



**Hogeschool van Amsterdam**  
Amsterdam University of Applied Sciences



## **Trade-offs in sustainable fashion**

Tuanh Lam

Student nr: 500608308

Date: 30th of June 2014

University of Applied Sciences in Amsterdam

# Acknowledgments

I would like to thank René Bohnsack and Lori DiVito for giving me the opportunity to write my thesis about this very interesting topic and the supervision and guidance through my last journey of obtaining my bachelor diploma. Your advice and help was very much appreciated.

Moreover, I would like to give a special thanks to my family and friends for their mental support during this period of time.

## Executive Summary

The fashion industry is an industry in which many problems and issues exist of which consumers are not aware. Many of these problems have to do with either the environment or the society. These two aspects are the most important reasons why there are more sustainable fashion brands available nowadays.

This research is conducted in order to gain insight in the trade-offs sustainable fashion entrepreneurs face and what influence personality traits. First a theoretical framework will be presented by taking a closer look on what is known in current literature about what a sustainable entrepreneur is and what their motivations are, also the challenges will be examined to see if these factors pose an influence on the decision making of trade-offs. The personality traits of the entrepreneur have been researched as well because they influence the trade-off decision. At the end of the theoretical framework, a conceptual model has been established to illustrate how and to what extent the factors might influence how sustainable fashion entrepreneurs make a trade-off decision.

For this thesis, data collection was done by using quantitative and qualitative research through questionnaires and interviews with sustainable fashion entrepreneurs in Europe. These firms have been found through online research and via the database of Green-Orange fair, a fair specifically for sustainable fashion entrepreneurs.

In the end the conceptual model will be used again in chapter 7 to show the results that has been found in the research. To demonstrate how sustainable fashion entrepreneurs deal with trade-offs and what influence personality has, a **trade-off strategy model** is developed that shows exactly **which main and minor factors influence** and **determine the trade-off decision**. This model shows that the **future-oriented, innovative and pro-active traits have a positive influence on how trade-offs** will be made. But the strongest **motivational driver is the willingness to have a positive contribution to society and environment**. This will be further discussed in 7.5. Afterwards implications for fashion entrepreneurs and those who are interested in becoming one will be presented. In addition, a proposal for future research will be given.

# Table of Contents

|  |    |
|--|----|
| <b>1. Preface</b>  | 6  |
| <b>2. Introduction</b>   | 7  |
| <b>3. Industry background</b>  | 10 |
| 3.1 The fashion industry   | 10 |
| 3.2 Key issues within the fashion industry                               | 10 |
| <b>4. Theoretical framework</b>  | 14 |
| 4.1 Entrepreneurship   | 14 |
| 4.2 Sustainability and entrepreneurship                                  | 14 |
| 4.2.1 Different types of entrepreneurs                                   | 14 |
| 4.2.2 Definitions of sustainable entrepreneurship                        | 15 |
| 4.2.3 Solutions for environmental and social issues                      | 16 |
| 4.3 Motivational drivers   | 17 |
| 4.4 Influences for entrepreneurial behaviour                             | 19 |
| 4.4.1 Big five personality theory  | 21 |
| 4.5 Challenges with sustainable entrepreneurship                         | 22 |
| <b>5. Methodology</b>  | 24 |
| 5.1 Research design and approach   | 24 |
| 5.2 Research strategy  | 26 |
| 5.3 Sample population  | 27 |
| 5.5 Data collection technique  | 27 |
| 5.6 Primary data analysis  | 27 |
| <b>6. Findings</b>   | 28 |
| 6.1 General data   | 28 |
| 6.2 Sustainability   | 29 |
| 6.3 Motivations  | 31 |
| 6.4 Challenges   | 32 |
| 6.4.1 Investments in sustainability or sales                             | 33 |
| 6.4.2 Financial resources  | 33 |
| 6.4.3 Company culture  | 33 |
| 6.4.4 Raising public awareness about the impacts of the fashion industry | 34 |
| 6.4.5 Distributors and retailers   | 34 |
| 6.4.6 Lack of information  | 35 |
| 6.4.7 Own values   | 35 |
| 6.4.8 Regulations and public policies                                    | 35 |
| 6.4.9 Innovation   | 36 |
| 6.5 Personality traits   | 36 |
| 6.6 Trade-offs   | 38 |
| 6.6.1 Consumer demand  | 38 |
| 6.6.2 Transport  | 39 |
| 6.6.3 Company culture  | 40 |
| 6.6.4 Production costs and materials                                     | 40 |
| 6.6.5 Profit   | 42 |
| <b>7. Discussion and implications</b>                                    | 44 |
| 7.1 Motivations  | 44 |
| 7.2 Challenges   | 45 |
| 7.3 Trade-offs   | 46 |
| 7.4 Personality traits   | 47 |

|  |    |
|--|----|
| 7.5 Relationship between personality traits and trade-offs | 49 |
| 7.6 Limitations  | 52 |
| 7.7 Future research  | 52 |
| 8. Conclusion  | 54 |
| 8.1 Managerial implications                                | 55 |
| 9. Bibliography  | 56 |
| 10. Appendix   | 59 |

# 1. Preface

The Centre of Applied Research for Economics and Management (CAREM) is the knowledge/research institute of the University of Applied Sciences in Amsterdam who are conducting research on 'knowledge development'. The research within this institute is orientated on the exchange between education and professional practice; there is a strong cooperation with other knowledge institutes and companies in the region of Amsterdam. CAREM strive to enhance the students with research skills and knowledge within the program. Therefore students are involved in research projects and enable them to write their thesis and finish their studies. One of the projects of CAREM focuses on Sustainable Entrepreneurship within the Fashion Industry.

The Sustainable Entrepreneurship project aims to gain a better understanding on how sustainability is practiced in the fashion industry. How sustainable entrepreneurs are able to survive in a market by striving to improve social and environmental aspects while running a business? What are the motivations and what are the challenges they face?

Sustainability within the fashion industry is acquiring more awareness and becoming more significant. Therefore this project wants to gain insight in how sustainability is practiced in the fashion industry. In order to do this data has been collected through quantitative and qualitative research via surveys and interviews. The sample consists of sustainable fashion entrepreneurs within Europe. The data has been processed into Excel and used for further analysis. Based on the data analysis a suggestion for the main research question is provided in the end.

## 2. Introduction

Sustainability is a topic that has gained more awareness in the last decade. It is an issue that increasing numbers of companies have to deal with - both small and medium firms (SMEs) and large corporations. The fashion industry is no exception, and the disaster in Rana Plaza in Bangladesh in 2013 is one example of how a lack of sustainable methods can have adverse results. The amount of textile workers that faced death was over 1.000 as a result of the poor building constructions (BBC, 2013). The accident is a prominent one in the fashion industry, which generated media coverage and created awareness about the existing problems in the fashion industry. Unfortunately, many such incidents occur but are not always as widely covered in the media. Uddin, Director of Alternative Movement for Resources and Freedom Society in Dhaka confirms this. He states, "The reality is we have so many factories that every day there is something happening in some place but it doesn't make the news". Suson from the American Centre for International Labour Solidarity (ACILS) supports this notion; therefore the exact numbers of accidents in the textile industry are unknown. (Burke, 2013).

The example of Rana Plaza is an indirect consequence of consumer behaviour. The history of consumer expenditure on apparel shows that expenditure has increased tremendously over the last decades whereas prices of clothing have fallen (Office for National Statistics, 2006). This indicates that the fashion industry is offering clothing for lower prices as a result of the global shift of production from the West to South East Asia. With this shift of production, local workers are working for increasingly low wages. The majority of workers in the apparel industry in Bangladesh work an average of 15 hours a day, seven days a week in severe working conditions, and earns around 3000 Taka a month (approximately €28,19 using exchange rate on 18 February 2014). This amount is below the living wage of 5000 Taka needed per month (War on Want). In addition to the low wages, the severe working conditions endured by Bangladeshis working in the production of fashion and textiles can cause health issues. The International Labour Organization (ILO) is striving for a workweek of 48 hours for the garment industry, to improve the working conditions of textile and garment workers worldwide.

The low prices of clothing are a result of the exploitation of textile workers, who often work overtime to meet deadlines set by their employers. Research by a Dutch expertise and advisory centre for citizenship and international cooperation (NCDO) has found that Dutch consumers are willing to pay more for a piece of trousers. It is quite difficult for many Dutch consumers who are not familiar with this type of exploitation, to identify products that have been produced sustainably – or to understand the need for them (Hoeks, 2013).

These are just two examples of the complex problems existing in the fashion industry, which illustrate the need for the fashion industry to become more sustainable. Thus, there is a need for sustainable entrepreneurs who can offer an alternative to improve the current situation. This and other key issues surrounding sustainability and fashion will be discussed in Chapter 2.

## **2.1 Research objective**

This paper aims to gain a better understanding about sustainable entrepreneurs of Small Medium Enterprises (SMEs) in the fashion industry in terms of motivational drivers, personal values, personality traits and especially the trade-offs since it is a topic that is not thoroughly researched for sustainable entrepreneurs working in the fashion industry.

### **Research question:**

How do sustainable fashion entrepreneurs deal with trade-offs and what influence do personality traits have?

### **Sub-questions:**

1. What are the motivational drivers of sustainable fashion entrepreneurs?
2. What are the challenges and trade-offs sustainable fashion entrepreneurs face?
3. Do the personality traits of sustainable fashion entrepreneurs influence the decision-making process?

