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Business Model Innovation for Strong Sustainability: Conceptualizing Degrowth Value Creation in the Dutch Fashion Industry

Authors

Nicolas Chevrollier[1], Lotte Levelt[1], Aikaterini Argyrou[1], Floor Meijer[1]

Abstract

Purpose: Overconsumption and overproduction in the fashion industry have detrimental impacts on the environment and society. A radical transition of the industry is required to eliminate the impact generated by years of exploiting the Earth's finite resources while ignoring planetary boundaries. A degrowth transition entails an equitable downscaling of production and consumption in the Global North to increase human well-being and enhance environmental conditions. This article aims to generate an empirical understanding of conceptualizing degrowth in business models, with an emphasis on how value is created in the examined companies and to bridge the gap between two research fields: degrowth and business model innovation for strong sustainability.

Design/Methodology/Approach: Our qualitative study investigates how 12 selected companies in the Dutch fashion industry conceptualize degrowth in their business models to create value.

Findings: Our results reveal that profit distribution is de-emphasized and that prioritizing social, ecological, and economic value while promoting growth in size and revenue allows these companies to outperform unsustainable competition. Consequently, we found that the examined companies create degrowth value through quality growth. Value maintaining is achieved by reducing resource use and output within production, combined with designing for durability, repairability, and longevity in clothing. The examined companies also share value by collaborating in the exchange of physical resources, knowledge, and skills to facilitate a sustainability transition in the industry. In terms of value unlocking, the companies operationalize degrowth while operating as sustainability influencers and demonstrating transparency regarding the sustainability of their operations and products.

Originality/Value: Our study contributes to a practical understanding of sustainable business models that support degrowth-oriented value creation in for-profit fashion companies. Conceptually, the findings highlight key degrowth principles employed by these businesses—such as leveraging sustainability influencers, maintaining transparency about the sustainability of operations and products, assuming responsibility for post-consumer product management, and ensuring fair value distribution. These principles are then linked to value functions that drive sustainable value creation. Finally, this study enriches the existing literature by offering empirical insights into how degrowth principles are implemented at the organizational level.

Keywords Degrowth, For-Profit Business, Fashion Industry, Business Model, Value Creation, Strong Sustainability

[1] Center for Entrepreneurship, Governance & Stewardship, Nyenrode Business University, Breukelen, The Netherlands

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1. Introduction

The link between current economic methods of production and consumption and environmental and social impacts on our planet has been clearly established (IPCC, 2018; Rockström *et al.*, 2023). The socio-ecological damages resulting from overproduction and overconsumption have been documented in several contexts (Abbate *et al.*, 2024; Arora and Mishra, 2023; Messner *et al.*, 2021; Sandberg, 2019). Extant literature highlights these damages, particularly in the context of the fashion industry, due to persistent patterns of overuse of key resources, landfilling, exploitation of workers, and hazardous working conditions (Dzhengiz *et al.*, 2023; Khan and Rodrigues, 2015). These patterns have resulted from the devastating effects of the fast fashion movement (Dzhengiz *et al.*, 2023; Niinimäki *et al.*, 2020), which amplified overproduction and overconsumption (Hall, 2017; Jin *et al.*, 2012).

Despite the belief that the use of technology, innovation, and efficiency gains can facilitate unlimited economic growth within planetary boundaries (Vadén *et al.*, 2020), efforts to separate economic growth from physical impacts (often referred to as "green growth") (Pearce *et al.*, 1989; Spash, 2013) remain elusive, and several planetary boundaries have already been exceeded (Fanning *et al.*, 2021; Wiedenhofer *et al.*, 2020). Additionally, claims of green growth remain often anecdotal and disproportionate to the magnitude of the climate crisis at hand (Hickel and Kallis, 2020; Vogel and Hickel, 2023). Consequently, the existing literature suggests a reconsideration of fundamental economic principles in economic systems without growth (i.e., as part of post-growth economic systems that prioritize sustainability, well-being, and ecological balance over continuous economic growth) and without an ever-increasing material throughput (Hickel, 2021; Kallis, 2018; Latouche, 2009), introducing the concept of degrowth (D'Alisa *et al.*, 2014; Demaria *et al.*, 2013; Kallis *et al.*, 2012; Latouche, 2009) as an alternative to green growth (Polewsky *et al.*, 2024).

The concept of "degrowth" denotes "a planned reduction of energy and resource throughput designed to bring the economy back into balance with the living world" (Hickel, 2021, p. 1) in a way that carefully safeguards the immense intrinsic value of both natural and human capital (under a strong sustainability paradigm) (Bonnedahl and Heikkurinen, 2019). The ontological underpinnings of degrowth range from critical realist ecological economics to relativist and relational political ecology. In the 1960s, important ecological economists asserted (contrary to neoclassical views) that the economy is an open subsystem of its larger ecological surroundings and provided an initial conceptual basis for degrowth (Daly, 1968; Georgescu-Roegen, 1971). Political ecologists offered other angles to the notion of degrowth. In particular, their critique of the dominance of the Global North—as a result of the historic and contemporary exploitation of the Global South—offers important reflections on how a *just* degrowth transition could be achieved (Latouche, 1993; Hickel *et al.*, 2022).

Furthermore, due to its conceptual origins, degrowth has been studied predominantly as a macro-economic phenomenon, resulting in policy recommendations (Hanaček *et al.*, 2020; Fitzpatrick *et al.*, 2022; Vandeventer *et al.*, 2019). Examples of interventions to enable degrowth transitions at the macro-economic level include reducing the environmental impact of human activities, e.g., by committing to leave resources in the

ground (Cosme *et al*., 2017), creating moratoria on new infrastructure (e.g., highways and dams) (Cosme *et al*., 2017), or introducing legislation protecting the rights of nature (Fitzpatrick *et al*., 2022; Putzer *et al*., 2022). At the macro-economic level, realizing degrowth entails moving from the current economic system to a different economic thinking that reconsiders the role of system actors based on alternative post-growth economic principles (e.g., reciprocity and frugality; see Buch-Hansen and Nesterova, 2023). Consequently, an understanding of how business actors operate in degrowth in a way that carefully safeguards natural and human capital while developing and maintaining economic value (Bonnedahl and Heikkurinen, 2019) is necessary. Since the extant scholarship does not sufficiently explain how degrowth takes form in business organizations or describe the resulting modifications that degrowth would confer to business models in a post-growth economy under strong sustainability, a clear gap in degrowth scholarship has been identified (Bonnedahl and Heikkurinen, 2019; Froese *et al*., 2023; Hankammer *et al*., 2021; Nesterova, 2020). In addition, degrowth needs to be investigated from the perspective of how value is created in business models for strong sustainability, that is, while natural and human capital are carefully safeguarded (Bonnedahl and Heikkurinen, 2019; Buch-Hansen and Nesterova, 2023; Froese *et al*., 2023; Hankammer *et al*., 2021; Joutsenvirta, 2016; Nesterova, 2020). Thus, in this study, we aimed to investigate the understanding of the examined companies of degrowth in business models, thereby yielding insights into how organizations can flourish in a post-growth economy under strong sustainability. In doing so, we chose to focus particularly on the concept of degrowth, leaving aside other growth-related concepts (e.g., agrowth) that may lead to different phenomena (Lehmann *et al*., 2022).

Since this article aims to contribute to the knowledge of how degrowth is understood and realized in selected companies in the Dutch fashion industry, its contribution is twofold. First, the article aims to generate an empirical understanding of conceptualizing degrowth in business models, with an emphasis on how value is created in the examined companies. Second, noting that research on business models for sustainability pays limited attention to degrowth, this article aims to bridge the gap between two research fields: degrowth and business model innovation for strong sustainability. It does so by offering a conceptualization of degrowth value creation in business in the context of the fashion industry.

