

# Sadhu—On the Pathway of Luxury Sustainable Circular Value Model



Sheetal Jain and Sita Mishra

**Abstract** The concepts of ‘luxury’ and ‘sustainability’ are antithetical to each other. However, a paradigm shift is presently witnessed in luxury domain. Lately, sustainability is swiftly becoming a critical issue for both luxury brands as well as society as a whole. This case study focuses on the company—‘Natweave Textile Studio.’ It is a textile company founded by Indian textile designer Subhabrata Sadhu in 2009, with a yearning to conserve the rich heritage of rarest and finest cashmere by using the traditional skills of native Kashmiri artisans. The company specializes in producing high-end and exclusive Pashmina scarves and shawls with focus on entirely pure, handmade, and natural production process. Sadhu sources finest Pashmina fibers from Pashmina goats reared in its natural habitat in Changthang plateau in the Kashmir region. He strongly believes in protecting and preserving the rare art form and providing a platform to the Kashmiri craftsmen—custodians of this ancient skill, to showcase their culture to the world. He collaborates with Kashmiri weavers to create contemporary products and remodel ethnic weaves into timeless luxury items and works hard to combine traditional techniques with modern designs to build sustainable luxury products. This study aims to develop a luxury sustainable circular value (LSCV) model that integrates the values of four stakeholders—entrepreneur, organization, customers, and society. LSCV model is used as a tool to examine how ‘Natweave Textile Studio’ contributes toward creating sustainable circular value and thus adds to the sustainable development of the company and society.

**Keywords** Circular economy · Entrepreneurship · India · Kashmir · Luxury Pashmina · Sustainability · Value chain

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## 1 Introduction

Sustainable circular luxury invigorates the revival of rare art forms and provides unique platform for artisans and craftsmen to conserve their local culture and integrate social and environmental issues in the entire value chain. Entrepreneurs play a crucial role in developing sustainable circular luxury by bringing transmutation for betterment of people and planet. They work on principles of circular economy and create restorative economic model, to produce timeless luxury items which are inherited through generations.

This case presents one such company ‘Natweave Textile Studio’ which is committed to conserve the 2000 years old legacy of Pashmina and sustainable methods of production. Starting from sourcing to dyeing to spinning and weaving no automated and chemical-driven processes are used to ensure that fabric holds its natural softness and warmth and it lasts forever. It helps in understanding the drivers of sustainable circular luxury business by integrating the values of four stakeholders—entrepreneur, organization, customers, and society.

## 2 Methodology

This case study was conducted in two phases. In the first phase, bibliographic compilation on the given subject was done. In the second phase, data about case company was collected through trade media as well as through semi-structured interviews with founder and the artisans.

## 3 Luxury and Sustainability: Close Relationship

The concept of luxury is based on high quality, exclusivity, heritage, timelessness, superior craftsmanship, and rarity (Jain et al. 2015; Kapferer 2010; Brun et al. 2008; Djelic and Ainamo 1999). Kapferer (2013) argued that luxury possesses features of sustainability and referred it ‘the business of lasting worth and permanence.’ Sustainability is considered as a prerequisite for any luxury brand because luxury buyers pay premium price not just to get superior quality but also they expect luxury fashion retailers to contribute toward social and environmental responsibility. Ducrot-Lochard and Murat (2011) posited that luxury industry is moving toward sustainability as luxury buyers are looking for high-quality products which provide no harm to environment. Kim and Ko (2012) contemplated that luxury brands can establish their association with consumers not only on the basis of their brand name and the intrinsic quality or exclusivity of their products but also by taking into consideration the humanitarian and the environmental values. Cervellon and Shammas (2013) contended that luxury can be considered as complementary to sustainability

in case consumers perceive the brand as ‘making luxury’ in terms of craftsmanship, unique resources, and anchorage in its origins. Steinhart et al. (2013) demonstrated that an environmental perspective of brands positively enhances consumers’ perceptions of both utilitarian and luxury products. Consumers may go beyond this by either recompensing or reprimanding companies that focus or overlook the importance of social and environmental excellence (Grail Research 2010). Sustainable development provides an opportunity for enhancing brand image and differentiation of luxury brands as consumers are showing their interests and awareness toward social and environmental issues (Kim et al. 2012). Realizing the importance of this concept, many luxury firms are redefining their supply chain processes, attaining efficiency, nurturing innovation, and enhancing focus on their brand (Kapferer and Bastien 2012).

Literature on luxury describes it as something that is ‘more than necessary’ (Bearden and Etzel 1982), having an ‘intensely individual component’ (Berthon et al. 2009), ‘superfluous’ (De Barnier et al. 2006), and associated with ‘dream’ (Serinhaus 2002). Further, the prominence on attributes such as heritage, timelessness, durability, and production in smaller batch sizes with slow production cycle (Henninger et al. 2017) gives strong argument for luxury to be associated with sustainability in a multidimensional value approach. Yet, luxury industry has been criticized of ignoring their social and environmental responsibilities (Charles 2010; Nair 2008; Siegle 2009). It is evident from past studies that luxury industry trails behind other industries when it comes to responsibility toward sustainability (Bendell and Kleantous 2007).

#### 4 Luxury and Sustainability: Converse Relationship

The term ‘Luxury’ for long is linked with extravagance, superfluous, non-essential, image, and status, which combine to make it desirable for reasons other than function (Wiedmann et al. 2009; Vigneron and Johnson 2004; Dubois et al. 2005). Basic values of sustainability—humanitarianism, restraint, and temperance are in complete contrast with luxury’s inherent values of hedonism, rarity, superfluity, and aestheticism (Carrier and Luetchford 2012). Consequently, literature advocates negative perception about sustainable luxury goods and envisages these as less desired in comparison to regular non-sustainable luxury products. Achabou and Dekhili (2013) examined consumers’ inclination toward recycled materials in French luxury clothing purchase and found that integrating recycled materials in this category of goods influenced adversely their preferences. In addition, a brand’s environmental commitment was the least imperative criterion for purchasing luxury goods while quality, price, and brand reputation were the most preferred. Likewise, Davies et al. (2012) established that consumers consider minimal impact of sustainability and ethics during decision-making process of luxury products in comparison to commodity consumption. However, luxury goods were perceived as relatively more sustainable when assessed against a context of high-street consumption. Torelli et al. (2012) indicated

in their study that consumers experience a sense of disfluency to a responsible luxury brand which communicates about CSR in comparison to a brand which provides no CSR information. They found that in prior case, the brand is not perceived appropriately and gets lesser evaluation. However, the effect may differ with the relative conspicuousness of the branding strategy followed by a luxury brand.

Looking into the concepts of ‘luxury’ and ‘sustainability,’ it is clear that they are antithetical to each other. However, a paradigm shift is presently witnessed in luxury domain (Bendell and Kleanthous 2007; Davies et al. 2012; Kendall 2010). As the number of well-educated, socially responsible, affluent, global elite is rapidly rising, the concept of sustainability is becoming top priority for luxury brands (Cvijanovich 2011). Large number of luxury fashion retailers including Gucci, Prada, and Armani, to name a few, are responding to the increased consumer demand for making the supply chain transparent and sustainable (Joy et al. 2012; Henninger et al. 2016). Luxury brands are trying to reposition themselves as ‘the caretaker of mother earth’ to create a favorable brand image (Doval et al. 2013).

