

# Globalisation in Fashion: Opportunities and challenges to bring about sustainable change

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## Abstract

This study advances theoretical understanding by integrating globalization dynamics and Environmental, Social, and Governance (ESG) considerations into the Integrated ESG-Circular-Consumer Framework (IECF), which systematically links ESG governance, circular economy practices, and consumer behaviour within global fashion supply chains. By revealing previously overlooked interdependencies between circular strategies, corporate governance, and consumer decision-making, the IECF expands descriptive insights into a theory-building perspective. In practical terms, the findings guide corporate leaders and policymakers to strengthen transparent ESG strategies, foster circular innovations, and implement robust supply chain reforms, thereby mitigating sustainability risks and promoting systemic transformation in the fashion industry.

**Keywords:** fashion, ESG, globalisation, sustainability, greenwashing, circular economy, systematic literature review

**JEL Classification:** Q56

## Introduction

The issue of sustainability has become one of the central themes of the fashion industry over the past decade particularly due to the growing visibility of the environmental and social impacts of the textile and clothing sector (Niinimäki et al., 2020). The global apparel market currently sits at \$1.7 trillion (Insider POV), maintaining growth at 4.1% compound annual growth rate through 2030 (Insider POV). Fashion's scale becomes apparent when considering that manufacturers produce over 100 billion garments annually (Insider POV) – enough for every person on Earth to receive 12.5 new clothing items each year. Employing over 300 million people globally, the sector faces mounting scrutiny for environmental degradation (e.g., 6.94 million tonnes of EU textile waste in 2022; ETC/CE, 2024) and social inequities (e.g., Rana Plaza collapse). While globalization enabled cost-efficient outsourcing post-WTO China accession (2001) and CEE liberalization (Losoncz, 2022), recent disruptions – COVID-19, Russia-Ukraine war, US-China tariffs – exposed supply chain vulnerabilities (Tokatli et al., 2008).

Globalisation was one of the most defining economic and social processes of the late 20th century, with a significant impact on the international division of labour, the emergence of global value chains, and the economic structure of nation states (Losoncz, 2022). The relative stability of the global economy further strengthened these processes. At the same time, the COVID-19 pandemic and the Russian-Ukrainian war have fundamentally shaken the previous logic of globalisation, exacerbating its risks and structural inequalities (Losoncz, 2022). In the fashion industry, globalisation has had a dual impact: on the one hand, it has stimulated the growth of the industry, promoted outsourcing and the development of international supply chains; on the other hand, it has increased environmental pressures, social inequalities and

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unethical employment practices (Tokatli et al., 2008; Bhutia, 2020; Gazzola et al., 2020). The efficiency gains brought about by globalisation have increasingly been accompanied by negative externalities such as environmental degradation, exploitation and cultural homogenisation.

The realignment of international trade relations, or the United States of America-China trade war, is also significantly affecting the fashion business. Increased tariffs are compelling businesses to recast their manufacturing plans, diverting production to other markets. With increasing expenses, businesses are certain to continue transferring the burden to consumers, perhaps impacting all corners of the market, such as ultra and fast fashion, premium, affordable luxury, and luxury segments.

The purpose of this research is to examine the impact of globalisation on the fashion industry, specifically on issues of sustainability. The research deals with Environmental, Social, Governance (ESG) strategies, which can counteract the adverse consequences of globalisation and encourage sustainable development of the fashion sector.

### **Methodology: Literature review approach**

This study employed a systematic literature review (SLR) following the PRISMA 2020 guidelines to synthesize evidence on the tensions between globalization and sustainability in the fashion industry. We searched Scopus, Web of Science and Google Scholar using the following search string: (“fashion” OR “apparel”) AND (“globalization” OR “supply chain\*”) AND (“sustainability” OR “ESG” OR “circular economy”), thereby restricting results to the period 2008–2024 and to English-language publications.