2. Degrowth and business model for strong sustainability

2.1 Introducing degrowth in organizations

In response to the ongoing socio-ecological crisis (e.g., the recent transgression of six out of nine planetary boundaries, (Richardson et al., 2023)) and ever-rising natural resource extraction (Arora and Mishra, 2023), scholarship relating to the concept of degrowth has emerged. This body of research both challenges the current growth-based system and explores alternative visions of society and the economy under strong sustainability (Bonnedahl and Heikkurinen, 2019; Hickel, 2020; Jackson, 2009). At the macro level, degrowth is defined as an equitable downscaling of production and consumption to increase human well-being and enhance the environment (Schmelzer et al., 2022). Current degrowth scholarship is predominantly focused at the macro level, which is unsurprising given its overall goal of shrinking production and consumption of the Global

North economy in its entirety (Parrique, 2019; Sekulova et al., 2013). However, this leaves many important questions unanswered, such as the following: How do organizations create value while undergoing a degrowth transition? Which types of organizations are degrowth compatible? What principles underpin the idea of degrowth in business? However, to date, conceptualizations of degrowth in business remain scant (Nesterova, 2020) and do not explain the resulting modifications that degrowth would bring to business models and thus to value creation mechanisms in a post-growth economy under strong sustainability (Bonnedahl and Heikkurinen, 2019; Froese et al., 2023; Hankammer et al., 2021; Nesterova, 2020). This research gap must be addressed to provide the necessary insights for conceptualizing a transition to degrowth in business (Hankammer et al., 2021).

In addition, although a nascent research field that examines degrowth at the meso (organizational) level has emerged, it borrows knowledge from other academic fields, such as social entrepreneurship (Johanisova et al., 2013), sustainable business model innovation (Hankammer et al., 2021; Khmara and Kronenberg, 2018; Niessen and Bocken, 2021), institutional economics (Hinton, 2021), and science and technology studies (Pansera and Fressoli, 2021). These research efforts have culminated in the development of a set of principles for degrowth in business (Froese et al., 2023; Hankammer et al., 2021; Nesterova, 2020). For instance, Nesterova (2020) identified the following degrowth principles: i) encourage frugality; ii) use renewables and relocalize production, and iii) incite democratic decision making with a focus on well-being over profit maximization (e.g., have alternative business models in mind). Hankammer et al. (2021) added to these principles by contemplating that degrowth in business entails repurposing business for the environment and society, and/or publicly promoting a degrowth transition (Hankammer et al., 2021). Alternatively, Hinton identified the "relationship-to-profit" or legal distinction between a for-profit and a not-for-profit business as the key criterion that determines what qualifies as a post-growth business (Hinton, 2020). Subsequently, Hinton proposes a shift from "for-profit" businesses to "not-for-profit" businesses that share profits collectively (e.g., by either reinvesting profit into the organization or cross-subsidizing socio-ecological goals) (Hinton, 2021). Finally, Froese et al. (2023) encouraged degrowth-oriented organizations to put degrowth into practice by adopting the following practices: i) using real cost pricing and alternative currencies, ii) supporting "prosumption" (e.g., co-production and engaging consumers in packaging reuse), iii) cooperating in local and/or mission-driven networks, iv) redistributing profits, v) providing repair and demand-reduction services, vi) offering accounts in a transparent manner, and vii) employing several forms of co-ownership (Froese et al., 2023).

Although these research efforts reflect recurring principles, they are prioritized differently among authors, and as such, scholarly debates have developed, particularly around the logic of profit. For instance, Hinton's (2021) "relationship-to-profit" approach explains how profit distribution to private owners (i.e., imposed by the legal form of for-profit organizations) is a determining factor in reducing growth, whereas the size and geographical scope of an organization are less important (Hinton, 2021). Alternatively, in the studies by Nesterova (2020) and Hankammer et al. (2021), relocalization is presented as a key principle of degrowth. Although these authors consider the scope of an organization, relocalization and size are given different priorities in their studies.

Furthermore, several authors point to the need to deviate from traditional profit orientations, which takes different shapes. Nesterova (2020) argued that organizations must move away from "the profit maximization imperative" by redirecting their goals toward qualitative change (i.e., replacing material drivers of success with alternatives), value shifts, and alternative business models and ownership structures (Nesterova, 2020). Alternatively, Froese et al. (2023) found that degrowth-aligned organizations critique profit orientation and engage in profit redistribution (e.g., among employees), but it remains unclear how degrowth organizations deal with profit maximization and profitability in general. Moreover, Hankammer et al. (2021) primarily claimed that profit maximization must be de-emphasized and indeed found that the investigated B Corps in this study redistribute profits, although it remains unclear if profits are still maximized in the first place. Finally, some authors see profitability as a primary condition for a business's existence, and although profit maximization is not explicitly analyzed, they argue for redistribution as a key principle (Khmara and Kronenberg, 2018). In short, how authors deal with the logic of profit (as a goal, its redistribution, or maximization) varies significantly and triggers further investigation.

Finally, many principles of degrowth in business echo circular economy and sufficiency approaches, e.g., "shrinking, slowing and extending cycles" (Froese et al., 2023, p. 9), which raises the question of in what ways the understanding of degrowth in business is conceptually distinct from other approaches in the sustainable business model innovation literature (Bocken et al., 2014; Niessen and Bocken, 2021). Considering that the fashion industry needs to limit overconsumption and overproduction (Dzhengiz et al., 2023) and promote slow fashion, scholars have begun exploring the alterations of business models in that context to achieve sustainability. In this field, especially, innovations in value propositions (e.g., secondhand clothes) and fast fashion and consumption patterns have received attention (Garcia-Ortega et al., 2023; Persson and Hinton, 2023; Sandberg, 2021, Singh et al., 2022). Value capture innovation entails a reconsideration of new revenue streams and new value cost structures (Kraus et al., 2020), as well as service-oriented value capture mechanisms, "which are oriented towards dematerializing fashion consumption by offering bundles of products and services" (Khitous et al., 2022). However, only recently has research investigating degrowth-oriented phenomena emerged in the fashion industry (Moorhouse, 2023; Niessen, 2022; Sharpe et al., 2023). Most of the research developed in the context of the fashion industry so far has predominantly investigated green growth-oriented concepts (Elf et al., 2022; Garcia-Ortega et al., 2023).

Consequently, research on degrowth at the meso-organizational level is currently incomplete, open to different interpretations, and fragmented, which is due to missing empirical evidence and the lack of a coherent understanding of degrowth in business in several contexts (Khmara and Kronenberg, 2018; Tokic, 2012; van den Bergh et al., 2011). Furthermore, the conceptualization of how value is created in these businesses is nascent, and Froese et al. (2023) urged further exploration of a degrowth theory of value. To do that, in this article, we start with the sensitized idea of degrowth in business as referring to economic organizations that are in the process of voluntarily prioritizing socio-ecological goals over economic goals to reduce production and consumption in different sectors. In doing so, our understanding of degrowth departs from a macro-level understanding of degrowth and aims to assist in acquiring a more comprehensive meso-

level understanding of degrowth in business (Nesterova 2020b; Robra and Nesterova, 2023).