## 5 Sustainability and Circular Economy

The broadly acknowledged definition of sustainable development is ‘development which meets the needs of the present without compromising the ability of future generations to meet their own needs’ (WCED 1987, p. 43). Its foundation is based upon the notion that resources are limited and have to be managed to sustain next generations. It has been long time that industries have been looking for counseling in implementing strategies for sustainable development. The focus on sustainability requires an overhaul change from magnitude of goods produced to the quality of human knowledge, ingenuity, and self-realization as measures of development. Additionally, the emphasis on quality of life, human cohesion, and ecological sensibility should be more as these are the leading tools in the transition process (Möller 2006). It is in this context that a new approach to sustainability, the ‘Circular Economy’ is appearing as a possible solution to companies of all sizes to establish socially responsible business. Cisco’s President, Chris Dedicoat described Circular Economy as ‘a blueprint for a new sustainable economy, one that has innovation and efficiency at its heart and addresses the business challenges presented by continued economic unpredictability, exponential population growth and our escalating demand for the world’s natural resources’ (Ellen MacArthur Foundation 2013).

Feng et al. (2007) envisaged the circular economy as an approach of economic development which relies on ecological circulation of natural materials and needs compliance with environmental laws and consumption of natural resources to accomplish economic development. The Circular Economy has been the most recent effort to integrate the three pillars of sustainable development—social, economic, and environmental (Murray et al. 2017). Serious attempts are being made to move from traditional linear economic model (take-make-dispose) to circular economy through embedding the 3R principle (Reduce, Reuse, and Recycle) into production and

consumption process (Zhu and Qui 2007; Heck 2006). However, Fletcher (2008) described that reuse and recycling strategies may not be very useful in certain product categories (viz. clothes) whose life cycle is enormously short. Nevertheless, by making consumers cognizant about resources and effort on making clothes, companies can make consumers understand the reverence of products and reduce their discard (Hope 2015).

Circular economy makes organizations less dependent on primary commodities, offers opportunities for new revenues, and creates value. The value creation in circular economy in comparison with linear product design and materials usage is based on ‘power of the inner circle,’ ‘power of circling longer,’ ‘power of cascaded use,’ and ‘power of pure circles’ (Ellen MacArthur Foundation 2013). Circular economy focuses on high efficiency, greater energy savings, and low greenhouse gas emission. Therefore, circular economy can be redefined as a new concept of closed-loop economy, value, procurement, production, restorative, redesigning, and consumption, resulting in sustainable development of economy, planet, and people (Wu 2005; Shen 2007). The circular economy focuses on augmenting systems rather than constituents. Moreover, it stresses not only on customary ideas and strategies of sustainability but also on diminishing the harm to natural ecosystems and reestablishment of the environment (Pitt 2011). Largely, circular economy concept has generated interests from a variety of stakeholders, created knowledge and skills toward a more sustainable society (Genovese et al. 2017).

## 6 Sustainable Circular Luxury and Entrepreneurship

Sustainable luxury encourages the revival of rare art forms and provides unique platform for artisans and craftsmen to preserve their local culture and integrate social and environmental issues in production process (Gardetti and Torres 2013). Luxury creates value from objective rarity which may be because of usage of rare materials or to a rare craftsmanship. The safeguard of exceptional craftsmanship contributes to spawning luxury’s rarity. Timeless luxury items favor endurance and reduce waste and thus have an impact on environmental sustainability. Entrepreneurship plays a crucial role in promoting sustainable circular luxury. These entrepreneurs are transformational leaders as they work for betterment of people and planet (Gardetti and Torres 2013). They work on principles of circular economy and create restorative economic model (Ellen MacArthur Foundation 2013), to produce timeless luxury items which are inherited through generations.

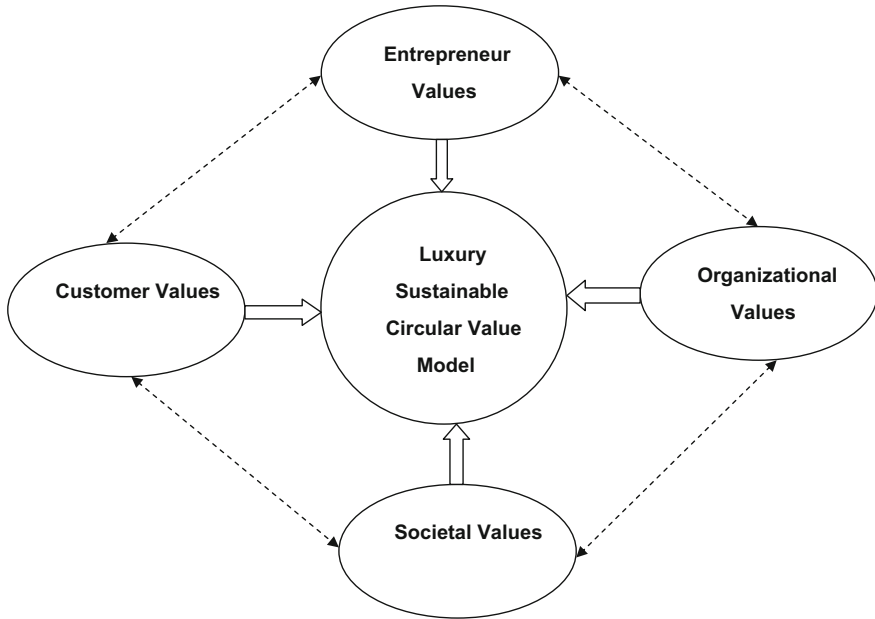
Luxury industry is also influenced by the sharing economy concept wherein new technologies, economic downturn, and concern for a more responsible way of consuming play vital role. Few luxury players are working toward new business models and ensure a more efficient management of scarce resources, modifying the process of design production by reducing waste in the production process and using materials that have a lower impact on the environment. Many entrepreneurs in luxury industry have realized the importance of sustainability and thus are remodeling

their traditional businesses by incorporating concepts of reuse, share, rent, or recycle which are essence of circular economy. The trendsetters of sustainable luxury are also using technology to connect with crafts workers and customers and deliver genuine luxury product based on 3Rs principles of circular economy. Luxury players like Alan Frampton of Cred, Michael Stober of Landgut Stober Business Hotels, Isobel Davies of Izzy Lane and many more pioneers are showing great interest in adopting sustainable practices (Gardetti and Girón 2017). The Kering Group in order to ensure transparency presents an interactive statement on its Web site by illustrating the various steps in production and environmental categories where it is making an impact.

## 7 Creating Luxury Sustainable Circular Value

Bansal and Roth (2000) suggested values, economic opportunities, legislation, and stakeholder pressures as four crucial motives for corporations focusing on sustaining the natural environment. The conceptions and definitions of term ‘value’ have been defined in varied ways in different academic disciplines and are frequently inconsistent (Rohan 2000). Rokeach (1973) defines ‘a value is an enduring belief that a specific mode of conduct or end state of existence is personally or socially preferable to an opposite or converse mode of conduct or end state of existence’ (p. 5). Meglino and Ravlin (1998) summarized values literature to illustrate that the evaluation of decisions and subsequent behavior is associated with individual values. Values are crucial for an organization’s ethical system to become sustainability-oriented (Stead and Stead 2009). They are key predictors of pro-environmental behavior (Bansal 2003; Karp 1996). Elkington (1999) argues that an organization must understand that creation of social and environmental value is equally important as creation of business value. There is requirement for systematic change in all societal aspects, including values, consuming patterns, technological, and business innovations, in order to create sustainability and circularity (Ellen MacArthur Foundation 2013).

