

CSR AND SUSTAINABILITY PRACTICES AMONG SUSTAINABLE FASHION SMES IN THE VISEGRAD FOUR COUNTRIES

Theses Booklet for Public Defence

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1. Introduction

The main aim is assessing the Corporate Social Responsibility (CSR) and sustainability practices within the fashion small and medium-sized enterprises (SMEs) sector in the Visegrad Four countries, with a focus on identifying key drivers and barriers, examining practices aligned with the United Nations Sustainable Development Goals (SDGs), and exploring the sustainable business models applied as well as the expected future trends. The topic's significance is filling a critical research gap in the existing literature on CSR and sustainability in fashion SMEs, particularly within the V4 region. While much of the research on CSR focuses on large multinational corporations, far less attention has been paid to the unique challenges and opportunities faced by SMEs, especially in Central and Eastern Europe. Fashion SMEs in the V4 region have the potential to contribute to global sustainability goals; however, this will only be possible if they receive targeted support through policies and resources that help them navigate the challenges of adopting sustainable practices. By identifying interpretation of CSR and sustainability, also drivers and barriers, sustainable business models and future trends the study intends to provide a roadmap for improving the sustainability performance of fashion SMEs in the V4 region.

The scope of this research is defined by its geographic focus on the Visegrad Four countries, whose socio-economic profiles and shared history may shape CSR and sustainability practices in the fashion sector (Romero-Lankao et al., 2016; Michalina et al., 2021). Sectorally, the study concentrates on the textile and apparel industry and is limited to SMEs as defined by the EU classification—enterprises with fewer than 250 employees and turnover below €50 million—which represent a major but resource-constrained segment of the industry (Belzagu & Gutiérrez-Bouzán, 2022; European Commission, 2023). In terms of terminology, the research distinguishes between initiatives and best practices, recognising their contextual and interpretative nature, while sustainable business practices are understood as actions that simultaneously ensure profitability and address environmental and social concerns (Spencer et al., 2013; Abudi, 2011; Bretschneider et al., 2005; López et al., 2007; Ortiz-de-Mandojona & Bansal, 2016; Fearné et al., 2012). I considered it important to clarify the research philosophy. Kuhn defined the paradigm of scientific research as "*scientific achievements that are universally recognized and, for a time, provide model problems and solutions to a community of practitioners*" (Kuhn, 1970, p. 8). Among various research paradigms, interpretivism stands out as an appropriate paradigm for researching CSR, as it allows for a deeper exploration of the social meanings and human experiences behind CSR practices, making it ideal for uncovering

the underlying reasons why organisations adopt CSR initiatives and how different stakeholders interpret these actions (Denzin & Lincoln, 2011).

2. Definition and theoretical frameworks

It is important to disclose and understand how scholars through decades interpret the definitions of CSR and how the issue of the definitional battle of CSR appears. It discusses in detail the main CSR theories, such as stakeholder theory, shared value theory, ethical theory, integrative theory, and resource-based theory, as well as their role and significance. The chapter focuses on the specific characteristics of CSR in SMEs, comparing the practices of SMEs with those of large corporations, and analyses key CSR drivers for SMEs. In addition, the chapter presents the basic concepts and definitions of sustainable development, discussing the dimensions of economic sustainability, environmental sustainability, and social sustainability, as well as the triple bottom line theory. Special attention is given to sustainability waves: UN SDGs, their importance for companies and critical voices over SDGs, as well as the connections between sustainable development and sustainable business. The chapter examines the links between sustainable development and CSR, highlighting the issues of theoretical differences and theoretical similarities. Finally, it addresses the topic of CSR and sustainability relevance in the fashion industry, which links conceptual, theoretical, and practical frameworks in the context of the fashion industry. I consider important to highlight the main definitions accepted.

Corporate Social Responsibility: I adopt a sustainability-based CSR approach, grounded in the EU definition (2011) and the works of Porter & Kramer (2011) and Crane & Glozer (2016). The EU frames CSR as corporate responsibility for social and environmental impacts, integrated into strategic operations (European Commission, 2011). Porter & Kramer (2011) “shared value” shows social problem-solving as a business opportunity, aligning CSR with economic goals. Although CSV does not centre ethical considerations, it promotes a practical approach to solving social and environmental issues, which can also drive competitiveness. Crane & Glozer (2016) view CSR as a tool for ethical, sustainable development, integrating social and environmental concerns throughout operations

Sustainable development: SD is defined in many ways in the literature but the most frequently quoted definition is based on the Brundtland report (known as Our Common Future report) dating from 1987 according to which “*sustainable development is a development that meets the needs of the present without compromising the ability of the future generations to meet their own needs*”.

CSR and sustainability as synonyms: The two aspects are treated as synonyms because both concepts share a core focus: balancing economic success with ethical responsibility to people and the planet. Both terms emphasize the importance of businesses operating in a way that sustains resources for future generations while meeting current needs. Corporate sustainability and sustainable development both advocate for practices that drive profitability without causing harm to society or the environment, positioning businesses as positive forces in addressing global challenges.

Fashion industry: The research adopts Steele & Major (2025) definition of the fashion industry: “*multibillion-dollar global enterprise devoted to making and selling clothes*” (para. 1)

Sustainable fashion: This research builds on the frameworks of Shafie et al. (2021) and Loureiro et al. (2018), which emphasize the need to reduce environmental impact throughout the entire fashion supply chain—from raw material extraction to production and distribution. Their work underscores the multifaceted nature of achieving genuine sustainability in the fashion industry, calling for systemic transformation that integrates environmental, social, and economic dimensions alike.

The application of the PRISMA model is an integral part of the literature review. The literature review based on the PRISMA explored how external and internal factors influence the integration of CSR and sustainability in the fashion industry. External influences include geographical environment, legal and regulatory frameworks, economic environment, cultural values, demographic trends, technological developments, consumer demand and industrial relations while internal factors encompass organisational culture, owner-manager leadership, employee engagement. The findings demonstrate that sustainability is shaped through the interaction of these external pressures and internal capabilities, resulting in diverse responses across firms.