2.2 Business models for sustainability and degrowth value creation

In an attempt to conceptualize the operationalization of degrowth in business, scholars have begun to investigate organizations' business model innovations in pursuing degrowth (Froese *et al*., 2023; Hankammer *et al*., 2021; Khmara and Kronenberg, 2018; Nesterova, 2020) and, thus, strong sustainability (Bonnedahl and Heikkurinen, 2019). In principle, a business model constitutes the design of how activities create value (Teece, 2010). In particular, Amit and Zott (2001) explained that the business model entails "the content, structure, and governance of transactions designed so as to create value through the exploitation of business opportunities" (p. 511) and "a system of interdependent activities that transcends the focal firm and spans its boundaries" (Zott and Amit, 2010, p. 216). Existing research on business model innovation for sustainability explains that "an organization's ability to create value is a function of its *activity system design* and, thus, the choices about activities that an organization and its partners perform" (Lüdeke-Freund *et al.,* 2024, p. 197). Accordingly, "design themes" refer to the key principles that guide the organization and the integration of activities within a business model (Amit and Zott, 2012). In addition, design themes determine the potential for the value creation of an organization by structuring and connecting the elements of the business model (Amit and Zott, 2012). Lüdeke-Freund *et al*. (2024) explained the importance of design themes that mediate the relationship between business model activities and value creation while influencing both the total value created and the firm's ability to capture that value. Furthermore, "value functions" refer to the specific roles that organized and integrated activities, as well as design themes, play in realizing the potential of value creation in business models (Lüdeke-Freund *et al*., 2024). In the traditional business model literature, according to Lüdeke-Freund *et al*. (2024, p. 197), key value functions typically include the following: i) proposing value, i.e., designing activities that offer a benefit to a target group, such as a specific customer segment; ii) delivering value, i.e., connecting to the target group through activities such as sales and distribution; and iii) capturing value, i.e., creating a benefit for the organization, often in terms of revenues and profits. Additionally, research has explored innovative modifications in the way organizations define these key value functions, i.e., by delivering value propositions and capturing value to generate a "significant positive impact and/or significantly reduce negative impacts for the environment and/or society" (Bocken *et al*., 2014, p. 44). The field of research on business models for sustainability investigates new functions of value creation that offer sustainable value propositions to all stakeholders and allow firms to capture economic value while maintaining or even regenerating natural, social, and economic resources (Lüdeke-Freund *et al*., 2019). Accordingly, fostering sustainability in business models entails developing "long-term sustainable value creation in the interest of multiple constituencies and goals" (Levillain *et al*., 2018, p. 43). As Lüdeke-Freund *et al*. (2024, p. 198) rightly state, this leads to "the proposition that sustainable value creation requires that organizations consider their activities' sustainability implications while aiming to contribute to value creation for various stakeholders" in a way that value is maintained (by "ensuring the integrity and functionality of the natural environment and man-made artifacts"), unlocked (by "utilizing untapped potential for sustainable value creation beyond an organization's

boundaries, specifically at the interfaces with customers and market"), or shared (by "involving, engaging, and supporting stakeholders to ensure that the benefits from value creation processes are shared equitably and responsibly") (Lüdeke-Freund *et al*., 2024, p. 205). As such, we understand that under the logic of creating economic value and financial profit, business model innovation for sustainability seeks to gain a competitive position (Teece, 2010) for businesses, while simultaneously contributing to reduced environmental and social impact and value creation for stakeholders (Bocken *et al*., 2014; Boons and Lüdeke-Freund, 2013; Lüdeke-Freund *et al*., 2020).

Furthermore, recent studies have investigated the way value is created by empirically looking mainly at how business models can be conceptualized beyond profit-making and competitive advantage while operationalizing degrowth and strong sustainability in specific organizational types, e.g., in certified B Corps (see Hankammer *et al*. (2021) or small and medium-sized organizations (see Nesterova (2020). However, the transferability of these limited empirical insights remains highly uncertain. Furthermore, conceptual development has only recently emerged (Froese *et al*., 2023; Hinton, 2020; Hinton, 2021; Khmara and Kronenberg, 2018), especially with respect to the relationship of businesses to profit (Hinton, 2021) or in terms of degrowth value creation (Froese *et al*., 2023). However, a comprehensive understanding of how to realize degrowth in business remains elusive. Therefore, this gap, conceptualizing degrowth in business (especially from the perspective of how value is created), remains largely unexplored (Froese *et al*., 2023; Hankammer *et al*., 2021; Hankammer and Kleer, 2018; Khmara and Kronenberg, 2018). Consequently, this article aims to contribute to the conceptualization of degrowth in business models in terms of value creation.

3. Methodology

Based on the nascent stream of literature on degrowth in business research (outlined in Section 2.1; Buch-Hansen and Nesterova, 2023; Froese *et al*., 2023; Hankammer *et al*., 2021; Khmara and Kronenberg, 2018), the use of an interpretative research approach seemed appropriate for theory building and conceptualization (Creswell, 2012; 2014; Guest *et al*., 2014). The application of a qualitative inductive research design provided an in-depth understanding of companies operating under degrowth principles in the fashion industry and of their initiatives to realize degrowth in their sustainable business models (Creswell, 2014). This understanding led to insights into conceptualizing degrowth and business model innovations in the fashion industry. Accordingly, qualitative methods were used in the data collection and analysis (Creswell, 2014). This enabled the emergence of interpretative themes that led to the development of a comprehensive understanding of the examined phenomenon.

3.1 Sampling

All the examined companies in this study are active in the Dutch fashion industry and operate in a homogenous regulatory environment. Since in this article we preliminarily understand the notion of degrowth in business as referring to economic organizations that voluntarily prioritize socio-ecological goals over economic goals with the aim of reducing production and consumption in a given sector, we selected several for-profit companies based on three main inclusion criteria: 1) an environmental orientation

(making efforts to reduce environmental impact along the value chain), 2) a social orientation (making efforts to influence consumer behavior, encourage the sharing of resources, and improve employee well-being), and 3) the intention to prioritize socio-environmental values over economic goals (Nesterova, 2020b). Only when all three inclusion criteria were cumulatively met were companies included in our sample. To operationalize our inclusion criteria, we performed a compatibility check against these criteria through the screening of publicly available online information from a pool of companies in the Dutch fashion industry. We investigated the "welcome," "about," and "strategy" web pages of companies, as well as the publicly available annual reports of those potentially suitable companies. In the annual reports, a targeted search of certain keywords was devised, such as "sustainability," "planet," "fair," "environment," and "recycled," to identify relevant information. In addition, the overall consideration of degrowth in these companies was finally confirmed via the initial questions of the interview protocol, which investigated the relationship of the companies to profit and growth. Moreover, our respondents were purposefully chosen from various managerial positions at the top levels of governance (e.g., CEO, founder, and sustainability manager) in the selected companies. Consequently, we analyzed multiple data collected from 12 Dutch fashion companies, as presented in Table 1.

3.2 Data collection

Semi-structured interviews enabled the examined phenomena to be explored, while allowing certain themes to emerge in the data analysis (Creswell, 2014). All the interviews lasted between 30 and 60 minutes. The data gathered during the interviews were processed anonymously, ensuring that the interviewees (as well as the examined companies) could not be identified. In the interview questionnaire (see Appendix B), the questions were organized based on our key understanding of the basic conceptual elements of a business model (i.e., value proposition, value creation, value delivery, and value capture). Accordingly, the questionnaire was developed to include questions related to the implementation of degrowth (e.g., How would you describe your growth strategy?) and, consequently, the potential alteration of the business model (How does your company create value when implementing your sustainability strategy? How does your company adapt its cost structure or its way of creating revenue?).