The initial database search yielded 1,247 records. After removing 312 duplicates, 935 records remained for title- and abstract-level screening. At this stage, we excluded clearly irrelevant items, and included studies unrelated to the fashion or apparel sector, papers dealing exclusively with technical textile engineering without a sustainability component, and works focusing on sustainability in other industries, such as automotive or electronics, which resulted in 94 records retained for full-text assessment.

During full-text screening, we applied three inclusion criteria: (1) an explicit empirical or conceptual focus on fashion and apparel value chains; (2) a clear discussion of sustainability, ESG, circular economy or transparency; and (3) a demonstrable link to globalization, global sourcing or international supply chains. Exclusion criteria covered non-peer-reviewed opinion pieces without methodological transparency, studies in which fashion appeared only tangentially, and papers addressing consumer psychology without any connection to supply chains or ESG governance.

The application of these criteria led to the exclusion of 67 full-text articles for reasons such as insufficient methodological rigour, the lack of an explicit sustainability dimension, or a lack of connection to fashion. The final sample comprised 27 sources: 22 peer-reviewed journal articles, 3 industry reports (e.g., Ellen MacArthur Foundation, Fashion Revolution), and 2 European Union policy documents related to textiles and the circular economy. These 27 documents were imported into NVivo and coded thematically along five dimensions derived from prior SLR guidance: globalization impacts, ESG integration, circular economy models, consumer behaviour, and transparency and accountability strategies.

The iterative coding process combined deductive codes, based on existing frameworks for sustainable supply chain management, with inductive codes emerging from the material, enabling a move beyond descriptive aggregation towards critical interpretation and theory building. The cross-comparison of themes across document types (academic, policy, industry) informed the design of the Integrated ESG-Circular-Consumer Framework (IECF), which was subsequently formalised into testable propositions.

The study systematically organises the analysed sources along five thematic dimensions:

- Globalisation impacts and challenges in the fashion industry – with a special focus on international supply chains, outsourcing and geopolitical tensions (Tokatli et al., 2008; Losoncz, 2022).
- ESG integration at the corporate level – the theoretical basis and practical applicability of the ESG framework for different market players (Gazzola et al., 2020).
- Circular economy models – developing sustainable production and consumption systems as an alternative to the linear model (Niinimäki et al., 2020).
- Consumer attitudes and communication – changes in consumer behaviour and the impact of corporate sustainability narratives on consumer decisions (Bhutia, 2020).
- Corporate transparency and strategic responses – the role of transparency and ethical accountability in the ESG adaptation practices of global brands (Gazzola et al., 2020).

The strength of the methodological approach is that it not only systematises the scientific results to date in a descriptive manner but also seeks to uncover new connections by comparing and critically interpreting them. This allows the study to contribute to the theoretical and practical discourse on the sustainability transformation of the global fashion industry.

### **Integrated ESG-Circular-Consumer Framework (IECF)**

To address the fragmented nature of prior work on fashion sustainability, this study develops the Integrated ESG-Circular-Consumer Framework (IECF), which links ESG governance, circular economy practices and consumer behaviour within the context of globalized fashion supply chains. The framework conceptualises sustainability transformation as the joint outcome of three core pillars operating under globalization pressures, regulatory constraints and structural power asymmetries.

In the IECF, the ESG Governance Pillar serves as the governance anchor, which encompasses environmental (emissions, waste, resource use), social (labour conditions, wages, worker voice) and governance dimensions (disclosure, anti-greenwashing safeguards, oversight). Stronger ESG governance is posited to enable and incentivise the Circular Economy Pillar, which represents the operational core, including circular design, closed-loop material flows, extended producer responsibility, and investment in recycling, repair, rental and resale models. The Consumer Behaviour Pillar functions as the demand driver, and captures how attitudes, trust, perceived greenwashing and the availability of transparency tools (e.g. QR codes, blockchain traceability) shape purchasing decisions and the uptake of circular offerings.