## **2.2 Research method**

For the research both primary and secondary research is conducted, the latter by a structured e-mail survey and interviews with sustainable SMEs operating within the fashion industry in Europe.

First of all, desk research has been implemented through the Internet by using the database of Green Orange (GO) fair. This event is especially for sustainable fashion firms all over the world that aims to attract potential buyers for their product. From this database approximately 30 companies had been identified based upon the suitability and the criteria of being sustainable. Because the sample size of 30 companies was too small another 37 companies were founded by online research. All entrepreneurs have been called beforehand and asked permission if they are willing to cooperate in the research. If permission has been given, the structured e-mail survey was sent to them. The outcome of the survey filled in missing information gaps and lead to the next stage, which are the interviews. Finally, the interviews are recorded and used for data analysis.

### **2.3 Thesis structure**

The thesis consists of eight chapters structured as follows: in the third chapter a general background will be given about the fashion industry. This information is essential to understand why there is a need for sustainable entrepreneurship in the fashion industry. In chapter four a theoretical framework has been established, which presents the current literature on sustainable entrepreneurship, entrepreneurial challenges, the motivations to become a sustainable entrepreneur and what traits do they possess? The fifth chapter explains in detail how data has been gathered and analyzed for this research, followed by an analysis of the results and presented in chapter six and in chapter seven the results and implications for future research. In the last chapter (8), a conclusion will be given. In the next chapter more information will be given about the fashion industry and the issues that are present within the industry to have a basic understanding

### **3. Industry background**

This chapter provides general background information about the current fashion industry. This is necessary before exploring how sustainable entrepreneurs deal with trade-offs.

#### **3.1 The fashion industry**

With fashion we are able to express our individual vision to the society because of the clothing that reflects our personality (Fletcher, 2008). It is something that continuously changes, two times a year fashion brands show their new collection for the new season. However, this has been changing as it is more about 'fast fashion', which means that brands need to keep thinking about new designs and fabrics and offer consumers with a wide range of variety to choose from.

The fashion industry includes fashion design, tailoring, distribution centres and retail. It is a diverse and heterogeneous industry covering the activities that transforms fibres to yarns and fabrics and uses these to produce clothing.

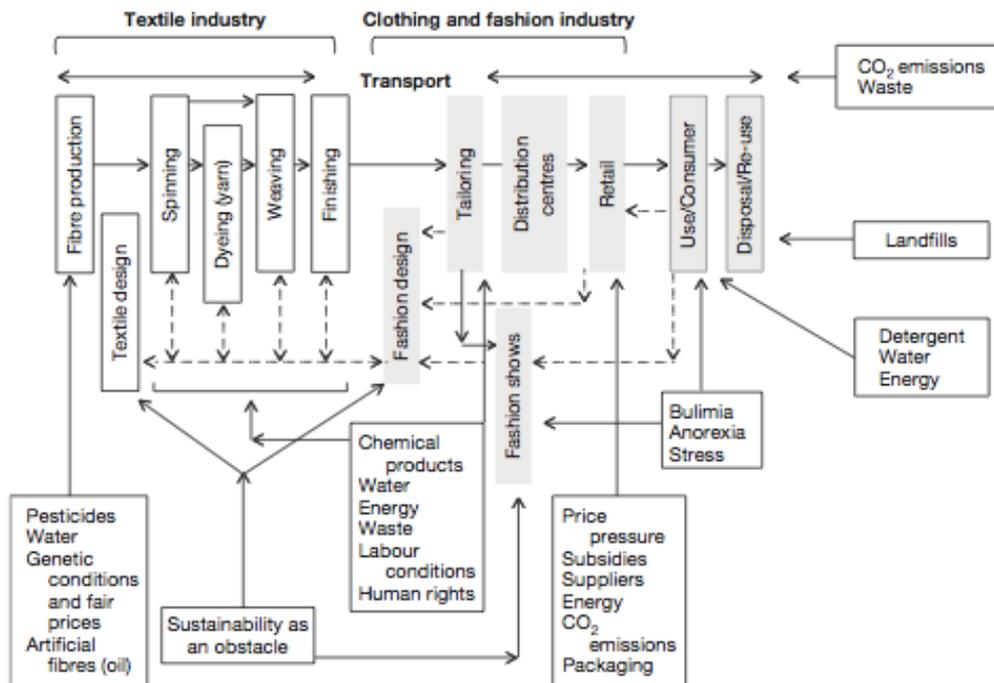
There is a distinct difference between apparel and textile industry. Jackson and Shaw (2006) state that the difference between apparel and textile industry is that the latter is capital intensive with high investment whereas the apparel industry is labour intensive. This plays a crucial role in sustainable fashion because it mostly consists of human labour. People employed in this industry work in circumstances that are not beneficial to their health or own safety as mentioned before. This is one of the aspects that must improve in the future according to several organizations that strive to achieve this (Clean clothing campaign (CCC) and Centre for Research on Multinational Companies (SOMO)).

#### **3.2 Key issues within the fashion industry**

The main problems in the fashion industry that need to be improved in order to move towards a more sustainable industry are summarized in figure 1. The various issues will be discussed per stage based on a report from Draper, Murray and Weissbrod (2007).

**Figure 1: Environmental and social impacts of the textile, clothing and fashion industry**

(Adapted from Gardetti & Torres, 2013)



The first issue is the production of materials, for every type of fabric it will have an impact on people and planet. Especially for cotton, which is the most used fibre in production. In 2005 an amount of 24 million tons has been produced (Chemiefaser), the large demand for cotton stimulates production and causes intensive and cheap labour for the workers. Besides this, the use of pesticides might cause health problems for them even if the procedures are carried out correctly. For instance, it may cause pesticide poisoning to the workers and possibly even death (EJF foundation, 2007). In addition to pesticides, water is used excessively, for one pair of jeans 10 tonnes of water is used to grow enough cotton to make it (EJF foundation, 2007). Also, cotton production lead farmers to commit suicide because of crop failures and predatory lending practices. (Manila Times, 2006). Lastly, human rights of workers within the cotton production in Uzbekistan (second largest exporter of cotton) are abused by forced labour, low wages, violence and intimidation for those who try to join a labour force (EJF foundation, 2007).

In the next stage of fabric and garment production, toxic materials will be used for pre-treatment like bleaching and washing and dyeing or applying finishes to fabrics. Implementing these handlings will affect the health of the workers and the dyestuff, which contains carcinogenic aniline dye and aromatic amines might cause bladder cancer. Coincidentally, this type of cancer is most common in the clothing production industry. Other chemicals that are used can activate asthma and allergies or affect fertility. Another issue is the large amounts of water and energy used during the processes, while access to clean drinking water is limited.

These first two stages are the most labour-intensive part of the chain how clothing is produced till the moment the consumer purchases it. The workforce is dealing with major issues like: working conditions, human rights, boycotts and supplier audit fatigue.

In the third stage consumers are responsible for the impact on the environment because of the way they take care of their clothing cost a lot of energy. Washing, drying and ironing takes up to 80% of the carbon footprint of clothing, which contribute to the climate change (Streamlined life cycle assessment of textile recycling , 2002). This will also increase their energy bill therefore over the last decade retailers recommend consumers to lower the washing temperature.

The last issue is transportation; the complex supply chains and the transport distance until it arrives in the stores increase carbon emissions and contribute to climate change. Particularly airfreight has a significant impact on the environment compared to sea freight. However, sometimes this cannot be foreseen for example due to unexpected bad weather conditions stock will be hold until weather improves and because it has to arrive fast a plane will be used. Another issue that contributes to this problem is poor planning and the fact that companies want to have their new collection fast, also lead to the use of airfreight.

**Table 1: Overview of the issues within the fashion industry per stage.**

Adapted from (Mark & Spencers, 2007)



After examining the issues that are present within the fashion industry it becomes clear there is a need to implement sustainability practices and a demand for more sustainable fashion brands. Sustainable fashion is interpreted in this research as clothing that is produced by workers in a safe work environment who earn a fair wage enough to live, buy food and clothes and provide their children with education. Ultimately it would be better if the clothing is produced with sustainable/organic material and have minimum waste and CO<sub>2</sub> emission to the environment. Thus, the clothing should be produced in a manner that it has minimum impact to the society and environment.

## **4. Theoretical framework**

A theoretical framework will be discussed in this chapter for a better understanding of how sustainable entrepreneurs are practicing their values while simultaneously doing business. Existing literature that is available will be recalled; first literature about how sustainable entrepreneurship is defined then the drivers of sustainable entrepreneurs will be reviewed and continued with challenges involved with (sustainable) entrepreneurship. Finally, factors that influence entrepreneurial behaviour will be reviewed.

### **4.1 Entrepreneurship**

There are various definitions of entrepreneurship but there is no universal definition (Carsrud and Brännback, 2007; Gartner 1988; Veciana, 2007). Although, there is no general definition, Parrish (2010) states that entrepreneurs are characterized as profit-oriented, opportunistic and business minded. Entrepreneurship itself is "a process of identifying, evaluating and pursuing opportunities through creativity, innovativeness and transformation to produce new products, processes and values that are beneficial" (Stokes et al., 2010). It creates jobs, business opportunities utilization and product innovation, which might help to improve the economic condition of a country. (Fayolle, 2007). Besides positive contributions it also has its negative impacts (Cohen and Winn, 2007); Dean and McMullen (2007) argue that the environmental degradation is a result of entrepreneurial activities.