According to Joy et al. (2012), ‘Concomitant respect for artisans and environment’ promotes stronger pro-sustainability values among young luxury fashion consumers. The transition toward a circular economy requires a systematic change, in which organizations have to take the effects of their own business and the direct effects on its suppliers, customers, and other stakeholders into account, and vice versa. The business literature, which focuses on circular economy’s business opportunities, is almost void. A lot of research is done on how value can be created through optimized utilization of materials nonetheless how intangible value is generated from circular economy is less researched area.



**Fig. 1** Luxury sustainable circular value model (LSCV). *Source* Designed by authors

## 8 Luxury Sustainable Circular Value Model (LSCV)

This study aims to understand the drivers of sustainable circular luxury business by developing a comprehensive LSCV model that integrates the values of four stakeholders—entrepreneur, customer, organization, and society (Fig. 1). The following section will discuss how each of these values (entrepreneur values, customer values, organizational values, and societal values) drives luxury companies to work through ‘LSCV lens.’

### 8.1 Entrepreneur Values

According to Shane and Venkataraman (2000), ‘...entrepreneurship is concerned with the discovery and exploitation of profitable opportunities’ and ‘involves the nexus of two phenomena: the presence of lucrative opportunities and the presence of enterprising individuals’ (pp. 217–218). Entrepreneurs augmented interest regarding social and environmental issues has resulted in the emergence of new terminology in literature such as environmental entrepreneurs (Schaper 2002) or ecopreneurs (Isaak 1998) and social entrepreneurs (Dees 2001). The concept of sustainability entrepreneur has evolved nascent (Cralis and Vereeck 2004) which is gaining atten-

tion. Crals and Vereeck (2004) defined sustainable entrepreneurship as the ‘continuing commitment by businesses to behave ethically and contribute to economic development while improving the quality of life for the workforce, their families, the local, and global community as well as future generations.’ Schick et al. (2002) revealed the influence of entrepreneur’s knowledge, perception, and personal values in considering sustainability-related issues while exploiting new business opportunities.

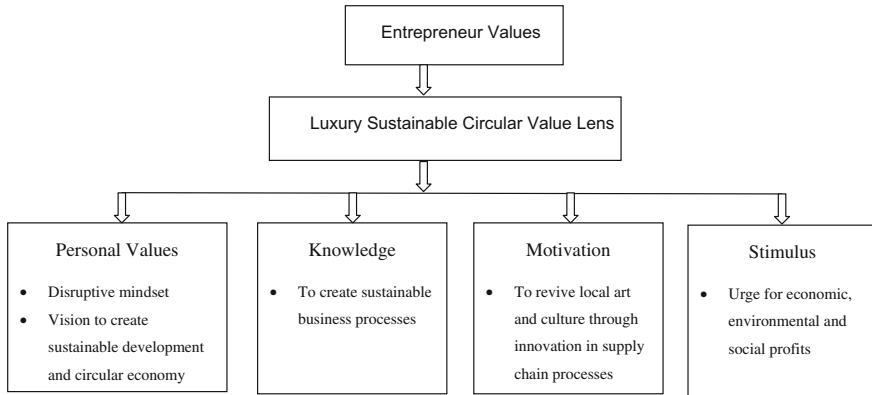
Rokeach (1973) classified the 36 values equally into two groups and named them as ‘terminal values’ (which reveal the idealized end goals of an individual) and as instrumental values (which help an individual to achieve their end goals). These values have been accepted as unique values that entrepreneurs hold (Fagenson 1993) and have been steadily related with concerns about others’ well-being (Agle et al. 1999; Hood 2003). European Multistakeholder Forum on CSR (2004) advocated the motive to incorporate sustainability into a small- and medium-sized enterprise (SME) is usually based on the values and personal beliefs of the founder(s). However, their ambition to achieve seems to be associated to a need for personal fulfillment with regard to intellectual and professional goals. On attaining such goals, the entrepreneur realizes a sense of self-respect (Chapman 2000) which may be more significant for them than making money (Corman et al. 1988).

Entrepreneurs’ values entrench into the organization’s policies and processes which may influence employees for long period, even after the founders’ departure (Baron and Shane 2007). Entrepreneur values are crucial while formulating a firm’s strategy (Fagenson 1993) and are manifested in its priorities, resulting in organizational process and outcomes (Berson et al. 2008). Many studies (Nonis and Swift 2001; Hemingway 2005) have explored importance of personal values and how these values influence social entrepreneurship and ethical decision making. Krishnan (2001) studied the association between transformational leadership with values that extend to collective welfare, equity, and moral values. On similar lines, Waldman et al. (2004) indicated that transformational leadership is valuable for execution of corporate social responsibility. Various entrepreneurs in luxury domain have been found to develop an inclusive supply chain with economically weak section of Latin America with an objective to provide them livelihood and promote their local culture by producing simultaneously environmentally sustainable products (Gardetti and Torres 2013). Figure 2 depicts entrepreneurial values that guide luxury companies to evaluate business opportunities through ‘LSCV lens.’

## 8.2 *Customer Values*

Earlier, the desire of ‘buying to impress others’ was considered as primary motive for purchasing luxury brands (Wiedmann et al. 2007). Ramchandani and Coste-Maniere (2012) described consumption of sustainable luxury products in public as pro-environmental behavior and philanthropy. Though, they posited that this behavior might be true in countries like India and China where conspicuousness, imitative



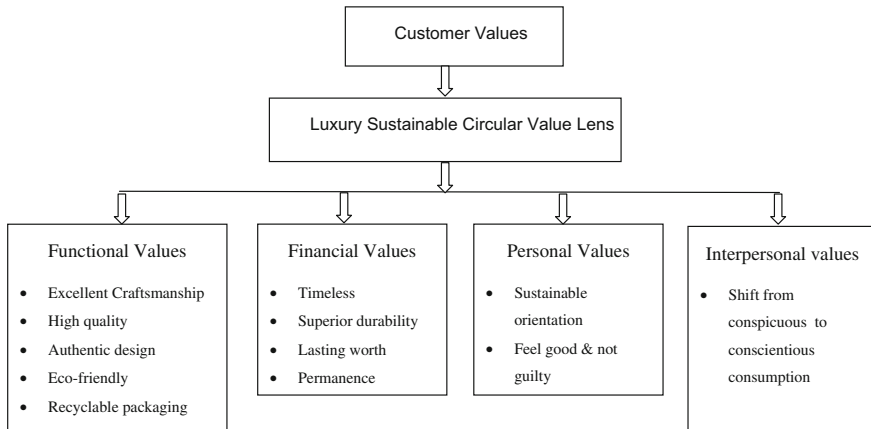


**Fig. 2** Entrepreneur values to evaluate business opportunities through ‘LSCV lens’. *Source* Designed by authors

behavior and word of mouth impacts consumption of luxury industry. However, in recent times, luxury brands have redefined their business models due to consumers’ shift from ‘conspicuous value’ to ‘conscientious value’ (Cvijanovich 2011). Luxury brands are mostly used to signal consumer’s self-concept and individuality (Belk 1988); therefore, luxury buyers ‘want the brands they use to reflect their concerns and aspirations for a better world’ (Bendell and Kleanthous 2007, p. 5). A luxury brand affiliated with the values of sustainability is viewed as a value enabler rather than big-headed. This association creates a sense of belongingness and cognizance that involves the conscious luxury consumers (Kale and Öztürk 2016).