#	Name	Company Type	Job Title
1	Interviewee A	Outdoor fashion	Manager Innovation & Sustainability
2	Interviewee B	Jeans fashion	Founder & CEO
3	Interviewee C	Multi-brand fashion retailer	Manager CSR & Platform

4	Interviewee D	Recycled shirts	Founder & CEO
5	Interviewee E	Fashion retailer	Manager CSR & Quality
6	Interviewee F	Pregnancy & kids' fashion	CEO
7	Interviewee G	Fashion platform	Cofounder
8	Interviewee H	Outlet webshop	Onboarding coordinator
9	Interviewee I	Multi-brand fashion retailer	Sustainability Project coordinator
10	Interviewee J	Sustainable Male Clothing	Co-founder
11	Interviewee K	Fashion rental store	Co-founder
12	Interviewee L	Recycled fashion	Founder & CEO

Table 1. *Respondent summary*

3.3 Data analysis

To analyze the collected data, we used Gioia *et al*. (2013) and a three-stage approach. In the *first stage* (i.e., "1st order analysis" in Gioia *et al*. (2013, p. 6)), we coded the data by reading through the verbatim transcriptions of the semi-structured interviews (Creswell, 2012). Subsequently, a list of numerous first-order "categories" (termed after Gioia *et al*. (2013, p. 6)) was developed using Atlas.ti (Guest *et al.*, 2014). Specifically, we used initial open coding to analyze the raw data from the interview transcriptions (Saldaña, 2015). From this first round of coding, the first-order categories that emerged inductively were further iterated, refined, or removed in the following stages of data analysis (see Appendix A) (Gioia *et al.*, 2013).

In the *second stage*, we began "seeking similarities and differences" (Gioia *et al*., 2013, p. 6) by applying a type of focused coding that resembles axial coding (Saldaña, 2015). The first- order categories were combined, sorted, and classified into meaningful second-order themes (Gioia *et al*., 2013, p. 6). In combination with the inductive generation of these second-order themes, we used our understanding of theory (presented in Section 2) to further enhance our understanding of the data, following Gioia *et al*. (2013, p. 6) to stay "firmly in the theoretical realm, asking whether the emerging themes suggest concepts that might help us describe and explain the phenomena we are

observing." In this sense, the second stage of data analysis was theoretically informed by our prior knowledge of the degrowth and business model for sustainability. We particularly employed Gioia *et al.*'s (2013, p. 6) advice to "focus particular attention on nascent concepts that don't seem to have adequate theoretical referents in the existing literature." For example, "relocalization of production" is a nascent concept presented in the degrowth in business literature (Froese *et al.*, 2023), on the basis of which our analysis generated new theoretical and contextual insights (e.g., pertaining to the lack of local factories) and complementary knowledge related to production (e.g., the capping of production and phasing out of unsustainable production) (see Appendix A).

In the *third stage* of the data analysis, we worked toward higher levels of abstraction, sorting and clustering the identified nascent concepts and second-order themes in a theoretically meaningful manner (Gioia *et al.*, 2013, p. 6). For instance, second-order themes were grouped, linked, and ultimately "distilled" to identify key aggregate dimensions, such as "reconsidering growth" or "circularity" (Gioia *et al.*, 2013). We also considered how aggregate dimensions contribute to specific value functions.

Accordingly, this three-stage process allowed us to analyze the data collected from interviews while developing a "data structure" (Gioia *et al.*, 2013, p. 6) that contributed to understanding degrowth in business models and how value is created. The final data structure is presented in Appendix A.

4. Results

As our goal was to further conceptualize degrowth value creation in business, we looked at aggregated dimensions that characterize the functions of value creation based on businesses' activities. We describe this conceptualization in our discussion section and how it complements existing advancements toward a theory of degrowth value creation (although our conceptual contribution is to link value functions to degrowth principles rather than to provide a theory of degrowth value creation).

4.1 Redefining profit and growth

4.1.1 Multi-stakeholder value creation and fair value distribution

When asked if they prioritize the planet and people over making a profit, the examined companies responded that their belief in being good to the planet and people overrides their desire for profitability. However, they all mentioned that there is a necessity for companies to pursue profit generation. Interviewee B stated, "*So, here it is important, we are a business, but we don't want to make money at the expense of people or pollution of the planet.*" Among the reasons they identified as necessary to pursue profitability as a business are that, without it, going into business would lose its attractiveness. Furthermore, for a company to make a sustainable impact, it needs profit to invest back into the company to be able to grow and expand. The companies identified that if they make a profit within their sustainable business models, they profit at the expense of unsustainable competitors. Consequently, it is not "making profit" per se that the examined companies challenge but profit at the expense of "whom."

However, the way these companies make a profit and what they do with their profits is uncommon. The companies identified that profit should be made through sustainable

operations and should not be used for the benefit of shareholders, but rather to invest back into the sustainable efforts of the company. Consequently, profit distribution to shareholders is not prioritized. Interviewee F mentioned, *"It is really about the value we create. That also includes stakeholder value, so also a profit, but in a sustainable way*." Environmental impact is also featured in the overall performance metrics of the companies under scrutiny, making profit a multicomponent indicator. For instance, Company B pointed out that they have incorporated the reduction of CO_2 emissions into their quarterly profit calculations and operate in a CO_2 net positive way. Reporting clearly on non-financial indicators facilitates the de-prioritization of financial profit over making an impact. It is worth noting that the selected companies emphasized the fair distribution of profit (not only to shareholders) more than the necessity not to maximize it.

4.1.2 Relative and slow growth toward quality improvement

The companies believe that growth is important at the current stage of the fashion industry, which is where changes are needed. Their growth ambition is relative to the market share that these companies take away from unsustainable competitors, especially from the most polluting companies, making their growth inevitable. The companies mentioned that growth is necessary to make an impact and influence sustainable change in the industry. However, they also emphasized that growth should be slow and steady to be healthy in the long term. Several companies revisit their product portfolios to prioritize growth in reuse rather than in new items. Interviewee A stated:

> *We have even set a target for selling fewer new products. And that doesn't mean, look, we have normal growth, with that we automatically sell more, but percentagewise, we want to make sure that we sell less by doing more repairing, more servicing, more second chance, collecting more products to be able to pass on to charities and so on and so forth*.

In addition, the companies referred to their goal of introducing "slow fashion," which refers to increasing the time span in which clothes are worn by prioritizing quality over quantity.

Consequently, there is a redefinition of growth from a purely economic standpoint to relatively slower, more organic growth compared to unsustainable competitors. The fact that a company grows is not challenged; rather, the nature of growth is.

4.2 Business model innovation based on circularity principles

4.2.1 Designing for durability, repairability, and longevity

The examined companies emphasized a different approach to their operations, from focusing on efficiency and mass production to prioritizing durability and quality. In terms of the materials and technologies used in production, the companies that do not produce their own products have implemented a selection procedure in their buying process based on quality and sustainable clothing. Furthermore, they provide advice to customers on how to maintain and take care of their clothing, as well as repair services to ensure durability and prolong the lifespan of their products. When asked about waste management, the companies stated that the material waste that is created is most often either donated to other companies, recycled, or reused, but never thrown out. They have

set up strategies for post-consumer waste management, whereby customers can return clothing after use to have it upcycled, recycled, donated, or resold.

Durability, repairability, and longevity are also featured in several examined companies' business models. First, they have introduced upcycling, in which old clothing or used fabrics are given a second life in the form of new clothing items. For example, Company D collects used linen from hotels to make button-down shirts, and Company I partners with fashion brands to make an upcycled collection from their damaged or unsold clothing. Second, the companies pointed out the short life span of clothing and their concern about overproduction. Through this business model, the longevity of clothing increases.

4.2.2 Rethinking ownership of products and resources

The examined companies refined the concept of ownership of products and resources. Company B views the "new way" of operating as retaining ownership of raw materials, such that clothing must be returned to them after use. The company has implemented a deposit model that involves customers receiving their deposits back on products upon return after their use. Other companies have implemented this in the form of subscriptions, in which customers receive a new order once the used products are returned. Subscription models are a common way for the companies to ensure a stable income and returning customers. They have also implemented rental models in which the company remains the owner of the clothing but enables its use by customers.

In rethinking ownership, the examined companies introduced the concept of sharing. They mentioned using recycled materials in their production or repurposing old clothing in the form of a secondhand collection or a sharing economy. The creation of a sharing economy as a business model allows people to connect with others on digital platforms and share their unused items. Interviewee F stated:

> *To encourage the recycling of our products, we have a Facebook group with around thirty or thirty-five thousand people in it, where we make it possible for those people to all exchange products with each other and to sell. Yes, that is a different form of recycling, but that is encouraging and creating a platform to do it.*

Through these digital platforms, sharing becomes an integral part of the business model, extending the longevity of the clothes produced.