3. Research methodology

Qualitative research represents an ideal methodological choice for studies that seek to explore complex, context-dependent, and socially constructed phenomena (Creswell, 2003; Flick, 2018). The research adopted a cross-sectional approach to data collection. Pilot interviews were conducted during the early stages of the research to test the interview guide, refine question wording, and assess thematic relevance. The full data collection occurred in October-December 2024. This research followed a qualitative design, with semi-structured interviews as the main data collection method. The research sample comprised 28 sustainable fashion SMEs from the

V4 countries (7 from each country), including limited companies and social enterprises across clothing and accessories, targeting diverse markets of men, women, and children, established between 1992 and 2019, and ranging in size from micro-enterprises with 10–25 employees to larger firms employing over 100 people. Interviewees were selected through a purposive and expert-recommended sampling procedure, which ensured that relevant entrepreneurs with credible experience participated in the research. Interviews lasted 60 to 120 minutes, were fully recorded, and transcribed verbatim for analysis. The thematic analysis used in the research is designed to systematically process the interviews within a predefined theoretical framework. In line with the conceptual framework defined based on the literature, the codes were structured according to five main themes: corporate sustainability and CSR, sustainability barriers and drivers, SDGs application, sustainable business models, and future trends. I used NVivo 12 software to structure the data and organise the coding process. Following the completion of the coding process, a thorough thematic analysis is carried out to identify and interpret recurring patterns within the data in relation to the study’s research questions.

The literature review shaped and refined the research question throughout the study, presented in Figure 1:

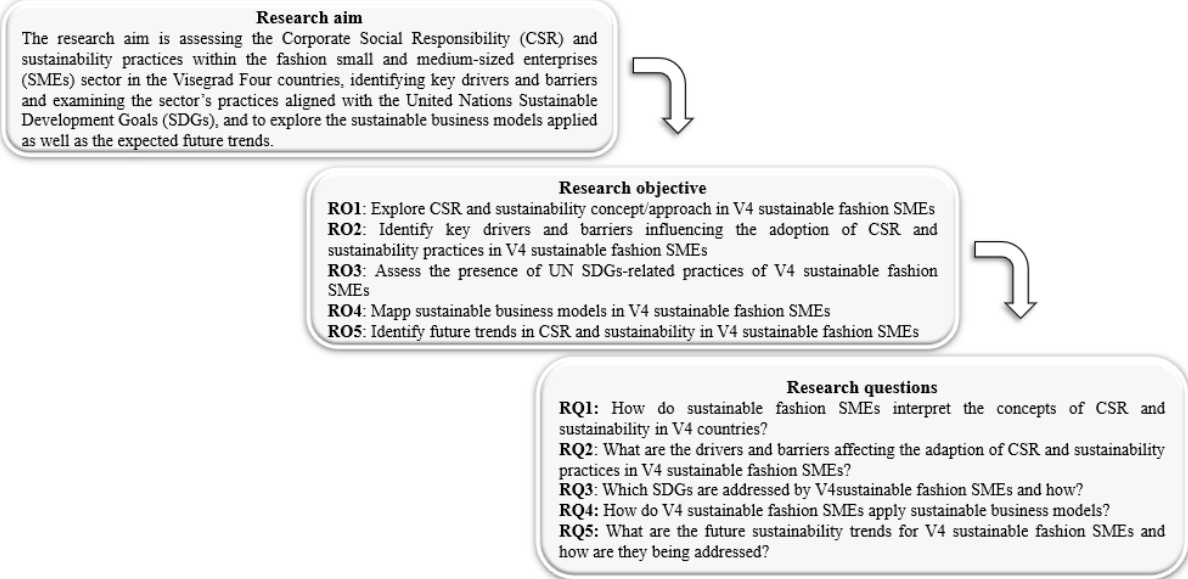


Figure 1. The relation of the research aim, research objectives and research questions (source: own compilation)

4. Results

4.1.CSR and sustainability definitions and interpretations

Results show that V4 sustainable fashion SMEs' owner-managers interpret CSR in four dimensions, presented in Figure 2. First is value-based operation as CSR practices are naturally integrated into the company's day-to-day operations and value creation: *"CSR is not a side project; it's the foundation of how we operate and communicate our values."* (Company C). This value-driven mindset is also reflected in how some companies embed CSR into local practices: *"It's embedded in our values, especially because we are deeply rooted in the local economy here in Slovakia..."* (Company O). V4 sustainable fashion SMEs express core ethical values and emphasize the role of key stakeholders. *"Showing that as a company, we care about more than just making a profit. It's about giving back to the community, treating our workers well, and doing the right thing even when nobody's watching..."* (Company V). CSR definitions reflect values such as respect, care, honesty, trust, fairness, and transparency: *"We don't just make clothes; we create a whole ecosystem where every step respect people and the planet."* (Company H). The evaluation of these SMEs extends beyond financial performance, encompassing their environmental and social contributions as well. *"CSR is rooted in our commitment to a more sustainable fashion model."* (Company F) *"CSR for us is creating a transparent system where waste becomes resources."* (Company X) Several companies emphasize creating meaningful value for communities. *"Our sewing workshops teach valuable skills but like also foster a sense of community."* (Company R) *"CSR is rooted in creating long-lasting change, whether that's through empowering women, supporting sustainable business practices, or standing with vulnerable communities in their time of need."* (Company F)

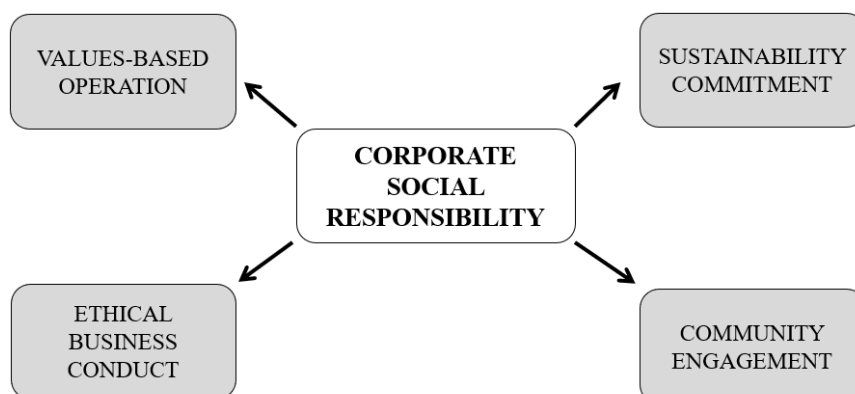


Figure 2. V4 sustainable fashion SMEs' owner-managers' conceptual map about CSR (source: own compilation)