Globalization pressures (trade liberalisation, outsourcing to low-cost regions, cost and lead-time competition, and geopolitical shocks) exert influence on all three pillars, shaping the strategic space in which ESG policies, circular initiatives and consumer markets evolve. At the same time, the regulatory environment – most notably the EU Corporate Sustainability Reporting Directive, the EU textile strategy and emerging due diligence legislation – can amplify or constrain the integration of ESG and circular practices by imposing disclosure requirements, double materiality assessments and measurable reduction targets. Structural power asymmetries between Tier-1 global brands and Global South SME suppliers act as a context-specific moderator, potentially weakening the translation of ESG and circular commitments into improved environmental and social outcomes along the supply chain.

The IECF incorporates explicit feedback loops: consumer demand for credible sustainability and transparency can feed back into ESG governance, pushing firms to strengthen disclosure, third-party verification and anti-greenwashing measures, while successful circular

offerings can – over time – reshape consumer expectations and norms. When governance, operations and demand are aligned, the three pillars jointly contribute to improved sustainability outcomes such as reduced emissions and waste, enhanced labour conditions and more resilient supply chains.

Empirical findings highlight that environmental and social costs are spatially and organizationally disconnected from consumption, which weakens accountability. In the IECF's interpretation, this supports the view that without strong ESG governance, circular and consumer initiatives have limited impact at the systemic level.

On this basis, the framework advances three testable propositions:

P1. ESG transparency positively influences the adoption of circular economy practices in fashion firms, and this relationship is mediated by consumer trust in corporate sustainability claims and moderated by consumers' sustainability bias. Higher levels of ESG transparency (e.g. audited ESG reports, third-party labels, blockchain-based traceability) increase consumer trust that a brand's environmental and social claims are credible, which in turn facilitates the market acceptance of circular products and services. However, when sustainability bias is high and consumers already overestimate the sustainability of fashion, the marginal effect of additional transparency on trust, and consequently on circular adoption, is attenuated.

P2. The effectiveness of the IECF in driving circular transformation is stronger in ultra and fast-fashion segments when firms operate under stringent EU regulatory alignment, which moderates the relationship between ESG governance and circular economy outcomes. In regulatory contexts characterised by clear standards, robust enforcement and credible sanctions, ultra and fast-fashion companies are more likely to translate ESG policies into substantive circular investments rather than symbolic initiatives, because environmental and social costs are at least partially internalised. By contrast, in weak or fragmented regulatory environments, even advanced ESG frameworks may remain largely decoupled from core business models, this way limiting the transformative potential of the IECF.

P3. Power asymmetries between Tier-1 global brands and Global South SME suppliers negatively moderate the relationship between ESG-circular integration and sustainability outcomes, while blockchain-enabled traceability can act as a partial mediator between ESG commitments and on-the-ground practices. When dominant buyers impose strong cost pressure and short lead times, suppliers have limited capacity to invest in improved labour conditions or circular infrastructure, which weakens the link between brand-level commitments and actual environmental and social performance. Implementing blockchain-based traceability and similar digital tools can partially mediate this relationship by rendering supplier-level practices visible and verifiable across tiers, thereby realigning incentives and redistributing accountability along the chain, provided that such tools are embedded in enforceable regulatory and contractual arrangements.

The IECF highlights power imbalances: Tier-1 suppliers (e.g., Inditex, H&M) exert dominance over SMEs in Global South, enforcing cost pressures that undermine ESG-circular adoption. Rana Plaza-type scandals reveal governance failures where Northern brands shift environmental/social costs southward (Seuring & Müller, 2008).