4.2.3 Shared "as a service" principle

The addition of services within these business models was also deemed important in creating value for the customer. Interviewee K stated, *"It is also the case that, with all subscriptions, we offer styling advice. [...] That is a piece of service that provides convenience, but for us also provides strong loyalty from the customer."*

Moreover, offering their products "as a service" tackles issues of overconsumption, providing customers with clothing when it is needed. Company D revealed a creative way of selling products through crowdfunding. Interviewee D revealed the power of creating value for the customer by sharing the company's story and sustainable ambition of approaching their network on social media and creating urgency by selling only several items in a certain time frame.

Several examined companies also mentioned the importance of government intervention in the successful launch of sustainable business models. Interviewee K provided insight into the fact that vintage clothing can be sold without having to pay VAT. Interviewee K mentioned that this is not the case for rental clothing, and if the government were to remove this tax, it would be much more attractive for businesses to move into this sector. Related to this, the companies revealed the unsustainable impact of returning clothing and wished to be able to request a return fee to reduce the attractiveness of buying more than necessary and returning it for free. However, in implementing a return fee, there is the risk of losing customers unless the government requires all companies to impose a cost of returning items. Interviewee L mentioned that the new regulation of making companies in the textile industry responsible for their products in the post-consumer phase has brought about a shift for companies to move into sustainable business models.

4.3 Promoting degrowth to influence overconsumption

4.3.1 Promoting conscious consumption through advertisement

The examined companies highlighted the strategies through which they promote conscious buying and educate their customers. Company C influences customers to choose sustainable transport by informing them how much CO_2 is emitted in in-store delivery, pick-up point delivery, and home delivery. However, the companies also make use of social media to promote conscious buying. Company F, for example, created a Facebook group that encourages customers to share products with each other. Other companies make use of social media channels to inform and educate customers about the issues in the industry and the impact their choices have on the planet and people. Interviewee F shared their vision for the future, in which products are labeled in categories of sustainability to create customer awareness and influence conscious purchases. Company H has already implemented such a strategy in which they award customers a *"good on you"* tag when buying a sustainable product. Most respondents agreed that the responsibility to change customer behavior lies with companies, and they have the duty to be transparent about the sustainability of their products and services.

Several companies have made it their mission to be sustainability influencers in the fashion industry. Company D promotes sufficiency by influencing people via LinkedIn to buy upcycled products. Other companies act as influencers by organizing marketing stunts. Interviewee A stated:

> *We don't do Black Friday. We have For the Future Friday, in which [customers] can come by our store for free maintenance and repair. And the result was, and it wasn't meant to be so, but, in the end, we had commercially the best Black Friday ever.*

Promoting conscious consumption is often paramount for the examined companies. Our interpretation is that this is intrinsically in line with achieving a degrowth transition at the sector level. It is, however, paradoxical in nature, as it may turn degrowth into a new competitive advantage by stimulating more consumption of the products, which is in line with the strategy of companies to gain market share from unsustainable competitors; however, it may produce a new form of rebound effect.

4.3.2 Transparency as an enabler for promoting conscious consumption

The examined companies emphasized in the interviews that an internal objective is to be as transparent as possible regarding their efforts. Interviewee C mentioned, "*We try to make it as transparent as possible and also to say, let it become circular so that we can just turn your old tights into new things*." In terms of price construction, Company A is moving *"towards a kind of true pricing and truly complete price transparency."* The companies highlighted the dangers and negative impacts of greenwashing, which is defined as untruthful or misleading information on the sustainability of products or the company's operations. Several companies stated that they are very conservative in communication concerning their efforts in sustainability or the sustainability of their products to avoid greenwashing. Many companies emphasized the importance of transparency in their sustainability efforts, as it is crucial for promoting conscious buying behavior and avoids using sustainability as a marketing tool, which can lead to overconsumption.

4.4 Challenging overproduction and relocalization for sustainable production

4.4.1 Relocalization of production

To ensure more sustainable production, the examined companies referred to relocalization as an important strategy. Interviewee A commented, *"I think it will be an interesting move for the whole industry now that we are moving back to being more local."* Although many companies strategize relocalizing, they also noted its difficulties and drawbacks. First, the companies pointed out the lack of local fashion production facilities. Interviewee A stated, "*Our most durable, waterproof jacket is produced in [...] Vietnam. And it is because there are no factories closer to us where we can make waterproof jackets of that quality."* Company B, taking a different view of the matter, stated:

> *[It is] much better to help those people [in non-European countries] to build up their economies. We are doing good for those people, allowing them to work [...] to support their families. I don't know why I would then set up a factory in the Netherlands.*

Other companies referred to the financial drawbacks of producing locally and the threat it presents to their viability. Many companies stated that they choose to produce in countries such as Portugal, Italy, and Spain instead of in the Netherlands, as that is a financially viable option closest to home. Regarding the lack of local production facilities, Company B stated, *"To set up a jeans factory, we are not even talking about making the yarn and fabrics, just a jeans factory; you need a huge volume and an enormous amount of investment."*

4.4.2 Capping production and phasing out unsustainable production

When it comes to capping production and unnecessary resource use, the examined companies mentioned several strategies at the level of production, sales, and product life cycle levels. A few companies have implemented the strategy of producing and supplying limited stock or custom-made, on-demand products. However, the pressure from producers to order a minimum number of items and charge higher costs if the

minimum amount is not reached poses a financial challenge to capping unnecessary resource use. The most frequently mentioned reduction in resource use is the circling back of materials into the value chain or recycling and reuse of raw materials and textiles.

The companies are also targeting different ways to phase out unsustainable options. Several companies referred to performing a full and detailed life cycle assessment tracking a product's ecological footprint, thus allowing companies to pinpoint where improvements and higher efficiency can be achieved. The companies also use this life cycle assessment in their buying processes, in which products and business partners are selected based on a code of conduct. For example, Company E is mapping out the environmental impact of all phases of the supply chain on the product level to determine opportunities for improvement. In addition, the companies are reinforcing the sustainability of production by removing chemicals, reducing water use, using technology and software to reduce material and textile waste, reducing the use of plastic in packaging, and tackling issues such as land reclamation.

4.4.3 Minimalizing environmental impact

As for reducing pollution, all the respondent companies strategize to reduce their CO_2 emissions. The central goal is to be at least CO_2 neutral. Company B claimed that it is the only company in the fashion industry to operate at a CO_2 positive level, reducing more than they emit. Company F stated:

> *When we compensate our CO_2 emissions, then we do it carbon neutral. So, we continuously compensate for what we [emit]; then, we must report how many boats we used and how many planes. And then we compensate continuously by planting trees. And then we grow towards, in two years I believe, being carbon neutral.*

According to Company I, "acting responsibly" and reducing CO_2 emissions entails improving the sustainability of factors such as water and energy use, packaging, and delivery. Most companies mentioned the use of green energy, which is interchangeably referred to as renewable energy. However, a few companies raised the difficulties of renting facilities where they have no say in their sustainability. Company A assumes a different strategy in reducing energy use by implementing temperature control, closing store doors on cold and hot days, and putting up a "we are open" sign so that the air conditioning or heat is not overgenerating. Several companies have also installed sustainable light plans using LED lighting, dimmers, and time sensors to ensure that energy consumption is reduced. As for packaging and transportation, the companies have introduced sustainable packaging and delivery strategies, making sure to eliminate plastic, use recyclable packaging, and promote in-store delivery to reduce emissions. This also involves strategies for maximizing the number of packages per freight and the amount of clothing that can fit into packages without enlarging them.