### **4.2 Sustainability and entrepreneurship**

Besides conventional entrepreneurs there are also other types of entrepreneurs such as social entrepreneurs, ecopreneurs and sustainable entrepreneurs. Each type will be discussed briefly in this section. In table 2 an outline is given of the different types of entrepreneurs.

#### **4.2.1 Different types of (sustainable) entrepreneurs**

Social entrepreneurs are those who incorporate societal goals into their company and few researchers suggest that ventures that carry out entrepreneurial activities to support non-profit activities can be titled as social entrepreneurship (Cook, Dodds, & Mitchell, 2001).

Another type of entrepreneur is called ecopreneurs or environmental entrepreneurs who received attention of researchers back in 1990 (Anderson, 1998; Keogh & Polonsky, 1998; Pastakia, 1998). They are focused on preserving natural resources and embed these values while creating economic development. Dean and McMullen, (2007) state that sustainable entrepreneurship is about "the process of discovering, evaluating, and exploiting economic opportunities that are present in market failure which detract from sustainability, including those that are environmentally relevant". This definition is

more suitable for environmental entrepreneurship because it specifically emphasizes the environment.

**Table 2: Different types of entrepreneurs**

Adapted from Schaltegger and Wagner (2011)

| <b>Type of entrepreneurship</b> | <b>Ecopreneurship</b>  | <b>Social Entrepreneurship</b>   | <b>Sustainable Entrepreneurship</b>   |
|---------------------------------|--|--|---|
| <b>Core motivation</b>          | Contribute to solving environmental problems and create economic value | Contribute to solving societal problems and create value for the society | Contribute to solving environmental and societal problems through the realization of a successful business. |
| <b>Main goal</b>                | Earn money by solving environmental problems                           | Achieve societal goal and secure funding to achieve this                 | Create sustainable development through entrepreneurial corporate activities.                                |
| <b>Role of non-market goals</b> | Environmental issues as integrated core element                        | Societal goals as ends   | Core element of integrated end to contribute to sustainable development                                     |

From table 2, goals of environmental and social entrepreneurship are merged together which results in sustainable entrepreneurship. Sustainable entrepreneurs are driven to link sustainable development to business activities for profitability (Gibbs, 2009; Krueger, 2005; Schaper, 2002; Schick, Marxen, & Freimann, 2005). But there is also another group of entrepreneurs who are dedicated to run a business because of personal values in order to contribute to sustainable development (Parrish, 2010). More about the motivational drivers of sustainable entrepreneurs will be outlined in chapter 3.3. The next section will draw on literature about the definitions of sustainable entrepreneurship.

#### **4.2.2 Definition of sustainable entrepreneurship**

The first definition of sustainability dates back to 1987, "fulfilling the needs of the present without compromising the ability of future generations to meet their own needs" (Brundtland Commission, 1987). Another definition according to Patzelt and Shepherd (2010), sustainable entrepreneurship is about "the preservation of nature, life support, and community in the pursuit of perceived opportunities to bring into existence future products, processes, and services for gain, where gain is broadly construed to include economic and non-economic gains to individuals, the economy and society". Cohen and Winn, (2007) support this and claim that entrepreneurs only contribute to sustainable development because of economic reasons. As a result this has lead researchers to assume it is a 'business-case' meaning that the business activities engaged in environmental and societal issues are primarily to obtain profit (Parrish, 2010). On the other hand, Young & Tilley (2006) argue that there must be other arguments besides the 'business-case'. Sustainable entrepreneurs are often driven by their personal values to improve environmental and social aspects and incorporate this into their company (Schaltegger & Wagner, 2010). A study by Choi & Gray, (2008), confirms that there are also

entrepreneurs who strive for their own personal values rather than the economic benefit. They examined 21 companies from different industries, revenue, location and stage of development. Their findings show that many sustainable entrepreneurs are little focused on their own personal wealth but are more interested in contributing to make a difference in the world. For instance, in many sustainable enterprises a ‘giving program’ is incorporated into the company policy. They donate money to a cause that supports environmental or social issues (Choi and Gray, 2008).

In table 3 (see below) a general overview of the definition ‘sustainable entrepreneurship’ can be found in previous research. This table has been established in order to depict a clear image about what is understood with the term. At the end of this chapter it will become clear which definition will be used for understanding throughout the thesis.

**Table 3: General overview of the definition ‘sustainable entrepreneurship’**

| <b>Author</b>                         | <b>Definition</b>  |
|---------------------------------------|--|
| Dean and McMullen (2007, p58)         | “The process of discovering, evaluating, and exploiting economic opportunities that is present in market failures which detract from sustainability, including those that are environmentally relevant”.   |
| Cohen and Winn (2007, p35)            | “The examination of how opportunities to bring into existence future goods and services are discovered, created, and exploited, by whom, and with what economic, psychological, social, and environmental consequences”.   |
| Choi and Gray (2008, p559)            | "Create profitable enterprises and achieve certain environmental and/or social objectives, pursue and achieve what is often referred to as the double bottom-line or triple bottom-line”.  |
| Hockerts and Wüstenhagen (2010, p482) | “The discovery and exploitation of economic opportunities through the generation of market disequilibria that initiate the transformation of a sector towards an environmentally and socially more sustainable state”.   |
| Schaltegger and Wagner (2011, p224)   | “An innovative, market-oriented and personality driven form of creating economic and societal value by means of break-through environmentally or socially beneficial market or institutional innovations”.   |
| Patzelt and Shepherd, (2010, p142)    | “Sustainable Entrepreneurship is focused on the preservation of nature, life support, and community in the pursuit of perceived opportunities to bring into existence future products, processes, and services for gain, where gain is broadly construed to include economic and non-economic gains to individuals, the economy, and society”. |
| Abrahamsson (2007)                    | “Sustainopreneurship, a concept emphasizing three dimensions 1. Seeking, finding and/or creating innovations to solve sustainability related problems 2. Get solutions to the market through creative organizing and 3. Adding sustainability value with respect for life support systems”.  |

#### **4.2.3 Solution for environmental and social issues**

Entrepreneurship has created many opportunities for the society and economy, while it also exerts negative impacts on the environment (Pacheco, Dean, & Payne, 2010). For example, pollution, land degradation and climate change (Chick, 2009). With the current condition of the world, there is a call for a change on several aspects and while the government may have the power to intervene. Some argue that sustainable entrepreneurs might be better at addressing the problems and influencing competitors

and other market actors to implement sustainability solutions (Schaltegger & Wagner, 2010). This claim is supported by Hall et al., (2010); Hockerts & Wüstenhagen, (2010); O'Neil and Ucbasaran, (2011); Parrish, (2010); Young & Tilley, (2006), who believe that sustainable entrepreneurship has the ability to slow down environmental degradation and thus, solve societal and environmental issues.

However, in order to solve these issues there is a need for transformation in an industry, sustainable entrepreneurs must focus on the mass-market instead of operating in the niche market. This is also called the 'sustainability transformation of an industry' (Dyllick et al., 1997). Hockerts & Wüstenhagen, (2010) discuss that a sustainability transformation of an industry is only possible when there is interaction between 'Emerging Davids' and 'Greening Goliaths'. Emerging Davids are characterized as new and small players; they value social and environmental objectives as important as economic and are mostly operating in the niche market. Whereas, Greening Goliaths are old and large corporations dominated by economic objectives. The interaction between the two will ensure that a larger part of the market will be reached. Consequently, the industry will move towards a (more) sustainable industry.

To conclude, in this research sustainable entrepreneurship is understood as: "sustainable entrepreneurship is focused on the preservation of nature, life support, and community in the pursuit of perceived opportunities to bring into existence future products, processes, and services for gain, where gain is broadly construed to include economic and non-economic gains to individuals, the economy and society" (Patzelt & Shepherd, 2010).

#### **4.3 Motivational drivers of entrepreneurs**

Many researchers have investigated the motivations of (sustainable) entrepreneurs for pursuing the triple bottom line. There are several motivations that could influence entrepreneurial behaviour divided into internal and external reasons. This section will look into external but mainly internal factors of entrepreneurs of what motivates them to run a sustainable business.

Sustainable entrepreneurial behaviour is explained by internal factors of the entrepreneurial mindset. This statement is supported by Schick et al (2002); he argues that for environmental and societal issues the important factor is that the entrepreneur feels it is important to do something good in return. A study on motivations of ecopreneurs conducted by Kirkwood and Walton (2010), show that three drivers are most important and are related to each other. See table 4 below. Important to note that the entrepreneurs who participated in their research are focused on environmental issues but this may also apply to sustainable ventures. Since sustainable entrepreneurs also encompass the environmental value.

| <b>Table 4: Motivational drivers.</b>  |                        |
|--|------------------------|
| Adapted from (Kirkwood & Walton, 2010) |                        |
| <b>Motivational drivers</b>            | <b>Related drivers</b> |
| Green values                           | Being the boss         |
| Identify a gap in the market           | Passion                |
| Make a living                          |                        |

A large number of participants in the study described that their personal values are joined with monetary motivations; the two drivers cannot be separated. However a few other participants did not mention their green values as the key motivator to start their business, but it is clear that their underlying values do have significant influence on their start-up. The second driver of identifying a gap in the market is to offer an eco-friendly product because of the need in the market. This example illustrates entrepreneurs who see a market imperfection and use it as an opportunity to start a new business. Others will view the opportunity as something that is close to their own interest of pursuing an eco friendly business. Running a business that includes social and environmental values is great but the third driver – making a living - is also of importance. Most participants didn't mention they were aiming for a large profit but rather earn enough in order to cover their costs. The next motivational driver is, being your own boss; six ecopreneurs said that they had this desire for a while; another participant wanted a career shift and did not necessarily want to have his own business. The last driver is passion, six of the participants said they were passionate about their business and the products they provided to consumers. The ecopreneurs in this study wanted to reduce environmental degradation; this illustrates the link between their personal (green) values and passion to have their own business.

