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The contributions of social entrepreneurship in the textile industry: the case of Portuguese fashion brands

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Abstract

This study aims to explore the contributions of social business to the development of the Portuguese fashion industry and how social entrepreneurs are changing the landscape of the industry. Qualitative research was adopted, involving case studies of four Portuguese fashion brands, developed on the basis of open-ended interviews. Being a controversial topic, there is a gap in the depth of research to understand the reality of social entrepreneurs and how they are adjusting their business models to overcome the demanding challenges surrounding the global textile value chain.

The results show that social innovation contributes to moderating the impact of brands in relation to the environment and social issues, but there is still a problem in turning it into economic value and self-sustaining companies. In addition, the challenges associated with the legal framework and the recognition of their mission are increasing the disparities between the big players without a clear (or realistic) corporate social responsibility plan and the startups/small companies that are trying to control the negative externalities of the sector.

The study concludes that there is a long way to go when it comes to social entrepreneurship and how it is integrated into the economic environment. There are still doubts about its practicality and how to balance social value and economic value, a central question among researchers. Looking to the future, these results contribute to the growing discourse on sustainable fashion, highlighting key topics needed to build a more resilient and sustainable planet.

Keywords: Social entrepreneurship, Innovation, Social mission, Sustainability

Resumo

Este estudo tem como objetivo explorar os contributos dos negócios sociais no desenvolvimento da indústria da moda portuguesa e a forma como os empreendedores sociais estão a mudar o panorama da indústria. Foi adotada uma investigação qualitativa, envolvendo estudos de caso de quatro marcas de moda portuguesas, desenvolvidos com base em entrevistas de resposta aberta. Sendo um tema controverso, existe uma lacuna no aprofundamento da investigação para compreender a realidade dos empreendedores sociais e como estes estão a ajustar os modelos de negócio para superar os exigentes desafios que envolvem a cadeia de valor global dos têxteis.

Os resultados revelam que a inovação social contribui para moderar o impacto das marcas em relação ao ambiente e às questões sociais, mas existe ainda um problema em concretizá-la em valor económico e em empresas autossustentáveis. Além disso, os desafios associados ao enquadramento legal e ao reconhecimento da sua missão estão a aumentar as disparidades entre os grandes agentes sem um plano de responsabilidade social corporativa claro (ou realista) e as start-ups/pequenas empresas que estão a tentar controlar as externalidades negativas do sector.

O estudo conclui que há um longo caminho a percorrer no que diz respeito ao empreendedorismo social e à forma como este é integrado no ambiente económico. Há ainda dúvidas quanto à sua praticabilidade e à forma de equilibrar o valor social e o valor económico, uma questão central entre os investigadores. Com os olhos postos no futuro, estes resultados contribuem para o crescente discurso sobre moda sustentável, destacando tópicos-chave necessários para a construção de um planeta mais resiliente e sustentável.

Palavras-chave: Empreendedorismo social, Inovação, Missão social, Sustentabilidade

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1. Introduction

Portugal has a long-standing tradition in the textile industry, with traditional products ranging from footwear and clothing to knitwear and home textiles, each one characteristic of different and unique regions. Portugal has the fifth largest Textile and Clothing industry in Europe and the Northern Region stands out as the main hub for manufacturers and companies in the sector (AICEP, 2024). According to Banco de Portugal (2023), this sector comprised 6,339 companies with more than 120,000 employees in 2022, and almost a quarter of them were up to 5 years old.

However, over the years, the fashion industry has faced great challenges over the entire product lifecycle. From the raw materials used to the disposal (or the start of a new cycle), the supply chain must be reinvented to meet the demand in line with the three pillars of sustainability, i.e. economic, environmental and social (De Brito et al., 2008). EURATEX (2020) describes the textile manufacturing value chain in four processes to reach the final product. It starts with the fibers, which are spun into yarns. These undergo a transformation that results in fabrics. These are then dyed/printed, moving on to the final stage of producing finished products in various categories (EURATEX, 2020). This research focuses on this last process, especially for the fashion brand that establishes the relationship with the end consumer.

Given all this, social entrepreneurship seems to be a plausible solution to overcome current problems and build a more sustainable industry. Social entrepreneurs will pursue a deep social impact through the implementation of innovative programs and differentiated solutions, prioritizing the delivery of social value (Dees, 2004). It is important to address this issue since the whole world is facing serious environmental, social, economic and political problems, and Portugal is no exception. There are global targets for building a sustainable future, and social entrepreneurship has the capacity to contribute to meeting the Sustainable Development Goals. Thus, the aim of this research is to explore the role of social entrepreneurship in the Portuguese fashion industry, its implications and particularities.

The study includes a literature review that covers the main points discussed throughout the research. Then, its methodology is explained, as well as presenting the case studies included. The next section discusses the main findings, using the different perspectives and examples given by the interviewees. Finally, the conclusion and its limitations will be presented, highlighting directions for future research.

2. Literature Review

In this section, relevant literature is explored in order to develop a basis for understanding the phenomenon of social entrepreneurship and for analyzing the real business cases presented in the following sections. To achieve this, it is important to begin by clarifying the concept and elements that form Social Entrepreneurship. Next, it is essential to discuss some of the key elements that characterize this topic, such as Social Enterprise, Corporate Social Responsibility and Social Innovation. Finally, it is crucial to narrow down the research and apply it to the fashion industry, as this is the main objective of this research.

2.1. Social entrepreneurship

The concept of social entrepreneurship combines two elements. It connects business activities to the achievement of social objectives (Peredo & McLean, 2006), defying classical economic approaches and theories. This idea brings a dynamic energy to the entrepreneurial landscape, representing a shift from the traditional entrepreneurship associated with profit-oriented ideas, turning it to a complement of the focus on social impact.

It is difficult to find a clear definition of this concept and a consensus about its real meaning in the literature. The term is considered vague by many authors by combining two words that can take people in two different directions, and it is still very ambiguous when looking at the specificities and boundaries of social entrepreneurship (Morris et al., 2020). Additionally, due to a supposed lack of a well-defined basis, some authors bring other questions to the debate, for example, what distinguishes it from the traditional entrepreneurship, what type of social value creation is necessary to be considered social entrepreneurship and the adequate trade-offs of the business (Peredo & McLean, 2006).

To clarify the concept and the field, we can look at each of its components and characterize social entrepreneurship.

2.1.1. “Entrepreneurship” in social entrepreneurship

Regarding entrepreneurship, there is much more consensus. From Schumpeter's neoclassical approach persists the notion of innovation and change associated with the “creative destruction” process (Dees, 2001). Entrepreneurs create value by exploiting opportunities that range from serving new markets to revolutionize an industry, applying untried technologies to produce old products in a new and more efficient way or disrupt an industry with new products (Schumpeter, 1942; p.132). It is important to understand the role

of entrepreneurship in social entrepreneurship and how it can create a bridge between economic and social goals.

Entrepreneurial activities are seen by many as vital to the economy and society. Entrepreneurship plays an important role in job creation and national competitiveness, having an impact on economic growth (Bojadjev et al., 2023). However, if in traditional theory no importance is given to new knowledge and the focus is on efficiency determined by the capacity to take advantage of economies of scale, in evolutionary models, knowledge is valued in its dynamic way and entrepreneurship is seen as a channel to implement and market ideas, often radical ideas. Entrepreneurship acts as an instrument for the transfer of knowledge and fosters economic growth (Casson et al., 2006; pp. 281-310).

Associated with entrepreneurship and economic development is innovation. Entrepreneurs are frequently described as innovators, once their mission to “introducing new combinations of productive means”, as presented above, is compatible with the definition of innovation (Ebner, 2005). Additionally, the risk factor is always present, as an entrepreneur is commonly seen as a risk-taker, sometimes succeeding in value creation and sometimes failing (Peredo & McLean, 2006).

Lastly, it is important to mention the impact of national culture. Bojadjev et al. (2023) state that if entrepreneurship is important for job creation, competitiveness and economic growth, it is influenced by social and cultural norms and practices. Because of the impact that it has on the motivation and understanding of entrepreneurship in society, a country that wants to stimulate entrepreneurs needs to promote values and a culture that encourages them. Regarding Hofstede's framework on cultural dimensions¹, cultures characterized by high Individualism, high Masculinity values, low Uncertainty Avoidance and lower Power Distance are associated with higher rates of entrepreneurship but may be different in high-income and low-income countries. That being said, each country should be able to understand its national culture and use it in the best way to boost its entrepreneurial environment (Bojadjev et al., 2023).

¹ Considering Hofstede's model of national cultures, each country can be classified and compared in relation to six dimensions: Power Distance, Uncertainty Avoidance, Individualism versus Collectivism, Masculinity versus Femininity, Long Term versus Short Term Orientation, and Indulgence versus Restraint (Hofstede, 2011).

2.1.2. “Social” in social entrepreneurship

The “social” component is the main factor in distinguishing social entrepreneurship from other types of entrepreneurship. It goes beyond the mission; the social dimension needs to be applied and be the guide for practices, organization culture and business models, allowing to delimit the frontiers between social enterprises from the others (Bruder, 2020).

One of the most controversial aspects is the combination of economic value and social value when the principal objective is to minimize social problems. However, some authors argue that generating economic value (and being profitable) is compatible with social entrepreneurship, as long as social ends guide all decisions, including the usage of incomes and profits (Peredo & McLean, 2006; Alter, 2007; Bruder, 2020). Wealth creation represents only a means to accomplish the mission (Dees, 2001).

Still on the subject of profit, being financially efficient is important from a management point of view, but it should not be treated with the same significance as social results. In the end, the success of a social entrepreneur is linked to social impact. However, this is not a reason to simply operate a business that sustains the mission, it is imperative to find ways of delivering value in a cost-effectively way with creative strategies that improve their impact, without wasting energy and resources (Dees, 2004).

Nevertheless, companies will have to make decisions and, when talking about a business that is generating economic and social value, there will be two forces to consider that are in frequent opposition (Alter, 2007). Some authors recognize that this is a point on which there is no consensus. Leadbeater (1997) argues that the focus of a social entrepreneur is solely on the social mission, not pursuing profit as one of their main objectives. Alter (2007) develops this further and states that the primary objective of social entrepreneurs and social enterprises is the creation of social value but, in order to achieve this, they must apply methods that combine market mechanisms to generate value creation - both social and economic - with the same precision as a traditional for-profit business. In a different way, Peredo & McLean (2006) considered it impossible to establish a bottom line for the importance of social objectives to qualify something as social entrepreneurship, arguing that the pursuit of social and economic value is compatible, however they found it appealing to say that the baseline is the willingness to accept a large reduction in their profits as a result of pursuing social objectives.

2.2. Innovation

In a conceptual analysis of innovation in the sphere of business and management, Baregheh et al. (2009) define it as a sequential process through which ideas are developed into new or enhanced goods, services or procedures in order to succeed in the field in which they operate. It encompasses the means, nature, types and ultimate goal of innovation: “to advance, compete and differentiate themselves successfully in their marketplace” (Baregheh et al., 2009).

At an international level, we are facing fierce global competition. Michael E. Porter (1990) argues that differences in competitiveness between countries depend on the ability of their domestic industry to innovate and are influenced by national values, culture, institutions and economic systems. From new ways of doing things to new technologies, there is a wide scope for companies to continue to improve and innovate in an environment where the most dynamic earn a competitive advantage over rivals (Porter, 1990). Additionally, innovation is the way for companies to develop solutions to solve both financial and societal issues while also creating social value (Alter, 2007).

Innovation is also the basis for overcoming challenges. On top of every difficulty experienced by an entrepreneur, social entrepreneurs need to deal with additional challenges, mainly related to market imperfections in valuing social improvements. Consequently, it is difficult to assess whether resources are being used in such a way that social value resulting from them is enough to justify their consumption (Dees, 2001).

Similar to the association of innovation and entrepreneurship, social entrepreneurship is seen by many as an innovative process of leveraging the principles and expertise of traditional entrepreneurship to tackle society’s challenges. In order to surpass the gaps in existing structures on the market and fulfill unmet needs, social enterprises have in their genes an appreciation for innovation on the processes and at institutional levels (Mair & Ganly, 2015). The term social innovation is widely used in this regard.

2.2.1. Social Innovation

Phills Jr. et al. (2008) defined social innovation as “a novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals”. Thus, differentiating it from traditional innovation, which is primarily aimed at

economic gains, social innovation prioritizes the satisfaction of social needs, seeking to enhance social value.

Research into social innovation, associated with social entrepreneurship, has accelerated in recent decades, which can be justified by dissatisfaction with existing for-profit businesses or even with the apparent lack of effectiveness of CSR programs in solving pressing social and environmental problems (Phillips et al., 2014). However, some studies argue that CSR can stimulate innovation by using social, environmental or sustainability aspects as driving forces, and the study by Battaglia et al. (2014) concluded that a significant competitive impact resulting from CSR programs is innovation performance.

Given the complexity of the social and environmental problems we are facing globally, social innovation involves a collaborative approach, engaging nonprofit organizations, governments, and businesses, to tackle these issues and jointly impact communities (Phills Jr. et al., 2008). Like any type of innovation, social solutions can also be manifested in various ways, ranging from new products/services, organizational models, technologies or policy reforms.

2.3. Social Enterprise

When it comes to defining Social Enterprise, the authors' perspectives differ slightly from each other, as they do when define social entrepreneurship. From Yunus' perspective (2011), a social enterprise is a business that produces enough revenue to be self-sustaining and where everything is done for the benefit of humanity – “a non-loss, non-dividend company dedicated entirely to achieve a social goal”. He argues that all profits must be reinvested in the company and that the investor can only get back the amount equal to the investment made, with no personal gains, and defends a shift in economic theories towards a reality in which exists two types of companies: traditional for-profits and social enterprises (Yunus, 2012; pp. 19-21).

