



FOSTERING SUSTAINABLE PRACTICES IN MICRO AND SMALL FASHION ENTERPRISES (MSEs)

SUPPORT FOR SUSTAINABLE PROSPERITY

NEXT STEPS FOR POLICY

This policy note draws on analysis of evidence from over 100 in-depth interviews with UK-based fashion MSEs and a range of support organisations. It is a means for discussion based on verifiable accounts of sustainability in action, demonstrating new possibilities for the fashion sector in the UK. The vast majority of discourse on social and environmental prosperity in the fashion sector focuses on large scale industry, missing out on the importance, relevance and potential of MSEs to sustainable prosperity.

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KEY POINTS

- Sustainable fashion MSEs have a core role in the fashion industry transition towards net-zero emissions, biodiversity and other climate justice and Sustainable Development Goals by demonstrating how highly innovative, creative practices can value materials, products, people and cultures. This relates to increasing resourcefulness and ensuring fair labour practices, addressing concerns highlighted in the Environmental Audit Committee (EAC) report *Fixing Fashion*¹.
- Sustainable fashion MSEs have a critical role to play in creating 'good' jobs for a wide range of people in local economies, creating positive social and cultural impact.
- The transformational role of sustainable fashion MSEs comes from organisational growth, helping new firms to find new niches, and through the replication of good and innovative practice across the industry.
- Measures of success for small sustainable fashion enterprises should be holistic, integrating social, cultural and environmental impact measures with more conventional business performance indicators.
- There is a need for effective policy and business support to maintain and grow sustainability initiatives that go beyond economic value.
- There is a need to support collective initiatives for and among MSEs to help overcome their individual 'liability of smallness'.
- Finance and support offerings including tax incentives should be tailored to the varying development needs of micro and small fashion businesses.
- Support from the public sector is needed for research and development grants aimed at developing sustainable practices within small fashion design businesses.
- There is a need for lifelong, in-work learning and opportunities beyond the traditional education points for design entrepreneurs wishing to engage in sustainable fashion.

BACKGROUND

While UK fashion design businesses have played a key role in the global industry, sustainable design entrepreneurs are now emerging to show how the UK can play a vital role in the national and global transition towards Net Zero emissions, a circular economy and other ecological and social justice commitments. Although the fashion sector has made some progress towards addressing its negative impacts on the environment, its trajectory remains at odds with UK climate commitments. The continuation of the current pace of incremental improvement against sustainability targets is not sufficient to create the fundamental changes needed to this extractive and exploitative system². This Policy Briefing sets out the contribution of sustainable fashion MSEs and examines how government and other supportive actors can help to amplify sustainability in action, recognising and supporting the work of these pioneers.

[Rethinking Fashion Design Entrepreneurship: Fostering Sustainable Practices](#) (FSP) has been investigating the creative and business practices in design-led fashion micro and small enterprises (MSEs) as a potential driver for transformational change. Many of these MSEs provide pioneering visions of sustainable prosperity in business, but are not recognised for this work and struggle to survive in the face of targets that are limited to economic measures. This is why fashion designers and leaders in these MSE teams, are the focus of our research.

1 [House of Commons Environmental Audit Committee \(2019 \(16\)\). *Fixing Fashion: Clothing consumption and sustainability*.](#)

2 [Intergovernmental Panel on Climate Change \(2018\). *Global Warming of 1.5 °C*; United Nations \(2018, October 8\). *Do What Science Demands 'Before It Is Too Late'*, Secretary General Stresses in Statement on Special Global Warming Report.](#)

NEXT STEPS FOR POLICY

THE STRATEGIC IMPORTANCE OF SUSTAINABLE DESIGN ENTREPRENEURS

Just as UK fashion design has been a leading creative influence around the world, a growing and vibrant new wave of fashion MSEs are demonstrating how to practically weave together climate and social justice, with creative practice in viable business models. Support for these businesses is needed across the UK, recognising their potential to drive the fashion industry towards a model of sustainable prosperity which includes their contribution to local/regional economies as well as positive social, environmental and cultural impact.

Action: There is a need for the UK Industrial Strategy to explicitly recognise and support the role and innovative potential of fashion design MSEs to contribute to a truly sustainable economy³.

RESOURCEFULNESS TO REDUCE WASTE AND WASTEFULNESS

Sustainable fashion MSEs are demonstrating a range of innovative and creative practices that value materials and reduce waste, innovating far beyond the current efforts of large businesses in the sector. This includes the creative use of surplus/waste (often from large businesses and other sectors) and recycled materials, the offer of repair and resale services, as well as the teaching of repair and other circular economy related skills to customers. There is a need for more support for these approaches of resourcefulness by providing incentives for extending value and penalising the throwaway culture of contemporary fashion.

Action: Changes to regulation and fiscal/taxation policy to encourage businesses and customers to engage in more sustainable behaviours, including removal of VAT for garment repair services and ensuring producer responsibility for waste (see e.g. EAC recommendations, EU legislation (Extended Producer Responsibility (EPR), EU Waste Directive, Anti-Waste and Circular Economy Bill) and United Nations Fashion Industry Charter for Climate Action⁴ (UNFCCC) goals for net zero fashion).

GOOD JOBS AND TRUSTED SUPPLIERS

UK sustainable fashion MSEs show how green jobs can be created while also meeting high standards of working conditions (e.g. by providing Living Wage jobs and jobs in marginalised communities and at risk groups of women). The high standards found in these businesses are dramatically different from those highlighted in the fast-fashion sector (see e.g. EAC evidence⁵).