Findings of the empirical study of Schlange (2006) found that the primary intention of sustainable entrepreneurs is to create jobs for people living in their region and prevent it from degenerating further. Another argument given by the sustainable entrepreneurs is they think about 'giving something back to the society'. In their opinion, the most suitable option to achieve this is by setting up a company that is sustainable-oriented and driven by their personal values. Choi and Gray (2008) claimed that most sustainable entrepreneurs had little or no relevant business experience. Their primary motivation was to make a difference in the world while earning a living. This shows sustainable entrepreneurs are more focused on contributing to the society and environment instead of maximizing profit. Another factor that could influence sustainable entrepreneurial behaviour is explained by a case study from Kuckertz and Wagner (2010). Their research shows that as soon as business experience has been gained, the impact of sustainability orientation on entrepreneurial intention decreases. A suggestion proposed by them is to increase education on sustainability for business-students who will prepare them for a future in the business world.

However, Masurel (2007) argue that sustainable entrepreneurs are more motivated by external influences to invest in environmental concerns than internal. Examples of external influences given by Gombault and Versteeg (1999) are suppliers, authorities, government, the sector itself (partnerships with the government) and the society. The local authorities play an important role in preventing pollution caused by SME because they can enforce mandates and force companies to take measures. Internal influences for cleaner production could be cost reduction and quality improvement. Birch (2003) claims that the key to change is a different way of thinking which will lead the world to become more sustainable.

Returning to internal drivers, Dixon and Clifford (2007) state that sustainable entrepreneurs have a strong link between entrepreneurialism and environmentalism. They care about the environment and want to do something in return for the society and thus they pursue their personal goal by setting up a sustainable business. An example given by Vega and Kidwell (2007) who studied 80 diverse ventures found some similarities; entrepreneurs differed in terms of traits, goals, tendencies and sources of motivation. One of them said the following: *“we are a young organization driven by commitment and enthusiasm to prove that waste is an opportunity rather than a problem: an opportunity to save valuable resources and an opportunity to create jobs”* (CEO of Greenworks, UK – study by Dixon and Clifford (2007)). His statement shows he is a true entrepreneur, an individual who sees opportunities and wants to solve an environmental problem.

In conclusion motivations of sustainable entrepreneurs are different compared to conventional entrepreneurs. Conventional entrepreneurs seek for a gap in the market and see that there is a need for the product (Hakim, 1989). An important factor that drives them is ‘money’ they want to generate high returns. Although, sustainable entrepreneurs are also seeking for more profit they are less concerned about financial achievements (DeMartino & Barbato, 2003). Moreover, a balance between work and family together with flexibility with taking care of children has also been a motivation for many entrepreneurs to choose for entrepreneurship (Kirkwood & Tootell, 2008). A key motivator for entrepreneurs in general is job dissatisfaction and thus, they turn their leave paid employment in exchange for being the boss itself (Honig-Haftel & Marin, 1986).

#### **4.4 Influences for entrepreneurial behaviour**

As described in the previous chapter sustainable entrepreneurs and conventional entrepreneurs differ in terms of what they want to achieve. In order to understand the differences, a comparison will be made between the sustainable entrepreneur and conventional entrepreneur. This section will look into the

factors that might influence entrepreneurial behaviour.

Schlange, (2006) proposes two dimensions, which represent external and internal factors that influence entrepreneurial behaviour. Table 5 summarizes literature on influential factors to the entrepreneurial behaviour towards sustainability. The external factors are: personal network, economic structure of society. On the other hand internal factors differ between economic objectives with little consciousness about the environment or a strong sustainability orientation including the triple bottom line.

**Table 5: Conceptual dimensions in sustainable entrepreneurship theory.**

Adapted from (Schlange, 2006)

| Conceptual dimensions | Schaltegger 2002                         | Walley and Taylor 2002                 | Linnanen 2002                    |
|-----------------------|--|--|----------------------------------|
| External              | Market choice                            | Structural influences                  | Geography, market and regulation |
| Internal              | Priority of environmental business goals | Orientation of entrepreneurial mindset | Entrepreneurs' desires           |

Internal factors can be explained by personality traits, which is defined as "enduring, predictable characteristics of individual behaviour that explains differences in individual actions in similar situations" (Llewellyn & Wilson, 2003). These traits may be influenced by tacit, subjective personal knowledge, values and beliefs, perception and experiences of the individual that are not easily copied (Kor et al., 2007). Nga and Shamuganathan (2010) focus on social entrepreneurship however, they included both environmental and social aspect in their definition. Therefore their paper is relevant to the research question, they state that 'social entrepreneurs' are often characterized as 'innovativeness, achievement oriented, independence, sense of destiny, low risk aversion, tolerance for ambiguity, and social value creation (Brooks, 2009).

According to Chell (2008), there are three personality traits that dominate entrepreneurs these are: "need for achievement, internal locus of control and propensity to take risks". The internal locus of control refers to the degree in which an individual believes that he or she has control over events that affect them. People with a high degree of internal locus control believe they can control their life whereas external local of control means decisions are controlled by external factors.

Previous research in literature addresses several concepts of motivations a few of them will be illustrated. *Need for achievement* is a motivational concept, it illustrates that entrepreneurs are often associated with a high degree of need for achievement because they are more likely to be involved with activities paired with high responsibility (McClelland, 1961). *Risk taking propensity* is defined as the willingness to take risks (Begley, 1995) McClelland state that individuals with a high need for achievement would also tend to take more risks compared to others. Entrepreneurs have to accept that

uncertainty may arise with regards to finance, personal well-being, career security and family relations (Liles, 1974). For entrepreneurs *tolerance for ambiguity* is of importance because potential success is not guaranteed. Budner (1982) defines the term ‘tolerance for ambiguity’ as the propensity to view challenges as attractive instead of threatening. Moreover, entrepreneurs often face situations in which planning, persistence and effort is needed. Therefore they need a *high self-efficacy*, and they will put in more effort, more time and be persistent in achieving a specific task.

#### 4.4.1. Big five personality theory

The big five-personality theory of Costa and McCrae’s (1992) model of personality structure will be used to explain the personality traits of entrepreneurs and how it might influence start up intentions. This theory will be used since there is no theory available about personality traits specifically for sustainable entrepreneurs. An overview of the five dimensions of the big five-personality theory can be seen in table 6.

**Table 6: The big five personality theory of Costa and McCrae (1992)**

|                   |  |
|-------------------|--|
| Neuroticism       | Anxiety, angry hostility, depression, self-consciousness, impulsiveness, vulnerability |
| Extraversion      | Warmth, gregariousness, assertiveness, activity, excitement seeking, positive emotions |
| Openness          | Fantasy, aesthetics, feelings, actions, ideas, values                                  |
| Agreeableness     | Trust, straightforwardness, altruism, compliance, modesty, tender-mindedness           |
| Conscientiousness | Competence, order, dutifulness, achievement-striving, self-discipline, deliberation    |

Entrepreneurs are often challenged by complex situations and must face pressures and thus they need to have a high degree of optimism and emotional intelligence (Crane & Crane, 2007; D’Intino, Goldsby, Houghton, & Neck, 2007). Neuroticism is the emotional stability of the individual (Yong, 2007). An individual who scores high on neuroticism means that they often deal with mood swings, impulsiveness, self-consciousness, low self-esteem and depression (Zhao & Seibert, 2006). Individuals who are extroverted are characterized by outgoing, positive-mindset and assertive (Ciavarella, Buchholtz, Riodan, Gatewood, & Stokes, 2004). Nordvik and Brovold, (1998) found that entrepreneurs have a higher degree of extroversion compared to administrative workers. Entrepreneurs who are not frightened of new challenges show a high degree of creativity and score high on the openness dimension (Llewellyn & Wilson, 2003; Yong, 2007). The fourth dimension - agreeableness - is about mutual understanding and trust (Llewellyn & Wilson, 2003; Yong, 2007). In relationships agreeableness is

about being good listeners, patient and maintaining harmony in social interactions (Caliendo & Kritikos, 2008). The last dimension - conscientiousness - is about how an individual deals with rules/procedures and maintaining high standards of performance (Llewellyn & Wilson, 2003). People with a high degree of conscientiousness have a strong sense of responsibility and need for achievement (Ciavarella, Buchholtz, Riodan, Gatewood, & Stokes, 2004). In the next section, challenges faced by sustainable entrepreneurs will be illustrated.