In the typology written by Kim Alter (2007), she elaborated a sustainability equilibrium spectrum (figure 1) which has two groups of organizations distinguished by their main purpose, the creation of social value or the creation of economic value. However, it also includes a hybrid spectrum of organizations that pursue dual value creation. On the right-hand side are for-profit organizations with social programs: Socially Responsible Business and Corporation Practicing Social Responsibility. On the left are Nonprofit with

Income-Generating Activities and Social Enterprise (Alter, 2007). In doing so, it opens up a space where social enterprise can take on various forms and legal structures, and can be non-profit or for-profit, as long as the primary mission remains focused on social impact alongside financial sustainability. It thus combines the private sector's efficiency and the nonprofit sector's dedication to social causes in the social enterprise.

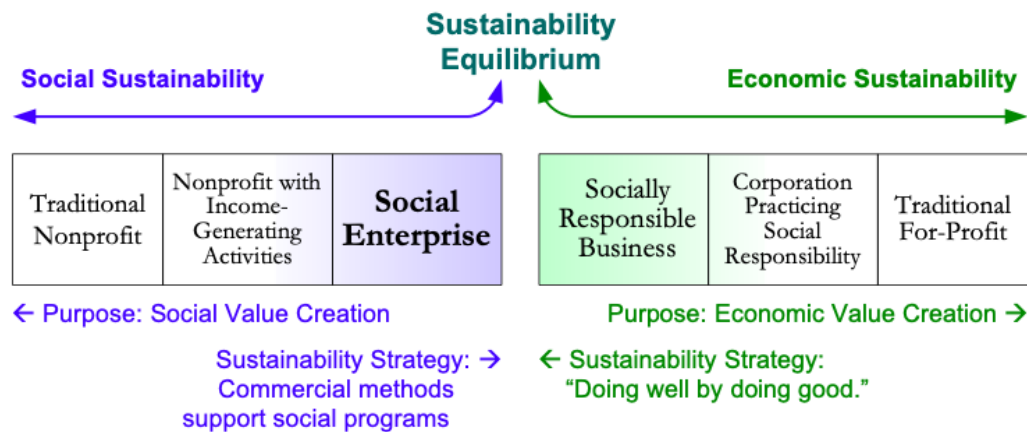


Figure 1: Sustainability Equilibrium Spectrum

Source: Alter (2007), p.15

Social Enterprise UK (2017), the UK membership body for social enterprises and the world's largest network of social enterprises, provides a simple definition and a starting point for understanding the concept - an enterprise with a social/environmental purpose. This particular UK membership body for social enterprises defined five attributes that are mandatory for an organization to be considered a social enterprise (Social Enterprise UK, 2017):

1. **Social mission:** this is the central purpose that sets all its goals and distinguishes it from mainstream businesses.
2. **Economic activity:** they make more than 50% of their money from marketing products/services, making them different from traditional charities.
3. **Finance:** they reinvest or donate more than 50% of their profits in line with their social mission and to achieve social impact.
4. **Independence:** they are controlled in the interests of the company's social mission and do not exist to maximize shareholders' profits.

5. **Transparency:** they measure and report their social impact and their operations in a transparent way.

Bearing all these requirements in mind, it is important to note that a social enterprise that fulfills all five attributes can also distribute part of its profits to stakeholders, even if this is not the most important thing for social entrepreneurs, or choose to use them for the social mission. Even so, there is a risk that the imperative social ends will be discarded for the enthusiasm of meeting financial objectives (Alter, 2007). And when a social enterprise diverges from its social purposes, it faces mission drift (Alter, 2007; Bruder, 2020).

In this study, the term “social enterprise” is used as it is internationally recognized, in order to simplify the discourse and be consistent with the literature. Thus, for the purpose of this research, following Kim Alter’s definition, we are assuming that a social enterprise is recognized as a business created with the intention of addressing a social problem while operating with the financial integrity and innovation of a private sector company (Alter, 2007).

2.3.1. Legal framework for social enterprises

Although social enterprises already have legal structures in some countries around the world, there seems to be some reluctance when it comes to defining, regulating and supporting them. In Europe, despite having major comparative advantages in terms of funding, the creation of specific subtypes of companies to include social enterprises have remained uncommon (Fleischer & Pendl, 2024). As we will see below, in the most common cases, social entrepreneurs choose the legal type that best fits their goals and ambitions, since there is practically no specific regulation.

United States

The legal environment for social enterprises in the United States varies from state to state, and each one has authorized alternative legal forms for them. The low-profit limited liability company (L3C) was the first form to be legally approved in the United States, in 2008 (Vicente, 2022; Fleischer & Pendl, 2024). L3C is a company characterized by having a social mission as its primary goal and as a second goal, if founded with this intention, the profit maximization, being limited and regulated, for example, by the Vermont Statutes, Title 11, Chapter 25 in relation to limited liability companies.

Nowadays, the most common legal structure for social enterprises in the US is the benefit corporation (Vicente, 2022; Fleischer & Pendl, 2024). Similar to other possibilities, a

benefit corporation must be committed to creating a positive impact on society, workers, the community and the environment – a general public benefit. It can be incorporated in 36 states, and it is estimated that there are between 7000 and 10000 benefit corporations in the United States (Fleischer & Pendl, 2024). It should be noted that a benefit corporation and a B Corp are not the same thing. While the first is a legal status, as explained above, a B Corp is a certification given by B Lab, an independent organization. They have similarities, such as the classification as a for-profit company and the primacy of stakeholder interests, but to become a certified B Corp there are some additional requirements and monitoring of compliance (B Lab U.S. & Canada, 2023).

United Kingdom

The UK government explicitly states that the term social enterprise is not linked to a legal form, but to the purpose of the enterprise and defines it as “a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners” (GOV.UK, 2011).

Although it can assume various forms, a special one has been created for social enterprises – Community interest company (CIC). In order to set up a CIC, in addition to the process of a limited company, it is necessary to follow certain requirements related to the community interest. The law establishes restrictions on dividend payments and limits the removal of assets from the CIC, in order to guarantee their use in promoting the social objectives (GOV.UK, 2011; Social Enterprise UK, 2017).

Italy

Italy has been at the forefront of creating a legal framework for social enterprises (Fleischer & Pendl, 2024). In 2005, the entity of the *impresa sociale* (social enterprise) was legally recognized in Legge 13 giugno 2005, n. 118. In 2017, it was updated, and, in Italy, all private entities can obtain the title of social enterprise (not only the ones in the cooperative sector) if they operate a business in benefit of the society, on a non-profit basis and acting responsibly and transparently. According to this law, this type of company is limited to a few business activities, all with a profound benefit for society, and profits must be allocated to the realization of the statutory activity or, for example, to support social projects in the Third

Sector, not to distribute them, not even indirectly (Decreto Legislativo 3 luglio 2017, n. 112). Even though it has many restrictions and limitations, it is legally recognized that entrepreneurship and profit are not linked, existing companies with social missions.

On a more open spectrum, there is the *Società Benefit* (Benefit Company) regulated by Legge 28 dicembre 2015, n. 208. This type of company is defined as businesses which, in addition to seeking profit, act with a view to pursuing one or more social benefits. Specific purposes of common interest must be incorporated into their corporate object and must be managed in a balanced way with the interests of shareholders (Legge 28 dicembre 2015, n. 208).

Portugal

In an investigation organized by Sílvia Ferreira (2021), the interviewees² recognized that, until the moment, there is no legal form in the Portuguese legislation for Social Enterprises in their international conception, but that they have been included in a variety of options, for example, in the field of regulated Social Economy. These include social cooperatives, social integration companies, non-profit organizations (associations, foundations, charities), and social businesses in the form of limited or public limited companies. Additionally, the interviewees agreed that to create a new form, typology or certificate – they had different opinions and recommended different approaches – the model needs to be well designed and prevent future opportunistic behavior in the business environment (Ferreira, 2021; pp. 99-101).

In the fashion industry, as in other industries, many players and authors advocate extending regulation both at an organizational level and in terms of standards. De Brito et al. (2008), when analyzing the fashion retail supply chain in Europe with a view to making it more sustainable, mentions compliance with legislation as a driver. Thus, in addition to the legal framework for social enterprises, there are also legal limits related to environmental and social parameters, such as those established by the Global Organic Textile Standard (GOTS)³, one of the examples presented for the industry aimed at improving human and environmental conditions (De Brito et al., 2008).

² Key players in the field of social enterprises and the social economy in Portugal that include researchers, policy makers, federative or support organizations, researchers and consultants, and funders (Ferreira, 2021; p. 22).

³ GOTS was developed by an international working group with the collaboration of various organizations and experts. It establishes ecological and social parameters for textile and apparel manufacturing. More information is available at: <https://global-standard.org>

2.4. Corporate Social Responsibility

Even though corporate social responsibility (CSR) is not a new concept, it is still widely debated whether and how it affects businesses. The key characteristic of CSR is the company's commitment to, in addition to the interests of shareholders, also satisfy the interests of other stakeholders (e.g. customers, employees, suppliers, community) (Smith, 2003; Harjoto & Laksmana, 2016). In this way, it encompasses the idea that companies should not only focus on profitability, but also consider their impact on society and the environment. Furthermore, having a corporate social responsibility plan and strategies is about ensuring that the company is operating responsibly, going beyond strict economic and legal obligations to achieve and develop a positive social impact (Dmytriiev et al., 2021).

Therefore, the practice of CSR consists of balancing and being aware of the company's impact in three main domains: economic, social and environmental. Considering all this, academics and researchers have been investigating the impact of CSR practices on financial performance, presenting some diverse results.

According to Harjoto and Laksmana (2016), firms that are concerned with balancing the interests of investor and non-investor stakeholders when implementing CSR have better risk management. The two researchers argue that excessive risk-taking activities lead to dissatisfaction among non-investor stakeholders, and excessive risk-avoidance reduces the attractiveness for shareholders and investors. So, when managers have to allocate company resources to comply with CSR practices, they are balancing the interests of both groups. Their study proved this by showing that CSR performance was negatively associated with deviations from optimal risk-taking⁴, suggesting that it works as a mechanism to control excessive risk-taking and reduce excessive risk-avoidance. The results also showed that, due to the impact of CSR on corporate risk-taking, it has an indirect positive impact on firm value (Harjoto & Laksmana, 2016).

Furthermore, Battaglia et al. (2014) investigated the relationship between corporate social responsibility and competitiveness in a sample of small and medium-sized enterprises (SMEs) in the fashion industry. Reflecting on the three variables considered to be

⁴ Harjoto & Laksmana (2016) measured CSR performance based on the Kinder, Lydenberg, and Domini (KLD) scores on firms' CSR strengths and concerns, defining CSR performance as the total CSR strengths scores minus the total CSR concerns scores in five areas: community, diversity, employee relations, environment, and product characteristics. For corporate risk taking, they used five different measures: capital expenditures, R&D spending, acquisition spending, the volatility of accounting return, and the volatility of stock return (Harjoto & Laksmana, 2016).

representative of competitiveness - market performance, innovation capabilities and intangible assets – innovation performance stood out as the most significant impact arising from CSR practices. Additionally, a positive correlation can even be found between CSR tools and intangible performance⁵, especially with the following two variables: relation with stakeholders and relations with credit institutions (Battaglia et al., 2014).

However, other researchers argue that the relationship between the frameworks and the strategies chosen by each company to manage social issues should be tested, because it can depend on various factors, such as the industry context, the size of the company and the geographical location, consequently affecting the performance of companies (Dmytriiev et al., 2021).

Reflecting on this, CSR has nowadays become a vital part of major business strategies, indicating a shift towards more holistic and sustainable practices. Yet, comparing SMEs and large companies in terms of implementation, communication and reporting, there are significant differences. On the one hand, due to the organizational characteristics of small companies, it is easy for them to implement CSR-related practices in their core business and involve employees in adapting processes and procedures. On the other hand, large companies benefit from their financial and human resources to communicate and report their actions, even though they may find it difficult to implement and sustain comprehensive CSR programs internally. These are the results of research by Baumann-Pauly et al. (2013) which also implies that SMEs are not generally less advanced in applying CSR practices than large companies, a general perception that may result from differences in communication.

Looking at the fashion industry, with its significant social and environmental impacts, intermediaries (retailers) and end customers demand products with ethical guarantees along the supply chain (Battaglia et al., 2014). Consumers are more aware of the industry's problems and demand transparency in relation to labor practices throughout the supply chain and the environmental impact of the materials used, for example. Still, some studies may indicate that despite this awareness, when it comes to buying fashion products, CSR does not have a major impact on the choices made, with age, gender and income having a

⁵ To assess the implementation of CSR practices in each company, Battaglia et al. (2014) focused on five areas of CSR-related initiatives: formal tools (labels, certifications and sustainability reports); environment; workplace and human resources; community; relations with the market and the supply chain. Regarding intangible assets and intangible performance, they selected the following five variables: personnel motivation, personnel productivity, reputation, relation with stakeholders and relations with credit institutions (Battaglia et al., 2014).

significant effect on the preference for sustainable fashion products (Achabou & Dekhili, 2015).

2.5. Social Entrepreneurship in the Fashion Industry

Looking into social entrepreneurship within the fashion industry, it represents a transformative approach to address the numerous challenges and issues associated with this sector. It goes beyond operating a profitable business integrating social and environmental objectives into their core mission. A good example is social enterprises dedicated to reducing the environmental footprint and promoting sustainable practices in the fashion supply chain, promoting conscious consumer behavior while supporting local artisans and marginalized communities (Sahan, 2021).