Action: Government policy support is needed for re-shoring design and production opportunities in a more diverse and certified industry. Policy and trade deals need to ensure that skilled garment workers are recognised as such (see Fashion Round Table Brexit: the impact on the fashion industry report⁶) and that good practice is replicated for all imported clothes. New certification systems that ensure that MSEs can extend their sustainability practices throughout a UK-based supply chain, trusting material and production supplier practices.

COLLECTIVE ACTION

Small businesses face challenges in competing with larger established businesses that may not be addressing sustainability issues adequately. The 'liability of smallness' can be reduced through encouraging shared use of resources (machinery, space, materials etc.). Collective efforts to set up sustainability labelling and certification of suppliers is also needed. Public funds can support such collective action and help innovation cultures. There is also a need for collective voice and greater representation of MSEs that seek to drive change towards more sustainability in their sector.

Action: Support and facilitate collective initiatives amongst sustainable fashion MSEs (such as the creation of shared workspaces, resources and certification of suppliers), and forms of collective voice and formal representation.

MEASURES OF SUCCESS

Sustainable fashion design entrepreneurs are primarily driven by their desire to 'make a difference' to their industry and not by profit maximisation. Measures of business success, therefore should explicitly integrate social, cultural and environmental impact measures, and not just be reduced to financial ones.

Action: Introduce more holistic measures of business success beyond economic indicators when assessing options for public sector support.

³ [Dasgupta, P. \(2021\), The Economics of Biodiversity: The Dasgupta Review. \(London: HM Treasury\).](#)

⁴ [United Nations \(2018\). Fashion Industry Charter for Climate Action.](#)

⁵ [Centre for Sustainable Fashion \(2020\). Written evidence for the EAC enquiry.](#)

⁶ [Fashion Roundtable \(2021\). Brexit: The Impact on the Fashion Industry.](#)

APPROPRIATE FINANCE

Sustainable fashion MSEs require different types of finance as they develop and mature. In start-up stages there is a reliance on grants and small loans. There are particular finance gaps for those wanting to expand their businesses, and before they are attractive to equity investors. There can also be hesitancy to seek equity investment when investors are not known or there is an overly onerous application process. Businesses also need support to develop the capacity and skills to be able to apply for funding when needed.

Action: Government venture capital funds can address finance gap between self-finance and private equity, and combining this with business support for investment readiness to ensure there is a pipeline of propositions. This should draw on the experience of British Business Bank and work across government departments rather than working in silos.

BUSINESS SUPPORT FOR TRANSFORMATIONAL CHANGE

The existing sustainable fashion industry can grow and extend its influence through sustaining and maintaining those businesses that lead by example. Support is also needed for new purpose-driven start-ups, customer engagement and the challenging and changing of practices in mainstream businesses. Support is needed to encourage mentoring programmes that recognise a more holistic understanding of prosperity, benchmarking activities and peer support for those looking to make transformational change.

Action: Provide funds to help build the business support infrastructures needed by sustainable fashion MSEs, ie support for peer to peer collaboration, rather than top down initiatives.

SCALING UP AND SCALING OUT

Big is not always better. Many sustainable fashion businesses recognise a range of benefits of staying small, but also agile and influential while promoting their ideas and visions. The transformational role of UK sustainable fashion MSEs comes from both helping new firms to start up to find new niches, while also encouraging the replication of good practice across the sector.

Action: Support the start-up of sustainable fashion businesses through sustainability criteria in grants, incubators, and mentoring programmes, building on the existing provision.

RESEARCH AND DEVELOPMENT

The UK is already a global influencer in sustainable fashion, and UK Research and Innovation (UKRI) can build on its support for businesses and further promote the UK as a lead contributor to the cultural industries, as well as increasing the export potential of the UK sustainable fashion sector. Building on existing support for clusters from DCMS and UKRI, support from the public sector is needed for sustainability focused innovation grants aimed at small businesses, leading on sustainable fashion design and innovation, alongside support for the wider sustainable design and innovation ecosystem in universities, innovation finance and elsewhere.

Action: Increase access to innovation grants with sustainable prosperity criteria for fashion design businesses and related support for other players in the creative industries.

EDUCATION

A transformed fashion industry requires new skills and capabilities across diverse demographic and social groupings. Lifelong-learning is recognised as an increasingly important lever for employment, with learner needs that include short courses, flexible learning and a mix of creative and entrepreneurial skills. The ideas of sustainability-focused creativity, business and entrepreneurship need to be brought into the curriculum across different subject areas, and bring in the knowledge and expertise of the existing UK designers and entrepreneurs working in sustainable fashion. In addition, educating younger generations in clothing maintenance skills can enhance an appreciation of material qualities, increase clothing longevity and has the potential to slow down and reduce consumption of new items.

Action: There is a need for lifelong, in-work learning and flexible opportunities beyond traditional education points as well as skills building for designing, creating, mending and repairing clothes across and beyond school and university levels (see e.g. EAC recommendations, ECAP).

CONCLUSIONS

There is a moral imperative for the UK government to act boldly on clear evidence of the capacity of the UK sustainable fashion MSEs to thrive, by committing to restorative models and practices that contribute to long-term social, economic, cultural and ecological prosperity⁷.

This Policy Briefing has provided an overview of how these MSEs could be better supported to thrive, as well as being used to showcase a newly recognised set of sustainability skills and capabilities that create social, environmental, cultural and economic prosperity. There is a need to support such sustainability skills development and training, which can be adapted and applied across locations and scales to inform UK creative and cultural industries.

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⁷ [Centre for Sustainable Fashion \(2020\). Written evidence for the EAC enquiry.](#)

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