Sustainability is interpreted by V4 sustainable fashion SMEs along three main pillars: environmental, social, and economic (Figure 3). The environmental pillar emphasizes the use of high-quality, sustainable fabrics such as organic cotton, recycled textiles, vegan leather, flax, hemp, and innovative fibres. *"Sustainability starts with the materials we choose - for example, recycled fabrics, organic cotton."* (Company A) SMEs also highlighted the importance of circularity, including upcycling, zero waste, and garment take-back systems, while small-scale and modular design support product longevity and mindful consumption. *"...prolonging the life of what already exists."* (Company Q) The social pillar is strongly connected to cultural heritage and craftsmanship, with SMEs preserving local textile traditions and strengthening communities through local production and short supply chains. *"...creating fashion that respects the planet, empowers people, and tells a story of craftsmanship..."* (Company C) At the same time, consumer education - through workshops, transparency, and informative labelling - was seen as essential in promoting responsible consumption and shifting customer behaviour toward more sustainable choices. *"We believe in promoting conscious consumption by educating our customers about the environmental cost of fashion."* (Company F) The economic pillar focuses on resource optimization, small-scale production, and circular practices that reduce costs, mitigate risks, and enhance competitiveness. *"Optimising our material use helps us remain profitable, but without proper innovation funding, achieving full efficiency is challenging."* (Company O) Local production was highlighted to lower transport costs and avoid overproduction, while also fostering regional growth. *"Local production allows us to respond quickly to changes in demand while avoiding excess inventory and overproduction."* (Company C)

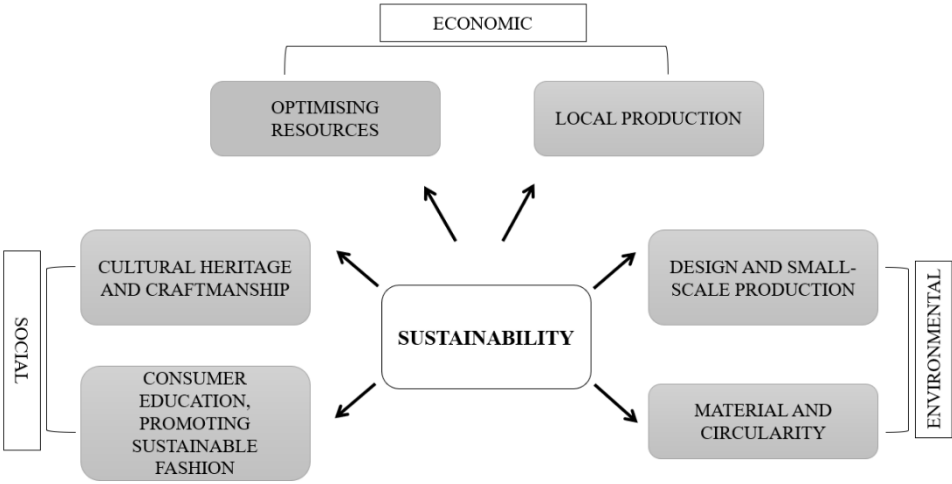


Figure 3. V4 sustainable fashion SMEs’ owner-managers’ conceptual map about sustainability (source: Körtvési&Szegedi, 2025)

4.2. Drivers and barriers influencing CSR and sustainability practices

As internal drivers, the integration of sustainability and CSR in V4 sustainable fashion SMEs is primarily driven by the personal values and management philosophy of owner-managers. Interviews confirmed that sustainability initiatives in the region, especially in Hungary and Slovakia, stem from founders' convictions rather than formalized CSR strategies, hence, one of the main driving forces is owner-manager personal value. *"I wanted to create something that wasn't just about selling, but about teaching people to value what they already have."* (Company H) Motivated employees appeared in a form as sustainability strategies in V4 sustainable fashion SMEs depend on employee engagement and active participation, directly impacting culture, innovation, and efficiency. These SMEs prioritise sustainability in their hiring and training practices. *"We look for people who are already interested in sustainability because it's much easier to integrate them into our processes."* (Company X) Thirdly, product and technological innovation are major internal drivers of sustainability for sustainable fashion SMEs in V4 countries. Several interviewees pointed out that innovation often started from the basic situation that the sustainable solution they were looking for is not available on the market. *"We couldn't find a zipper made from recycled material in the quantities we needed, so we worked with a local engineer and developed it together. We now use it in all our collections."* (Company AA)

External drivers consist of three elements: customer driven market shift, strategic differentiation and competitive positioning, collaboration, industry networks and cooperation. Consumer expectations are a key internal driver of sustainability-related decisions among V4 sustainable fashion SMEs. Businesses are actively responding to rising demand for durability, functionality, and ethical practices. Consumers also influence design priorities by favouring practical and unique pieces, prompting SMEs to align their product strategies accordingly. Interviewed SMEs reported that in the absence of large marketing budgets or economies of scale, competitive positioning must rely on deliberate choices in design, production, and communication. Others emphasized that price-based competition with fast fashion is not realistic, prompting them to define their market role differently. Speed and adaptability were described as distinct advantages of being small. These statements suggest that for some sustainable fashion SMEs, sustainability is integrated into business planning not for ethical positioning but as part of their survival and differentiation logic. Furthermore, V4 sustainable fashion SMEs often lack market power, therefore they increasingly rely on collaborations such as supplier consortia and industry alliances. *"We don't see each other as competitors in the traditional sense. If one of us figures out a better way to reduce waste or source sustainable*

fabrics, we share it. It's about lifting the whole industry, not just individual brands." (Company H)

The main internal barrier is the lack of resources appearing in the form of limited operational capacities, scaling sustainable solutions (mostly technological innovations) and financial constraints. The interviews highlighted that in a resource-constrained environment, sustainability measures, although value-driven, are frequently perceived as additional tasks. Company S observed, *"The biggest challenge is scaling up innovations. Although we have developed sustainable recycling technologies, their application on an industrial scale still requires significant investment."* As Company X stated, *"We have plenty of ideas for using sustainable materials and reducing waste, but without financial support, it's just not feasible."* External barriers occurring in a form of customer price sensitivity and market education gap. Interviews reveal that while many SMEs position sustainability as a market differentiator, consumer response often remains inconsistent due to persistent price sensitivity and limited sustainability awareness. *"If it's sustainable but expensive, they won't buy it."* (Company B) Lack of suppliers' commitment and capability is another barrier among the SMEs surveyed, questioning their ability to enforce these values across the supply chain. *"Not all suppliers fully understand why sustainability is important or how it should be implemented effectively."* (Company A) Regulatory and policy differences and obstacles are expressed in inconsistencies between domestic and international regulations complicate transitions. As Company E remarked, *"Obtaining certificates is a nightmare—they are expensive, and it is difficult for a small business to justify the return on investment."* The absence of structured collaboration within the regional fashion industry emerged as a significant barrier to sustainable development. *"There are not enough platforms where brands, suppliers, and innovators can come together to find solutions to problems such as textile recycling or low impact dyeing processes."* (Company I) The interviews underscore that insufficient infrastructure remains a critical bottleneck, with SMEs reporting limited local access to sustainable raw materials and inadequate support systems. *"The logistics networks are built for mass production, not small-scale sustainable sourcing. It's frustrating because we want to innovate, but the system isn't designed to support us."* (Company X) The interview analysis revealed regional patterns in CSR and sustainability, shown in Figure 4. The heatmap displays code frequencies, with the darkest colour marking the most mentioned area per country. It highlights the dominant aspects in each country, though these are also present in other V4 nations.

