoption of innovative and sometimes experimental systems allows for better processing and revolutionary treatments using 100% regenerated fashion fibers that lead to the creation of soft products for nearby companies.

For the company, in fact, the concept of a circular economy is not synonymous with sustainability if it is not accompanied by responsible, ecological, lean, and rapid production, as well as by a correlation between quality and proximity of the products. The concept of ethical clothing is therefore centered on three main values: quality, sustainability, and responsibility. In particular, innovation and sustainability

are two important cornerstones of a corporate vision, as sustainability cannot assert itself without continuous innovation that leads to the improvement of processes with limited environmental impact, while innovation is irrelevant if it is not the basis of sustainable projects.

In Company B, previous experience at important international clothing brands that aimed to maximize profit with negative environmental and social repercussions (flexible and low-cost labor, processes made with products highly toxic to humans, the territory, groundwater, and the atmosphere) led the founders to devote themselves with creativity, expertise, and rigor to the development of responsible and sustainable clothing products. Since its establishment, the company has placed respect for the environment and for the social context and human relations at the core of its business model. The company markets ethical urban clothing made exclusively with materials free of harmful substances and using recycled plastic as raw material. In particular, in a country very close to the company's headquarters, there is a postconsumer plastic collection company that, as a result of a production process, translates it into fragments.

Subsequently, the plastic fragments are transformed into yarn, from the yarn the fabric is made, and finally from the fabric, the garments. For the company, the material is selected prudently and scrupulously, as is the choice of partners and suppliers. The company prefers working with those who resort to innovative procedures and treatments and sustainable business models that adequately respond to current challenges in terms of the least possible impact on the ecosystem, use of limited quantities of energy for transformation, and no use of other than petroleum-derived oil. In this way, the producer has the possibility to control all components of the production chain, unlike what happens in other companies where the sourcing of raw materials or processing takes place abroad. As is well known, relocation involves not only higher costs but also higher pollution due to transport from foreign countries to the place of sale. Their strong point is establishing deep roots in the territory, which allows the company to reduce the impact and emissions of harmful elements, guaranteeing the customer the purchase of products that are the best possible compromise at the level, perhaps worldwide. The company also distinguished itself by an important innovation, that of ecological printing, which replaces traditional dyeing, which involves the massive use of dyes, reducing the pollution caused by the dyeing of the garments.

Company C also has strong roots in the territory. Always with a view of environmental sustainability, the company has chosen to assign the various production phases "to small local artisan companies to compose a short, controlled, cleaner and ethical supply chain, all located in the province in which the company operates and is based." In addition, environmental sustainability is reflected in the use of innovative laser technology machinery to obtain vintage treatments without the use of water and the choice not to use accessories, such as denim trousers, with animal products. In daily operations, the company implements the main elements of sustainability in general in its offices: separate collection, use of LED lights for energy saving, and optimized logistics management. The interviewed companies often start crowdfunding operations to find financial resources from a network of subjects who are aware that their investment will generate not only economic advantages but also environmental and social benefits. What has just been said shifts the attention from the individual practice of a single company to that of the supply chain, creating a virtuous circle that is the basis of the success of the various projects by promoting sustainability, innovation, and social aggregation.

#### *4.2. The Role of External Drivers for Born-Sustainable Businesses*

To answer the second research question ("How is the creation of sustainable business in the fashion industry influenced by external factors?") we have formulated questions aimed at understanding what external factors have driven the birth of their green business.

Regarding the analysis of external factors, the three interviews revealed the irrelevance of environmental and social protection regulations and the achievement of a greater competitive advantage. This is because, at the basis of their development, there is the sensitivity and willingness of the founders to start an eco-friendly business. This result is linked to the strong desire of the founders to

create an ethical and environmentally friendly business, paying less attention to regulations and competitors. To this element, the greater attention of consumers toward eco-sustainable products in their purchasing decisions that encourage even more companies to integrate sustainability initiatives in their business strategy [78]. In particular, in line with other studies [23,79], the sensitivity of consumers toward environmental issues has motivated the three interviewed companies even more to develop and launch innovative methods and resources that preserve the natural environment. In fact, corporate communication strategies focus primarily on sustainable issues to meet the needs of environmentally conscious consumers. Sustainable certifications and the use of labels are a tool used by companies to strengthen their image and differentiate their products.

In particular, one of the companies interviewed found a growing consumer focus on garment “labels” and, more specifically, on the materials used to make garments. Additionally, for these reasons, the company has decided to insert a label inside the garment that shows how all manufacturing processes are environmentally friendly, using materials of a nonanimal origin.

Compared to other studies [21,22], it is clear that the growing dynamism and competitiveness of markets, as well as environmental regulation, has not influenced the creation of green companies, strengthening the conviction of the founders of the need to establish a company based on sustainable production logic, apart from the regulatory and competitive context. These factors could be the drivers that guide the development of sustainable small- and medium-sized enterprises operating in other sectors with a high environmental impact.

## 5. Conclusions

The present study intends to investigate how internal and external factors contribute to the creation of a sustainable business through a multiple-case study. To this end, using the theoretical approach of the RBV theory [52] and NRBV theory [54], we conducted semi-structured interviews with the founders of three Italian fashion companies founded as sustainable.

The culture of the entrepreneur plays an important role in the creation of sustainable businesses. In particular, sensitivity toward the problem of environmental pollution is one of the reasons that could lead to the birth of a green business. The values and beliefs of the founder, the roots with the territory that lead to the selection of suppliers close to the place where the company is based and operates, and innovation can be considered factors that promote the birth of green businesses.

With reference to external factors, the current legislation, as well as the dynamism and competitiveness of the markets, do not influence the choice of the founder to start a business based on green production logic; at the same time, the growing attention shown by consumers to sustainability issues has a great influence.

The conducted analysis produced some interesting evidence. This study makes an important contribution to the literature, providing a practical application of the RBV theory and the NRBV theory to the fashion industry, focusing on innovation strategies adopted by this sector for the reduction of environmental impacts related to the production process. The beliefs and entrepreneurial culture regarding sustainable policies must necessarily be supported by an adequate capacity for product and process innovation.

Although the problem of pollution caused by the fashion sector is very current as well as critical, there are still few studies that focus on the analysis of small fashion industries, overlooking their environmental impact [21]. In practice, the adoption of sustainable production policies by small businesses could encourage the reduction of pollution, for example through the choice of suppliers that produce in an exclusively sustainable way and could also encourage greater consumer awareness of these issues. Therefore, future research directions could conduct an analysis of the ways in which small fashion companies promote the dissemination of environmental sustainability issues among all stakeholders, for example through the communication capacity of their brand and the resulting benefits. In addition, it could be interesting to investigate whether and how the adoption

of sustainable production policies improves the company's image and reputation and its impact on corporate profitability

The paper presents some limitations. The case studies are to be considered within their limits, in particular in relation to the fact that they cannot be generalized as universally valid for all economic sectors of activity or even for companies operating in the fashion sector in other countries. The culture and traditions of each territory are specific factors that could produce a divergence in results. These considerations may constitute the elements on which to base future development paths of this research.

**Author Contributions:** Conceptualization, G.G. and S.R.; formal analysis, S.R.; investigation, G.G.; methodology, G.D.; supervision, M.T.; writing—original draft, G.D., G.G., and S.R.; writing—review and editing, G.D. and M.T. All authors have read and agreed to the published version of the manuscript.

**Funding:** This research received no external funding.

**Conflicts of Interest:** The authors declare no conflict of interest.

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