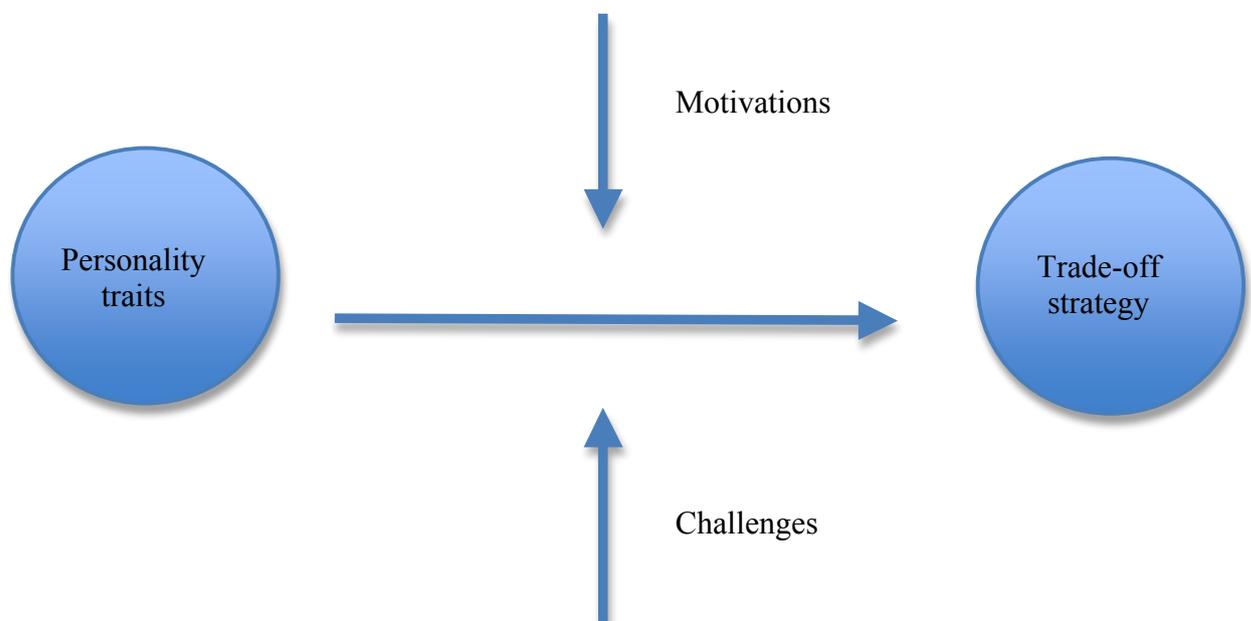
#### **4.5 Challenges for sustainable entrepreneurs**

For both conventional and sustainable the challenges they face are more or less the same. The only difference is that a sustainable venture needs to think of the triple bottom line (TBL) while doing business. The challenge is that sustainable entrepreneurs need to think about how to balance three values while pursuing a viable business and at the same time do something good for the society.

In general finding financial resources to start an enterprise is difficult for entrepreneurs (Linnanen, 2002). In most cases, a loan via the bank is not possible to obtain, hence entrepreneurs sought for money in their own personal network e.g. parents, relatives or close friends (Granovetter, 1985). Or when investors are involved entrepreneurs are really cautious because investors tend to have a traditional view about business; they are more profit oriented (Choi & Gray, 2008). Although, finding finance is difficult the first problem entrepreneur's encounter is how to adopt sustainability practices in the company. There is a lack of information on this topic, which makes it difficult for those who want to be sustainable (Schick, Marxen, & Freimann, 2002). Another problem is promoting the quality of their sustainable product or service in order for consumers to make a decision to pay a premium price but also in turn support the environment and society (Dixon and Clifford, 2007). After having a (personal) goal, credibility needs to be build up for the company and vest a reputation that consumers will recognize (Linnanen, 2002). This also counts for managing a company's culture; employees who share the same company value will make it easier to operate a sustainable business. An example is a company called 'Rhythm and Hues' from the case study of Choi & Gray (2008), they offer their employees nine weeks of paid holiday a year. Another company in the retail industry 'Eileen Fisher Clothing' provides her workers a profit sharing plan and a \$1000 education benefit as well as a \$1000 wellness package (Pofeldt, 2003). These two examples show that employees working for a company who implements sustainability practices are receiving great benefits. If a company culture has been established another issue follows, which is maintaining its sustainability reputation (Dixon and Clifford, 2007). Finally the most general problem sustainable ventures face is managing a business while staying true to own ideals (Dixon and Clifford, 2007). In the end, in order to achieve (personal) goals, founders must ensure that growth of the enterprise must not outgrow their own values, and lose their identity together with competitive advantage.

To summarize, the following points have been discussed in this theoretical framework: a general understanding about entrepreneurship and sustainable entrepreneurship was created, the motivations of entrepreneurs to become sustainable, their personality traits and the challenges they encounter while running a sustainable venture. However, there is a gap in current literature that needs to be researched. Little is known about trade-offs sustainable entrepreneurs make regarding growth and sustainability guided by their own belief and values. Therefore, this thesis will analyze what trade-off decisions entrepreneurs make while keeping the Triple Bottom Line in mind and their own values. Based on the literature reviewed in this chapter, a conceptual model has been established, see figure 2. This model shows that the personality traits of the entrepreneur is the characteristics of the person and one can hold one or more of the following dimensions future-oriented, risk-oriented, innovative, aggressive and long-term oriented. These traits are the foundation of the entrepreneur and influence their trade-off strategy. Moreover, their motivations why the sustainable venture is founded and challenges that are encountered during entrepreneurship are two factors that triggers and exert an influence on the decision-making. It is most likely that sustainable entrepreneurs who are driven by strong social and environmental values will show a distinct difference in making a trade-off decision compared to those who driven by money.

**Figure 2: The conceptual model for trade-offs**



## 5. Methodology

The aim of this thesis is to provide insight in the trade-offs involved in sustainable entrepreneurship in the fashion industry. What are the difficulties that come along while operating a business and how do they grow into a successful sustainable business. In this chapter the methodology will be discussed in detail to have a clear view which techniques have been used to collect and analyze the data.

### 5.1 Research design and approach

For this research a multi-stage design with an exploratory quantitative and qualitative approach is used (Loane, Bell, McNaughton, 2006). In figure 3, the research design of Loane, Bell and McNaughton (2006) is presented. They have established a model that is very effective in terms of greater response rate. The data collection was done in cooperation with another student from the research project because both were looking at the same sample size. Together with the other student a survey has been established and consisted of seven parts of which one open question. Because the research has been implemented together with another student, not all the results that have been collected will be used since it is irrelevant to the research question of this thesis. The next paragraphs will explain the steps that have been taken to collect and analyze the data.

#### *Identification and construction of cases*

First of all, in the first stage the database of approximately 80 enterprises of the Green-Orange (GO) Fair at Scheepvaartsmuseum have been used and 30 companies have been identified. The fair was organized specifically for upcoming sustainable fashion firms (all over the world but mainly Europe) that are new or have established a position in the market and want to attract more agents or buyers (retailers). Their database has been screened and firms have been identified that meets the key criteria for the sample size. Important criteria was sustainable fashion entrepreneurs with strong social and environmental values within the Netherlands or in Europe but with an English website to prevent any miscommunication. With 'fashion' it includes in essence everything such as clothing for men and women, jeans, scarves and accessories etc. In addition, there was a strong preference for sustainable fashion entrepreneurs who offered 'trendy' clothing that could be worn by youngsters. Due to the image consumers held about sustainable fashion, the bold, not appealing and not good looking clothing. Before firms were included in the sample size, general information about the companies was gathered via online sources e.g. the company website, company and sustainability reports that contains useful information. This is processed into a Company Information Sheet (CIS) and has been updated through the next stages. As a result 30 companies of the database of GO fair were chosen and another 37 firms have been found through online research with the same criteria, in total this research is based on a sample size of 67 entrepreneurs.

#### *Telephone and e-mail instrument follow-up*

Secondly, after gathering general data about the sample, the firms are approached by phone and research objectives are explained as well as expressing the interest towards the company by using information that has been collected in the previous step. After the explanation firms are given the opportunity to respond if they would like to participate in the research. Those who agree to participate received an e-mail with the pre-filled survey. The entrepreneur was asked to fill in the remaining part of the survey and verify the information that has been found on the Internet in the first stage. This shows effort has been made to the company and might be the reason that has lead towards higher response rate. Entrepreneurs that wanted to participate but did not respond after approximately one week received a reminder phone-call and/or reminder e-mail, asking kindly if they are still willing to fill in the survey. From the 67 companies that were identified 25 (37%) actually filled in the survey. After data from the e-mail survey was gathered, results are processed into Excel for further analysis. The one open question at the end of survey was focused on the trade-offs they have faced and name one or more examples. This question was of significant importance for this research and therefore was strongly emphasized during the phone-call. After surveys have been filled in, answers of participants have been screened on if it is filled it in completely. If this is not the case, entrepreneurs are contacted by e-mail or phone and requested to extend their answer for a better understanding.

#### *Follow up interviews*

Thirdly, the analysis of the company in the second stage has been processed into Excel and is used to identify specific themes. For the interviews 6 cases were selected for further investigation by in-depth interviews. All the interviews were carried out during the month May either through phone or appointment at the entrepreneur's office. During the interviews the questionnaire was used as a guideline and these results have been processed into Excel as well. Additionally, the interviews have been recorded and transcribed for further analysis. The purpose of the interviews was to search for their motivations, difficulties with sustainable entrepreneurship and especially the trade-offs they have dealt with.