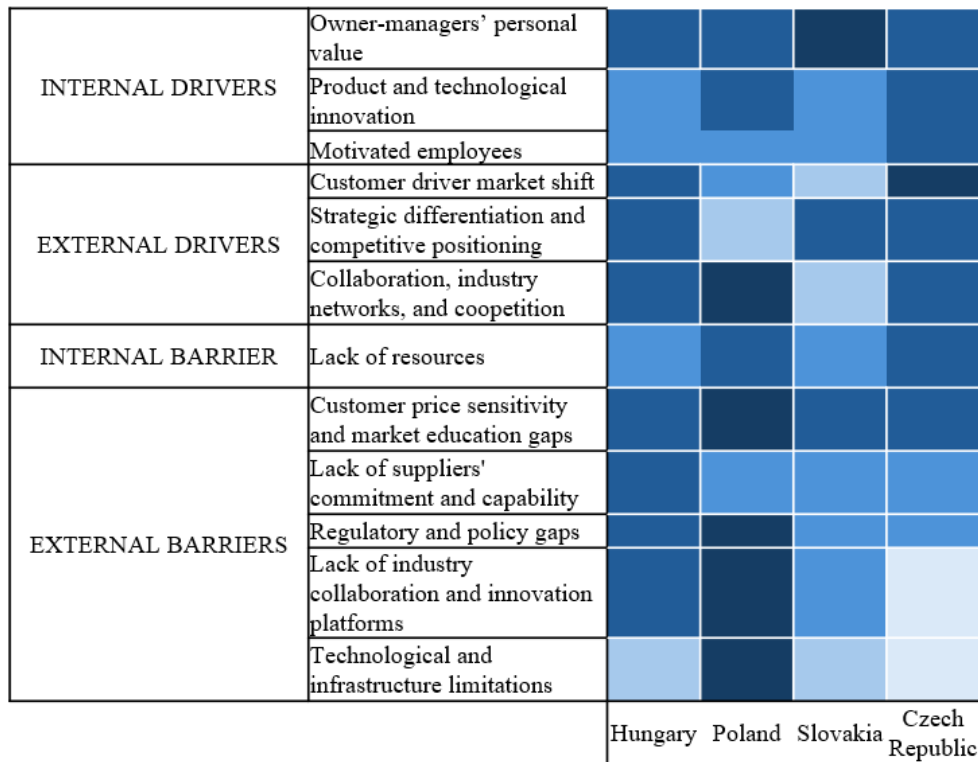


Figure 4. Owner-managers' perceptions of CSR and sustainability drivers and barriers in V4 sustainable fashion SMEs (source: Körtvési & Szegedi, 2025)

4.3.Sustainability and SDG in V4 sustainable fashion SMEs

SDGs were examined along the UN SDGs wedding cake: economic, environmental and social environmental aspects and Goal 17 that emphasise global partnerships. Out of the four economic SDGs, SDG 12 (Responsible consumption and production) emerged as the dominant goal, as V4 sustainable fashion SMEs build business models around waste reduction, product longevity, and low-volume production, offering practices such as redesigning reclaimed clothes, multi-seasonal children's garments, or durable basics. SDG 8 (Decent work and economic growth) was prioritised particularly in Slovakia and the Czech Republic, with respondents emphasising quality growth through supporting local artisans, suppliers, and ethical job creation, while Hungarian SMEs also stressed partnerships with local businesses. SDG 10 (Reduced inequalities) was reflected in Hungarian and Slovak firms' efforts to integrate local workforces, create economic equity for artisans, and promote social equality through cooperation and job creation. SDG 9 (Industry, innovation and infrastructure) was most relevant in Hungary and Slovakia where respondents highlighted that sustainable innovation and infrastructure development are essential.

SDG 13 (Climate action) is the most prominent environmental goal, especially in Hungary, where SMEs focus on reducing carbon footprints through local production and minimising energy and water use at the operational level. In Poland and the Czech Republic, SDG 13 is reflected mainly in material choices and supplier selection, favouring natural or recycled inputs to reduce environmental impacts, though without systemic climate strategies. In Slovakia, climate action appears indirectly, embedded in objectives like localism and material use rather than explicit mitigation efforts. SDG 15 (Life on land) is less frequent and mainly expressed through ethical stances such as rejecting animal-based raw materials. SDG 6 (Clean water and sanitation) and SDG 14 (Life below water) are almost entirely absent.

Among the social SDGs, V4 sustainable fashion SMEs are most active in SDG 4 (Quality education), SDG 5 (Gender equality), and SDG 11 (Sustainable cities and communities), while others such as SDG 1 (No poverty) and SDG 16 (Peace, justice and strong institutions) appear marginally. SDG 4 is expressed through workshops and “wearable learning,” where garments themselves become tools for raising consumer awareness. SDG 5 is strong in Hungary and Slovakia with women’s empowerment and job, while in Poland and the Czech Republic it remains implicit as many sustainable fashion firms are women-owned. SDG 11 is reflected in Hungary through local production, community recycling, and urban engagement, linking business to cultural and economic ecosystems. Other goals, such as SDG 2 (Zero hunger) and SDG 3 (Good health and well-being), are absent due to lack of sectoral relevance, though elements like comfort and longevity indirectly touch on well-being. SDG 16 appears in a limited way in Poland and the Czech Republic, mainly through transparent supplier relations as a moral commitment to accountability.

SDG 17 is present in V4 sustainable fashion SMEs mostly through informal, trust-based collaborations with local suppliers, communities, and small initiatives but rarely as institutional or long-term partnerships. While Slovakia shows stronger local cooperation around civil society and craft networks, in most cases partnership remains a loosely articulated value rather than a strategic business practice.

Figure 5. illustrates the perceived presence of SDGs in the business practices of sustainable fashion SME owner-managers, offering a country-specific comparison within the V4 region, showing the variation in SDG relevance across the countries.