Through innovative business models and creative designs, social entrepreneurship in the fashion industry offers a promising opening to promote a more responsible and sustainable approach to clothing and accessory production while, at the same time, fostering positive change in society and the environment. However, rather than only a sales argument, ethics and impact should be seen and communicated as added value (Achabou & Dekhili, 2015).

The fashion retail supply chain faces real problems regarding sustainability, and, because of that, companies are changing their operations. The main drivers are related to compliance with legislation, competitiveness and corporate social responsibility, resulting in different forms of sustainable management with a diversity of strategies and dynamics (De Brito et al., 2008).

Finally, when looking at the impact of textiles on climate change, 80% corresponds to the production phase, which includes the raw materials production and processing (Šajin, 2022). So, innovation will be fundamental. Companies and markets need to be reorganized to internalize sustainable solutions through an integrated approach that reflects a combination of environmental, social and economic factors (De Brito et al., 2008).

3. Methodology

In the present section, we describe the research methodology adopted in this study. In the following subsections, the research design and data collection processes will be described in more detail, and the companies used in this multiple case approach will be presented.

3.1. Research design

Applying the concept of social entrepreneurship to the fashion industry in the Portuguese reality, this study focuses on the following research questions: What are the main challenges facing social entrepreneurs? What strategies and business models are used by social entrepreneurs in the Portuguese fashion industry? How do business models respond to current market demands?

One of the key factors in using a qualitative approach is the aim of exploring the interviewees' individual perspectives on these topics and gaining an in-depth understanding of their experiences (Davies & Hughes, 2014), mostly related to their role of running this type of business. Therefore, interviews with open-ended questions were carried out instead of a large-scale survey, employing an exploratory approach to the phenomena.

This research focuses on a particular sector, apparel and footwear, and a specific domain, business oriented towards achieving social and environmental goals. Thus, after a literature review, a careful analysis was made of the topics to be addressed in the course of the research. These were included in the interviews conducted, which will be used as a basis for exploring some cases of Portuguese fashion brands that have developed their business models on top of a deep consideration of social and environmental causes. Information available on the brands' websites and social media will serve as a final complement to this analysis.

In addition, adopting a qualitative research methodology offers a critical perspective on the theory (Piore, 2006). Since social entrepreneurship is being widely debated and there is no agreement on its practicability, methods and effects, this approach is suitable for developing the basis for further research and theory development. Although Piore (2006) suggests that open-ended interviews with economic agents should not be used as empirical evidence, he argues that they can be used as a complement to the theoretical reasoning present in the literature and offer insights for developing theoretical models.

3.2. Data collection

The primary source of information for the case study is interviews with an open-ended nature. The choice of this method is mainly due to the nature of the research and the strengths associated with it. Targeting key informants related to the subject of the case study allows us to ask questions about factual events, as well as personal perceptions and opinions focused on the research (Yin, 2003).

However, interviews are often associated with common concerns, such as bias resulting from improperly written questions, biased opinions, errors caused by limited memory, and information tailored to the expected answers (Yin, 2003). Taking them into account and in order to reduce them, a well-planned interview guide was drawn up, all the interviews were carried out in video call format and the interviewees allowed them to be recorded, as well as disclosing their identity. Therefore, with their permission, their real identities will be used throughout the research.

The interviews were divided into four stages. To begin with, questions were asked about the interviewee and the brand to give context. Secondly, questions about the brand's identity and business model. Then, the focus was on the impact of a social/environmental mission on the business. And lastly, final comments and a couple of opinion questions.

The choice of interviewees was a rigorous process, in which only founders of Portuguese fashion brands with a social and/or environmental component were contacted. The primacy of these criteria is fundamental in order to be able to obtain information that is as appropriate to the topic as possible. Thus, after contacting 16 different brands, it was possible to interview 4 social entrepreneurs shown in Table 1. With a small but varied sample of people, it will be possible to compare and contrast various experiences related to the questions in more detail (Davies & Hughes, 2014).

The interviews were conducted between March and June 2024 and lasted between 30 minutes and 1 hour. They were all recorded and transcribed for a more careful and accurate analysis. They can be read in Appendices 7.1 to 7.4.

Interviewee	Academic level	Role	Company	Date of interview
Helena Antónia	Executive Master	CEO and Founder	Vintage for a Cause	25/03/2024
Bernardo Carreira	Master of Science	CEO and Founder	8000kicks	08/05/2024
João Velhinho	Bachelor's Degree + Post-graduation	CEO, Founder and Designer	Palu	19/06/2024
Afonso Soares	Bachelor's Degree	CEO and Founder	Ivory Therapy	12/07/2024

Table 1: Interviewees' information

3.3. Companies' presentation

The selection of companies respected certain criteria. They all belong to a restricted space in the Portuguese fashion industry, where the central mission is involvement in social and/or environmental projects. However, their characteristics can be completely different, ranging from a focus on transparency, traceability of resources and suppliers with regard to environmental impact, community projects and social inclusion, for example. Some are focused on environmental impact, others on social impact or a mixture of the two. We interviewed the founders of Vintage for a Cause, 8000kicks, Palu and Ivory Therapy. Table 2 summarizes the companies' information. Note that the annual turnover of Palu and Ivory Therapy was not given during the interview, being denied for reasons of confidentiality.

Company	Year of foundation	Headquarters	Number of employees	Annual turnover (2023)
Vintage for a Cause	2013	Cedofeita	2-10	90000€
8000kicks	2019	Fátima	5	500000€
Palu	2012	Aveiro	5	N/A ⁶
Ivory Therapy	2020	Oeiras	10	N/A ⁶

Table 2: Companies' information

⁶ N/A: Information not provided during the interview.

3.3.1. Vintage for a Cause

Founded by Helena Antónia, the idea of Vintage for a Cause was born in a Social Innovation bootcamp in which she was able to combine her personal experiences with business, and still be a force for change. Helena has a degree in Law, after which she completed a postgraduate course in Entrepreneurship and Social Innovation, and a specialization program in the Executive Master in Sustainability Management.

The company's mission is dual: to reduce the environmental impact of the textile industry and to promote social change. Environmentally, the focus is on using the most sustainable methods and materials possible, mainly through upcycling fabrics, encouraging the revalorization of something that most people and companies consider to be "waste".

Socially, Helena developed the 'From Granny to Trendy' project where women over 50 learn how to work with different textiles. It was created with the intention of promoting active ageing through the improvement of personal skills, while at the same time promoting professional requalification. This initiative has already been replicated several times, involving various entities and more than a hundred participants in 2023. Additionally, she partners with other players, participating in lectures, sessions and workshops.

In this way, Vintage for a Cause has dedicated the last ten years of its existence to empower women, reusing textile waste and running a business, fulfilling its purpose. Figures 2 and 3 represent the homepage of Vintage for a Cause's website and sample products, respectively.

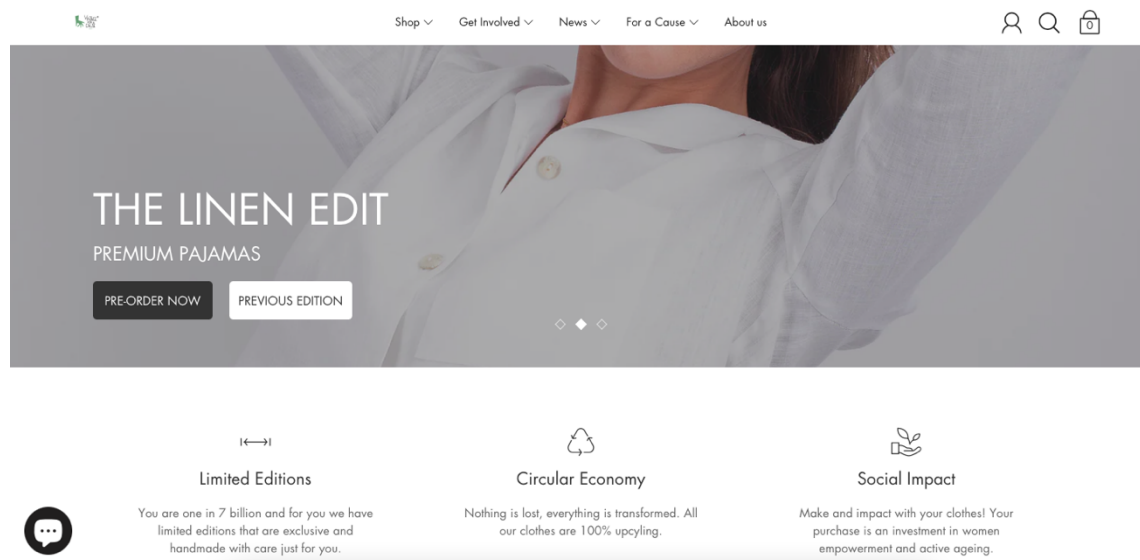


Figure 2: Homepage of Vintage for a Cause's website

Source: Retrieved from <https://vintageforacause.pt/> on September 10, 2024



Figure 3: Sample products of Vintage for a Cause

3.3.2. 8000kicks

8000kicks is an innovative Portuguese brand that stands out in the sustainable fashion industry, more precisely in sustainable casual footwear. The idea came up in a traditional conversation between friends, and in 2019 the world met the first waterproof hemp shoe. Bernardo Carreira, the co-founder, has a degree in Management and completed a Master of Science (MSc) in a Global Entrepreneurship Program.

Bernardo highlights the durability and reduced environmental impact of the hemp used as the base fabric for his products and, in addition to the 100% vegan and eco-friendly shoes, 8000kicks is diversifying its offer with backpack options and many other accessories. The commitment to sustainability goes beyond hemp fabric, and for this 8000kicks works with its partner factories (in Portugal and China) to reduce the carbon footprint of its products and has established partnerships relating to ecosystem conservation and soil rehabilitation. It also has social commitments: it monitors workers' conditions in China, establishes social and charitable partnerships, and has a governance program that guarantees

gender equality in wages and careers⁷. Figures 4 and 5 represent the homepage of 8000kicks' website and sample products, respectively.

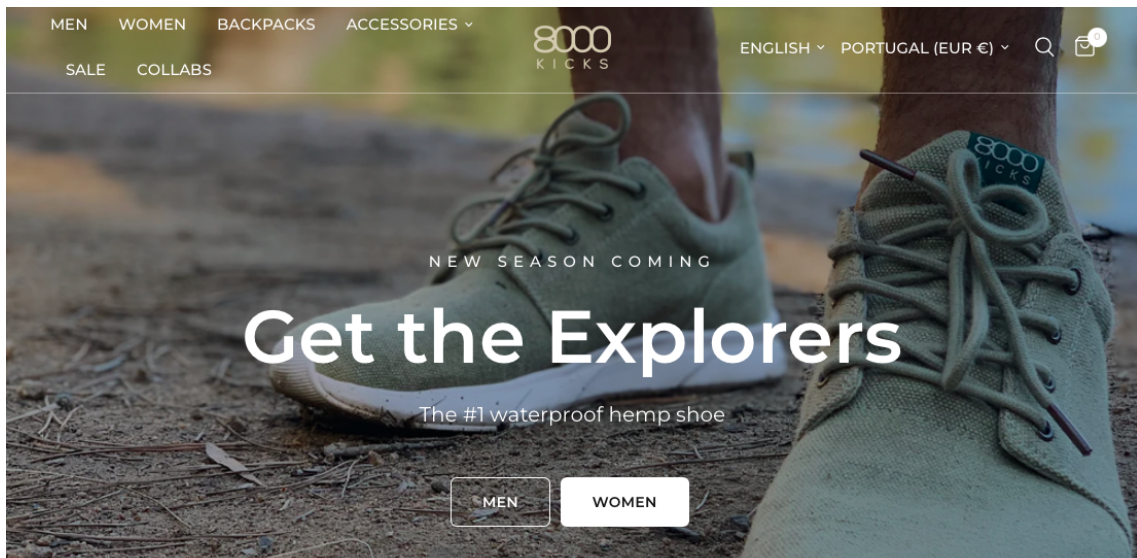


Figure 4: Homepage of 8000kicks' website

Source: Retrieved from <https://www.8000kicks.com/> on September 10, 2024



Figure 5: Sample products of 8000kicks

⁷ This information and more details can be found in the Corporate Social Responsibility Plan available on the 8000kicks website (8000kicks, n.d.).

3.3.3. Palu

João Velhinho started Palu at the age of 17, and since then he has developed his surfwear concept, designing the pieces in his own style. João has a degree in Design and a postgraduate degree in Illustration.

Environmental concerns have always been present, and the pieces are currently produced with deadstock organic cotton fabrics from textile factories. The production is made in Portugal and quality is the decisive factor when choosing the fabrics that originate limited collections. Combining surf with sustainability, the result is pieces that suit everyone. And when the consumer demand isn't as positive as desired, the answer is upcycling. Giving a new design to pieces that are stuck in storage was the alternative found by Palu to avoid perpetuating waste. Figures 6 and 7 represent the homepage of Palu's website and sample products, respectively.