Spangenberg (2001) considered that generally consumers do not get many opportunities to influence environmental issues, but clothing is one category where individuals can impact especially by creating demand for sustainable products. Burns (2010) specified that product categories which are linked with consumers’ self-construction and identity are constantly assessed on both aesthetic and social grounds. Consumers prefer products with values that they want to connect to themselves and which have emblematic meanings that are connected to identity construction (Wang and Wallendorf 2006).

Moral and ethical issues can enhance opinion and self-perception and they constitute a progressively critical factor in the psychological satisfaction afforded by luxury goods (Olorenshaw 2011). Cervellon and Shammas (2013) comprehended sustainable luxury values in three categories—sociocultural values (conspicuousness, belonging, and national identity), ego-centered values (guilt-free pleasures, health and youthfulness, hedonism, durable quality), and eco-centered values (doing good, not doing harm). Consumers believe that it is the responsibility of luxury companies to address moral issues related to luxury products and provide ‘convincing answers to questions of environmental and social responsibility’ (Bendell and Kleanthous 2007, p. 8). In future, luxury consumers will be recognized as one who has the



**Fig. 3** Customer values that drive luxury companies to work through ‘LSCV lens’. *Source* Designed by authors

resources as well as desire to care for societal and environmental benefit (Bendell and Kleanthous 2007).

Luxury sustainability customer values can be further classified as financial, functional, personal, and interpersonal values (Hennigs et al. 2013) (Fig. 3). Following is the brief description of each of these values that drive luxury companies to work through ‘LSCV lens’:

*Financial Value:* Consumers seek to achieve financial value through ‘luxury products that will last, maintaining the brand’s heritage into the future (Bendell and Kleanthous 2007, p. 29). Cooper (2005) describes durability and longevity as an essential characteristic for sustainable products but consumers generally link durability with high quality and not with environmental impact.

*Functional Value:* Kapferer and Bastien (2012) considered luxury to be linked with individual’s egoistic pleasure yet sustainability commands rationality and focus on the functional values. The desire for high-quality, excellent craftsmanship, authentic design, and eco-friendly items drives sustainability (Kapferer 2010). Luxury brands associated and ensuing sustainable practices reverberate their values of endurance and longevity. These values stand for a longer period and help the company to position it on core values of craftsmanship (Kale and Öztürk 2016). Performance of the product has an influence on circular economy thinking, around 80% of sustainability-driven consumer segment ‘would buy more sustainable products, if they performed comparable to and/or better than their usual brand’ (Bemporad et al. 2012, p. 43).

*Personal Value:* There is a shift to from ‘self-orientation’ to ‘sustainable-orientation’ among luxury consumers (Bendell and Kleanthous 2007). They want to feel good and not guilty, when they are purchasing a certain luxury brand (Kendall 2010). They are seeking for the value beyond the product itself through investment in health and well-being (Hashmi 2017).

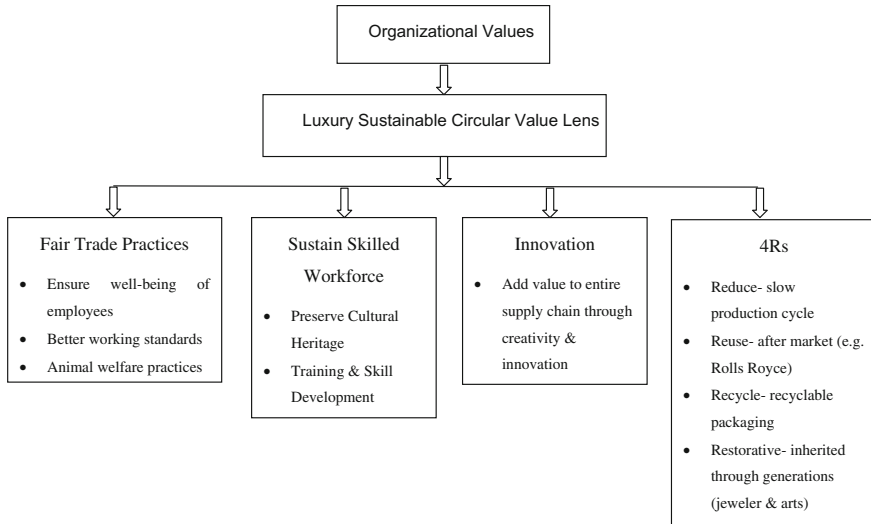
*Interpersonal Value:* There is gradual shift from focus on ‘conspicuous value’ to ‘conscientious value’ among the luxury consumers (Cvijanovich 2011). In addition, millennials want to display their social and environmental concerns behind luxury purchase decisions to the society through various social media platforms.

### 8.3 Organizational Values

The vision of sustainability and circularity, which is a must-have arsenal for future businesses, provides essential direction to the members of organization with respect to organizational priorities, technological advancements, resource allocation and business model development that creates value for the organization (Hart and Milstein 2003). An organization can create sustainable business value if it addresses following challenges: minimize waste from current operations and prevents pollution; acquire or develop more sustainable technologies and skill sets; engage in interaction with external stakeholders, with respect to both present offerings as well as profitable new solutions to future problems related to people and planet (Hart 2007). Bansal (2003) highlighted that an organization’s reactions to environmental issues are influenced by the level of individual concern and by the values entrenched within the organization.

Cervellon and Shammass (2013) envisaged assimilation of corporate social responsibility and corporate environmental responsibility concepts which influence the strategic perspective, mission, and vision of many companies operating in luxury industry. Luxury companies are striving to reduce social and ecological problems through the use of sustainable technologies (Hart 2005, 2007) and pursuing sustainable operational practices. They are using environment-friendly raw materials, like organic cotton and natural dyes (Grail Research 2010); for instance, the leather of a Dior handbag is attained from Italian biofarms (Kapferer 2010). Many organizations are also using recyclable packaging to ensure sustainable circular luxury processes. Louis Vuitton with creation of LIFE (LVMH Initiatives for the Environment) in 2012 has commenced a comprehensive program including their production, procurement, and retail operations and beginning right from product design. The company transports 60% of its leather goods from France to Japan via ship, to avoid pollution and works toward saving energy by 30% at all new stores by implementing a new lighting concept (Grail Research 2010).