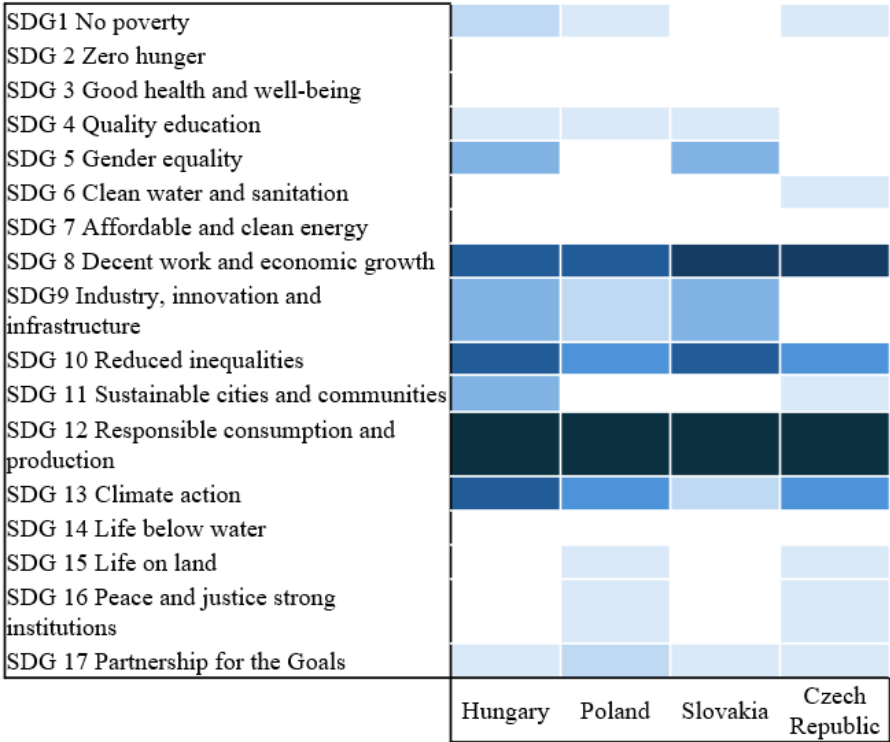


Figure 5. Distribution of SDG-related practices in V4 sustainable fashion SMEs according to owners-managers (source: Körtvési & Szegedi, 2025)

4.4.Sustainable business models and practices

Four sustainable were identified: (1) circular economy, (2) subscription-based and demand-driven production, (3) modular and multifunctional design, and (4) community-driven collaboration.

Circular economy models are widely used among V4 sustainable fashion SMEs, though implementation and effectiveness vary significantly. Upcycling substitutes costly sustainable materials while preserving and reinterpreting local craft traditions. However, the labour-intensive nature of upcycling limits scalability, keeping it viable mainly in premium and niche markets. "The price of new textile raw materials is often 30-40% higher, so the redesign of old clothes and industrial by-products is unavoidable" (Company A). "We would like to use more recycled material, but the minimum order quantities are too high for us" (Company B) "People don't really trust the quality of recycled stuff. They think it breaks or feels weird." (Company

I). All aspects of the circular model were analysed during the interview research, hence, the following characteristics emerged in V4 sustainable fashion SMEs (Figure 6).

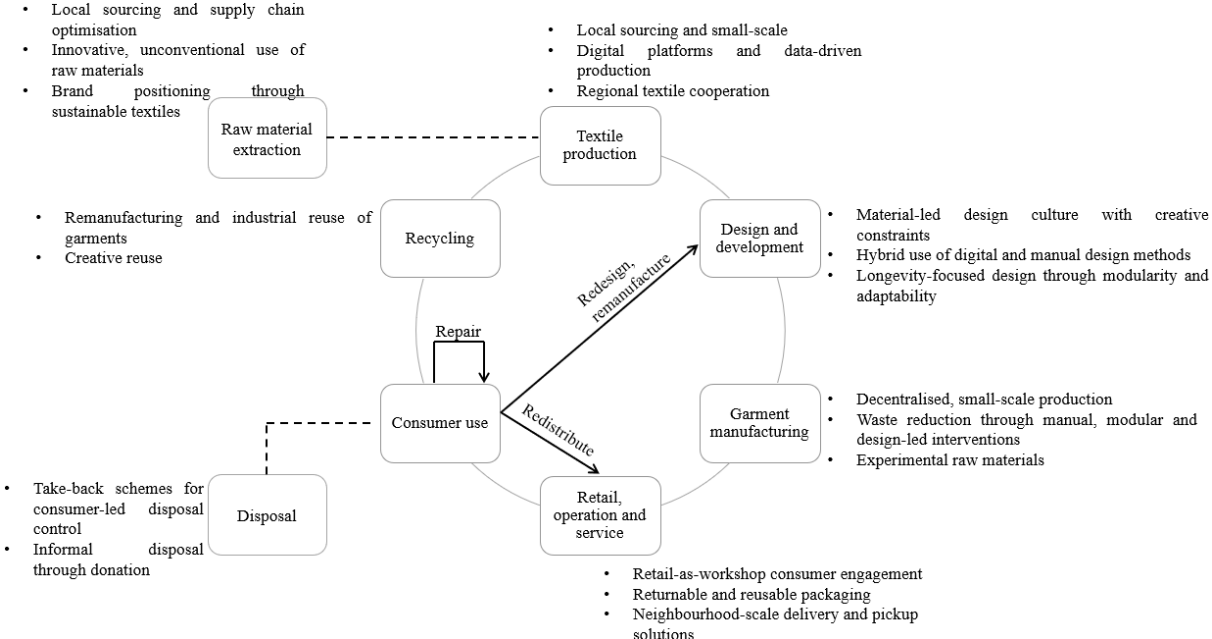


Figure 6. Circular model's specificities in the V4 sustainable fashion SMEs (source: own compilation based on Dissanayake & Weerashinge 2022 framework)

Subscription-based and demand-driven production models help V4 sustainable fashion SMEs minimise overproduction and waste by aligning production with actual demand, offering limited-edition or made-to-order pieces. However, their success depends on consumer habits, as many still prefer immediate in-store availability, creating challenges in balancing production and delivery. Results reflect that modular and multifunctional design extends the life cycle of garments and reduces environmental impact, while also strengthening customer engagement and reducing inventory risks. The customisability of garments encourages conscious purchasing, reduces impulse consumption, and promotes longer-term product use but uptake is hampered by rigid supply chains and higher production costs. Community-based models redefine sustainable fashion by transforming consumers from passive buyers into active participants, fostering a preference for durable, high-quality items while reducing impulse purchases. However, scalability remains a challenge due to the limits of custom manufacturing and underdeveloped infrastructure. As one interviewee stated, *"Instead of making products in advance and hoping they sell, we work directly with customers to redesign or upcycle their existing clothes."* (Company L)