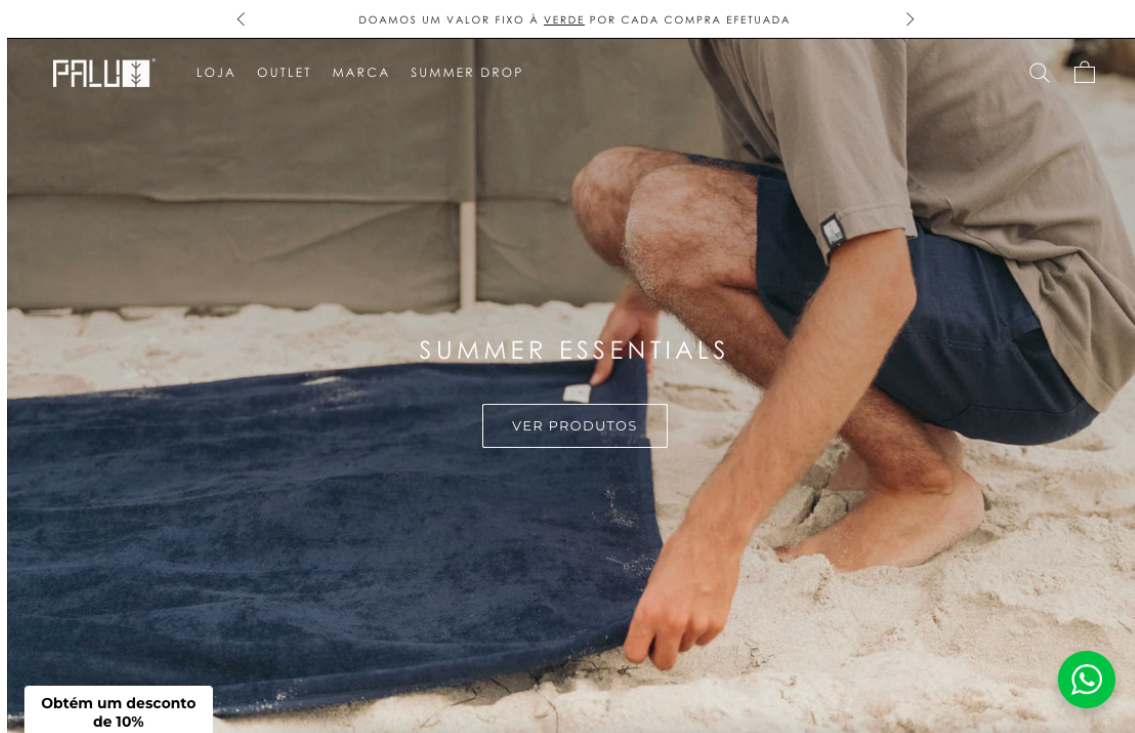


Figure 6: Homepage of Palu's website

Source: Retrieved from <https://palubrand.com/> on September 10, 2024.



Figure 7: Sample products of Palu

3.3.4. Ivory Therapy

Graduated in Information Management and motivated by the 2020 global pandemic, Afonso Soares felt the need to do something. And so, after several initiatives, Ivory Therapy was born. Today, its mission is to give a voice to mental health, and they are working to develop a mental health platform of which their clothes and other products are part.

Although the environmental aspect isn't the main focus, the garments are made with organic cotton and recycled polyester. Socially, everything is 100% dedicated to mental health and, among other initiatives, each piece sold includes a free therapy session that can be used by the customer, offered or donated to the Ivory community. By 2024, the goal is to achieve 1500 therapy sessions. Figures 8 and 9 represent the homepage of Ivory Therapy's website and sample products, respectively.

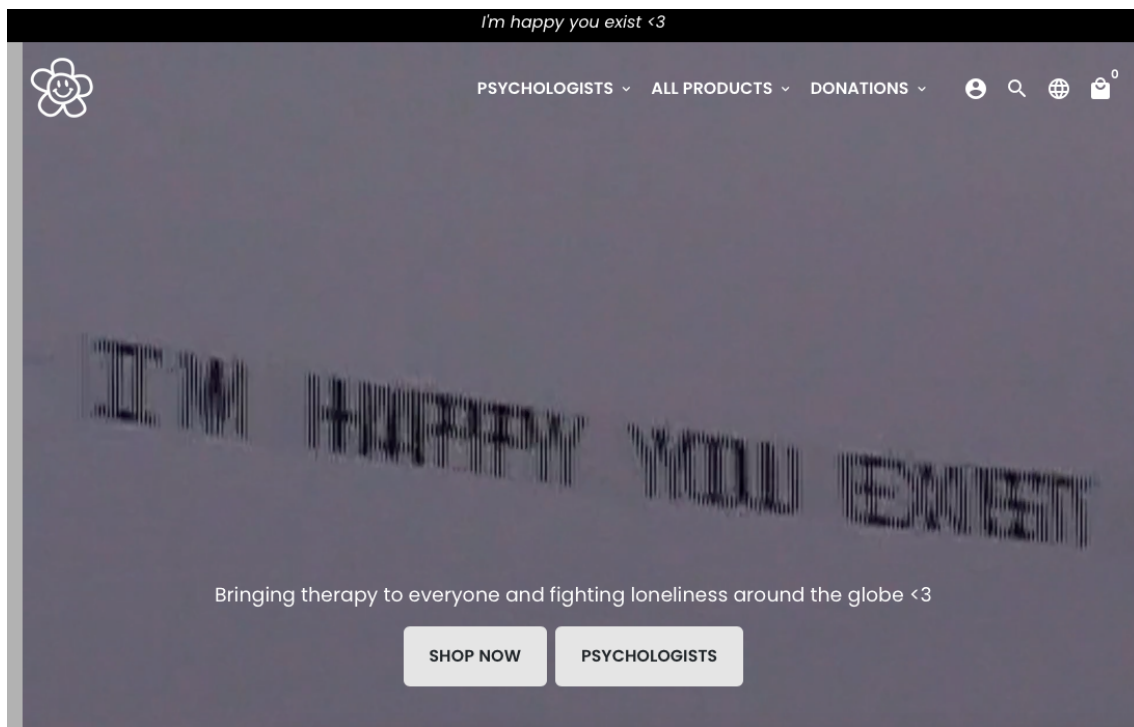


Figure 8: Homepage of Ivory Therapy's website

Source: Retrieved from <https://ivory-therapy.com/> on September 10, 2024.



Figure 9: Sample products of Ivory Therapy

4. Findings

4.1. The development of the social mission

Leadership is one of the qualities that is well identified in social entrepreneurs. They develop it around ambitious missions, which are the core of the business and the purpose that mobilizes an entire team (Leadbeater, 1997). Although a mission-centric view of social entrepreneurship does not define its full potential as a business, it is nevertheless the social dimension that clarifies and distinguishes social enterprises from other types of businesses (Bruder, 2020).

Looking at the four interviews conducted, it is possible to identify a correlation between the entrepreneurs and the missions of their brands in all of them. These are highly dependent on their personal values, motivations and their vision of the future. Helena created Vintage for a Cause with two ideas in mind. On the one hand, the products would fit into the circular economy, putting into practice the techniques introduced to her by her family. What was initially just an individual desire turned out to be a way of combating the negative impacts characteristic of the industry. On the other hand, she wanted to dedicate herself to the social commitment of creating opportunities for unemployed women over 50, motivated by “the awareness that women tend to become more isolated after leaving the labor market”. As a result, Helena developed a business model to match these motivations, creating an environmentally and socially responsible solution.

Likewise, Afonso found this balance at Ivory Therapy. With the aim of creating his own project together with his brother, they developed this idea, shaped by the experiences they were having. The social mission has always been present and, although it was questioned at the beginning, today it is characterized as the heart of all the operations and the vision they have for the future. Alongside the design of the garments, the concern for their sustainability has grown. Obtaining various certifications and carefully choosing materials, Afonso says is an extra point that matches their values. With clear ambitions for the future, Ivory is the means “to bring mental health to everyone and fight loneliness in the world”.

In these first two examples, it is possible to highlight the social focus with an environmental complement. In the following examples, the order is reversed due to the genesis of the brands. 8000kicks and Palu are two companies with very different concepts, but similar when it comes to the primacy of sustainability. In the case of 8000kicks, when Bernardo had the idea of using hemp as a raw material, he quickly realized that its

characteristics made it one of the most sustainable fibers available. He explains that due to the soil regeneration properties of hemp, not requiring large amounts of water or pesticides to grow, among many other benefits as a fabric, it would make the brand environmentally sustainable from day one. So, the main challenge was to create products made from hemp that were as functional as those made from other fibers.

The process was distinct for João. Palu evolved over time and, as more information became available and he acquired more knowledge about the sector, the goal of producing surfwear and developing it in a more sustainable way became clearer and more achievable. At the moment, production is carried out using high-quality deadstock from Portuguese factories, in quantities that are limited by their availability. At Vintage for a Cause the process is similar, they reuse pre-consumer waste and deadstock both in the production of the brand's clothes and in the 'From Granny to Trendy' projects. Moreover, João talked about how the business model evolved without ever losing the identity he wanted to build for the brand. For him, the objectives have always been set around sustainable surfwear, and now they are “fulfilling them in a different and more informed way”.

In addition, in order to respect the social requirements that correspond to the companies' values, 8000kicks has set itself targets that are available in its corporate social responsibility plan. These include monitoring the conditions of workers in the partner network, a governance plan for equality among internal workers, and social partnerships. In a different way, João develops activities that aim to bring Palu closer to its community while addressing issues related to its identity. One example is the workshops in which topics such as sustainability and upcycling are addressed. Another is the event called 'Shore Ambassadors' which includes beach cleaning, surf lessons and socializing. Finally, he collaborates with retired local seamstresses to produce simpler items, an activity comparable to that applied by Helena but on a more modest scale.

In this way, we can see some common aspects between these case studies. The four companies have different positions in terms of the product they offer, the social and environmental cause, their working methods and their governance, but they all have an action plan for their impact and for developing sustainable practices. It should be noted that when social mission is mentioned, and specifically sustainability, the analysis must be global and integrate a three-axis structure: environmental, social and economic (De Brito et al., 2008).

Going further, in his more comprehensive concept, Amartya Sen presents a perspective on sustainability that can be connected with the insights of the interviewees.

Taking as a starting point the traditional definition of sustainability as meeting the needs of the present generation without compromising future generations, Sen deepened the concept by integrating social, environmental, economic, ethical and justice issues, among others. Furthermore, he argues that the vision focused on basic needs is limiting, introducing the notion of freedom into the concept. In his view, human beings must fulfill their freedoms and expectations as part of social justice. Finally, Sen focuses on capabilities and their development as a way for people to live life as they imagine it. Not being limited only to conserving resources for the next generations, they must also ensure that they can at least have the opportunities and capabilities that the present generation had (Sen, 2013).

We can conclude that the development of the analyzed companies' social mission (and their sustainability) encompasses not only a question of saving resources in production, but also the combination of social responsibility and inclusion, innovation, social justice, as well as economic objectives and personal motivations.

4.2. Business models

The business models of these four companies coincide on some points and differ greatly on others. The previous subsection gave details of the operations of each, the production process and raw materials used, but above all the individual development of the social mission. Following the topics of well-known Business Model Canvas as our presentation guide (Osterwalder & Pigneur, 2010), now we will explore in more depth the factors that influence each of the business concepts. All the interviewees recognized the need to reformulate the business model over time and that it is a process that is ongoing, highlighting the communication and production aspects. For example, Helena said that it was a requirement “to take advantage of what the market itself was making clearer in terms of demand”.

Vintage for a Cause

Vintage for a Cause is a brand aimed mainly at women, in a vintage style, and the collections are available on the website, being limited and produced on a small scale. It also sells occasionally in stores, pop-up events and markets, fostering a relationship with its customers that goes beyond that of social media. Also noteworthy is the promotion of workshops and lectures in which Helena participates and gives her contribution, with the

main aim of raising awareness about the topic (as marketing and outreach strategy). The website also features articles and news related to the brand and its area of activity ⁸.

Besides the operations and maintenance of Vintage for a Cause as a fashion brand, one of the main activities is the 'From Granny to Trendy' projects. These result in partnerships with municipalities, associations and other entities in the various territories in which they operate. They are financed with state aid and by selling the service to municipalities on a B2Gov basis. Previously, the production of the clothes that are sold under the brand and the workshops operated together, but now they are two separate activities.

As far as finances are concerned, Vintage for a Cause has not yet achieved self-sustainability, but Helena says: “we have to guarantee a way of financing our activities and we have various sources of income to cover the annual budget”. These sources of income include selling clothes and providing the services described above, as well as receiving subsidies and direct financial support. Its annual turnover in 2023 was 90000€.

In Helena's opinion, the core strategies of her business model - reusing resources and upcycling - can be effectively adapted to various industries, other initiatives and companies. She supports her perspective with the flexibility and positive results presented by these and other sustainable business practices, particularly those aligned with the principles of circular economy.

8000kicks

The 8000kicks business model was developed around hemp and its potential. Its product portfolio includes products for men, women, backpacks and accessories, highlighting features such as the sustainability and durability of the fibers used. With a worldwide presence, its products can be found in stores across Europe and the United States. In Lisbon, its flagship store can be visited at Lx Factory.⁹

When it comes to resources and partners, they are spread across a number of countries, including Portugal. Bernardo explains that production is not 100% Portuguese and, although it could be an ambition, it would not be economically or environmentally viable. Firstly, there is no significant hemp production in Portugal and, secondly, the United States is one of its biggest markets. Based on this, the solution was to complement Portuguese production with production in China, reducing the impact of transporting raw

⁸ This information is available on Vintage for a Cause website: <https://vintageforacause.pt/>

⁹ This information is available on 8000kicks website: <https://www.8000kicks.com/>

materials and finished products between countries. Giving us an example, Bernardo says that, in the running model, “none of the components of that shoe, perhaps the laces, could be produced in Portugal”. So, to support this decision, and aware of the potential problems associated with it, 8000kicks has a social responsibility program that includes monitoring partners in relation to environmental and social issues. Lastly, to launch the project and for its continued development, they ran some crowdfunding campaigns and in 2023 its annual turnover was 500000€.

The strategic decisions were described by Bernardo as an internalization of the best practices carried out by other companies, which made sense to him to be adjusted and replicated within the reality of 8000kicks. He concluded that other companies, even in different sectors, can do the same, i.e. understand what the market is asking for and adapt as best they can, based on the successful strategies of other players.