### **The structural effects of globalisation on the fashion industry**

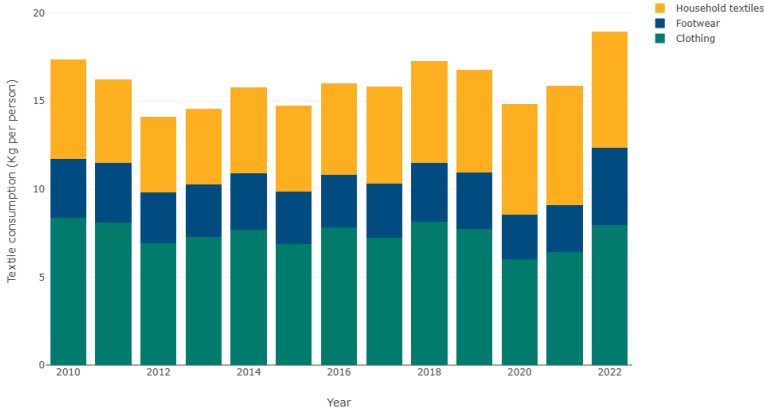
Globalisation has become one of the main drivers of structural change in the fashion industry in recent decades. The outsourcing of production to countries with lower wages and less stringent environmental regulations has enabled production costs to be reduced, but has also contributed to the emergence of opaque supply chains, exploitative working conditions and increased environmental pollution (Tokatli, 2008; Niinimäki et al., 2020). The spread of fast and ultra-fast fashion models has resulted in extreme overproduction, the management of which remains an unresolved challenge (Hejlova et al., 2025).

At the same time, globalisation has also enabled increased competitiveness: e-commerce, digital marketing, and global market entry have become available to even smaller players at an unprecedented speed. However, as competition has intensified, price competition and profit margins have declined often relegating ethical and environmental considerations to a secondary position (Battisti, 2024).

**Sustainability challenges: Ecological and social dimensions**

Few industries have received as much negative attention as the fashion industry, with its sustainability failings being exposed on social media platforms. Several negative examples have even become scandals (Rana Plaza, Nike, Levi Strauss, Benetton, Adidas, and C&A) due to inhumane working conditions or environmental pollution caused by the production of clothing (Seuring and Muller, 2008). These factors have compelled companies to confront the challenges of sustainability and rectify problems.

In 2022, approximately 6.94 million tonnes of textile waste were generated in the EU27 Member States, a significant proportion of which came from products discarded after household consumption (ETC CE, 2024., Figure 1). Post-consumer textile waste from households, i.e., textiles discarded by citizens after consumption and use (excluding textiles intended for recycling), is the main source of textile waste generation (ETC CE, 2024.).