4.5.Future trends in CSR and sustainability

The research identified six trends that could play a key role in the future of sustainable fashion. One of the future trends identified by V4 sustainable fashion SMEs is the rise of circular economy, which focuses on the environmentally friendly use of materials, recycling and extending the life cycle of products. At the same time, digitalisation is taking the use and scalability of circular practices to a new level. Digitalisation is not seen as a separate technological trend but as the infrastructure that enables the circular economy to work, transforming materials management, consumer interactions and sustainability performance measurement. According to the interviewees, one of the most important future trends in sustainability is local production and short supply chains with rethinking design processes. The short supply chain is increasingly a resilience strategy to global market disruptions. Respondents are increasingly turning to digital tools and real-time data tracking as a key element of future sustainability transparency. The owners interviewed therefore see technology as an administrative tool now but more as a tool for competitiveness and consumer confidence in the future. In the future, customisation and personalised experiences will be a basic consumer expectation in sustainable fashion. The rise of multi-functional garments, such as multi-wearable models, offer both practicality and sustainability and could become an alternative to over-consumption. Regular and new forms of collaborations are highlighted by several companies. Open sustainability platforms can be digital infrastructures that enable sustainable fashion market actors, including SMEs, research institutes and consumer organisations, to share resources, supply chains and circular economy solutions in a transparent way. Diversity is one of the key future trends in the fashion industry, reflected in the increasing diversity of consumer demands and the creative freedom of designers. This reflects that, although the literature often links diversity to creativity and personal style, for SMEs it serves as a tool to encourage sustainable consumption through functional clothing, personalised guidance, and timeless designs.

The research revealed patterns among V4 sustainable fashion SMEs based on how companies approach sustainability and future challenges. Companies with similar sustainability mindsets had similar practices and tended to identify and prepare for the same trends in similar ways. Four groups emerged: Pathfinders, who are still looking for direction and eager for mentoring; Constructors, already building sustainable operations but facing obstacles; Tightrope Walkers, forward-looking but cautious and forced to constantly rebalance; and Community Champions,

where sustainability is a values-based commitment linked to transparency, social participation and cultural presence.

5. New and novel findings

The new and novel findings are presented in the form of theses. These include both original results not previously discussed in the literature and novel insights that expand existing knowledge. The theses are listed below in Table 1.

Table 1. Research theses (source: own compilation)

Research question	Research result
RQ1: How do sustainable fashion SMEs interpret the concepts of CSR and sustainability in V4 countries?	Thesis 1: Sustainable fashion SMEs in V4 countries perceive CSR as a values-based operation, commitment to sustainability, ethical business conduct and community engagement. Sustainability is a more practice-oriented approach based on materials and circularity as well as design and small-scale production as the main environmental pillars. Its social pillar covers cultural heritage and craftsmanship and consumer education to promote sustainable consumption. Its economic pillar is based on local production and resource optimisation.
RQ2: What are the drivers and barriers affecting the adaption of CSR and sustainability practices in V4 sustainable fashion SMEs?	Thesis 2: The V4 sustainable fashion SMEs' CSR and sustainability practices are driven by internal drivers such as owner-managers' personal value, product and technology innovation and motivated employees. External drivers cover strategic differentiation and competitive brand positioning, also collaboration, industry network and coopetition. As internal barriers, the lack of resources, such as financial, human, and scalability are identified. External barriers such as customers' price sensitivity and knowledge gap, lack of suppliers' commitment, regulatory and policy differences, lack of joint platform and technological and infrastructural deficiency constrain CSR and sustainability practices.
RQ3: Which SDGs are addressed by V4 sustainable fashion SMEs and how?	Thesis 3: SDGs with economic dimensions receive particular emphasis among V4 sustainable fashion SMEs. SDG 12 (Sustainable consumption and production) addresses overproduction in fashion, promoting waste rejection, product longevity, and drastically reduced volumes. SDG 8 (Decent work and economic growth) emphasises quality growth through local economies and fair employment; SDG 9 (Industry, innovation and infrastructure) appears in industrial modernisation and environmental impact reduction; SDG 10 (Reduced inequalities) is reflected in local workforce integration and measures promoting economic equality. Environmental-related SDGs are led by SDG 13 (Climate action), reflected in carbon footprint reduction, local production, and rationalised energy and water use. Social SDGs include SDG 4 (Quality education) and SDG 5 (Gender equality), seen in sustainability education through workshops and products, as well as protecting women workers and supporting their economic empowerment and decision-making participation. SDG 2 (No poverty), SDG 3 (Good health and wellbeing), SDG 7 (Affordable and clean energy), and SDG 14 (Life below water) are not priority SDGs for this group of entrepreneurs.

<p>RQ4: How do V4 sustainable fashion SMEs apply sustainable business models</p>	<p>Thesis 4: V4 sustainable fashion SMEs integrate circular economy models, demand-driven production, modular design, and community-based models to advance sustainability. Circular practices, including upcycling, recycling, and closed-loop manufacturing, improve raw material efficiency. Community-based and collaborative models deepen consumer involvement, enhance transparency, reduce overproduction, and foster long-term behavioural change toward more conscious and sustainable consumption. Some V4 sustainable fashion SMEs apply subscription-based model to demand-driven production and to forecast demand more accurately, minimising excess inventory and production waste. Modular design models extend product lifespan, reduce raw material use and inventory risks, strengthen customer engagement, and enhance both sustainability and business stability.</p>
<p>RQ5: What are the future sustainability trends for V4 sustainable fashion SMEs and how are they being addressed?</p>	<p>Thesis 5: V4 sustainable fashion SMEs see rising circularity, increased transparency, the strengthening of local supply chains, cross-sectoral collaborations for resource and knowledge sharing, AI- and digitally driven transformations, ethical sourcing practices, and the growing use of diversity as a tool for customisation as future industrial trends. The research revealed varying perceptions and responses to sustainability trends among V4 sustainable fashion SMEs. Companies that see sustainability as emerging but unclear respond cautiously, seeking guidance, peer learning, and market insight. SMEs seeing sustainability as essential and pursue it through supply chain transformation, efficiency, and innovation, face implementation challenges. Future-oriented SMEs balance long-term planning with short-term adaptation due to economic uncertainty and the instability of sustainability trends. SMEs that combine product offerings with a community mission, treat sustainability as a values-driven commitment tied to transparency, struggle to maintain credibility amid rising expectations.</p>

6. Discussion

CSR among V4 sustainable fashion SMEs is interpreted in four dimensions: values-based operation, ethical business conduct, sustainability commitment and community engagement. These dimensions are partly aligned with the CSR areas defined by ISO 26000. The commitment of SME owner-managers to CSR is clear, as personal beliefs and values are essential for integrating CSR into the business (Morsing & Perrini, 2009). SMEs are not systematically defining or documenting CSR initiatives, and instead of adhering to structured CSR policies, they are integrating them into their daily activities and corporate culture. This indicates a practical, experience-based CSR logic, where social responsibility becomes part of "how things are done." The results show that CSR is largely implicit, while community and philanthropic initiatives are explicit (Matten & Moon, 2008; Kobrossy et al., 2022). Hence, CSR for them is values-driven transformations and not checkbox-style initiatives (Baden & Harwood, 2013). This challenges the compliance-driven understanding of CSR in larger corporations (Matten & Crane, 2005; Baumann-Pauly et al., 2013). V4 sustainable fashion