Palu

Palu is perhaps the brand that has most evolved its methods and strategies over time out of these 4 cases. As explained above, João's idea has always been to create a sustainable surfwear brand and it all started with printing t-shirts in small quantities for himself and his friends. This idea was designed to give second-hand clothes an upgrade, without the need to produce more. Today, João designs his own pieces, with distinctive models, under his own brand. On their website it is possible to see all the products available which, without being assigned by gender, are only divided by category.

The channels used to reach customers are similar to those of other brands and include an online store, social media, presence in markets and partnerships with other stores that resell their products, especially stores that João says fit in with the brand's image. In addition, Palu has a showroom in Aveiro where it is possible to explore its collections and collect orders.

In addition to sales partners, it is important to mention the importance of factories as key partners in the entire production process. Due to the particularities of production, their relationship is fundamental to achieving the desired results. From the selection of materials in deadstock, new quality tests to production in small quantities, it requires extra dedication on the part of the factories. Plus, a percentage of sales is donated to Verde, a partner association devoted to nature conservation.

João reinforced the idea that exclusive designs are one of the main contributions towards building the brand's image, as well as the communication and marketing plan, in

which he has a dedicated team. However, at the moment, sales still don't cover Palu's expenses, which has been justified by the fact that the brand is in the process of growing. João says that he has partners who have helped monetarily and his consultancy work for other brands, in terms of design and production, helps to bridge the gap between income and expenses. This business model was built by combining small details and strategies used by other companies, which shows that they can continue to be replicated.

Ivory Therapy

In 2023, Ivory Therapy's business model suffered significant changes, and the fashion brand gave way to a mental health platform. Although the area of social action was maintained, the changes involved the strategies and methods used. Clothes and accessories continue to exist and are part of the platform that is being developed, but donations to NGOs have been replaced by a new internal activity of social interest - the provision of psychology consultations. Besides the therapy sessions offered with the purchase of an item of clothing, everyone who needs an appointment can access it at a reduced price or for free (in specific cases). Dedicating 100% of its activities to mental health, all of Ivory's pieces have a clear underlying message, and its social networks are also used to promote awareness on the topic.

Afonso had the financial help of his partners to develop this new business model, as well as receiving some state support. They have recently had two applications for support from the IEFPP as well as are applying for support from the “Qualificação das PME” project. In the near future, he also plans to seek external investment, a capital investment campaign, for the end of 2024. He recognizes that there are other companies and brands implementing similar projects and that many more can join in this type of initiative which, if carried out in a thoughtful way, results in consumer appreciation. Everything will depend on the company's values and mission.

4.2.1. Innovation

One of the points of analysis in this study is the impact of innovation on business models and the effective need for social innovation in the entrepreneurial environment. Phills Jr. et al. (2008) argues that in order to develop solutions that really impact on society in a positive and lasting way, disregarding the individual benefit, social innovations are the best means to achieve this. The interviewees treated the issue of innovation differently, reflecting different approaches to the topic.

At Ivory Therapy, Afonso recognizes that, despite innovation not being their differentiating factor, their values reflect the social and environmental cause, so they work continuously with the focus of distinguishing themselves by the message they convey and by putting mental health at the forefront. From his point of view, they are not doing anything new or unique, they are organized in such a way as to take advantage of the best methods to achieve their goals.

Propris (2002) characterizes innovation as knowledge and highlights different types: product, process, incremental and radical innovation. Thus, based on this author's perspective, it is possible to characterize the work carried out by Ivory as incremental innovation by improving processes in order to carry out its mission more effectively and efficiently, being a result of a learning process.

João, Bernardo and Helena have come up with a different approach, presenting different types of innovation at product level, relying on different production methods based on upcycling and a sustainable choice of raw materials. At Palu, João uses deadstock fabrics from previous productions of his partner factories to produce original designs. These include specific cuttings that meet the brand's relaxed fitting as well as details that characterize the brand image, such as wave-shaped pockets (related to the implicit surfwear theme). In order to minimize their impact, João also creates new designs by reusing old collections that are in stock. In this way, it is possible for him to transform a t-shirt with regular men's sizes into a cropped and oversized version with measurements traditionally aimed at women. As another example, he has already made it possible for customers to print a basic hoodie on a made-to-order basis, where that specific process was only done when they received the order at Palu, minimizing waste and using existing products. This option also reduces the need for high inventories of different models, when a single one can be adapted.

According to Bernardo, the major innovation implemented at 8000kicks was the production of the first waterproof hemp shoes. With the decision to use hemp fiber came the challenge of being able to produce footwear with a consumer experience similar to that provided by other materials and which took advantage of the material's sustainability and durability characteristics. Today, the 8000kicks product line includes classic models, sports shoes, boots, backpacks and other accessories. Committed to environmentally friendly production processes, he has also introduced algae soles and recycled soles in his products, proof that innovation is part of the brand.

At Vintage for a Cause and reflecting what has already been addressed about the company in the previous sections, there is a primacy for solutions that result in a social and environmental benefit. In Helena's opinion, social and environmental innovation are connected, and circular economy projects are compatible with social projects and for her the results are clear, it "creates more resilient communities and, obviously, new models of employability and, ultimately, greater economic value for local communities".

4.3. Social value vs Economic value

The literature raises questions about the creation of social and economic value in social businesses. Thus, it is proposed that social entrepreneurship seeks to create social value, either exclusively or in the predominant sense (Peredo & McLean, 2006), while ensuring the creation of wealth for its realization (Bruder, 2020). In addition, Morris et al. (2020), recognizing the difficulty in measuring the creation of social value in quantity and form, suggests an analysis from a multidimensional perspective, including economic and social parameters.

When asked "How do you combine social/environmental impact and economic objectives in a fashion brand?", the interviewees showed two different perspectives. Within Palu's reality, the strategies implemented are reflected in an increased cost, hampering the company's operations. From the choice of fabrics to small-scale production, the priority is concern for the environmental impact of production and, for João, alternatives that would result in economic benefits but in which brand values would have to be sacrificed are not an option. Likewise, Bernardo comments on the difficulty of combining the social/environmental aspect of 8000kicks with its economic objectives. From the same perspective, Helena's opinion corroborates the difficulty in realizing her objectives. She mentions that the textile market is very competitive, forcing the development of more agile and flexible models, reinforcing the idea of the project's adaptability.

From a different point of view, Afonso says that at Ivory Therapy social and economic goals are developed together, as he believes that the social mission helps him to achieve the economic goals. Although he considers it essential to have good financial management in order to overcome the economic barriers to fulfilling his purpose, he suggests that it is increasingly important for new projects to have this ambivalence.

In conclusion, on the one hand we have interviewees who reinforce the idea of financial sacrifice to create social value. On the other hand, there are those who believe that the brand

is valued through the social work carried out. Or even a mixture of the two. Table 3 summarizes the main points discussed above. The “Primary focus” column includes environmental and social impact, and the company's position on the factor considered crucial to its performance is marked in green, and in yellow when it is relevant but not primary. As for innovative capacity, it considers products, processes, business models, strategies and the potential social and environmental impact of the solutions presented by the companies. Finally, economic self-sustainability summarizes revenue generation and financial independence, without neglecting sustainable practices (socially and environmentally). Following this logic, yellow represents the companies in which the interviewees reported some problems with financial independence, but in which they have built their own self-sustainable model around their mission.

Company	Primary focus		Innovative	Economic self-sustainability
	Social	Environmental		
Vintage for a Cause	●	●	●	●
8000kicks	●	●	●	●
Palu	●	●	●	●
Ivory Therapy	●	●	●	●

Table 3: Comparative summary table.

4.4. Visions for the future

In this last section of the findings, a small compilation of the interviewees' ideas, opinions and suggestions for the future will be made, with the intention of understanding what can still be done.

The fashion industry is facing some demanding challenges, and Helena identified the model of overproduction and excessive consumption as two alarming aspects. So, there needs to be a change which, in the opinion of the interviewees, rewards brands that do things differently, that have socially responsible missions. Support at state level was mentioned as a possible alternative for projects of this kind to be able to survive, grow and alarm consumers, starting to change patterns in society. Even so, Afonso argues that “no matter how many positive solutions or regulations there are, the consumer has to support them”.

When talking about the future, there is a consensus in the answers. All four brands are new, some more than others, so they feel that there is room to grow and expand the business. The expansion of influence throughout Portugal was mentioned as a desire, and the international aspect as an attraction. However, and they all agree, the main goal will never change from fulfilling their mission and values, because “the goal isn't to have another clothing brand, it's to have a clothing brand that can actually generate an impact that is positive, tangible and proven”, said Helena.

Finally, and reinforcing this idea that the social mission is a distinctive factor in the Portuguese panorama, they argue that in the future it is supposed to become the basis of entrepreneurship. Afonso says that “it should be almost mandatory if an entrepreneur wants to succeed” and “not only would the project itself have much more to gain, but the whole world”. And for Bernardo, if there are problems to solve, there have to be solutions and “that is the genesis of entrepreneurship, solving problems”.

5. Conclusions and Future developments

The real problem in terms of sustainability, and it cuts across most sectors, is consumption. This motivates the development of business models centered on the mass production of disposable items and does not value the post-consumption chain. In the fashion industry, fast fashion companies are favored, and the linear economy remains the main driver. A real economic revolution is therefore needed, which we are probably not ready for, either because we lack the capacity to carry it out or due to the social and economic structure that rules the globe. Thinking up models for recycling and reusing old products, avoiding the overwhelming growth of waste and moving towards a complete circular economy, doesn't seem to interest the main players in the sector who have business models based on huge unsustainable structures and on a growth economy.

Awareness-raising actions have been carried out, both locally and globally, to alert people to the problem. To give an example, we can look at the initiative that took place at the beginning of 2024 in the Atacama Desert in Chile. Attracting many for its beauty, the reality is twofold. Part of its expanse is used as a dumping ground for textiles, waste imported from all over the world, which is having a huge impact on the environment and local communities, and which can be seen from space due to its size. Brazilian designer Maya Ramos has therefore developed a collection from the remains found at the site, in partnership with local activists, to be part of the Atacama 2024 fashion week. The aim was to raise awareness of a growing problem, the result of irresponsible consumption and a poorly structured value chain (Johnson, 2024). Actions like these are multiplying and a radical change is needed.

Diving into the research, there are several topics that merit reflection. Starting with innovation, it is an additional effort made by companies that in the end is either not reflected or has little significance for their economic sustainability. We may be talking about an insufficient level or even barriers to innovation, which is reflected in a lack of social mobilization to develop solutions that respond to the problems identified above. This topic requires further investigation as it doesn't seem to apply to all sectors nor to all components of the supply chain.

Then, a legal framework for social enterprises can answer some of the questions raised during the interviews. Here we are talking about regulations, positioning at state level, as well as specifications for this typology to clarify some distinctions that are necessary for the development of an economy thinking about society as a whole. Economic, social,

environmental, cultural, ethical and legal factors, among others, must be included. This will have an impact on companies in terms of the strategies and business models developed, allowing for a new reorganization with an impact on the responses given to the current demands of the market, society and the planet.

Finally, there are many challenges facing the fashion industry. There is a noticeable gap between where there is unbridled demand and consumption, predominantly in the Global North, and where the consequences of deficient production and displaced disposal have the greatest negative impacts, the Global South. These are concerns that have already been identified and incorporated into the genesis of the case studies in this research, but connecting with the topics already discussed, innovation is failing to respond to these problems, regulation is insufficient, the consumer takes a selfish stance and, as a consequence, business models are not being updated with the required speed.

This research contributes to the discussion of the role of social entrepreneurship in Portugal, specifically in the fashion industry, which represents one of the sectors with the most clearly identified problems. Here we can talk about two fundamental aspects, social and environmental impact, which are ignored in most situations, requiring a step forward to develop opportunities and solutions for the industry. Also, with the example of the case studies of Vintage for a Cause, 8000kicks, Palu and Ivory Therapy, pertinent issues are addressed in which their founders present their points of view, sometimes coinciding, sometimes not. Their high level of knowledge of the Portuguese reality contributes positively to reaching conclusions and to presenting urgent issues that require more in-depth further research, extended to the entire supply chain.

The main goal that led to this research was achieved, with real and valid examples being presented of how social fashion businesses develop their strategies and business models, which are their main challenges and how they face them, and how this translates into a market offer that is adjusted to the reality that surrounds them. Thus, issues such as social innovation, the legal environment and financial pressures were discussed, with an honest opinion from all the interviewees, Helena Antónia, Bernardo Carreira, João Velhinho and Afonso Soares.

However, it presents some limitations. Due to time constraints, the scope and diversity of brands used as case studies is reduced. As a result, by using few examples, the conclusions may be specific to their market and their social and cultural context. Additionally, the majority of people contacted for interviews were not willing or open to discussing the

topic, either because they were confined to small teams or because of the limited information they were available to provide. Finally, the conclusions make a positive contribution to the discussion, but their qualitative nature does not allow for generalization due to their subjective nature and the possible biases of the researchers.

To conclude, the planet is calling for an economic revolution in which mass consumption models are abandoned, old business models are replaced and the fear of the end of the growth economy as we know it today is addressed. Will it have positive consequences? It's impossible to say. But the current path doesn't seem to be leading us in the right direction either. The origin of the word “economy” has to do with the careful management of resources. This doesn't seem to be the concern of the main economic agents, nor the majority of people who are fighting for an individual future to the detriment of a collective one.