**Figure 1.** Consumption of clothing, footwear and household textiles per capita, EU27, 2010-2022

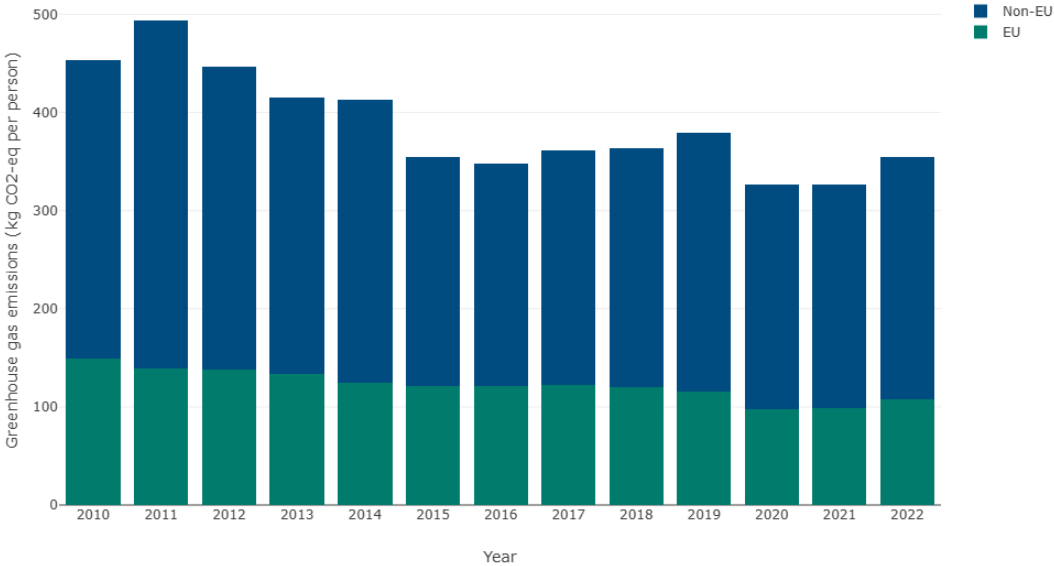
**Source:** European Environment Agency

Various studies have produced different textile consumption figures, ranging from 12 to 25 kg per capita (ETC/WMGE, 2019) (EC JRC, 2021) (ETC/CE, 2022). Based on Eurostat production and trade data, excluding industrial/technical textiles and carpets, apparent consumption (production – imports + exports) in 2022 is estimated at 19 kg per capita in the EU, consisting, on average, of around 8 kg of clothing, 4.4 kg of footwear, and 7.6 kg of household textiles. This represents a total apparent household consumption of around 8.5 million tonnes of textile products (excluding carpets and other textile products) in Europe.

Although consumption volumes declined in 2020, they rebounded in 2021 and 2022, continuing and even exceeding pre-COVID-19 trends (+13% compared to 2019). This growth is mainly driven by increased consumption of footwear (+38% compared to 2019) and, to a lesser extent, changes in consumption patterns for clothing (+3% compared to 2019).

The climate impact of textile products is also significant: the total CO2 emissions of the EU supply chain amounted to 159 million tonnes in 2022, 70% of which was generated outside Europe (Figure 2). The relocation of production to regions with low wages and low

environmental standards, mainly in the global South (e.g., Bangladesh, Vietnam), not only exacerbates environmental injustices but also social injustices (Claudio, 2007).



**Figure 2.** Greenhouse gas emissions from EU’s textiles consumption, EU27, 2010-2022  
**Source:** European Environment Agency

Due to the global scale of the fashion industry, products must be transported from countries with low labour costs to European and American consumers (Abecassis-Moedas, 2006), which has environmental impacts associated with transport (Borghesi and Vercelli, 2003). Fashion companies are increasingly relying on external partners for the manufacture of their products (Jacobs, 2006), often using raw materials (e.g., fibres and leather) sourced from distant locations and outsourcing various manufacturing activities (e.g., grinding, dyeing, weaving, finishing, cutting and sewing) to subcontractors located in different parts of the world.

Numerous negative scandals have highlighted the risks associated with outsourcing and production in low-wage regions. Child labour, lack of worker protection, and the emergence of an underpaid and unprotected class of workers make it particularly important to strengthen the social pillar of ESG.

**ESG integration: Challenges and opportunities**

The application of the ESG model in the fashion industry is increasingly global but real implementation issues and the greenwashing phenomenon challenge genuine moves forward. While some companies (e.g., LVMH, Hermès, Inditex, Patagonia, Nike, Puma) have incorporated ESG at a strategic level (Franzè et al., 2024), others have done so with reputational intentions, reducing ESG to a mere PR exercise (Gazzola et al., 2020).

ESG performance often correlates positively with macroeconomic and stock market indicators (Tobin’s Q) (Alareni & Hamdan, 2020), but its impact on operational performance (e.g., ROA, ROE) is not always clear. In addition, the impact of ESG integration is not clear: while it has a positive effect on market value (Tobin’s Q) and investor perception (Alareni & Hamdan, 2020), it does not always have a favourable impact on short-term financial performance (Return on Equity, Return on Assets, ROE, ROA). This is particularly true due to the cost implications of environmental and social obligations. This is also related to the heterogeneity of ESG practices and their often reputational nature, which is disconnected from

operational decision-making. In the IECF, this reinforces the central role of the ESG governance pillar as a prerequisite for the circular transition.