SMEs prioritise authenticity, internal values, and personal responsibility. They also demonstrate ethical sensitivity by referencing key stakeholder groups, balancing the interests of employees, consumers, and communities (Freeman, 1994). However, CSR emerges as a side-effect of ‘doing the right thing’, rather than being a goal in itself (Schwartz & Carroll, 2003). Community engagement and charitable practices are an important expression of CSR efforts (Jenkins, 2006; Kobrossy et al., 2022). These initiatives range from donating unsold items to supporting schools, organising repair workshops, or collaborating with marginalized communities. Some SMEs build long-term community relationships, while others engage in seasonal initiatives. This reflects the flexibility of SMEs, where community engagement is shaped by opportunities and personal motivations (Rumasukun & Noch, 2023). Sustainability is interpreted as a multidimensional concept rooted in local contexts while reflecting global goals, aligned with the classical three-pillar framework (Elkington, 1994; Sachs, 2015). Material use aligns with circular economy theory (Bocken et al., 2014), with recycling, upcycling, and biodegradable materials reducing resource consumption. Digitalization supports sourcing decisions (Sindhi & Kumar, 2012), while resource efficiency is both an economic and environmental priority (Reike et al., 2022). The emphasis on durability aligns with the slow fashion movement (Gradin, 2020), strengthening customer loyalty and reducing environmental impact (Dabija et al., 2020). Small-scale production offers flexibility, innovation, and quality, providing a competitive advantage. Studies confirm that such production supports resilience and competitiveness (Norris, 2017; Kim, 2024). Results also show that cultural heritage and craftsmanship support social sustainability, with local production enhancing resilience (Murphy, 2012; ADEC ESG, 2023). Consumer education fosters responsible consumption (Borah et al., 2024), though effectiveness depends on receptivity (Ritch, 2015). Social and environmental responsibility can strengthen long-term loyalty (Dabija et al., 2020), though quality and affordability remain important (Park & Kim, 2016). The economic pillar is reinforced by findings that local production and short supply chains contribute to sustainable growth (Kim, 2024). Sustainability capabilities can create competitive advantage when difficult to replicate (Fifka & Drabble, 2012). Overall, interviews and literature indicate that CSR and sustainability are often regarded as synonymous. CSR functions as a sustainability approach embedded in normative frameworks (Salas-Zapata & Ortiz-Muñoz, 2019), driving long-term growth (Juscus & Jonikas, 2014). While corporate sustainability requires balancing all dimensions (Ebner & Baumgartner, 2006), SMEs rarely distinguish CSR and sustainability as separate. Most view them as responses to market demands rather than structured strategies (Doukas & Zhang, 2021). Findings support that CSR enhances long-term stability by

strengthening market positioning and consumer trust (Samet et al., 2022). Some argue CSR and sustainability overlap but are not synonymous (Szennay, 2020), with CSR representing voluntary responsibility and sustainability embodying a broader global concept.

Moving on to an understanding of the factors influencing sustainability practices, the main drivers and barriers identified by V4 sustainable fashion SMEs are presented below. Regarding the owner-manager role, Oldham's (2024) classification contoured how rational value sharing, affective value sharing, and value-aligned relationships determine the influence on CSR and sustainability practices. Results also suggest that while affective leadership can build strong brand loyalty, there is also a risk of opportunistic CSR strategies where sustainability goals are not formalised and the personal presence of the owner-manager over-determines decision-making (Saveanu et al., 2021). Aligning employee values with sustainability goals fosters commitment, enhances innovation, and improves efficiency, suggesting SMEs should leverage CSR practices in their employer branding (Szegeci et al., 2023). Employee motivation is higher when CSR is integrated into internal governance, such as well-being and development, than when limited to external campaigns (Ferreira & Real, 2014). In companies where employees receive regular feedback, the workplace becomes more attractive, offering value-driven work and professional development (Watson & Li, 2024). Research has shown that innovation in sustainability-oriented SMEs is linked to values and long-term mindset rather than short-term profit (Bos-Brouwers, 2010). Intrinsic motivation for eco-innovation typically stems from ethical commitment and brand identity (Horbach et al., 2012). The string competition dynamics can be understood by Peredo & McLean's (2006) collective enterprise model, where firms operate as part of a sectoral community, facilitating diffusion of innovation. The implementation of sustainability practices in fashion SMEs often places considerable strain on limited resources. One of the most cited challenges is the added workload for employees. SMEs often operate with limited financial reserves, making it difficult to prioritise sustainability over short-term survival (Revell et al., 2010). Market-driven sustainability shifts require consumer attitude transformation (Heras-Saizarbitoria et al., 2021). Findings reflect concerns about the fragility of supply chain relationships. Small suppliers often face pressure to reduce costs and adopt sustainable practices, resulting in uneven partnerships (Talay et al., 2020). Supplier alignment can produce measurable business benefits (Medcalfe & Miro, 2022) but ethical misalignments and cultural gaps may hinder implementation (Di Vaio et al., 2024). Literature emphasizes the central role of government action and regulatory clarity. Li et al. (2020) identified government support and policy initiatives as the most influential drivers, ahead of customer demand. SMEs often respond more to international buyer pressure than to national

regulations (Wahga et al., 2018). Lueg et al. (2013) advocate for a “comply-or-explain” approach to reduce ambiguity. Regarding technological and infrastructural limitations, Singh et al. (2023) and Afzali et al. (2024) highlight logistical fragmentation and the absence of regionally integrated production networks as systemic obstacles. Olesen et al. (2022) similarly argue that underdeveloped infrastructure can prolong dependence on unsustainable models. Zoumpalova et al. (2023) introduce the Czech case, showing the transition towards a circular economy is constrained by economic, technological, institutional, and informational barriers.