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7. Appendices

7.1. Vintage for a Cause interview

Contextual information:

1. Personal information

Name: Helena Antónia

Gender: Female

Nationality: Portuguese

Country of residence: Portugal

Profession: CEO and Founder of Vintage for a Cause

Academic background: FDUP - Law; University of Porto - Post-graduation in entrepreneurship and social innovation; INSEAD - Impact Entrepreneurship Bootcamp, Social Entrepreneurship Program, Scaling for Impact (S4I); PBS - Executive Program in Sustainable Management.

2. Company information

Name: Vintage for a Cause

Year of foundation: 2013

Headquarters: Cedofeita

Number of employees: 2 (permanent) up to 10 (service providers)

Annual turnover: 90000€ (including sales and subsidies)

3. Briefly describe your career path

I started working as a lawyer and property claims adjuster for an insurance company. I worked at IES as a mentor and trainer in Social Innovation and Entrepreneurship and I'm the leader of Circular Economy Club Porto.

In 2013 I founded Vintage for a Cause, where I have been working and currently developing the social program From Granny to Trendy.

4. What roles/tasks you performed at the beginning and what is your main role in the company now?

The same, but now with less focus on operations and more on being a leader/coordinator of activities.

5. What were the main reasons/goals that led you to create a fashion brand?

The main reasons were the social entrepreneurship training context - a bootcamp to design impactful business ideas and solutions - and the personal experience of someone who grew up wearing upcycled clothes. I'm a seamstress's daughter and I've always worn transformed clothes, which conditioned my taste for a type of clothing that I couldn't find on the market. On the other hand, the awareness that women tend to become more isolated after leaving the labor market.

6. Are you achieving the goals and impact you envisioned before founding Vintage for a Cause?

The social impact of the initiative goes beyond what I imagined, as the methodology has been tested and replicated in several cities, with very positive indicators. When it comes to the business, it is still below expectations, which is due to management challenges and the market itself.

Brand identity and business model:

7. Is social/environmental impact important from the start and does it guide all the company's actions?

Yes, the project has had these two aspects from the start, although, when we created the project, we weren't aware of them. I grew up wearing transformed clothes and so, at the time, the aim was to respond to a social problem, which was the social exclusion of women over 50 from working life, using something that was simply familiar to me at the time. In other words, the methodology was always focused on reuse as a way of creating more opportunities and including women over 50 out of the workforce.

At the beginning, we didn't have a very clear perception that we were also solving an environmental problem and that the fact that we were reusing post-consumer waste or abundant resources had an environmental impact. Later, I realized that this had a name, that it was called 'upcycling' and that it was also a way of responding to or addressing some of the negative externalities of the fashion industry.

In any case, the methodology has remained the same since the beginning. We've made a few adjustments in terms of operations, the way the activities are organized and the type of

product, but the social and environmental impact has remained with us and is present in what is the brand's current and future strategy.

8. What social/environmental projects are you currently implementing?

The social and environmental component, rather than projects, are two premises of our business model.

We focus on reusing pre-consumer waste or fabrics that exist in abundance but no longer have industrial viability or great commercial value, and we make the clothes we sell. These clothes are made by a specialized workforce.

We have a social project, From Granny to Trendy, which is a training program for women over 50 who are out of the workforce, where they learn how to work with textiles and old clothes, and where they also work on some personal skills. The project is very focused on this aspect of individual work, of self-worth, of becoming more active again.

To make clothes, we need seamstresses and specialized partners. So, this program is two activities that complement each other: promoting active ageing, lifelong learning and greater participation in community activities; in addition, we signpost and train these seamstresses, promoting professional requalification.

9. Does social and environmental innovation play an important role in the company and its business model? To what extent?

Although we usually put environmental and social innovation in different boxes, they are automatically linked. In smaller-scale, more local solutions that combine social innovation with environmental innovation or circular innovation, there is a greater redistribution of income and also, consequently, a greater distribution of costs. These are shorter chains, with more opportunities for people. This creates more resilient communities and, obviously, new models of employability and, ultimately, greater economic value for local communities.

This is an important aspect for us. This enhancement also depends a lot on changing behavior, raising awareness and, for this, it's very important to work with communities, to work collaboratively and, for this reason, social innovation, to the extent that the design of the value you want to add respects environmental limits and creates solutions that optimize the reuse of resources, is a very interesting space to absorb this type of solution. But that's not enough, because if this isn't accompanied by legislation that regulates competence, that begins to change what is the current development model, there won't be any change.

In other words, there has to be something that, from the strategic point of view of public policies, taxation and regulation, is articulated with the vision of the future. In this way, we could change this development model, which has positive things, but has many negative externalities.

10. Did you receive financial support to launch the project? Do you currently receive any support?

We sustain the project with a combination of different sources of income. One source of income is the sale of clothes, another source of income is the provision of services, which can be workshops or upcycling services for other brands and organizations. Then we sell services directly to the government, which means we charge to run these workshops. Finally, we apply for subsidies and support. We are not yet self-sustainable, and we anticipate that, perhaps, for what is the social program, it may be more difficult for us to be self-sustainable. But sustainability is not a synonym for self-sustainability. We have to guarantee a way of financing our activities and we have various sources of income to cover the annual budget.

11. Has it been necessary to reformulate the business model over time? When and how?

The premise or value proposition remains the same, but we have been adjusting the business model. We, for example, initially did the workshops and the production of the clothes in a single activity and we changed that because we realized that the production of the clothes couldn't be done in the workshops. We started selling these workshops as B2Gov services. In other words, the workshops we run for women over 50 are financed by selling services directly to municipalities or through applications.

In terms of the business model, we had to make adjustments in order to survive and also to take advantage of what the market itself was making clearer in terms of demand.

Another example is the question of internationalization. We started by trying to sell our clothes abroad and, in the meantime, with the pandemic we realized that we didn't have the resources to sell abroad. We had to change our strategy and sell inwards and directly to the end consumer. We had to change our business model and strategy in order to survive.

And it's very likely that over the next few years there will be another adjustment or two. We have to be elastic; we have to be adaptable.

However, the value proposition and basic principles haven't changed.

12. Do you think that the business strategies you are implementing can be used by other companies in other sectors?

Reusing resources to create value-added products or upcycling or reusing is something that can be replicated in many industries. On the other hand, reuse and handicrafts as a methodology for well-being and social inclusion is also something that can be perfectly applied to many other sectors. Ceramics, agriculture, you name it, we're talking about things that are very simple and that are transversal and have a proven impact. It has been more than studied that handicrafts help with a sense of well-being, make people feel more present, stimulate their creativity, create bonds, and work as a network. So, what we do can be transposed to other industries and other initiatives.

The impact of a social/environmental mission:

13. How do you combine social/environmental impact and economic objectives in a fashion brand?

It's extremely difficult. It has always been difficult, and it continues to be very difficult. Especially in a post-pandemic with a recession like the one we're in. Also, there's a lot of competition and we can't compete on price. There's a lot of instability, an increase in costs and the funding that exists either favors solutions that are, perhaps, even more social than the one we have, or it favors projects on a much larger scale.

So surviving is extremely difficult. We have to have very agile models, a great capacity for adaptability and we're not safe. Because, in fact, the textile market is extremely competitive and, at the moment, we're dealing with a number of factors that make the uncertainty factor, which is inherent in any entrepreneurial project, even greater.

14. Does the fact that it is a business with a social component add value to the business?

I would say that this is a competitive or distinctive aspect. It isn't always an advantage. Because there is no such thing as a social enterprise in Portugal. Impact businesses aren't exactly a reality. So, a lot of the time, what we feel is that we are too much of a business for the social sector and not enough of a business to be on the market.

On the one hand, we manage to have different lines of revenue. On the other hand, positioning is difficult. Because as long as there are social and environmental responsibility

departments in companies and this isn't diluted in what the companies do, initiatives like Vintage for a Cause have to position themselves in one way or another.

Because doing everything, in other words, having social value and environmental value and being run by a non-profit association, but wanting to be sustainable at the same time, is something that doesn't seem to have a place... It is a way of being that may not be 100% absorbed by the current fiscal, legislative and market reality.

However, the social aspect is, in fact, what sets us apart and is the added value that the initiative brings with its actions.

15. What are the main difficulties you face, with social/environmental impact being one of the main concerns?

There are many challenges. First there's the issue that when you are working on innovation, there aren't many references. So, you are testing and doing something that the market may or may not accept as a solution. This is extremely challenging. You are walking a path where there aren't really any references to tell you not this way or that way. You get some tips and there are cases, there are those case studies that bring you closer and there are business models that you can study.

However, there is a great level of uncertainty. Then there is the issue of the team, which is critical and a constant challenge. Teams aren't born perfect. Startups or social innovation projects require very specific profiles and, normally, there are no financial resources to hire people with different profiles. In other words, several tasks have to be accumulated by the same person.

Then there is the question of positioning. It is much more difficult with a social organization or with this more hybrid profile to have a clear positioning than someone who, for example, only sells pajamas. Or is only promoting active ageing. So, I would say that these are the challenges of social organizations, plus the challenges of startups, combined with external challenges, which we don't control. There are many challenges.

16. What do you think would happen if the social mission was removed from the company?

In fact, it is something that we have already considered and that from a strategic point of view is not excluded, that is, spinning off what is the brand and the business to become a for-profit company, which is only focused on the brand. Because, while on the one hand it

will require duplicating resources and legal forms, on the other hand it could allow for a clearer framework for each of the lines of intervention that we are currently working on almost in parallel.

It is therefore an assumption that makes sense and that we are considering as a possibility, aware that we should only do so if we have the resources to justify this duplication. These resources could be an investor or investors to scale the brand and partners or people who can really drive the business forward, because we're not interested in so-called dumb capital, i.e. having money just for the sake of having money.

From a strategic point of view, if the brand is profitable, it can be the financier or main financier of the social program.

Therefore, we have been considering it as the project has evolved, aware that this also carries a risk and that it only makes sense to go ahead with a level of ambition that actually generates a very significant impact. In other words, it makes sense from the point of view of internationalizing the brand, of having an investment for internationalization that is more than enough and that somehow projects a financial return that allows social impact to be generated.

Otherwise, you are doubling your effort in order to get exactly the same return, with an additional risk factor. In other words, from a risk point of view, I think it is also a decision that has to be carefully considered because otherwise you made a mountain out of a molehill. The goal isn't to have another clothing brand, it's to have a clothing brand that can actually generate an impact that is positive, tangible and proven. Otherwise, it probably doesn't make sense, because my main motivation is not to become a millionaire. And this is relevant. Okay, let's set up a company and leave the social part, for what purpose? What will this bring us or how will it position us? What will we be adding to a market that already doesn't exist? Because clothes already exist to dress six generations.

Final remarks:

17. The fashion industry is facing some demanding challenges. To what extent can social entrepreneurship help solve these problems?

I would say that the challenges facing the fashion industry, and the current development model are interconnected. We can't separate the fashion industry and the model of overproduction and excessive consumption from what is the current moment of economic development - capitalism - in which everything is designed to be large-scale. We cannot

dissociate the challenges we are facing in the fashion industry, the food industry and other industries from this development model. And what we feel is that, in fact, there is no solution. What we have seen is that in Portugal, for example, the focus is very much on recycling. Because it's the product of scale, or the substitution of materials. But this doesn't change the consumption model or the production model. It's just providing an answer that's accessible on a larger scale, but the systemic nature of this type of solution is questionable. This is just replacing materials and providing an answer to what is waste, because it will be compulsory by 2025 to manage post-consumer textiles like any other waste.

So, there have to be several solutions and, for there to be an impact and change, scale is very important, but I would say that the problem is a little more complex. We are facing challenges of a systemic nature and, therefore, we cannot neglect or underestimate what are locally based solutions, such as Vintage for a Cause or other movements, small projects and small artisans.

18. What do you still want to achieve in the next few years/what is your vision for the future of the company?

What we want over the next two years is to grow the number of sewing clubs at a national level, in other words, to almost make this activity something that is well known and easy to replicate. Even easier to replicate than it is now. It is already being replicated, but we can still speed up the replication through synergies of scale, making the cost of the program lower and lower. And allow other organizations that are working either in waste management or in promoting active ageing, in retraining, to take this and replicate it.

And then, in a second phase, to turn these sewing clubs into local repair and production stations that are digitally integrated, so that we can increase our production capacity in a decentralized way. The aim is for the methodology to somehow replicate itself across as many territories as possible and start to scale up without the costs and impacts or negative externalities of producing on a large scale.

19. What do you think is missing for social entrepreneurship to be seen as a viable alternative in Portugal?

I think there are several things missing, but I think this is a question for experts. From my perspective, the social entrepreneurship ecosystem lacks several things.

The first is professionalization. Several things that are different are packed together. Third sector organizations are mixed in, intrapreneurship in some companies is mixed in. And they

are very different things. There is no Social Enterprise statute. There is no code of ethics for investors, social entrepreneurs or third sector organizations. And so, there is a lack of professionalization, above all.

I would say that, ideally, when companies start to genuinely include social and environmental concerns in their purpose and have more focused governance rather than a social or environmental responsibility department, which is a bit of a way of compensating for what is being done less well, perhaps there won't be so much of a lack, perhaps there will be more conditions for social innovation.

20. Final notes. Is there anything you would like to add?

I think that both the profit and non-profit sectors have room to collaborate and create an ecosystem that, if professionalized, has a lot of potential to generate wealth and economic value too, not just social value.

7.2. 8000kicks interview

Contextual information:

1. Personal information

Name: Bernardo Carreira

Gender: Male

Nationality: Portuguese

Country of residence: Portugal

Profession: CEO and Founder of 8000kicks

Academic background: ISCTE - Management; Master of Science (MSc) – Global Entrepreneurship Program

2. Company information

Name: 8000kicks

Year of foundation: 2019

Headquarters: Fátima

Number of employees: 5

Annual turnover: 500000€

3. Briefly describe your career path

Academically, I studied at ISCTE and did my master's degree abroad. After that, I worked mainly in marketing. Currently, I'm CEO and founder of 8000kicks.