4.5 Inclusiveness via collaboration with all actors in society

4.5.1 Encouraging the sharing of resources

For the examined companies, collaborations and partnerships also take the form of the sharing of resources, such as knowledge, skills, and experience. Company A, for example, works together with an international group that consists of similar retail groups

to map their CO_2 footprint as well as share sustainability strategies. Company F revealed its strategy of the acquisition of smaller companies that have extensive knowledge and experience with sustainability, to use this knowledge and experience to improve their own operations. Company F also mentioned working together with the Rainbow Collection, which acts as a consultant, as well as joining sustainability groups in which they openly strategize how they can improve the entire industry. Interviewee L, referring to their expertise in upcycling, stated:

> *I think that is also something that would work well for bigger brands. And with that, they could then partner with companies like ours. Then we could really strengthen each other because of course we have the image [...], they can benefit from that, and they have the scale.*

The examined companies also highlighted their efforts to share their knowledge, skills, and experience with other companies. Some companies mentioned their attempts to help their business partners improve the sustainability performance of their operations. Interviewee I commented:

> *We have active steering, also towards our brands [...], our scope 3 emissions, but their own emissions. And the most important thing is that we expect or stimulate our brands to issue a science-based target because in that way, you create that total change [in the industry] together.*

As for collective collaboration regarding the sharing of physical resources, the examined companies referred to several initiatives and partnerships. Many companies work together with sustainable partners to collect clothing and give it a second life. For example, Company E collaborates with Het Goed, a thrift store that sells the used clothing that Company E collects from customers.

4.5.2 Enabling autonomy and capacity development within less privileged parts of society

Many examined companies make extensive efforts to enable autonomy and capacity development within the less privileged parts of society, both locally and globally. Companies associate themselves with initiatives to help local communities in the form of donating clothing to charities for the homeless, refugees, or financially challenged. Many of these charitable efforts are founded on partnerships with charities and foundations. Company C takes a different approach to donating to charities by encouraging employees to do good. Interviewee C stated:

> *It just so happens that for next December, when we have our [employee] Christmas packages, we set up a kind of menu where employees can choose from different goodies. In it, we also added a charity, which is Stichting Jarige Job, which helps children who are not able to get presents on their birthday, by buying gifts for them. And so that is how we try to encourage our employees [...] to give a few euros to [charity].*

Company I works with several organizations, such as Dress for Success, which helps to dress financially challenged women for work opportunities; NL Cares, which fights against loneliness among the elderly and equal opportunities for children in underprivileged communities; and Sint voor Elk Kind, which gives presents to the children of poor families.

5. Discussion and Conclusion

In the discussion section below, we aim to bridge value functions with the degrowth principles revealed in our results section to conceptualize further degrowth value creation in business. In particular, we focus on supporting value creation in a business model for sustainability according to the value functions of sharing, unlocking, and maintaining (Lüdeke-Freund *et al.*, 2014), as other traditional value functions (e.g., delivering and capturing) offer fewer novel insights. In doing so, a number of paradoxes emerge that allude to potential research avenues for developing a theory of degrowth value creation.

5.1 Discussion

5.1.1 Nuancing the growth-degrowth dichotomy

The motivation to slow down economic growth and the prioritization of social and environmental sustainability are present in the examined companies. However, our empirical findings assert that aiming at degrowth value creation in business implies deprioritizing the growth imperative but not shying away from it, as well as de-emphasizing the importance of financial profit (at least the profit distribution to shareholders). The findings summarized in Table 2 show that while operationalizing degrowth value creation, businesses need to grow in order to have sufficient influence to create change and outperform unsustainable competitors. They seek to reduce their negative impact and show their competition that they can be financially viable while promoting sustainability and degrowth principles. Businesses are agents of change (Nesterova, 2021), which our empirical findings confirm, as illustrated by the initiatives of the examined companies to set up sharing networks. Empirical findings show that companies need to prioritize economic growth, i.e., profit-making and growth in size and influence, to change an industry. This can be realized at the same time as prioritizing environmental sustainability in order to outperform and capture the economic value of the competition and the culprits of harmful, unsustainable industries. The outperformance of unsustainable competition involves the phasing out of overproduction and overconsumption as a pathway of change as “good growers” (Raith, 2021). Our results provide new insights into key organizational principles commonly described as “overcoming economic growth dynamics” (Froese *et al.*, 2023). While companies use the argument that growth is needed to drive out unsustainable competitors, that claim must be nuanced. There are alternative ways to create positive impacts that do not rely on growth, as identified by Colombo *et al*. (2015), who found alternative routes of scaling impacts that do not necessarily require organizational growth. These include, for instance, advocating for changes in laws and policies, establishing networks with other companies to encourage similar business models, and working on qualitative change in product or service offerings (often referred to as ‘scaling up, out and deep’ (Moore *et al.*, 2015)). Regardless of the type of growth considered, we found that businesses promoting degrowth value quality growth in which profit maximization is not prioritized.

Finally, to ensure limited or less traditional organizational growth, changes in ownership structures might be imperative, as highlighted in Hinton’s “relationship-to-profit” theory (Hinton, 2021). In this study, companies that prioritized socio-ecological goals over profit

were selected from among for-profit businesses. Quality growth and fair distribution (not only to shareholders) were highlighted as key principles, but the ownership structures divided among shareholders and employees of these businesses were traditional, which may explain their capacity to continue growing. In future studies, the dynamics of for-profit and not-for-profit companies could be analyzed by selecting companies based on their legal form.

5.1.2 Sustainability transition perspective on value sharing

Our own understanding of degrowth value creation in business when empirically studied was also challenged by our findings, as the context (a capitalist system) and the maturity of the sustainability transition in which the examined companies operate also need to be considered.

In a sustainability transition (which includes the efforts of businesses to organize for degrowth), businesses deal with multiple stakeholders: employees, external stakeholders, society, and nature (Evans *et al.*, 2017; Haase *et al.*, 2017). Geissdoerfer *et al.* (2018) argued that it is valuable to adopt and implement proactive multi-stakeholder management within sustainable business models. Our empirical findings show the importance of collective collaboration with stakeholders (producers, consumers, and competitors) in all stages of product life cycles. Khmara and Kronenberg (2018) argued that collective collaboration plays an important role in environmental and social value creation. Empirical findings reveal that working with other companies, as well as with producers and consumers, allows companies to prolong product life cycles, create second-life products, prevent and reduce waste, and improve efficiencies through the sharing of materials, knowledge, skills, and experience (sharing value function (Lüdeke-Freund *et al.,* 2024)).

Furthermore, the textile industry is in transition, and degrowth value creation for businesses means developing new patterns that challenge the current ones that are based on capitalist principles. For these patterns to become the norm, businesses need to scale their impact to challenge existing regimes (Vandeventer *et al.*, 2019). While this resembles the conceptualization of businesses creating degrowth value as “good growers” (Raith, 2021), as stated earlier, it nonetheless faces dilemmas regarding environmental harm and economic gain once they scale. These trade-offs result from their capitalist context, which incentivizes competition and growth. For “good growers” to reach a state of collective sufficiency, a political effort is required in the form of cooperation and network building (Raith, 2021, p. 47). This responsibility lies with several system actors: companies, regulators, activist groups, and customers. Consequently, a sustainability transition perspective (Köhler *et al.*, 2019, Loorbach *et al.*, 2017) on degrowth value creation could provide important insights into the different stages, strategies, and leverage points involved in a degrowth transition.