SDG-related results reflect the logic of the "wedding cake" model proposed by the Stockholm Resilience Centre (2016), where the implementation of the SDGs is not understood in isolation but as a system of interdependent, ecologically based goals. The research shows that sustainability practices are not evenly implemented across all SDGs, there are significant differences in corporate practices in terms of which goals are considered relevant or achievable. While several authors are critical of the framework, emphasising its Western, capitalist and modernist values (Kopnina, 2016; Nair et al., 2021), the results suggest that businesses in the V4 region are also actively interpreting and applying the SDGs in ways adapted to their own operational contexts. The SDGs are mostly presented as an inspirational and values-based framework rather than as a concrete, operational governance tool (Del-Aguila-Arcenales et al., 2022). Most enterprises do not explicitly use SDG references, still their operations include specific elements - such as responsible production and consumption, transparency, promoting employee well-being and female representation - that fit well with the content of the SDGs (Gherardi et al, 2021; Fiandrino et al., 2022). Certain aspects of the Goals are already implicitly embedded in corporate operations, even though they are not always implemented along a conscious SDG strategy. Recent research suggests that achieving SDG 12 requires reducing the use of environmentally harmful materials, improving consumer communication, and promoting sustainable alternatives (D’Adamo et al. 2024). Practice-based learning aligns with Wachs and Weber (2023), who argue that material-led collaboration can support non-formal education and responsible innovation. Educational function emerges through the interaction between people, materials, and values. This is a strategic cooperation rather than a social assistance role, as it creates mutual value by addressing social needs through business solutions (Porter & Kramer, 2011).

Sustainable business models, such as circular economy models – in particular upcycling, mechanical recycling and closed-loop production – are used in V4 sustainable fashion SMEs but their effectiveness varies. Upcycling is seen as an economic necessity and identity-

enhancing tool, though limited by labour intensity and raw material fluctuations, making it viable mainly in premium markets. Mechanical upcycling faces barriers like high minimum orders (Eisenreich et al., 2022), while chemical upcycling is mostly rejected due to costs, low demand and mistrust (Uhrenholt et al., 2022). Elements of closed-loop production exist in brands with direct customer relations but at low scale. Sharing economy solutions such as rentals or clothing clubs are constrained by legal, logistical and cultural barriers (Ruiz-Navarro et al., 2025). Among alternative models, subscription-based approaches enhance revenue predictability and loyalty (Brydges, 2021), while order tracking and blockchain improve production efficiency and transparency (Wulff, 2023; Kouhizadeh et al., 2021). Modular and multifunctional design, supported by LCA (Niero & Rivera, 2018; Costa et al., 2019), lowers waste and inventory risks but faces barriers from rigid supply chains and higher costs. Some SMEs test smart textiles and AI-driven personalized design, while LCA helps prove sustainability benefits (Haupt & Zschokke, 2017). Community-based service models promote shared value creation and strengthen local reuse and upcycling practices (Wu et al., 2023).

The research identified six future sustainable fashion trends among V4 sustainable fashion SMEs. Sustainable business models are increasingly shaped by circular economy practices, with upcycling and textile recycling gaining traction, while transparency and material traceability are becoming priorities (Todeschini et al., 2017). Local production and short supply chains are growing in importance for cost control and sustainability, with SMEs relying more on collaboration platforms and digital tools to share resources and expertise (Marino & Remondino, 2021; Phonthanukitithaworn et al., 2023). Technological advances and data-driven forecasting highlight transparency as a competitive advantage, with AI and real-time tools expected to make supply chains more visible (Speight & Karpova, 2022). Sustainability and ethical practices paired with consumer experience and customisation reflect the growing role of storytelling, engagement and education in embedding sustainability as an industry standard (Samuels, 2024). Strategic collaboration through consortia and alliances enables technology development, closed-loop manufacturing and flexible production, with regulatory support seen as essential for scaling circular solutions (Dubey et al., 2024; Geissdoerfer et al., 2017). Finally, diversity is increasingly seen as part of sustainability, where inclusive design, ethical labour and accessibility become central to defining brand success (He, 2024).

The four-typology developed in this research offers a practice-oriented approach to understanding how SMEs relate to sustainability at different levels and with different capabilities. While Pathfinders and Constructors correspond to Carroll's accommodative types,

Tightrope Walkers and Community Champions increasingly show traits of proactive actors. These groups are also loosely linked to Zadek's levels of compliance, management, strategy and civic engagement but the results show that development paths are often non-linear and hybrid. Notably, companies studied do not fall into either Carroll's or Zadek's categories, as sustainability is an internal belief for them.

7. Conclusion, implications, limitations and future research directions

Since the beginning of my research, I have examined how fashion SMEs in the V4 countries engage with sustainability, focusing on their key drivers, barriers, and future directions. The fashion industry's complexity—marked by aesthetics, fast-changing trends, global supply chains, and regulatory challenges—made this inquiry both demanding and thought-provoking. Capturing the diversity of four countries in one coherent framework proved challenging, particularly in linking theory with the realities shared by entrepreneurs. This is the main reason why I considered to use the PRISMA model as a key contribution. Although many theoretical frameworks exist, these often focus on larger companies or different industries. V4 sustainable fashion SMEs operate in a specific economic, social, cultural and regulatory environment, which fundamentally shapes their strategies and growth opportunities. Given the complexity of the sector, it is essential to develop an analytical framework that would allow for an in-depth, multi-faceted analysis of CSR and sustainability efforts. The analysis is based on 28 qualitative interviews, which provide in-depth, context-rich insights into the attitudes of fashion SMEs towards CSR and sustainability in the V4 countries. However, the research also has several limitations. Without direct consumer data, analysis of attitudes and purchasing behaviour relies on entrepreneurs' perceptions, which may diverge from reality. This qualitative research approach does not allow for statistical generalisation. Furthermore, the research did not carry out a comprehensive comparative analysis of macro-environmental factors. The research is based on data recorded at a specific point in time. Striking a balance between cross-country comparability and local specificity remained a constant tension throughout the research process. The main theoretical contribution of the research is the result from the PRISMA model, which provides a comprehensive view of the concept of sustainable fashion. The research has provided a thorough identification of the internal and external drivers and barriers that facilitate or hinder fashion companies' CSR and sustainability efforts. From practical point of view, fashion SMEs may draw valuable lessons from the approaches employed by the analysed enterprises. SMEs can learn to adopt demand-driven and modular production, strengthen collaboration with suppliers, invest in consumer education, leverage digital tools, highlight cultural heritage and

craftsmanship, and explore community-based business models. Moreover, the research can contribute to the work of policy makers in identifying effective tools and areas of intervention to promote sustainability in the fashion industry. The research establishes a solid basis for further academic inquiry, particularly with regard to the regulatory context, patterns of consumer behaviour, and the potential of digital technologies to facilitate sustainable transitions (Su, 2023). Further direction future research lies in the comparative analysis of sustainability practices among SMEs in the V4 countries and those operating in differing regional or institutional contexts. The advancement of sustainable fashion is inextricably linked to consumer mindsets, purchasing behaviours, and the increasing demand for transparency throughout the value chain (Lundblad & Davies, 2015).

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