

Concrete Actions in Human Entrepreneurship: The Case of Patagonia Inc.

Abstract

The aim of this paper is to advance the “Humane Entrepreneurship” paradigm by exploring some practical strategies and activities that should characterize this new entrepreneurial behavior. By analyzing the case study of Patagonia Inc., we found out that entrepreneurs should adopt degrowth as a specific business model to concretize Sustainability Orientation actions. Furthermore, we discovered that adhering to Fair Trade Associations and starting collaborative value creation program with suppliers and consumer should represent genuine Human Resource Orientation activities.

Keywords: humane entrepreneurship; sustainable development; business ethics; degrowth

Introduction

Milton Friedman’s paradigm of “the business of business is business”, based on the assumption that the only social responsibility of business is “to increase its profits”, is actually becoming impracticable due to the current resource and environmental problems. All this challenges relating to social issues and the ecological impoverishment of today’s world are now capturing the attention and interest of many academics, consultants and corporate executives. Specifically, the members of the International Council for Small Business (ICSB) introduced a new model of entrepreneurship – focused on sustainability, and a more humane, more ethical and more transparent manner of conducting business – called “humane entrepreneurship” (HumEnt). As highlighted by Parente et al. (2018), unlike the traditional concept of entrepreneurship, HumEnt is an enlarged Entrepreneurial Strategic Posture (ESP), which integrates three dimensions: Entrepreneurial Orientation (EO), Sustainability Orientation (SO) and Human Resource Orientation (HRO). This means that entrepreneurs should target an entrepreneurial opportunity

and create business models capable of exploiting that opportunity by respecting the employees, consumers, society at large, and the environment for future generations. Assuming the HumEnt model as theoretical basis, the aim of this study is to advance the knowledge about this topic exploring some practical strategies and activities that should characterize this new entrepreneurial behavior. To gain this objective, we performed a case study analysis of Patagonia Inc., a California-based outdoor clothing manufacturer.

The remaining sections of this paper are devoted to the description of the methodology, the presentation of the case analysis, and the conclusions.

Research methodology

In order to accomplish our research objective, we opted for a theory-driven exploratory case study approach (Yin, 2017). To explore the case of Patagonia Inc., we followed a precise protocol path: (1) Initially, in order to verify the existence of scholarly publications relative to Patagonia Inc., we performed a literature review consulting the main scholar databases, such as Scopus, Web of Science and ScienceDirect. From this research emerged that other researchers have already studied this case. Specifically, the query “Patagonia Inc.” inserted in databases listed above produced 29 results, but only 9 studies were considered relevant to the topic. (2) The second step consisted of finding secondary information dealing with the background of the case. Thus, we visited the company’s website, blog, and social media channels to collect documents about company culture, values, and business activities. (3) Finally, in order to analyze and interpret collected data, we performed a qualitative content analysis. That is, a “technique for making inferences by objectively and systematically identifying specified characteristics of messages” (Holsti, 1969: 14). The technique enables researchers to find out and explain the focal point of the study (Weber, 1990).

Case description and analysis

Patagonia Inc. is an outdoor apparel and gear company for sports including surfing, climbing, fly fishing, skiing and trail running. Its products are sold in over 40 countries through owned stores, retailers and online. Founded by Yvon Chouinard, a rock climber, in 1973 in Ventura, California, the company remains privately held. Thanks to the absence of external shareholders whose needs it would have to satisfy, the company can be driven by personal values and the decision of its owners (Khmara & Kronenberg, 2018). This explains why Patagonia Inc. participates in many environmental and social movements. Specifically, Chouinard (2016) stated that he runs Patagonia to contribute to solving both social and environmental problems, for example by prohibiting forced labor, implementing solutions to the environmental crisis and disbursing funds for good causes. This obviously links to the three dimensions of HumEnt. In particular, Patagonia Inc. concretizes SO actions by adopting a business model based on the concept of degrowth, that is “a vision for creating a better world, wherein people live with less” (van den Bergh & Kallis, 2012, p. 916). This means that the company produces durable products, facilitates recycling, and adopts initiatives, such as the campaign “Don’t Buy This Jacket” published on Black Friday 2011, to discourage customers from buying what they did not need. In order to reduce consumerism, and invite people to repair, reuse and recycle, Patagonia Inc., in 2013, started the “Worn Wear”. This program aims to keep clothing, regardless of brand, in circulation for as long as possible. Thus, a biodiesel repair truck began a tour in the USA doing free clothing repairs, teaching people how to fix their own gear and selling used Patagonia clothing. The “Worn Wear Tour” is now a global event. Patagonia’s repair vans continue to travel the world and, at each programmed stop, a large amount of social responsible consumers gather to fix their things. Focusing on HRO strategic posture, Patagonia Inc. performs a complex set of activities in terms of wealth and quality job creation. For example, it was in 1984 the first U.S. corporation to establish an on-site childcare center (Choi

& Gray, 2011). Patagonia Inc. also has succeeded in creating a friendly working environment. According to Great Place to Work (2017), 92% of Patagonia employees say their workplace is great; 97% of respondents feel good about the ways they contribute to the community; 96% are proud to tell others they work there; 94% say people care about each other there; and 93% say they have special and unique benefits there, such as flexible work time. Finally, Patagonia Inc. has collaborated with Fair Trade USA to guarantee that the workers producing its garments are being treated as people and not subject to sweatshop conditions. Patagonia's fair trade certified factories – mostly located in Asia, but they have expanded to the Americas as well – include in their practices rigorous safety standards, providing maternity leave, prohibiting child labor, and being environmentally aware. However, one of the most significant aspects of the fair trade commitment is that the extra money, that consumer pay for every Patagonia Inc. item that carries the Fair Trade Certified™ label, goes directly to the workers at the factory, and they decide how to spend it. Some factories have chosen to establish a childcare center, while others have opted to receive a cash bonus that helps them stay afloat financially. This freedom of choice is an essential part of the empowerment that fair trade gives to factory employees.

Conclusion

Our most important aim has been to examine some practical strategies and activities that should characterize HumEnt as a new entrepreneurial behavior. Specifically, from our analysis emerged that entrepreneurs should adopt degrowth as a specific business model to concretize SO actions. This means find alternatives to the dominant business growth model, for example cutting costs instead of pursuing growth in sales, research product quality rather than quantity, reducing environmental impacts of products (Liesen et al., 2015). Furthermore, we discovered interesting corporate social responsibility (CSR) and HRO activities that are driven by a genuine intrinsic motivation, rather than a mere marketing concern. Such as to adhere to Fair

Trade Associations, or start collaborative value creation program with suppliers who comply with the values of the company, or involving consumers in company-led initiatives aimed at solving social and environmental problems. To conclude, this case study has some limitations, because it is based on secondary sources only, and it focuses on a single case. In future research we should opt for a multiple cases study analysis, in order to explain similarities as well as variance among the entrepreneurial behaviour of companies belonging to different industries.

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