#### *Benefits of the model*

This approach established by three researchers (Loane, Bell and McNaughton; 2006) resulted in positive results especially in obtaining more information and great response rate of 37%. The mixed method of this model has been used for this study for a number of reasons. First of all, information that is already available can be obtained by using online sources instead of a survey. Secondly, companies are more willing to help with filling in information gaps by a focused e-mail survey and because effort has been made to collect data, it shows that there is real interest and thus, make it easier to gain a higher response rate. Thirdly, prior knowledge about the database was useful to identify a proper sample effectively and select the ventures in a representative basis.

## 5.2 Research strategy

As illustrated in the research design model in figure 3, three strategies have been used to collect data, via online sources, an e-mail structured survey and an in-depth interview. The reason for this mixed method strategy is because it creates a greater response rate and verifies information gathered in the first stage. The questions in the survey are expressed as statements because open questions would result in answers participants were asked if they totally agree or totally disagree with the statements. Besides the statements, there was one open question regarding trade-offs. With some of the participants there was contact via phone in order to explain the open question in detail and assure that there would be no misunderstandings. Answers of these phone calls has been recorded and transcribed for analysis.

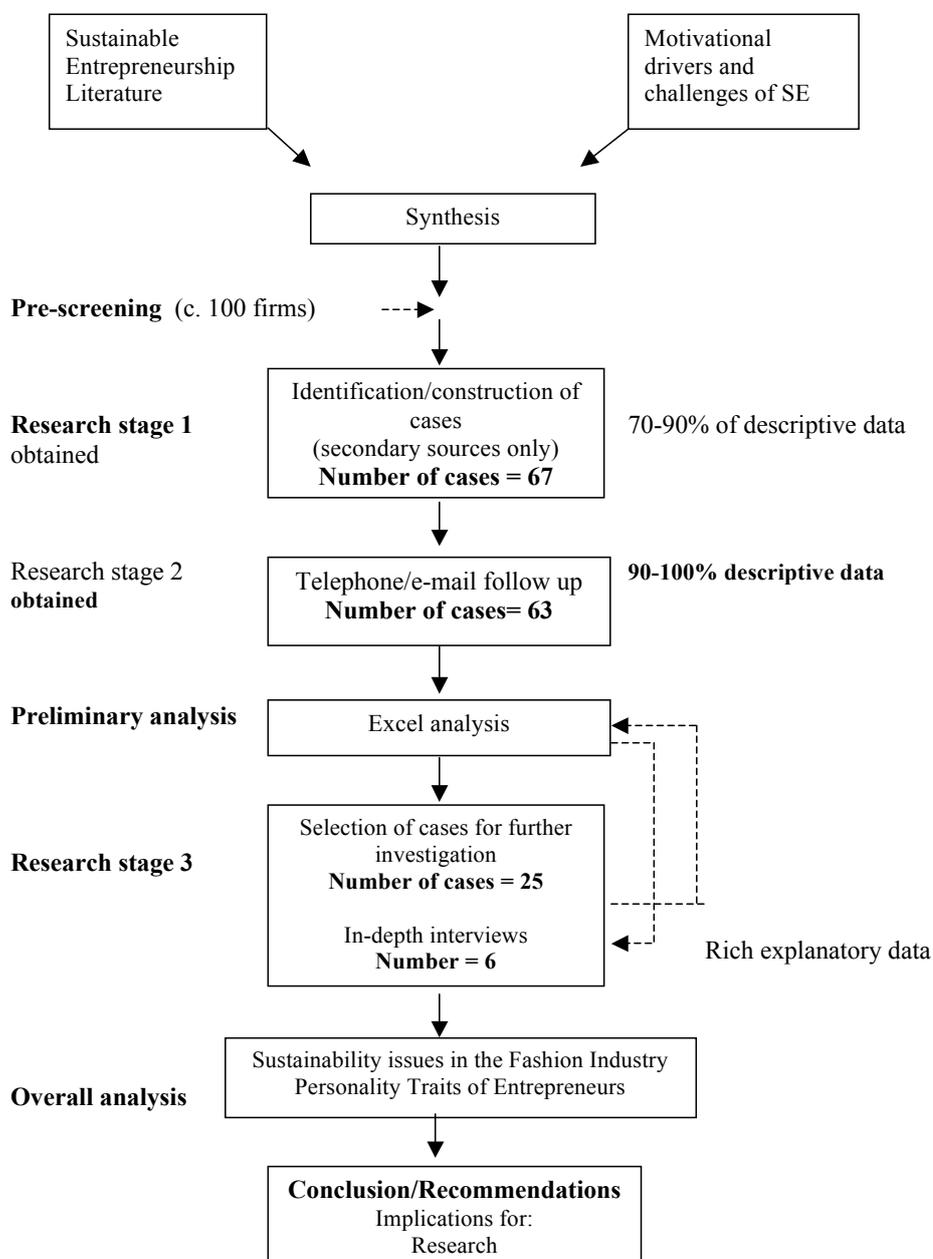


Figure 3: Research design adapted from Loane, Bell and McNaughton (2006)

### **5.3 Sample population**

The criteria used to choose the sample size is fashion SMEs with less than 249 employees and an annual turnover up to 50 million € as defined by the European Commission (EC). All fashion entrepreneurs are established either within the Netherlands or Europe, value the triple bottom line and offer sustainable clothing. With 'clothing' it is referred to clothing for men and women, jeans, t-shirts, dresses, accessories such as bags or scarves. Initially only firms that encompass all three values would be included. However, soon it became apparent that the sample size would be too narrow. Therefore also companies that solely had social or environmental were added to the sample but primarily the preference was to include those who held all three values.

### **5.4 Sampling method**

Non-probability sampling was used to identify the suitable cases and because of time-constrain, cross-sectional method is chosen. This means that a snapshot of a particular research setting at a specific time is taken (Saunders et al., 2009).

### **5.5 Data collection techniques**

To collect the data various approaches as explained in the research design have been used. In the first stage, secondary data was obtained via desk research. As much as was available online and relevant information was processed in the Company Information Sheet (CIS). Followed by a structured e-mail survey to the respondents who were willing to participate. In the final stage, primary research is adopted by in-dept interviews held with the entrepreneur, which in most cases was the founder.

### **5.6 Primary data analysis**

The analysis started when data has been completed by the last stage of interviews with employees or founders of the chosen firms. The data collected through desk research and the structured e-mail survey are processed into an excel-sheet. With this data a table has been made per question because this would make it easier to analyze the data. For each question a table was made with the total scores for what each respondent filled in. Afterwards all tables were analyzed to make conclusions. The interviews have been transcribed and analyzed on if there are any patterns between the questions. Finally, this data is used to write the findings, discussion and what can be suggested for further research.

## 6. Findings

In this chapter the findings of both quantitative and qualitative research will be presented. These findings are found by surveys and interviews that have been conducted. The survey and a summary of the firms that have been interviewed can be found in the Appendix. The firms who participated in this research will be listed as Company 1 to 25 when quotes are used.

This chapter is further organized as follows: first the company profile will be discussed in 6.1 and thereafter 6.2 provides an examination of sustainability, 6.3 will treat the motivational drivers, 6.4 will cover the challenges and 6.5 addresses the personality traits of sustainable entrepreneurs. Finally, the last section 6.6 will aim to draw a picture of the trade-offs encountered by sustainable fashion entrepreneurs. In the end, these findings will be used for the discussion in the next chapter.

### 6.1 General data

In table 7, an overview of the general data can be seen based on the company profile filled in by the sample of 25 firms. This table will be used to depict a general picture of the companies who participated in the research.

| <b>Foundation year</b>     | Before 2000<br>3 (12%)   | 2000 - 2004<br>1 (4%)   | 2005 - 2009<br>9 (36%)   | 2010 - 2013<br>12 (48%)                                |                          |                       |
|----------------------------|--|---|--|--|--------------------------|-----------------------|
| <b>Number of Founders</b>  | One Founder<br>18 (72%)  |   | Two Founders<br>7 (28%)  |  |                          |                       |
| <b>Background</b>          | Entrepreneurial<br>8 (32%)   | Business<br>4 (16%)<br>Marketing 1 (4%)<br>Finance 1 (4%)<br>Communication 2 (8%) | Fashion<br>7 (28%)   | Design<br>3 (12%)                                      | Sustainability<br>1 (4%) | Art Academy<br>2 (8%) |
| <b>Number of Employees</b> | 0<br>9 (36%)   | 1 - 2<br>3 (12%)  | 3 - 5<br>3 (12%)   | 6 - 10<br>1 (4%)                                       | 11 - 25<br>2 (8%)        | N/A<br>7 (28%)        |
| <b>Starting Capital</b>    | Private Capital<br>13 (52%)  | Public Funds<br>1 (4%)  | Multiple<br>3 (12%)<br>Private and Loan 1 (4,2%)<br>Private Loan and Venture Capital 1 (4,2%)<br>Private, Loan and Public 1 (4,2%) | Other<br>2 (8%)  | N/A<br>6 (24%)           |                       |
| <b>Profitable</b>          | Yes<br>16 (64%)  |   | No<br>6 (24%)  |  | N/A<br>3 (12%)           |                       |
| <b>Product Category</b>    | Clothing<br>6 (28%)<br>Jeans 3 (12%)<br>T-shirts 1 (4%)<br>All 3 (12%) | Women Wear<br>8 (32%)   | Baby Wear<br>2 (8%)  | Accessories<br>5 (20%)<br>Bags 2 (8%)<br>Other 3 (12%) | Everything<br>1 (4%)     |                       |

Almost half of these firms are not older than 4 years old since they are founded between 2010 and 2013 and in most cases (70,8%) only have one founder. Because most of the companies are in their start-up

phase they do not employ employees. If entrepreneurs are able to endure the start-up phase and start to generate revenue, it is most likely that they will employ people. In this sample, the firms that do have employees employed them after two or more years. Though, it can be noted that firms who did this were more successful and grew at a faster pace compared to others. Taking a closer look at the background of the sustainable fashion entrepreneurs, most of them (28%) have a background in fashion, a small group (8%) studied fashion or went to the art academy and another group have been an entrepreneur before (32%). Some of the entrepreneurs said that when they started their career in fashion as a fashion designer they realized that the fashion industry is very un-sustainable and did not want to support this. Therefore they chose to start a company. In order to accomplish this entrepreneurs need financial resources more than half of the firms used their own private capital to finance. More about finance will be covered in 6.4. Interesting to point out is that 64% of the sample is profitable although access to financial resources is limited. The products offered by entrepreneurs to consumers can be divided into five categories; clothing, women wear, baby wear, accessories and everything. The largest group (28%) operates in the (women) clothing sector.