Sustainability gives a lot of focus on cultures and local traditions and provides attention to artisans, the *savoir-faire* of ancient traditions. Sustainable luxury is about nurturing craftsmanship, the handmade arts, and the local art and craft (Kale and Öztürk 2016). A number of luxury brands are now involved in supporting and contributing toward numerous social and environmental initiatives viz. Louis Vitton’s social responsibility is based on four principles: workplace well-being and quality working conditions, developing talent and *savoir-faire*, preventing discrimination, and supporting local communities. Beard (2008) indicated that changing approach toward sustainable strategies viz. fair trade manufacturing may influence success of the firm. Consequently, companies like Kering focus on sustainable practices

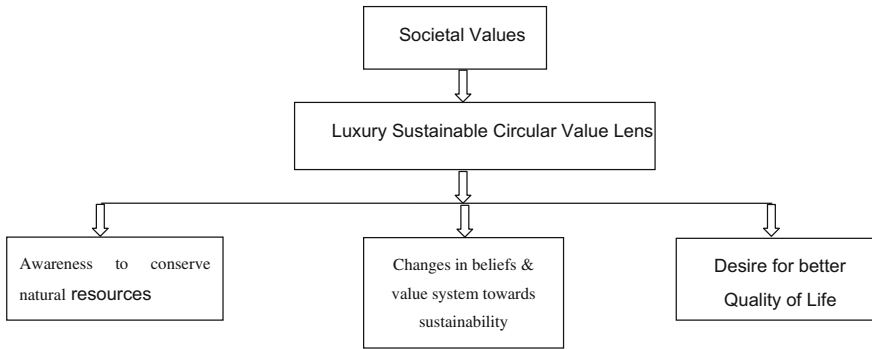


**Fig. 4** Organizational values that drive luxury companies to run business processes through ‘LSCV lens’. *Source* Designed by authors

such as reduction of carbon dioxide emissions, waste, and water; procurement of raw materials; elimination of hazardous chemicals and materials; and paper and packaging. Valente (2012) explained that ‘what is sustained is a result of a complex interactive and idiosyncratic process where firms and their stakeholders build cognitive complexity within a network system in a way that creates synergistic value creation’ (p. 586). Further, he pointed out that, for a ‘sustain-centric ambition,’ organizations in value networks have to collaborate in such way that it includes all relevant organizations and embraces all related systems (inclusion), understands all causes and effects of these systems in interrelationships (interconnectedness) and any position of privilege by ‘a fair distribution of resources, opportunities, basic needs, and property rights’ (equity). Figure 4 depicts the organizational values that drive luxury companies to run business processes through ‘LSCV lens.’

#### 8.4 Societal Values

Few studies (Bendell and Kleanthous 2007; Kleanthous 2011) highlighted that luxury brands are liable of shrinking social inequalities due to which their reputation could be declined. Consequently, consumers in all social classes are increasingly concerned about social and environmental issues. There has been paradigm shift in luxury realm as consumers are increasingly inclined toward sustainable orientation; not only in context of Western luxury markets but also among Asian, Latin American, and Eastern European markets (Bendell and Kleanthous 2007). Luxury brands have



**Fig. 5** Societal values that drive luxury companies to develop new business models through ‘LSCV lens’. *Source* Designed by authors

the potential and raw material to spur innovation and progress toward well-being. Refocusing aspirations from connection with a product to association with a purpose results luxury consumption from a conspicuous effort into an intellectual endeavor.

Chapple and Moon (2005) analyzed the CSR reports of 50 firms in seven Asian countries and found variation. They emphasized that this dissimilarity in cross-country corporate sustainability cannot be solely described on the basis of a country’s stage of economic development. Various countries differ in terms of their culture and traditions as a result sustainability schemas and practices adopted in such countries deviate a lot (Witt and Redding 2013). Similarly, Aguilera et al. (2007) contended that ‘because business organizations are embedded in different national systems, they will experience divergent degrees of internal and external pressures to engage in social responsibility initiatives’ (p. 836). Consumers today prefer ethical and green products that reflect their own values and beliefs (Hennigs et al. 2013). According to Havas Media sustainable consumption research performed with 20,000 customers in ten countries, disclosed that 86% of buyers examined sustainability aspects while making purchase decisions. It was also revealed that 80% of consumers under the age of 35 wanted to go for sustainable option (Hashmi 2017). The concept of sustainability encompasses seeking wellness, a better quality of life, and a sense of responsibility toward the community (Pavione et al. 2016). Millennial aspire to rationalize their luxury buying through contributing to social well-being. The concept of luxury across societies has evolved from ‘material’ to ‘immaterial’ (Hashmi 2017). Figure 5 depicts the factors leading to changes in societal values that drive luxury companies to develop new business models through ‘LSCV lens.’

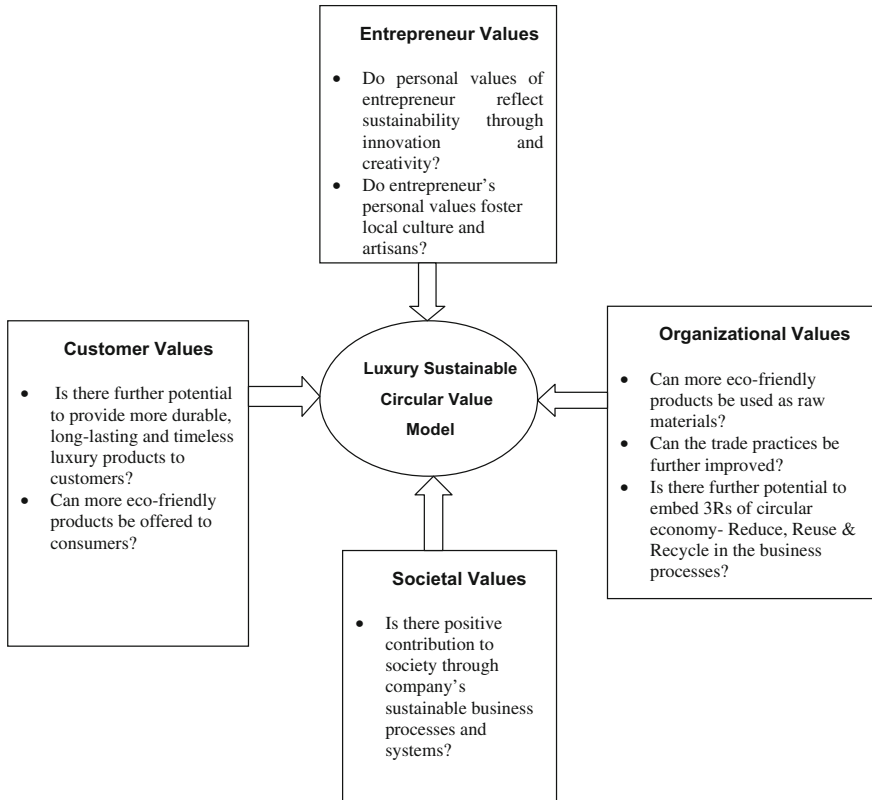


Fig. 6 LSCV model—a diagnosis tool. Source Designed by authors

### 9 LSCV—A Tool for Diagnosis

The LSCV model can be used as a diagnosis tool to examine how luxury brands contribute toward creating sustainable circular luxury value (Fig. 6).

### 10 Natweave Textile Studio (Case Company)

I believe in blending time-tested traditional techniques with contemporary design trends to create sustainable luxury products.