5.1.3 Unlocking value with changing customer behavior and shared product ownership

Our empirical findings add a practical understanding to the literature by providing examples of how fashion companies unlock value for their customers by stimulating demand for sustainable offerings, influencing purchasing behavior (by being highly transparent), and making sustainable offerings accessible (using instead of owning)

toward less impactful consumer behavior (conscious buying) (unlocking value function (Lüdeke-Freund et al., 2024)). Research has shown that enabling consumers to use instead of own clothing is also a way to reduce overproduction and overconsumption (Hankammer *et al.*, 2021; Khitous *et al.*, 2022), thus unlocking degrowth value. The emphasis on the shift to "as a service" or shared ownership is evident in the literature, especially in studies on sufficiency-oriented business models (Garcia-Ortega *et al.*, 2023; Kropfeld and Reichel, 2021), and this focus is confirmed by our empirical findings. The homogeneity of this shift across companies is remarkable, as is their sole focus on changing customer behavior regarding consumption and their product offerings. In other words, in line with the sustainable value functions described in Lüdeke-Freund *et al.* (2024), these companies are active at the interface of consumers and markets to create degrowth value.

Many companies expressed the intent to act as influencers on both the consumer and organizational levels. This resonates with the sufficiency strategies developed in circularity development (Niessen and Bocken, 2021), which also advocate "refuse" or "don't (over)-consume" as key messages from businesses to consumers. However, the companies expressed that company size and authority play a major role in the impact they have as influencers. Although it has been argued in the literature that to achieve a degrowth society, companies should refrain from growth in company size, taking empirical findings into account, this is not applicable in an industry in the early stages of transformation, at least when scoped to the fashion industry (Nesterova, 2020).

Our empirical findings reveal that acting as a sustainable influencer can be complex. For example, the information that companies share can be viewed skeptically by society due to false information, or greenwashing, that is perpetrated by unsustainable competitors. Using the example of Patagonia, Khmara and Kronenberg (2018) discussed how being a sustainable influencer can include the hidden intention to increase rather than discourage consumption. In line with this argument, our empirical findings reveal marketing stunts that describe sustainable intention but result in the promotion of consumption. However, our findings reveal that all the examined companies view transparency in sustainability as a crucial part of their operations. Although, in a practical sense, it takes a great deal of courage for companies to speak out as sustainable influencers, they expressed the intent to be transparent on the sustainability of their operations and to keep information factual and truthful (as is common practice for the most progressive sustainable companies as mentioned in Chevrollier et al., 2024). What is promising in this respect is the introduction of new legislation and frameworks, such as the EU's Corporate Sustainability Reporting Directive which may help encourage transparency across the value chain of the textile industry. However, small and medium-sized textile enterprises are excluded from this legal requirement, and it remains to be seen what effect these new policies will have on the fashion industry as a whole (European Commission, 2024).

In this study, we identify a paradox in degrowth value creation, which is that transparency can be a double-edged sword. Although transparency enables degrowth practices to diffuse into an entire economic system and influence purchasing and use behavior, it has the side effect of stimulating greater consumption, which is the opposite of the companies' intended impact. As transparency is much more stimulated by current

legislation impacting the fashion industry, there is a risk of companies drifting from "creating degrowth value" to more "green growth" or even "business as usual."

5.1.4 Circularity and relocalized production for collaborative value maintaining

While the importance of circularity principles in a degrowth company has been established in the literature (Buch-Hansen and Nesterova, 2023; Froese *et al.*, 2023; Hankammer *et al.*, 2021) and confirmed by our empirical results, the emphasis on the challenge of relocalized production and collaboration with competitors in creating value brings novel insights that need to be further investigated.

According to Hankammer *et al*. (2021), one way for companies to influence change in the overproduction within the industry is to reduce the inessential use of resources by capping and replacing unsustainable consumption options with sustainable options. Our empirical findings show that, in practice, companies implement several strategies in line with this idea to tackle the industry issue of overproduction. For example, the findings indicate that focusing on reducing production can impact consumption. On-demand production and limited stock are two of the most effective strategies to avoid overproduction and the inessential use of resources, as well as to prevent overconsumption that is stimulated by impulse buying. In line with these empirical findings, it has been argued in the literature that business models with limited products and services create more value (Kraus *et al.*, 2020). However, empirical findings reveal that, in practice, this type of production strategy involves higher production costs and the need for incentives on the producer's side, as for them, it is financially attractive to produce in bulk. A more financially viable strategy discussed is the utilization of recycled raw materials and products, as well as service strategies, such as maintenance and repair services, that prolong the lifespan of clothing in line with the maintaining value function that aims to "ensur[e] the integrity and functionality of the natural environment and man-made artifacts" (Lüdeke-Freund *et al.*, 2024, p. 204).

Our empirical findings show that many companies strive to localize their operations to reduce environmental impact and gain control of process and people management within their production facilities, thereby maintaining value from an environmental standpoint and sharing value from a social standpoint. Empirical findings also point out difficulties in localization, such as the lack of production facilities and the financial costs involved in producing locally. However, the findings show that localizing to European countries, such as Portugal, Spain, and Italy, is a more financially viable option than in the Netherlands. Therefore, while relocalization is advocated by degrowth scholars (Froese *et al.*, 2023; Hankammer *et al.*, 2021), it involves a balancing act between capturing financial value, maintaining environmental value, and sharing social value.

Consequently, our results are contextual, as we studied businesses in the textile industry who often operate in international value chains. This highlights the paradox that degrowth-oriented value creation, which takes place in collaborative value chains, is usually international and hence does not favor full relocalization**.** Here again, we argue that a study of degrowth value creation in business cannot be undertaken without considering the larger context of transition, which reinforces our recommendation to study the principles of degrowth in business in light of transition theories (Köhler *et al.*, 2019, Loorbach *et al.*, 2017).

Based on these insights, we are able to elaborate on the functions of proposing, maintaining, unlocking, and sharing value as a contribution to degrowth value creation, as shown in Table 2.

Value function	**Degrowth principles**
Value proposition	Aiming at multi-stakeholder value creation Considering quality growth as a means for change to replace unsustainable practices
Value sharing	Fair value distribution Sharing resources via collaboration with all actors in society (especially less privileged parts) Transition perspective to explain the scope of sharing Re-localizing production (to re-engage local stakeholders for social value) Enabling shared ownership (as a governance mechanism)
Value maintaining	Designing for durability, repairability, and longevity Re-localizing production (to limit environmental damages) Capping production and phasing out of unsustainable production
Value unlocking	Acting as a sustainable influencer to promote conscious consumption Using transparency as an enabler in promoting conscious consumption Enabling shared ownership (to engage additional stakeholders) “As a service” principle

Table 2. Value functions for degrowth value creation

5.2 Conclusion

In this study, we explored how companies in the fashion industry operationalize degrowth in their business models to contribute to degrowth value creation, especially how they maintain, share, and unlock value. These companies de-emphasize profit distribution to shareholders to prioritize multi-stakeholder value creation. They ensure the creation of value through growth in company size and outperforming unsustainable competition. In other words, paradoxically, businesses who create degrowth value growth. Value maintaining is supported by reducing resource use and output in production, combined with designing for durability, repairability, and longevity in clothing. These businesses share value by collaborating to exchange physical resources, knowledge, and skills. A

sustainability transition perspective on value sharing helps us understand their scope of engagement in the industry. In terms of value unlocking, businesses operationalizing degrowth within the fashion industry operate as sustainability influencers and demonstrate transparency regarding the sustainability of their operations and products (with an associated risk of a new type of rebound effect).