### **Circular economy: Opportunities for structural change**

The circular economy has become a key topic in the textile industry, especially since 2020. (Sarker et al. 2023). The number of publications has skyrocketed since 2020.

One of the greatest things about making the fashion industry a more sustainable one is for it to become a circular economy system. This includes extending the life cycle of products, promoting recycling and usage-based models (e.g., rental, exchange) (Palm et al., 2021), as well as reducing the use of environmentally harmful dyes, chemicals and packaging materials and energy waste. There are companies such as Inditex, H&M and Puma that have successfully integrated the ‘double materiality’ principle into their ESG indicator system (Bogdan et al., 2025). Thanks to the double materiality principle, mainly because of EU regulations, companies assess the impact of their activities from two perspectives. Based on financial materiality, companies seek answers to the question of how environmental and social environment (e.g., climate change, resource scarcity, social expectations) affects their financial performance. Environmental and social materiality seeks answers to the question of how the company’s operations affect the environment and society. Corporate Sustainability Reporting Directive (CSRD) is put into effect to mandate fashion businesses to come up with a report where they would have to prove how sustainability affects their business and how the business affects the environment and society. This is illustrated, for example, by Inditex, which assesses the financial risk of its carbon footprint and the social/environmental impact of its emissions separately. Another good example is Patagonia, which distinguishes in detail in its reports between the impact of its own operations (manufacturing) and the impact of its suppliers. These models can provide the foundation for ESG approaches and the birth of responsible product design and circular models.

The challenge of combining social and environmental goals with financial goals has led to a lack of social responsibility in the fashion industry (Thorisdottir and Johannsdottir, 2020). An increasing number of large fashion companies are obtaining Certified B Corps certification, which helps to combine financial goals with social responsibility. The certification is a new type of CSR and business management method that combines sustainability and the financial needs of companies (Mion and Loza Adauí, 2020). To become B Corp certified, businesses are able to communicate their social responsibility to stakeholders and achieve greater financial success.

In the long term, integrating the impacts of their entire life cycle into their business decisions – i.e., companies also having to price natural resources and social costs (e.g. CO<sub>2</sub> price, cost of labour abuses) financially – can provide a solution for companies. This results in a new financial approach for managers, stakeholders and investors alike. The transition to a circular economy will require a high level of commitment from managers. In addition, corporate culture, leadership commitment and community relations will play a key role in the sustainable transition. (Caniato et. al 2012).

According to the analysis, circular models can only be scaled up if they are linked to governance and regulatory frameworks rather than appearing solely as technological innovations. In the IECF, the circular economy is the operational pillar, which cannot achieve systemic impact without alignment with the other two pillars.

## **Communication and consumer behaviour**

As a result of globalisation, markets have become increasingly competitive and consumers are increasingly taking moral and ethical considerations into account before making purchases, which has led to growing demand for sustainable products and services (Gazzola, 2012a). Consumers are increasingly willing to pay higher prices for eco-fashion products and sustainable goods (Choi et al. 2012), which has an impact on companies' financial performance. According to a study by Colasante (2021), consumers are receptive towards the bio-based and circular economy, but there are also barriers (price, accessibility, hygiene). The research shows the "sustainability bias" effect: customers think fashion is sustainable, but this does not necessarily translate into purchasing behaviour on their part. One significant policy suggestion to policymakers and companies is that in order to promote sustainable consumption, information, availability, and accessibility must be enhanced.

According to a study by Chan et al. (2020), consumers expect ethical labour management, environmentally friendly production and animal welfare. Ultra and fast fashion and functional brand consumers need more transparency, while luxury brand consumers are less concerned about the environment but becoming increasingly interested. Consumers are sensitive to transparency, but the phenomenon of greenwashing undermines their trust (Yang et al., 2024). ESG communication has a key role to play in rebuilding this trust, and digital tools (Quick Response, QR codes, blockchain-based traceability) are therefore becoming increasingly important (Ahmed et al., 2024) in the fashion industry.