4. What roles/tasks you performed at the beginning and what is your main role in the company now?

Things change a bit over time. In the beginning I was more focused on customer support and sales support. Now, I deal mainly with finance, but I do a bit of everything.

5. What were the main reasons/goals that led you to create a fashion brand?

It all started as a joke when I was with my friends, which quickly turned into a very serious idea. Hemp is a material that has immense potential and what we identified here was a great opportunity to develop a whole industry around it.

6. Are you achieving the goals and impact you envisioned before founding 8000kicks?

Yes, things are progressing. At the moment it is difficult because there is a big crisis in world terms, in terms of consumption slowdowns, but it's not just us, big companies are also suffering, important countries for the industry are facing big difficulties, many retailers are going bankrupt... and we end up suffering a bit too.

Brand identity and business model:

7. Is social/environmental impact important from the start and does it guide all the company's actions?

Yes. From the very beginning, the environmental and social impact was a very important component. I'm mostly vegetarian because of the environmental impact. Then there was always a personal concern about workers' conditions. I mean, we are millennials, we grew up with the whole issue of the environment and the problems associated with it.

My grandmother is one of the most careful people I know when it comes to waste, reusing and recycling. So, I have always lived with this culture at home. The project itself grew out of the fact that hemp is an extremely sustainable plant. It's the most sustainable fiber on the planet, due to the amount of CO2 it absorbs from the atmosphere, its soil-cleaning properties, the fact that it doesn't need pesticides, herbicides or practically any water. This all helps make hemp sustainable and that was one of the reasons we used it. We knew we were going to be a sustainable company from day 1 and we had to focus on, since this is sustainable because we use hemp, now we're going to make a hemp product as functionally good as all the other fibers.

And we have been making it, first normal shoes, then running shoes, boots, backpacks. We are raising the bar for what is possible with hemp.

8. What social/environmental projects are you currently implementing?

We have a Corporate Social Responsibility program available on our website with all the points we are working on. The main focus is environmental, but social is also very important. Environmentally, we try to reduce the impact generated by the materials we use as much as possible, and we have a carbon offset program with which we have already planted tens of thousands of trees to achieve carbon neutrality.

On a social level we also have various initiatives, for example, with regard to workers' conditions, we follow the Global Living Wage Coalition (GLWC) standard for developing countries. Apart from the fact that we have part of our production in Portugal, the Czech Republic or Ukraine, the majority of our production takes place in developing countries. Because we are aware of the associated problems, we are concerned with ensuring monitoring and paying a fair wage, equal to or greater than the Living Wage.

9. Does social and environmental innovation play an important role in the company and its business model? To what extent?

Yes, through everything I have already mentioned. We made the 1st Waterproof Hemp shoes.

10. Did you receive financial support to launch the project? Do you currently receive any support?

Yes, we have done a few crowdfunding campaigns since we started. Maybe 4 or 5.

11. You have expanded production outside Portugal. Why?

We gradually spread production around the world because it didn't make sense from an environmental and economic point of view to produce only in Portugal. Achieving a 100% Portuguese product was impossible because there is no hemp in Portugal or in many European countries. We would have to import hemp to Europe, produce it and then export it back to the United States, for example, which is our biggest market.

It is not economically viable for some products to travel all this way. It is better to produce, for example, directly in Asia where there are all the raw materials and send them to the United States and Europe. What this means is that we prefer to produce everything locally rather than sending raw materials from one side of the planet to the other. What is more sustainable? Is it producing in Portugal with raw materials from the rest of the world or producing, for example, in Asia, where most of the raw materials come from? For us, that also matters when it comes to analyzing the impact of our products.

We have a running shoe that was launched recently. None of the components of that shoe, perhaps the laces, could be produced in Portugal. We looked at several factories and it wasn't possible.

12. Has it been necessary to reformulate the business model over time? When and how?

We had to adjust it several times. Especially during the Covid period when we ran out of production because the factories were closed. We were only selling masks, the only product we had in production.

Then we started to come back, but our online marketing stopped working. We had to start selling through other channels.

So yes, we keep readjusting.

13. Do you think that the business strategies you are implementing can be used by other companies in other sectors?

Of course. We are not reinventing the wheel. We are looking at what is best done in other companies and adjusting it to our reality. Above all, it is a process of understanding what makes sense. We realized that having a physical store could help give the brand credibility or that providing a guarantee and free shipping was important. We see what's being asked of us and try to respond. As with the style of the products we produce, we saw that some features were more important than others, so we moved in that direction. It's a bit like that.

The impact of a social/environmental mission:

14. How do you combine social/environmental impact and economic objectives in a fashion brand?

Yes, they are constantly overlapping each other. When we want to plant trees, we are overlapping our environmental objectives with our economic ones. The ideal is to have both. But let's imagine that we have financial objectives and we're not achieving them. If the company is in a difficult financial situation, as has happened in the past, we always have to cut back somewhere. This is always a complicated decision. And then we have to choose which is going to stay. Perhaps it is easier to suspend the program in which we plant trees and then compensate later. And sometimes it is better to cut back on that than to cut back on salaries, for example. All companies have their difficulties.

15. Does the fact that it is a business with a social component add value to the business?

It depends on the market. There are some who value it and many others who don't care. Often people just want a story: "This is so cool, and it's sustainable!". But very few people take the time to go and see if and what is sustainable.

I have bought competitor's shoes that said they were recycled and everything, and then they weren't. There was the problem of smell, texture, fibers used... We remain focused on our work, but society also has to do its part. Greenwashing is there and it is real.

There are already regulations and organizations that work well in this area, but we have reached the point where everyone claims to be sustainable when, in reality, they are only focused on having a recycled box.

16. What are the main difficulties you face, with social/environmental impact being one of the main concerns?

Our main problem is communication. We have a sustainable, durable, and comfortable product, but it can be associated with a weaker aspect. Also, because we use hemp, people associate it with cannabis and that sometimes damages our image.

Final remarks:

17. The fashion industry is facing some demanding challenges. To what extent can social entrepreneurship help solve these problems?

Yes, entrepreneurship, if it is good, always has the potential to solve problems. That is the genesis of entrepreneurship, solving problems. Now, in my opinion, any idea and any project have to have a sustainable background. And of course there will always be fast fashion projects. But the ideal would be to create incentives for projects that take the environment into account, because at the end of the day you have to pay the bills. The costs are totally different. We can't make shoes very cheaply because if cotton costs 3 or 4 euros per square meter, hemp costs up to 20. Then our soles are recycled, it takes work.

You can't make cheap shoes taking all this into account. Those who want cheap shoes make plastic shoes, it's cheap, done.

18. What do you still want to achieve in the next few years/what is your vision for the future of the company?

We want to consolidate our position as the market leader in hemp. That is the most important goal. Then we also want to grow, get into more distributors and stores around the world. Especially with a more outdoor look. We are now making a slight shift from being so casual to being more outdoor.

19. What do you think is missing for social entrepreneurship to be seen as a viable alternative in Portugal?

There is a problem at the State level. Not so much in terms of incentives, because I think people are already dynamic by nature. But then we have a high tax rate in Portugal, which can be demotivating. And then all the bureaucracy and procedures that have to be done are simply exhausting.

7.3. Palu interview

Contextual information:

1. Personal information

Name: João Velhinho

Gender: Male

Nationality: Portuguese

Country of residence: Portugal

Profession: Designer and CEO of Palu

Academic background: Design - University of Aveiro; Post-graduate degree in illustration -

Faculty of Fine Arts of the University of Porto

2. Company information

Name: Palu

Year of foundation: 2012

Headquarters: Aveiro

Number of employees: 5

Annual turnover: N/A

3. Briefly describe your career path

I created Palu when I was 17. At the time I wasn't a designer, and I didn't know how to use design programs. I created it just because I wanted to make some different t-shirts for myself and my friends. In the meantime, I graduated in design from the University of Aveiro and took a postgraduate degree in illustration at the Faculty of Fine Arts of the University of Porto. Then I worked for an atelier in Porto where I learned a lot about design and business. At the same time, I kept working in clothes stores to learn how to approach customers and what kind of clothes they prefer. I worked in three completely different clothing stores, but it was very important to me: a women's clothing store; a unisex store with a more mainstream style; and then a slightly more expensive and more formal clothing store where customer service is more valued. Although my brand has a different style, it is always important to go through these stages to learn how it works. I also worked as a freelance designer in my own studio. On top of all this, I was teaching surfing!

4. What roles/tasks you performed at the beginning and what is your main role in the company now?

They changed a lot, which is normal. At first, I did a bit of everything, but without really knowing what I was doing. I used to draw sketches by hand and ask a friend of my father's, who was a designer, to put them on the computer. Then I would ask someone to do the production for me, because I didn't know how to do it. I would just say more or less what I wanted, draw the t-shirt by hand and that was it. Then I started paying more attention to social media, so I would take some photos with my friends, more edited photos, think a bit more about the presentation on social media and sell through Instagram, make that contact with the customer.

I now work in quality and production control, product design, graphic design and fashion design. I design the garments; I have the pieces in paper molds, and I design the fitting. I'm not a fashion designer, I started designing, creating the fit of Palu's t-shirts using a pre-existing t-shirt and then making alterations according to my taste, from the sleeves to the shoulders, the length... Also, in terms of managing the brand, I'm in charge of everything, and I like to take care of the commercial side, both going to the markets and contacting the stores, because I don't think anyone can sell the brand as well as I can, explaining the concept, letting people know who created it.

5. What were the main reasons/goals that led you to create a fashion brand?

The goal was always to make surfwear, a surf brand. And I always wanted it to have a sustainability aspect, because it is something that really appeals to me and makes sense. But at the beginning, when I was 17, I had no idea how to do it and there wasn't as much information as there is now. My initial idea for Palu was to use second-hand clothes, basic ones that were in good condition, and print my designs on them to upcycle them, to be sustainable. It was my first idea, but in terms of production it wasn't easy. Today the objectives are similar, but we are fulfilling them in a different and more informed way.

6. Are you achieving the goals and impact you envisioned before founding Palu?

As we didn't want to set up a physical store because we couldn't afford it, we opted only for online. What I feel about online is exactly that, people don't know the products well and it makes our job more difficult. So, we created alternatives to make the brand known: we are

present in various markets and in stores that sell our products. But at the moment, we're not achieving the goals we've set out, but we will get there.

Brand identity and business model:

7. Is social/environmental impact important from the start and does it guide all the company's actions?

Yes, it has been one of our concerns since the beginning and it has evolved over time. For example, I've been establishing relationships with factories, and we are now able to use fabrics that they were no longer going to use and produce smaller quantities, something that used to be more difficult to do. I don't think anything is 100% sustainable, but we try to have as little environmental impact as possible.

8. What social/environmental projects are you currently implementing?

Our garments are produced from deadstock, so there is less waste, and we don't have to produce new fabrics. Even the colors are the ones the fabric has; we don't do a second dyeing because it is a highly polluting process. So, we make exclusive collections, where we can often only produce 30 or 40 t-shirts in a specific color. We then help some local seamstresses, retired people with their own sewing knowledge and equipment, who produce simpler items, such as tote bags.

In addition, we donate a percentage of sales to the Verde association, which preserves nature in Portugal. In the past, we have tried to organize workshops related to sustainability and upcycling, but the response was not what we expected. For now, it is on hold, but perhaps we will do it again in the future.

Finally, we organized an event called Shore Ambassadors. We started by doing a beach clean-up in Aveiro followed by surf lessons. We have these kinds of actions that we want to expand throughout Portugal.

9. Does social and environmental innovation play an important role in the company and its business model? To what extent?

We try to create solutions to minimize our impact. For example, we upcycle our garments, so we don't have to produce more, we use existing clothes and give them a new life. With a regular-cut men's T-shirt that we had a lot of and weren't able to sell, we cut it up and made a cropped version, more oversized and aimed at women. The combination of men's and

women's percentiles allowed us to adapt a regular version to oversized and drop-shoulder. To give another example, on a hoodie with a small embroidery that we already had, we printed it in a pre-order service. It took longer to deliver to the customer, but we gave those garments a new life. With these small adaptations, we avoid having to expand new collections.

10. Did you receive financial support to launch the project? Do you currently receive any support?

Yes, I have partners who have put in money and supported us. We've never had state support. But we haven't managed to sustain ourselves yet, because the brand is growing. We survive from Palu on the sales we make, and then from the design work I do, because I have a studio and I accept design work with other brands, both in terms of production and clothing design. If we just talk about online sales, the brand doesn't pay for itself.

11. Has it been necessary to reformulate the business model over time? When and how?

Of course it was necessary. 11 years ago, I didn't have as much knowledge as I do now. At first, I only made prints and in small quantities. Then it evolved and now I dedicate myself full-time to Palu. We have our own models, we've created the brand image, we have a well-thought-out marketing plan and it's no longer just me, we're a team!

12. Do you think that the business strategies you are implementing can be used by other companies in other sectors?

The wheel is already invented, we take a detail from here and a detail from there, put it all together and create our identity. So, I think yes!

The impact of a social/environmental mission:

13. How do you combine social/environmental impact and economic objectives in a fashion brand?

At Palu I have a clear conscience, because I know that my products are of high quality, made in Portugal and with great environmental concern. This is then reflected in the costs we have, which are 10 times or more higher than other options that exist, for example, production in Bangladesh or other similar countries where the reality is completely different. Then, by

choosing to use deadstock, which was going to be waste from the factories, it implies production on a smaller scale, which also results in higher costs. These are choices, and I've already turned down some alternatives that would have helped the business grow much faster, but in which I would have had to sacrifice the brand's values. However, I have no regrets.