The literature recommends that additional research be conducted on how organizations can implement business model innovation processes to adapt their business models to pursue sustainability goals and how the implementation of degrowth principles contributes to value creation (Bocken and Short, 2021; Froese *et al.*, 2023; Hankammer *et al.*, 2021; Geissdoerfer *et al.*, 2018; Joutsenvirta, 2016; Nesterova, 2020). Our study contributes to a practical understanding of the sustainable business models supporting degrowth value creation in the fashion industry. The findings and conclusions complement the existing body of literature (Froese *et al.*, 2023; Hankammer *et al.*, 2021; Nesterova, 2020) by providing empirical insights into the implementation of degrowth principles in business. In addition, the findings highlight the degrowth principles (e.g., use of sustainability influencers, transparency regarding the sustainability of operations and products, the responsibility to manage the post-consumer phase, and the fair distribution of value) and link them to value functions for sustainable value creation (Lüdeke-Freund *et al.*, 2024). The works of Hankammer *et al.* (2021) and Nesterova (2020) are scoped to certified B Corp organizations and small and medium-sized enterprises, respectively, and this study is scoped to for-profit businesses in the fashion industry. Therefore, an opportunity for future research is to study the transferability of these findings to other industries (e.g., energy and food) in the transition to degrowth value creation.

We propose three additional areas for future research. The first is linked to the relationship-to-profit theory. While our study reveals that organizing for degrowth in business means sharing the distribution of profit fairly, it remains to be seen how this aspect can be practically operationalized in terms of legal forms and governance structures. Building on institutional economics (Hinton, 2020, 2021), there is a need to expand the insights into what profit means when degrowth value creation is operationalized in business and what the challenges and consequences are for an organization to adopt a “non-distribution of profits to shareholders” principle.

The second area concerns the relationship between these businesses and their customers linked to unlocking value (Lüdeke-Freund *et al.*, 2024). The balance between informing a customer about social or environmental issues and advocating sufficiency, on the one hand, and selling a product or service, on the other hand, emerged as a key challenge in our exploration. This relates to the emerging strategies of sufficiency and business-to-consumer relationships described in the recent literature (Gossen and Niessen, 2024; Niessen and Bocken, 2021). As degrowth value creation is a nascent theoretical field, an important avenue for future research is to explore how different or complementary “sufficiency in business” and “degrowth in business” are, along with the role of transparency in both when interacting with customers.

Third, and finally, while our main findings are insightful, they still reflect a structural view of organizations (Dawson, 1997). The structural approach emphasizes the static aspects of organizations, such as their formal structures, principles, and stable characteristics. Degrowth value creation in business implies that these businesses are in transition, and

the priority and logic of the implementation of degrowth principles (e.g., circular business model first, or relocalization first) remain unclear. In other words, studying organizing for degrowth in business from a processual approach (Dawson, 1997; Hernes, 2014; Hjorth *et al.*, 2015) and from a transition perspective (Köhler *et al.*, 2019, Loorbach *et al.*, 2017; Vandeventer *et al.*, 2019), focusing on understanding organizations as dynamic, evolving entities with ongoing activities and interactions in a certain context, would provide an additional and complementary understanding of degrowth value creation in business and shed light on the transitions that companies are experiencing.

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Appendix A: Data structure

First-order categories	Second-order themes	Aggregate dimensions
1.1.1 Complexity in translating sustainable efforts in money 1.1.2 Invest profit back into the company 1.1.4 Planet and people above profit 1.1.5 Profit in terms of sustainability 1.1.6 Profit without overconsumption 1.1.7 The balance between profit and sustainability 1.1.8 Multicomponent performance	1.1 Multi-stakeholder value creation and fair value distribution	1 Redefining profit and growth
1.2.1 Growing at the expense of polluting companies 1.2.2 Growth in sustainability 1.2.3 Growth is inevitable 1.2.4 Growth to make impact 1.2.5 Growth while staying small scale 1.2.7 Healthy, long-term growth 1.2.8 Profit is a necessity	1.2 Relative and slow growth toward quality improvement	
2.1.1 Cheap versus durable products 2.1.2 Invest in quality instead of quantity 2.1.3 Maintenance and repair advice and services 2.1.4 Own repair studio 2.1.5 Recycling and upcycling 2.1.6 Post-consumer waste management 2.1.7 Vintage	2.1 Designing for durability, repairability, and longevity	2 Business model innovation based on circularity principles

2.2.1 Closed circle 2.2.2 Collection of used clothing from customers and companies 2.2.3 Deposits 2.2.4 Keeping ownership of materials 2.2.5 Recycling and reusing 2.2.6 Rental models 2.2.7 Secondhand collection 2.2.8 Subscription model	2.2 The alteration of business models to rethink ownership	
2.3.1 Service model 2.3.2 Sharing economy 2.3.3 Crowdfunding 2.3.4 Government intervention 2.3.5 Return fee	2.3 Shared “as a service” principle	
3.1.1 Change should be promoted at a larger scale 3.1.2 Educating the customer on consuming less 3.1.3 Influencing through storytelling 3.1.4 Promoting conscious buying 3.1.5 Sustainability influencer 3.1.6 Social media 3.1.7 Sustainable marketing stunts	3.1 Promoting conscious consumption through advertisement	3 Promoting conscious consumption to influence overconsumption
3.2.1 Greenwashing 3.2.2 Importance of transparency 3.2.3 Sustainability of products	3.2 Transparency	
4.1.1 Investment and volume needed to build local factories 4.1.2 Localization of production 4.1.3 Lack of local facilities	4.1 Relocalization of production	4 Challenging overproduction and pollution and localization for sustainable production
4.2.1 Circling back raw materials into value chain 4.2.2 Constant improvement of efficiency within production process 4.2.3 Deposits 4.2.4 Impact of unsustainable competition 4.2.5 Less plastic packaging 4.2.6 Life cycle assessment 4.2.7 Limited stock	4.2 Capping production and phasing out of unsustainable production	

4.2.8 Maintain, repair, second life, recycle 4.2.9 Overproduction pressures 4.2.10 Own sorting center and recycle street 4.2.11 Pressures from customers 4.2.12 Preventing use of raw materials 4.2.13 Selection of business partners through code of conduct 4.2.14 Sell fewer new products 4.2.15 Sustainable technology 4.2.16 On-demand production 4.2.17 Waste management		
4.3.1 Sustainable transport and packaging 4.3.2 CO_2 emissions 4.3.3 Difficulty in renting versus owning 4.3.4 Optimization and efficiency strategies 4.3.5 Renewable energy 4.3.6 Sustainable light plan 4.3.7 Temperature control strategies	4.3 Minimalizing environmental impact	
5.1.1 Collaboration with other retailers 5.1.2 Employee knowledge important 5.1.3 Employee education 5.1.4 Helping partnering brands 5.1.5 Pioneering and influencing other fashion companies 5.1.6 Sharing company's story 5.1.7 Sustainable partnerships	5.1 Encouraging the sharing of resources	5 Inclusiveness via collaboration with all actors of society
5.2.1 Charity initiatives for local communities 5.2.2 Donating to charities 5.2.3 Educating the less privileged 5.2.4 Hiring the less privileged	5.2 Enabling autonomy and capacity development within less privileged parts of society	

5.2.5 Livable wages 5.2.6 Partnerships 5.2.7 Projects for less privileged communities		

Appendix B: interview Questionnaire

Degrowth value creation in business in the fashion industry

1. What is {company's} mission/vision?
2. How does {company} create an environmental or social benefit?
3. What would you consider your relation to profit?
4. How would you describe your views in relation to growth of {company}?
5. How would you describe the marketing strategy of {company}?
6. How does {company} create value when pursuing your strategy?
7. When it comes to product development, what do you consider important?
8. What are the capabilities, technologies, partnerships, and business processes needed when pursuing your strategy?
9. Thinking about sourcing and the supply chain, how does {company} take the environment and people into consideration?
10. How would you describe your cost structure when pursuing your strategy?
11. How would you describe your revenue streams when pursuing your strategy?
12. How would you describe the type of ownership of {company}?

Future looking

1. How do you think companies can best influence the change from creating fashion-forward or trendy products to creating sustainable products?
2. What do you think are the next steps for the fashion industry in general related to your understanding of growth?