It is critical that companies incorporate customer expectations into their CSR initiatives. However, adherence to a strategy is not a formulaic path and depends on the type of brand and price positioning. Only by this way can a firm come up with a beneficial CSR plan to be sustainable. Luxury brands must perform a greater degree of CSR, like utilizing blockchain to guarantee ethical supply chain and sourcing.

Companies would also benefit from developing tools that consumers can use to help them make sustainable decisions. In recent years, free apps (Goodonyou) have been developed for consumers that communicate specifically with consumers and help them make decisions based on public criteria, i.e., choose sustainable brands. Sustainable development does not only pose a question of technology or regulation but also of social and cultural change. Value changes, consumption modes and patterns of fashion are needed.

The chapter confirms the persistent gap between consumer attitudes and purchasing decisions, particularly through the phenomenon of "sustainability bias." In the IECF, the consumer side appears as an ambivalent driving force that can both stabilize and transform existing business models.

## **Discussion**

This study set out to move beyond descriptive accounts of fashion sustainability by integrating diverse insights on globalization, ESG, circular economy and consumer behaviour into the Integrated ESG-Circular-Consumer Framework (IECF). The framework shows that sustainability transformation in fashion is not driven by isolated initiatives, but by the interaction of governance, operational and demand-side mechanisms embedded in global value chains

First, the IECF reframes greenwashing as a structural governance failure rather than a mere communication problem. The SLR demonstrates that when ESG commitments are not backed by enforceable governance mechanisms, power asymmetries and cost pressures allow brands to externalise environmental and social costs to Global South suppliers, as illustrated by recurring Rana Plaza-type scandals. Proposition P3 captures this dynamic by showing how buyer-supplier power imbalances negatively moderate the relationship between ESG-circular

integration and sustainability outcomes, unless counterbalanced by robust traceability and accountability tools.

Second, the framework highlights that consumer-side dynamics can both stabilise and disrupt ultra and fast fashion. While prior studies emphasise the rise of ethical consumers, the evidence on “sustainability bias” suggests that many customers overestimate the greenness of fashion and thus tolerate incremental improvements without changing purchasing patterns. P1 formalises this by positing consumer trust as a mediator between ESG transparency and circular adoption, and sustainability bias as a moderator that can dampen the effectiveness of even high-quality transparency efforts. This helps explain why firms can report extensive ESG metrics yet see limited uptake of circular business models.

Third, the IECF nuances the role of regulation as a double-edged catalyst. EU instruments such as the CSRD and the textile strategy can strengthen the link between ESG governance and circular outcomes by mandating double materiality assessments and detailed disclosure, particularly in fast-fashion segments. P2 captures this moderating role of “regulatory alignment”: where standards are clear and enforcement credible, fast-fashion firms are more likely to internalise environmental and social costs and invest in circular infrastructure, whereas weak or diluted regulation risks producing only formal compliance and reporting-driven strategies.

Fourth, the framework contributes to sustainable supply chain management theory by explicitly incorporating digital traceability as a mediating governance mechanism. Blockchain-enabled transparency is not treated as a technological fix, but as a potential mediator that can connect brand-level ESG commitments with supplier-level practices, contingent on contractual and regulatory enforcement. This responds to calls in the SSCM literature to move from high-level principles towards mechanisms that reconfigure incentives and information flows along global value chains.

Finally, the IECF opens avenues for empirical testing across market segments. The propositions suggest that measurable constructs – ESG transparency, consumer trust, sustainability bias, regulatory alignment and power asymmetry – can be operationalised in survey-based, experimental and multi-tier supply chain studies. Such empirical work would allow researchers to assess under which institutional and competitive conditions the three pillars of the framework jointly deliver substantive reductions in emissions, waste and social harm, rather than symbolic “green” repositioning.