—Subhabrata Sadhu, Founder, Sadhu

Sadhu calls himself a wandering designer who is willing to climb any mountain to get the finest fleece and meet the best artisan. He has keen desire to preserve dying weaves, patterns, and skills as well as to enable and empower their custodians. He

has worked with few Non-Governmental organizations to execute his ideas, assisting rural artisans design contemporary items. It has led many craftsmen to become entrepreneurs and preserve their craft. He has travelled abroad extensively which has helped him to better understand taste, preferences, and cultures of different parts of the world. It has enabled him to create modern, cosmopolitan, and luxurious look for his brand. He has been a finalist in the Young Creative Entrepreneur Award 2010, British Council of India.

Sadhu collection of scarves and wraps exhibits the 2000-year-old legacy of Pashmina as narrated by Kashmiri weavers. His collection transforms traditional weaves into unique offerings by using creative and innovative interplay of colors, designs, and patterns. His range of shawls and scarves is completely unadulterated and pure with no mechanized processes used, making them extremely light, soft, and warm. Handmade production process makes his collection much more expensive than the machine-made cashmere.

Sadhu, as a textile designer, fell in love with the Pashmina fiber, popularly known as '*Fiber for royals and emperors*,' when he first encountered it. He was mesmerized by the extraordinary beauty, culture, heritage, craftsmanship, and architecture of Kashmir. Natweave was originated in 2009 with a passion to revive the dying Indian Pashmina industry. Indian Pashmina shawls are renowned around the world for the unique way in which they are being prepared right from sorting of raw material to the finished product. Only the artisans in the Kashmir valley only have the know-how to produce these shawls. This art has been passed to the Kashmiris from one generation to another as a legacy (Yaqoob et al. 2012). However, political unrest in the valley and infrastructural issues have increased manufacturer's preference for low-cost, low-quality, machine-made Pashmina products. This has resulted in 90% of women spinners quit this job in the last two decades. Therefore, with a yearning to protect the rare art form as well as curators of this art—indigenous Kashmiri spinners and weavers, Sadhu decided to organize the artisans of this sector and showcase centuries old timeless Kashmiri art to the world.

Sadhu creates his weaves from Pashmina fiber. It is the down fiber or undercoat obtained from special goat known as *Capra Hircus*/Pashmina goat/Changra goat reared in its natural habitat in Changthang plateau in the Kashmir region (Fig. 7). Changra goats are nurtured by Changpa tribe at high altitude where the temperature during winter was as low as—104 °F (Shakyawar et al. 2013). Each goat produces about 80 g of pure Pashmina, making this fiber a rare commodity. Changthang region of India produces the finest and best quality of Pashmina wool across the globe. The average fiber diameter of Changra goats is 11–13  $\mu\text{m}$ <sup>1</sup> (whereas human hair is 200  $\mu\text{m}$ ) which makes it very soft. The name Pashmina is derived from Persian word *pashm* meaning soft gold, the king of fibers. Pashmina, globally popular as 'Cashmere' is a fine luxury fiber which commands a special position among all the fibers of animal origin due to its warmth, softness, lightness, elegance, timelessness, and its superior ability to absorb dyes and moisture (Yaqoob et al. 2012).

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<sup>1</sup><http://Pashminashawls.co.in/Pashmina-ladakh> (accessed September 30, 2017).



**Fig. 7** Pashmina is fine, soft, and deliciously warm fabric made from the fleece of Pashmina goats. Source Sadhu's Website (<http://www.sadhucollective.com>)

## 11 Sadhu's Value Chain

Based on the information collected from the Kashmiri artisans through semi-structured interview, this study determines the process adopted by them to create Pashmina shawl from the raw Pashmina fiber. The process is broadly divided into four heads:

- A. *Pre-spinning*: During the spring season, Pashmina is harvested, when the goat naturally shed their undercoat. It is done manually by combing which is followed by machine dehairing.<sup>2</sup> Then, impurities like dust, vegetable matter are removed from raw Pashmina which is followed by glueing<sup>3</sup> and further cleaning to remove all traces of crushed rice powder.
- B. *Spinning*: Next step is spinning which is being carried out on a spinning wheel termed *chakra* (Fig. 8). It is a skillful operation carried by local Kashmiri women who are maestro in spinning the wool into thinnest yarn with their charkhas. Nowadays, with the advancement of technology, Pashmina yarn is also spun in machine by mixing nylon fiber. The nylon portion of the yarn is then dissolved by using commercial grade hydrochloric acid. This process weakens the fabric (reducing its life span) and is not considered eco-friendly. However, Sadhu still

<sup>2</sup>Dehairing means separating of pashmina fibers (undercoat) from course outer coat.

<sup>3</sup>Glueing means application of glueing material to Pashmina to provide extra strength and softness to the fiber. Pounded powdered rice is used as glueing material.



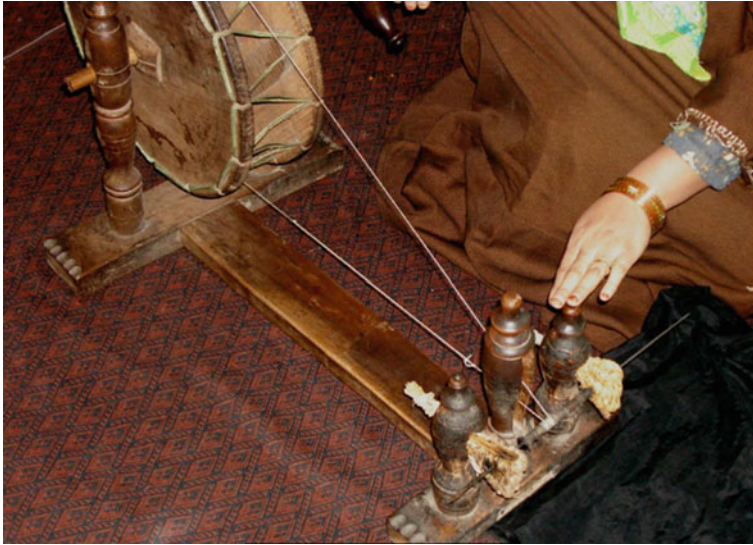


Fig. 8 Hand spinning on chakra. Source Sadhu



Fig. 9 Handloom. Source Sadhu's Website (<http://www.sadhucollective.com>)

uses traditional handmade spinning process for producing world-class sustainable Pashmina products.

- C. *Weaving*: Pashmina yarn is woven into shawl in a special type of handloom (Fig. 9). Weaving is performed by experienced and skilled artisans. After weaving, the fabric is *hand massaged* for reducing the tension inserted during spinning and weaving process.



**Fig. 10** Finished product—Pashmina scarf. *Source* Sadhu's Website (<http://www.sadhucollective.com>)

D. *Finishing*: Once weaving is done, fabric is washed in cold water with powdered soap nut, *reetha*.<sup>4</sup> Then, the washed fabric is clipped to remove any superficial flaw on the surface. Again, the fabric is washed in running water and then dried. The fabric is then rolled and left stretched for few days and then ironed. Sadhu with the help of Kashmiri artisans develops his unique range of Pashmina shawls and scarves by using different types of weaves, hand embroidery, block printing, etc. (Fig. 10).