In the next section a closer look will be taken on how sustainable the firms are by asking which environmental or social aspects do they support?

## 6.2 Sustainability

This section will examine the firms on how sustainable they are. The first part of the survey was concentrated on the social and environmental aspects of the business. The results of this are shown in table 8 (see below). Participants were asked to mark ‘yes’ if they support the issue or ‘no’ when they do not, for both aspects and indicate with an exclamation mark what was most important to them. This question is essential since it will be easier to analyse if there is any correlation between their values/motivators while making trade-offs (this will be discussed in more detail in 6.6).

**Table 8: Sustainability**

| <b>Social aspects</b><br><i>Firms: 25</i> | <b>Yes</b> | <b>No</b> | <b>!</b> | <b>Environmental aspects</b><br><i>Firms: 24</i> | <b>Yes</b> | <b>No</b> | <b>!</b> |
|---|------------|-----------|----------|--|------------|-----------|----------|
| Fair Wages                                | 19         | 0         | 6        | Reduce carbon emissions                          | <b>15</b>  | 9         | 0        |
| Safe work environment                     | <b>22</b>  | <b>0</b>  | <b>3</b> | Use of organic materials                         | <b>16</b>  | 3         | <b>5</b> |
| No child labour                           | 19         | 0         | 6        | Reduce water use                                 | 13         | 11        | 0        |
| Projects for the community                | 11         | 13        | 1        | Reduce energy use                                | 12         | 12        | 0        |
| No forced/compulsory labour               | <b>23</b>  | <b>0</b>  | <b>2</b> | Recycle waste                                    | 13         | 7         | <b>4</b> |
| Training and education                    | 13         | 12        | 0        | Careful use of chemicals                         | <b>17</b>  | 4         | 3        |
|   |            |           |          | Transport  | 14         | 10        | 0        |

From the results of the survey a few conclusions can be drawn based on table 8. Two issues of the social

aspect are most important to the entrepreneurs; the first one is safe work environment and second is no forced or compulsory labour should be involved. However, six firms emphasized the following two issues with an exclamation mark, they prioritize to pay fair wages to textile workers and claimed that they did not want to be involved with child labour. The least important issue according to the data was doing projects for the community, for instance supporting locals by giving them education. This can be explained by the fact that only businesses that have a well-established position in the market and are prosperous can aim to do something in return for the society such as organizing projects for those in need.

Based on the results it seems like the environmental aspects compared to the social aspects are less essential. The highest score within the environmental dimension was careful use of chemicals in the production process and use of organic materials. The latter received five exclamation marks, which implies that the use of organic materials is strongly supported. The second environmental aspect that received four exclamation marks was: recycling. However, important to note is that this applies to recycling within the company as well as using recycled materials for the product. Over half of the entrepreneurs (15 out of 24) are taking conscious steps regarding the carbon footprint. They are trying to reduce their footprint by using transport per boat instead of flight. However, there are exceptions for example due to the small size of the SMEs sometimes there is no other option than transportation by plane. See the quote below.

*Company 18: 'Nothing can be send by sea because it needs to be delivered quickly and also the orders are not big enough'*

It is clear that social aspects are found to be more essential and vital than environmental aspects. Some entrepreneurs wanted to be assured that they were working with the right suppliers and therefore became a member of Fair Wear Foundation before the foundation of the company.

*Company 5: 'Perhaps I have to emphasize that we first became member at Fair Wear to source the right factories and partners and then we started our company'*

To conclude, the two most important social aspects for entrepreneurs to incorporate in their business are: no forced or compulsory labour should be intertwined in production, a safe work environment should be offered and workers should earn fair wages. For the environmental aspects entrepreneurs are careful with the use of chemicals and try to reduce this as much as possible. Moreover, sustainable fashion entrepreneurs prefer to use organic materials if available and otherwise another option would be to use recycled materials.

### 6.3 Motivations

This section will outline the motivations for sustainable entrepreneurs and will answer the sub-question: *what are the motivational drivers of sustainable entrepreneurs?* The drivers have been taken from previous research (Kirkwood & Walton, 2010) and the social and environmental aspects have been added, in order to examine if conventional versus sustainable entrepreneurs prioritize different goals.

| <b>Table 9: Motivational drivers</b>           |          |          |          |           |           |            |             |                           |
|--|----------|----------|----------|-----------|-----------|------------|-------------|---------------------------|
| <i>Firms: 24</i>                               |          |          |          |           |           |            |             |                           |
| 1= totally not important<br>5 = very important | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b>  | <b>5</b>  | <b>N/A</b> | <b>Mean</b> | <b>Standard deviation</b> |
| Money  | 6        | 2        | 4        | <b>10</b> | 1         | 1          | 2.9         | 1.35                      |
| Care about the environment                     | 1        | 0        | 1        | 10        | <b>12</b> | 0          | 4.3         | 0.92                      |
| Social Values (do something good for society)  | 0        | 0        | 0        | 10        | <b>14</b> | 0          | <b>4.6</b>  | <b>0.50</b>               |
| Entrepreneur's desires/dream                   | 0        | 0        | 1        | 8         | <b>15</b> | 0          | <b>4.6</b>  | <b>0.58</b>               |
| Being own boss                                 | 0        | 2        | 2        | <b>9</b>  | <b>10</b> | 1          | 4.2         | 0.94                      |
| Market opportunity                             | 4        | 3        | 6        | <b>10</b> | 0         | 1          | 3.0         | 1.15                      |
| Change of regulation                           | <b>6</b> | 3        | 5        | 4         | 5         | 1          | 3.0         | 1.52                      |

In table 9 all the motivational drivers are shown, the first five aspects of the table are internal drivers whereas the last two are external. Surprisingly, *money* is not the primary reason for many sustainable fashion entrepreneurs to start a business but they (10 out of 22) agree that money is important to pay the monthly bills. The highest motivator mentioned by more than half entrepreneurs is that it had always been a *dream* for them to achieve this. The second most important driver is the social values, they are aware of the problems that exists within the supply chain of the fashion industry. The third aspect is the urge to stop the lifestyle that will have a negative impact on the earth. They want to preserve the planet for their children and see the necessity to do this through a sustainable venture. Approximately 12 to 14 firms validate this explanation by the high score on both social and environmental dimension. On the other hand there are also a small group of entrepreneurs who did not start the business out of sustainability values, see the quote below:

*Company 19: "I did not start this company because I missed a sustainable label. I wanted to do something that I liked and had affinity with. Also be conscious about the process and even in the very beginning, we developed clothing that is still sold in our shop, or sold second hand because the quality is still really good"*

Some of the entrepreneurs have a desire to make a full time job of their business but it is hard to realize. They deal with challenges that will be elaborated in section 6.4. In order to maintain their dream, few

entrepreneurs have an additional job besides their own business. Apart from the level of consciousness of the entrepreneurs to pursue a sustainable career, others mentioned that it was a *market opportunity*.

To summarize, for most sustainable fashion entrepreneurs the main reason to start a business has been something they have been dreaming of. The other strong reasons are the social and the environmental values referring to the aspects mentioned in 6.2. To be more precise, in general ten entrepreneurs had strong social and environmental values; they rated the questions with a five and eight others rated the both dimensions with a four. In addition, three other firms are solely concerned with the social aspect of the fashion industry.

## 6.4 Challenges

While operating a business encountering challenges will be inevitable, therefore this section will look at this specifically for sustainable entrepreneurs in the fashion industry. This information will be needed to answer the second sub-question: *what are challenges and trade-offs sustainable entrepreneurs face?* (the trade-offs will be elaborated in 6.6). The challenges are classified as: investments in sustainability/sales (6.4.1), financial resources (6.4.2), company culture (6.4.3), raising public awareness about the impacts of the fashion industry (6.4.4), distributors and retailers (6.4.5), lack of information (6.4.6), own values (6.4.7), regulations and public policies (6.4.8) and finally the last section about innovation (6.4.9).