The analysis confirms that power asymmetries in global value chains weaken the actual outcomes of ESG and circular integration. In the IECF, these act as structural moderators that can only be counterbalanced by binding regulations and accountability mechanisms.

## **Practical implications**

The findings of this study have several implications for managers in the fashion industry. First, the IECF suggests that ESG strategies should be designed as governance mechanisms that reallocate responsibility and risk along the supply chain rather than as standalone communication tools. This implies that brands need to integrate ESG criteria into purchasing contracts, supplier selection and incentive systems. Second, managers should couple investments in circular business models (repair, rental, resale, recycling) with targeted transparency initiatives that build consumer trust and explicitly address sustainability bias, for example through third-party verification, clear impact metrics and user-friendly traceability tools such as QR codes and blockchain-based product passport.

For policymakers, the framework underlines the importance of regulatory alignment and enforcement capacity. EU-level instruments such as CSRD, the textile strategy and due diligence directives can only realise their transformative potential if they are implemented with sufficient stringency to internalise environmental and social costs and to limit regulatory

arbitrage across jurisdictions. Moreover, the negative moderating role of power asymmetries in global value chains points to the need for support schemes and capacity-building programmes for SMEs in the Global South, thus enabling them to comply with ESG requirements without bearing disproportionate financial burdens.

Civil society organisations and consumer advocates can use the IECF to better target their interventions. By focusing on the mediating role of consumer trust and the risks of sustainability bias, NGOs and watchdogs can design campaigns that both expose greenwashing and empower consumers to interpret ESG and circular claims more critically. In parallel, collaborations between brands, regulators and civil society around interoperable traceability systems may help turn blockchain and digital product passports from marketing tools into credible accountability infrastructures.

## **Conclusions**

This article has examined how globalization shapes sustainability challenges and responses in the fashion industry by conducting a systematic literature review and developing the Integrated ESG-Circular-Consumer Framework (IECF). The framework shows that meaningful sustainability transformation emerges from the interaction of ESG governance, circular operations and consumer behaviour, situated within global value chains characterised by regulatory constraints and power asymmetries.

The study contributes to the literature in three main ways. First, it reconceptualises greenwashing as a structural governance problem linked to asymmetric buyer–supplier relations and weak enforcement, rather than a marginal communication issue. Second, it explains why consumer-side factors – trust, transparency and sustainability bias – can simultaneously support and stabilise fast fashion, clarifying under which conditions ESG transparency translates into greater uptake of circular models. Third, it positions regulation and digital traceability as key moderating and mediating mechanisms that can either enable or constrain the effectiveness of ESG–circular integration.

For practice, the IECF implies that global fashion brands need to move from symbolic ESG reporting towards integrated governance systems that link purchasing strategies, supplier incentives, circular design and consumer engagement. Policymakers, in turn, should design and enforce regulatory frameworks that reduce arbitrage opportunities, protect vulnerable suppliers, and encourage investments in circular infrastructure, while civil society can play a pivotal role in monitoring, standard-setting, and consumer education.

The study is limited by its reliance on secondary sources and its focus on conceptual development. Future research should empirically test the proposed propositions across different segments (ultra-fast, fast fashion, premium, affordable luxury, luxury) and institutional contexts, employing longitudinal and multi-tier designs to capture how ESG governance, circular practices and consumer behaviour co-evolve over time. Such work would help to refine the IECF, identify boundary conditions and provide more granular guidance for managers and policymakers seeking to align globalization with environmental and social sustainability in the fashion industry.

## **Limitations and future research**

The SLR approach limits causal inference; future mixed-methods studies should test IECF propositions across segments (ultra-fast vs. luxury). Longitudinal analysis of power asymmetries (Tier-1 vs. SME suppliers) and consumer behaviour experiments warrant investigation. This critical synthesis elevates the study from literature summary to theory-building, offering testable propositions for transformative change in globalized fashion supply chains.

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