Natweave presently works with 30 craftsmen who work from their homes in Kashmir valley as Pashmina is primarily a cottage industry where artisans operate from their households. Sadhu follows *fair trade practices*. Each artist earns around \$10 per day. They work for around 25 days in a month making at an average \$250 per month. Mostly, there are two weavers working in a family (like father and son). In June, during the peak summer season, weavers estimate the demand for the Pashmina products and buy fiber from the cooperatives. Sadhu enriches and empowers the weavers to work as entrepreneurs. He explained:

I don't want artisans to work as contractors, I want them to work as entrepreneurs in their own rights. The artisans have full liberty to work for others too.

Due to the finest quality, exclusivity of designs and eco-friendly fabric, high demand for Sadhu's sustainable range of luxury products come from Germany, France, UK, USA, Japan, Uruguay, Chile, Australia, and South Africa. Around 60% of demand for Sadhu's products comes from USA. India comprises of around 5% his market. Customers mostly above the age of 35 buy his products either for themselves or for gifting. The wholesale price range of Sadhu's shawls and scarves starts from \$100 and goes up to \$400 depending upon the size, weave, weight, technique, and design. Sadhu uses eco-friendly shopping bag, made of natural fiber, cotton silk for packaging. It allows the art piece to breathe and have a longer life span. His logo is

<sup>4</sup>Reetha is special soap made from herbal ingredients.

also block printed on the cloth bag. Company has been consistently growing over the years.

Sadhu believes that, ‘*To own a Sadhu scarf or shawl is to own a piece of the world’s most premium Pashmina, woven by hand on the looms of time in designs of timeless appeal.*’

## 12 Natweave Textile Studio and Luxury Sustainable Circular Value (LSCV) Model: Diagnosis

The concept of luxury and sustainability is antithetical to each other. However, recently sustainability ‘is rapidly becoming an issue of critical importance for designers and society as a whole’ (Wahl and Baxter 2008). Various luxury companies are now emphasizing on sustainability. For example, Prada is using variety of biodegradable natural fibers in place of polyester. Stella Mc Cartney uses no leather in her luxury collection. Her 70% products are *handmade*, recyclable, and reusable.

Sustainability is not only about sustainable environment and using eco-friendly materials but also about creating an integrative sustainable value chain and promoting and empowering people to improve their quality of life. Natweave is one such company which is committed to conserve the 2000 years old legacy of Pashmina and sustainable methods of production. It integrates the values of four stakeholders—entrepreneur, organization, customers, and society. Figure 11 shows a brief summary of the strategies and practices presently followed by Natweave for creation of luxury sustainable circular value (LSCV). Right from procurement of raw material to spinning and weaving to finishing, Sadhu’s luxury offerings are completely handmade to ensure that the unique fabric maintains its natural softness and warmth and thus 100% sustainable. Sadhu explained:

The brand is perfect tribute to the dying art of hand weaving and hand spinning, empowering Kashmiri weavers and artisans, while preserving and promoting the traditional production techniques of the region believed to be two thousand years old.

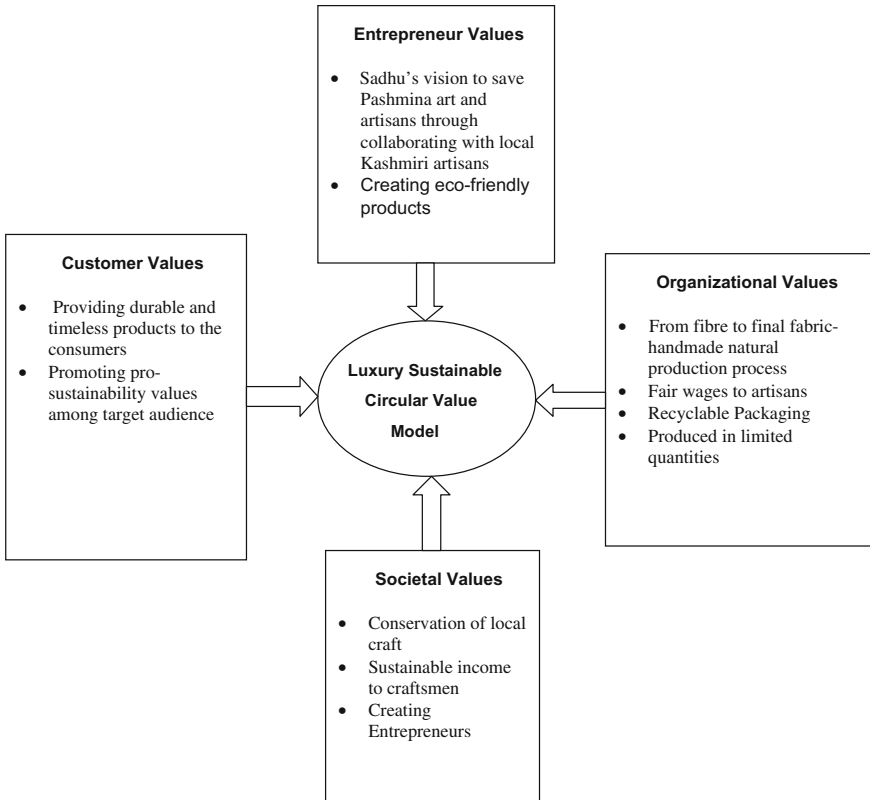
Sadhu has obtained *Geographical Indication* (GI) registration from Government of India. GI mark has been imprinted in the form of label after ensuring originality of fabric, fineness of thread, spinning method, and weaving technology.

## 13 Natweave Textile Studio: Road Ahead

Sadhu could make further efforts to integrate the values of all four stakeholders—entrepreneur, organization, customers, and society simultaneously. Based on questions in Fig. 6,<sup>5</sup> an attempt is made to provide detailed analysis of the practices Natweave

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<sup>5</sup>This analysis is limited to the questions mentioned in Fig. 6. It is also susceptible to some biasness from the authors while evaluating each stakeholder.