14. Does the fact that it is a business with a social component add value to the business?

I think that, without exaggerating, 90% of people don't care about sustainability at all. When it comes to buying, they care about price. Or quality, in terms of touch, thickness, durability. The sustainability niche is very small, but there is that niche market. But for us, quality and production in Portugal are the factors that stand out the most.

15. What are the main difficulties you face, with social/environmental impact being one of the main concerns?

The costs are extremely high, and you need to invest more and be more resilient to keep going. And then the methods we use require greater dedication. The factories are prepared for large-scale production, so they make ours when they can and sometimes it can take a little longer. The choice of deadstock fabrics, where new quality tests have to be carried out, limits production somewhat. But all of this is to comply with the brand's values and to have a more sustainable Portuguese production.

16. What do you think would happen if the social mission was removed from the company?

If I have to ignore the sustainability component, I'd rather end the project, go on with my life and devote myself solely to design. Either I do the project like this, or I don't. It would be much easier because the costs would be lower, the investment would be lower. The strategy could be something like buying the t-shirts and, just so I didn't have a thousand identical t-shirts, I would print them here in Portugal, even if the printing cost a bit more, I would always get t-shirts for 3 euros, for example.

So, it was much cheaper than what I buy now. And I had much more of a profit margin and could sell clothes cheaper. The business grew much faster. I had more money to invest in a

store, I had more collections, the clothes were still good quality, not as good, but not bad. And it grew and I had money.

My goal was never to get rich, it was always to have a business that supported itself and to get some money, obviously, to invest and to be able, in the long term, to donate money, more donations to institutions.

Final remarks:

17. The fashion industry is facing some demanding challenges. To what extent can social entrepreneurship help solve these problems?

Our methods and objectives are in line with this - minimizing the impact of fashion by promoting the circular economy in Portugal as well as national and sustainable production. I'm doing this production work for other brands, because my goal is for more brands in Portugal to do this and as they often don't know how to handle production, from labels, knowing suppliers and factories or doing the technical drawing, then I take care of all the logistics.

18. What do you still want to achieve in the next few years/what is your vision for the future of the company?

My plan for the future is to have a physical Palu store. My goal is to start with one store and then expand, but always in strategic areas. Another ambition is to set up a pop-up store with a van and tour the whole of Portugal, stopping at beaches.

My goal is to expand, even outside Portugal. I want to sell Palu to everyone and always continue with this purpose - which is sustainable clothing. But we will always grow up with our minds in place. I'm not going to neglect the sustainability part just to get more production or close a deal.

19. What do you think is missing for social entrepreneurship to be seen as a viable alternative in Portugal?

I'm not saying that there isn't support from the state, but it's not enough. If tax costs were reduced for companies that have these practices, it would help. And this should be applied throughout the production chain. For example, factories that want to produce in a more sustainable way shouldn't be taxed so much on the machines they need to buy. This could

then also have an impact on the brands. Or for producing in Portugal and producing sustainably, receiving financial support, even if it's small, just to help with expenses.

7.4. Ivory Therapy interview

Contextual information:

1. Personal information

Name: Afonso Soares

Gender: Male

Nationality: Portuguese

Country of residence: Portugal

Profession: CEO and Founder of Ivory Therapy

Academic background: Degree in Information Management – NOVA IMS

2. Company information

Name: Ivory Therapy

Year of foundation: 2020

Headquarters: Oeiras

Number of employees: 10

Annual turnover: N/A

3. Briefly describe your career path

I have done a lot of things; I had a lot of jobs. I have even worked in a factory, making cereal bars. I used to go there at six in the morning and leave at one the next morning, always doing the same thing.

Well, I would consider my degree to be relevant training. Then I would consider my experience in sport to be very relevant. I was a professional basketball player, I went to Spain when I was 16, on my own, to play basketball. And I think that, more than all those little jobs, which also gave me a lot of experience, I would say that sport was one of the most important forms of training I had.

4. What roles/tasks you performed at the beginning and what is your main role in the company now?

At first, we were very disorganized, we didn't know what we were doing. We didn't know... which way to go, who should do what. In the beginning, I basically dealt with everything that was operations, the technical side of the website, ads, all that technical stuff. In 2022 we changed a few things and, since then, I have been the CEO! The main duties are to ensure

that the team is all on the same line and in the same direction and that we are moving at the speed I want us to move at. There needs to be a path, there needs to be a direction and that's my job. Among many other things, it's to elevate each department to its full potential, but to elevate each person who works here with us to their full potential is difficult. But also, because we are a small structure, I end up being very much a problem solver.

5. What were the main reasons/goals that led you to create a fashion brand?

In the beginning, the aim was to be entrepreneurs and have our own thing, me and my brother Francisco, the creative director. But we were very disorganized, we didn't know what to do. Then, as we found our way, as we grew and as we had experiences, we started to address the topic of mental health more and more, and we started to give a voice to mental health for everyone.

And we started to find our way. It's quite normal to start a project and not really know how it's going to develop and what the outcome is going to be. And that's what happened to us, we found our way and today we have our path well defined, we want to bring mental health to everyone and fight loneliness in the world.

But in the beginning, it was “let's create a little thing here, let's see where it goes” and with some crazy ideas we got to where we are today.

6. Are you achieving the goals and impact you envisioned before founding Ivory Therapy?

Yes and no. We are very ambitious, and sometimes it's a little bittersweet because we often hit a barrier and it's hard to move on from there. But this is usually due to a lack of knowledge. When you can't get to the next level, it's because in terms of knowledge you're not ready to go to that level. But we have achieved our goals, we have managed to give mental health a voice. Some we haven't, others we have.

We keep moving forward and fighting. It may not take a year, it may take two or three, but we will get there, and I have no doubt about that. This year we are aiming to achieve 4,000 sales, 5,745 items of clothing and 1,500 therapy sessions.

Brand identity and business model:

7. Is social/environmental impact important from the start and does it guide all the company's actions?

Yes, from the beginning. Ivory actually started with a project at the time of Covid, in 2020, in which we made some t-shirts and 100% of the profits from those t-shirts were donated to an association of some friends of ours who delivered baskets around Lisbon.

Then, when we founded Ivory, we always had a social aspect. It's part of our education, mine and Francisco's, and it made perfect sense to always have a social purpose, to give back, and not just to make money. Therefore, we've had this social aspect from the beginning until today. Like all entrepreneurs in the initial phase, we wondered if it made sense, but we always ended up saying yes. It makes sense, it's what we have to do, it's our vision, it's our mission and, therefore, from the beginning we have had the social aspect, and we won't stop having it.

8. What social/environmental projects are you currently implementing?

The environmental aspect is not our focus. Our garments are made with 100% organic cotton and recycled polyester, they are certified, but that's the least we could do. It's not our focus, it's something additional that is part of our values.

In terms of social projects, we started with the #FlattenTheCurve movement and 100% of the profits were donated to an institution. Then, when we founded Ivory, 30% of the profits were donated to associations and NGOs associated with the messages of our garments. We left that model and now what we do in social terms is 100% about mental health. We want to bring mental health to everyone and every piece we sell includes a therapy session at no extra cost to the customer, where the customer can use the session for themselves or give it to a family member, a friend or even donate it back to our community.

Over the years we have developed a more concrete and better, more mechanical method. We have people who come to us looking for help, mainly people who can't afford it, and so we support their therapeutic process at much lower or even zero cost. That's the social support we do, we don't invest in associations, we do in-house support with our own psychologists.

On the subject of lower prices, our standard consultations are already more affordable than the market. Anyone can access it, as soon as they log on to our website and feel that they need this help, they'll be able to get it.

9. Does social and environmental innovation play an important role in the company and its business model? To what extent?

The social and environmental cause is in our values, but in terms of innovation itself, we're not great innovators. We're not inventing anything; we're not doing anything new. The only thing we want to do, which is part of who we are, is tell our story, bring mental health to everyone and help, literally.

We're not going to differentiate ourselves because we've done something new, we're going to differentiate ourselves by the message and the help we give.

10. Did you receive financial support to launch the project? Do you currently receive any support?

In 2022, when we founded the company, we had new partners, and they came in with very little capital. But in the meantime, we've had more support from the partners. In terms of government support, we've already had two IFP applications approved and we're now working on more project applications, namely the project “Qualificação das PME”. But in terms of external investors, we haven't had anything yet, but in principle we'll be looking for capital investment in September or October.

11. Has it been necessary to reformulate the business model over time? When and how?

In 2022, a partner with entrepreneurial and business experience joined us. And we gave the company a major makeover.

The business model changed significantly. We suddenly started giving therapy sessions and having clients undergo therapy. This was in November 2022, and we launched the new model in February 2023. And it was a big shift in terms of the business model because, all of a sudden, we were no longer a clothing brand - we were a mental health platform. I know our website still screams clothing brand, but we're going to change that.

As I said at the beginning, when you start a project, you don't need to know straight away what you're going to do and how it's going to be. You'll figure it out and we've figured it out, we've stopped donating to associations and NGOs and we've become a mental health platform, having our own commercial cause and even signing contracts with businesses to take mental health to companies. So yes, the business model has changed a lot.

We are a start-up that is a mental health platform. In other words, our clothes and our products are part of this mental health platform.

12. Do you think that the business strategies you are implementing can be used by other companies in other sectors?

It can certainly be used in different sectors. There are many other companies and brands, not so much in Portugal, but mainly abroad, doing what we do, but in their own sector. All industries can implement it, and all brands can implement it, but you have to know how you're going to implement it and do it in a smart way. And then it all comes back to the company's values, the company's mission, and I think people identify with that and that's a great motivation.

The impact of a social/environmental mission

13. How do you combine social/environmental impact and economic objectives in a fashion brand?

If we didn't have this social aspect, we wouldn't be here today. So, I think they go hand in hand. The way I see it, you have to have a purpose, a very strong mission behind it and, in this case, our social aspect helps us reach economic goals.

Of course, we have to manage our finances well and we can't help everyone at once, it's important to mention that too. But yes, I think they go hand in hand and increasingly in new projects they will need to go hand in hand.

14. Does the fact that it is a business with a social component add value to the business?

Yes, definitely. In all aspects, in terms of turnover, in terms of valuing the company itself, without a doubt.

The social mission helps the economic objectives. Having a greater purpose, and I think that often people in general and new entrepreneurs themselves don't realize this, when you have a greater mission behind you, the economic goals end up being easier to achieve. Because people join you, we have a very strong community of people who want to see us succeed.

15. What are the main difficulties you face, with social/environmental impact being one of the main concerns?

Resources, especially financial resources. It's quite difficult to work with margins. So, I'd say that's the number one difficulty and it always ends up leading to that difficulty, which is the lack of financial resources.

Another difficulty is the team. It's always difficult to attract people and to manage expectations. Also, because if there was money for everything it would be easier, wouldn't it?

Apart from more day-to-day things, I think these are the two biggest difficulties. Because once you know your path, you know what you need to do to get where you want to go, the important thing is to have the right team and climb with them.

16. What do you think would happen if the social mission was removed from the company?

It doesn't make sense, it's not something we think about. Also, because our social mission and our social aspect don't have a very high financial cost, so it would never make sense not to do it. If you say the environmental part, where we make our garments with organic cotton, we have all the certificates, the cost differences are much higher. If we've already thought about leaving this environmental part, several times, but it hasn't been justified, I don't think it will be justified and it's not something we want to do.

Final remarks:

17. The fashion industry is facing some demanding challenges. To what extent can social entrepreneurship help solve these problems?

The consumer decides and it's very difficult. No matter how many projects there are, and there are many projects with social and environmental concerns that are gaining traction, the consumer decides. If fast fashion continues to win and continues to overtake all the other projects that don't follow that path, it's very difficult for those other projects to succeed. What would I say? No matter how many positive solutions or regulations there are, the consumer has to support them.

18. What do you still want to achieve in the next few years/what is your vision for the future of the company?

What we want to achieve, and I don't want to give a limit or a barrier, is to bring mental health to people. We have clear objectives in terms of turnover, appointments provided and how we can make this happen. But our goal over the next few years will be to grow, to increase the community,

This is the vision for the next few years. In the more distant future it's difficult to say, tomorrow life is already different, things are already different, but without a doubt this is our mission over the next few years, and this is what we want to achieve.

19. What do you think is missing for social entrepreneurship to be seen as a viable alternative in Portugal?

As for Portugal, we're very strangled by taxes and fees and it's difficult to start a new project, a new start-up. With more financial capacity you can reach more people, you can make more content, you can have more ads, you can raise more awareness... I'd say it's about somehow getting more state financial support. Of course, there's a catch here, which is that most projects, whether they have a social aspect or not, most entrepreneurship projects will fail. Statistically, they will fail. I'm not saying that the state has to put money into every project that pops up, because that doesn't make sense, but at least have more openness and more capacity to invest in these projects.

I think that's the only way, because you can't force the consumer. And since you can't do that, maybe you could give more support to these projects with social causes, so that they have a better chance of surviving.

20. Final notes. Is there anything you would like to add?

One very important note that I'll mention again is my vision and my opinion that starting a new project without a clear mission, without a clear vision, without solving a specific consumer need and without having at least one social aspect behind it, is very difficult.

In my opinion, it should be almost mandatory if an entrepreneur wants to succeed. Because you need to create a community, you need people to identify with you, you need people to want to be your allies and want to help you. And that's just what I said: we have more to gain from having this social aspect than if we didn't have it.

I think all projects should have a social aspect, all of them. Not only would the project itself have much more to gain, but the whole world.