

POTENTIALS OF FASHION BRANDS
TO SOLVE SUSTAINABILITY ISSUES OF THE FASHION INDUSTRY:
A CASE STUDY OF MOTHERHOUSE LTD.

A Thesis

by

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ABSTRACT

It is often said that the fashion industry is one of the most unsustainable industries with regard to its social and environmental impacts in the production process, and its characteristic of forming ephemeral trends, which leads to promoting over-consumption. In order to manage the risk of being accused, it is important that corporations give serious considerations to their social responsibility, and take action to shift their business towards more a sustainable direction. In addition, Porter and Kramer (2011) suggests that corporations should no longer follow the trend of Corporate Social Responsibility (CSR), but should try to achieve Creating Shared Value (CSV) which means to increase the comparative advantages of the corporation by creating economic profits and social benefits simultaneously.

While large-scale corporations are struggling to prove the sustainability of its business practice, small-scale corporations are also tackling the sustainability issues in alternative approaches (e.g. fair trade, organic cotton, up-cycled material). These small-scale corporations are regarded as ethical fashion brands (EFB), and the author hypothesized that EFBs have potentials to solve the problems by CSV. Therefore, this study aims to build the theory about the potential of EFBs to solve sustainability issues of the fashion industry. Research questions are:

- 1) How can the social responsibility of EFBs be understood in terms of the relations between economic benefit and social benefit? Can EFBs be considered as CSV?
- 2) What is the contribution of EFB in terms of solving the sustainability issues of the fashion industry?

Since the author had worked in an EFB, Motherhouse Ltd., and hypothesized that the company is succeeding in CSV, this study tries to find the answers through a case study of

Motherhouse. In order to understand the social responsibility of Motherhouse, the analysis was conducted on how Motherhouse is creating the social benefits, and how their economic profits are related to the creation of the social benefits. The analysis was conducted through observation, qualitative data analysis (data provided by Motherhouse), field survey in Bangladesh and Nepal, and interviews to Motherhouse's staff and its customers.

The results of this study shows that Motherhouse's business strategies to create social benefits are functioning as the competitive advantages of the company to attract various consumers, which results in generating economic profit to the company, and to reduce economic cost of the company in its production. In the business structure of Motherhouse, the creation of social benefits and the pursuit of economic benefits have strong relationship, and that is why Motherhouse can be regarded as a successful case of CSV. The most important success factor of Motherhouse is the connection building between producers, consumers, and brand, which results in solving the sustainability issues of the fashion business and to create social benefits in both production and consumer countries. Although Motherhouse is a successful case of EFB in CSV, not all EFBs are succeeding in EFV. However, the theory of Motherhouse to create shared value which was build in this research is useful to understand the potentials of fashion brands to solve sustainability issues of the fashion industry.