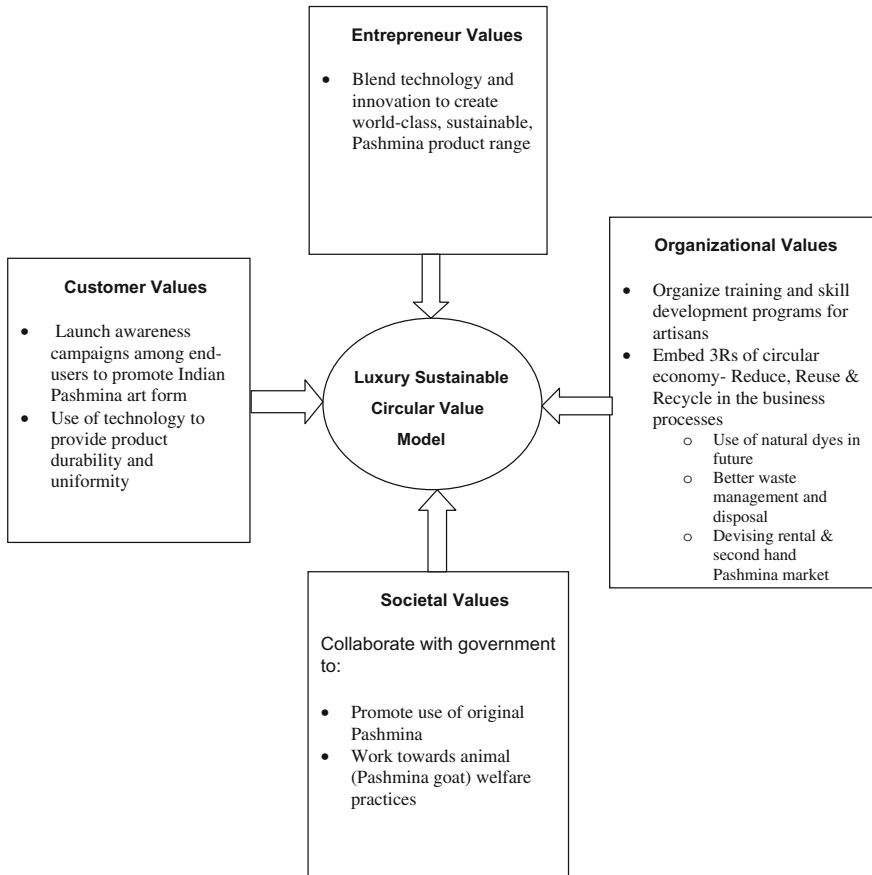


**Fig. 11** Strategies and practices followed by Natweave for creation of luxury sustainable circular value (LSCV) model. *Source* Designed by authors

could follow (Fig. 12) to maximize luxury sustainable circular value (LSCV) creation.

### 13.1 Entrepreneur

If a leader possesses pro-environmental values and recognizes his/her firm as committed toward environment, it is more likely that firm will embrace environment-friendly strategies and innovations (Branzei et al. 2000). As the key reason behind establishment of Natweave is to create value for society and environment, it could further look for newer methods to blend technology and innovation and create world-class, sustainable, Pashmina product range through collaborating with more Kashmiri artisans.



**Fig. 12** Strategies and practices Natweave could follow to maximize luxury sustainable circular value (LSCV) creation. *Source* Designed by authors

### 13.2 Organization

An organization can find solution to social and environmental problems either through internal development or acquisition of new capabilities (Hart 2005, 2007). Natweave can further initiate effective use of resources through organizing training and development programs for artisans. It can encourage artisans to use new methods and processes to produce innovative weaves. Common natural colors of Pashmina are gray, brown black, and white. For providing vibrant shades to the fiber, skin-friendly AZO-free chemical dyes are used which has lesser impact on environment. In future, to further minimize the impact on environment in terms of soil and water pollution, Natweave may either use natural dyes or start in-house dyeing facility at weaver’s place, where water consumption and chemical usage can be controlled with

close supervision leading to minimization of waste as well as pollution prevention. It may also look for alternative solutions like storing the wastewater (with chemicals) in a tank and further treating it with some solution which could neutralize its harmfulness. In addition, renting and second-hand market concepts can be encouraged to extend the typical life cycle of Pashmina shawls through several users.

### ***13.3 Customers***

For sustainable consumption, consumers rely on businesses to provide products that have been developed in a sustainable manner. They look for assistance on which goods to select, how to use them properly, and how to ensure that they are reused or recycled. Netweave can make efforts to educate consumers about the process through which Pashmina shawl is created. Even today, not many people are aware about the environmental and social aspects of the *Cashmere* industry. They could be motivated to purchase original Pashmina rather than machine-made replicas to save the art form as well as the artists. Also, through the use of technology and innovation, wider range of sustainable options could be created for the consumers.

### ***13.4 Society***

As Pashmina handloom industry is a major source of income for the state of Jammu and Kashmir, government has made several efforts to revive this industry. Netweave can collaborate with government to promote the use of original Pashmina rather than cheap machine-made replicas to ensure survival of this rare art and artisans. They can together work toward better management of Pashmina goats, their shed, food, etc.

## **14 Conclusion**

Value creation and how a designer can play a vital role in creating new value is one of the challenges in luxury industry. Players operating in luxury industry must be able to design and envisage value models that link consumers' requirements, improve supply chain and operational practices, follow innovative practices to add value to sustainable development. As a responsible marketer, luxury brands should not only consider economic values, but also on societal, cultural, ethical, and environmental values. In this study, authors developed a luxury sustainable circular value (LSCV) model through assimilating the values of four stakeholders—entrepreneur, organization, customers, and society. Firstly, any luxury entrepreneur on the basis of his personal values, knowledge, motivation, and stimulus can create sustainable circu-

CIRCULAR	SERVITIZATION	SUFFICIENCY
<b>Create value from waste</b> <ul style="list-style-type: none"> <li>Through better waste management and disposal</li> </ul>	<b>Functionality over Ownership</b> <ul style="list-style-type: none"> <li>Experiential value over possessions</li> </ul>	<b>Encourage effective resource use</b> <ul style="list-style-type: none"> <li>Through training and development of artisans</li> </ul>
<b>Closed Loop Models</b> <ul style="list-style-type: none"> <li>Help create newer jobs for society</li> </ul>	<b>Repair &amp; Warranty</b> <ul style="list-style-type: none"> <li>New life through luxury product maintenance</li> </ul>	<b>Demand Management</b> <ul style="list-style-type: none"> <li>Mitigation of surplus stock</li> </ul>
<b>Reuse</b> <ul style="list-style-type: none"> <li>Devising second hand Pashmina market</li> <li>Through Inheritance</li> </ul>	<b>Renting &amp; Leasing</b> <ul style="list-style-type: none"> <li>Extended lifecycle through prolonged use phase</li> <li>Make luxury accessible</li> </ul>	<b>Co-creation</b> <ul style="list-style-type: none"> <li>Offer customers opportunity to choose their own colors, weave, size, design, etc.</li> </ul>

**Fig. 13** Natweave’s business model framework to create LSCV. *Source* Designed by Authors (Adapted from Circle Economy and Sitra 2015)

lar value. Entrepreneur should have vision to create sustainable development. He should visualize to resuscitate the local art and culture and must have craving for economic, environmental, and social profits. Secondly, consumers of luxury brands can contribute toward creating value in terms of their functional, financial, personal, and interpersonal values. This new form of sustainable circular consumption should lie in the center of consumer value system and consumers’ emphasis should be more on impact on community rather than self-enhancement values. Thirdly, organization vision of sustainability and circularity provides direction to the members of organization regarding existing practices, organizational priorities, technological innovations, and business models. Organizations have to rethink the way they do business through the vision of a reformative, circular economy that creates value for the organization. Last but not the least, society’s value toward sustainable orientation can influence how we educate and provide values to our next generation. Societies need to change their beliefs and value system toward sustainability and look for better quality of life that can be achieved through sustainable circularity concept. Further, the paper examined how ‘Natweave Textile Studio’ creates value by focusing on above-mentioned four stakeholders. Old luxury principle where long-lasting, superior quality, hand-crafted products are rarely purchased and kept for longer period of time before disposal (Hennigs et al. 2013; Okonkwo 2007) holds true for Pashmina. In future, Sadhu can use business model framework (Fig. 13), provided by Circle Economy and Sitra (2015) to further create LSCV for its organization.

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