**Table 10: Challenges**

| 1= strongly disagree 5 = strongly agree   | 1 | 2 | 3 | 4  | 5 | N/A | Total* | Mean | Standard deviation |
|---|---|---|---|----|---|-----|--------|------|--------------------|
| It is difficult to choose in what I should invest: sustainability or marketing/sales (growth)               | 6 | 3 | 7 | 5  | 2 | 0   | 23     | 2.7  | 1.32               |
| It is difficult to find financing   | 2 | 1 | 5 | 11 | 3 | 1   | 22     | 3.5  | 1.10               |
| It is difficult to build up a sustainable company culture (e.g. employees' willingness to act)              | 5 | 6 | 7 | 4  | 0 | 1   | 22     | 2.5  | 1.06               |
| It is difficult to raise public awareness about the social and environmental impact of the fashion industry | 2 | 0 | 2 | 15 | 4 | 0   | 23     | 3.8  | 1.03               |
| It is difficult to encourage distributors to promote my sustainable product.                                | 5 | 5 | 5 | 5  | 2 | 1   | 22     | 2.7  | 1.32               |
| Lack of information to adopt sustainability practices   | 7 | 6 | 5 | 3  | 2 | 0   | 23     | 2.4  | 1.31               |
| It is difficult to stick to my own ideals while striving for growth and success.                            | 4 | 5 | 8 | 6  | 0 | 0   | 23     | 2.7  | 1.06               |
| Regulations and public policies turn out to be counterproductive for sustainable practices                  | 3 | 6 | 9 | 3  | 1 | 1   | 22     | 2.7  | 1.04               |
| It is difficult to innovate in order to maintain competitiveness while contributing to sustainability       | 7 | 6 | 6 | 2  | 1 | 1   | 22     | 2.3  | 1.16               |

\*Total is the number of firms

### **6.4.1 Investments in sustainability and/or sales**

In table 10 an overview of the challenges can be seen. The first question of the survey aimed to investigate what is emphasized within the company sustainability or growth? The results of the survey pointed out that there are mixed feelings towards this question. Nevertheless, six firms indicated that it was not an issue for them at all to make a choice between sustainability and sales. A closer look at these six entrepreneurs it became apparent that they had strong motivations for the social and environmental issues. This could be the reason why they do not find it difficult. Although, five entrepreneurs do say it is difficult to make a choice between sustainability and sales. The following quote demonstrate that sustainable businesses can grow into a success.

*Company 19: ‘Sustainability and growth can go hand in hand’*

Therefore, it can be said that although a majority of the sustainable fashion entrepreneurs are motivated to contribute to the environment (12) or social aspects (14). On the other hand they do experience difficulties when a choice must be made between sustainability and sales.

### **6.4.2 Financial resources**

The second prevalent challenge is one that is also applicable to conventional entrepreneurs, finding financial resources. In most cases it is very difficult to obtain a loan via the bank for entrepreneurs, therefore some entrepreneurs found financial support through friends and family or besides their own business they also have another full-time or part-time job. Their job provides them with capital which can be invested in the company or pay the monthly bills. The examples below demonstrates the struggle:

*Company 1: ‘I am planning to make this my full time job if that is possible, now it is more a hobby. I do need to pay my rent every month. Although, it is sort of a hobby I do not treat it as a hobby, I take every action really serious and it is a serious project. I spend 3,5 day on my company and besides that I work 3 days somewhere else as well.*

*Company 16: ‘We struggle every month to pay our bills because of our circular business model’*

### **6.4.3 Company culture**

The third challenge is about building a sustainable company culture by employing people who share the same values as the founder itself. The average score for this question was 2.5; a possible explanation could be that only 36% of the companies have between 1 and 25 employees. Therefore for a great part of the sample this question was not applicable. Though, five entrepreneurs strongly disagreed with the statement and said that they do not encounter difficulties to find the right employees. Four others stated

that it was indeed difficult to employ people with the same values.

#### **6.4.4 Raising public awareness about the impacts of the fashion industry**

The results of the survey revealed that this issue is the most difficult one. More than half of the entrepreneurs said that raising public awareness about the social and environmental impacts caused by the fashion industry is really difficult. There are several reasons that could explain this first of all; the problems are far away from the consumers, they cannot visually perceive the situation what is actually happening in the textile factories that is often located on the other side of the world. Second, is lack of transparency, there is too much information withheld from the consumers such as: the material the product is made of, where the clothing produced and in what kinds of conditions do they work? Many questions remain unanswered to consumers, which potentially lead to scepticism towards sustainable fashion. The final reason would be that it is a big change to go from fast fashion to sustainable fashion. The following two quotes underpins this:

*Company 16: "You guys love the concept of 'lease a jean' but you do not have one yourself. A lot of people approach us and ask to participate in their events. People think it is fantastic but do not buy or lease a jean. It is a big step"*

*Company 18: "Public awareness is hard, because the consumer has a certain picture and the company differs from that so you need to be very precise in what you communicate to consumers"*

#### **6.4.5 Distributors and retailers**

Another issue regarding awareness and the essence of sustainable fashion brands is to encourage distributors to promote the sustainable product. Noteworthy to mention that a group of five entrepreneurs has experienced that it is not difficult for their distributors to promote their product. Since their distributors share the same value as they do which in turn limits the difficulty. However, it might depend on what product or service is offered, the next quote demonstrates this:

*Company 16: "we also have to convince retailers to buy our products. They can earn commission fee... but if they buy from G-star they buy it for €40,- and sell it for €150,-. What margin do we have to give the retailers? We thought about giving them €25,- which is the down payment. We try to explain that they do not need to invest, no discounts, no stock and thus no need to dump the jeans as well. We buy on demand. We do not stock the whole store"*

At the same time, an assumption can be made that no clear conclusion can be given, since varied answers have been given.

#### **6.4.6 Lack of information**

According to the results of the survey three entrepreneurs state that there is a lack of information. On the other hand (7 out of 23) contends that there is enough information available about how to adopt a sustainable business. However, it is the entrepreneurs' own responsibility to search for the right information, see the quote below:

*Company 18: "There is a lot of information available about sustainability, and regulations seem to work counterproductive. You need to be able to change quickly and adjust to the environment"*

#### **6.4.7 Own values**

A challenge that conventional entrepreneurs do not have to deal with is 'sticking to your own ideals while striving for growth and success'. This part has to do with making decisions that comply to their core value and on the other hand growing their business. It is about revenue and sustainability, what is more vital to them. On average the score was 2.7, which entails that the answers given are varied and thus most entrepreneurs were not certain about their answer or are neutral. Six entrepreneurs said that it is difficult to stay true to oneself, whereas four other fashion entrepreneurs argue that it is not difficult to stay true to oneself. To demonstrate this, the founder of a company specialized in textiles and scarves, claims that it is her common sense how she runs her business. If it fits within her range of values and beliefs, she will make that decision. The next quote verifies this:

*Company 18: "The motivation to start my own company was because making clothing is a hobby and a passion, and being free from a boss. Doing something back for society and the environment comes on the second place. Money is important because you need to have money to keep on existing, but it is not the main goal. Start with yourself, I cannot change who I am"*

#### **6.4.8 Regulations and public policies**

The second last challenge is about regulations and public policies that they turn out to be counterproductive for sustainable practices. The majority of entrepreneurs stayed neutral, although three stated they strongly disagreed whereas nine rated the question with a three thus; they are neutral or have never faced a governmental action. The next quote describes a governmental action:

*Company 9: "The government writes a public tender. In which you have to declare that you do your best to prevent child labour. No results commitment but a declaration of commitment. This action will stimulate that sustainable initiatives will become useless. The same goes for signing a statement in which you declare that you won't allow structural over hours and no forced labour. On the other hand, production has to take place within two months. This means, weaving yarns, confection and doing some work in the Netherlands. Everything needs to be done within two months. This is the different between*

*theory and how it works in practice, this de-motivates, there are no real changes practiced''*

#### **6.4.9 Innovation**

Innovation emerges in every company and is key to successful entrepreneurship. The last potential challenge is it *'difficult to innovate in order to maintain competitiveness while contributing to sustainability?'* is perceived by the greater part of the sample as not much of a problem. The following examples illustrate that innovation is essential in an enterprise:

*Company 8: "It is embedded into our company values with a circular economy as business model, we innovate every time"*.

*Company 2: "We want the consumers to think 'wow that is something I must have'. So yes being innovative is very important to us"*

In conclusion the major challenges for sustainable entrepreneurs operating in the fashion industry is creating awareness for the social and environmental impacts caused by the industry. Second, is finding financial resources, this problem is also encountered by conventional entrepreneurs. The next four issues share the same average score of 2.7: the problem between investments in sustainability or growth, convince distributors to promote their product, sticking to own ideals while aiming for growth and the last one is regulations and public policies are counterproductive towards sustainable entrepreneurs. In the next section a closer look will be taken on personality traits of sustainable entrepreneurs on five dimensions.

#### **6.5 Personality traits**

This section will look at the personality traits of sustainable entrepreneurs and show if they have an influence on their entrepreneurial behaviour. The questions for this part of the survey based on the next dimensions: innovativeness, pro-activeness, aggressiveness, futurity and riskiness (Tan, 2007). Table 11 shows an overview of the results obtained through research.

The first three sets of questions refer to the *future-orientation* of an entrepreneur. The result of the survey tells that the greater part of the entrepreneurs think about the future while making strategic decisions. They also strive for long term profitability above short-term profitability.

*Company 2: "We think long term, if you pull out a product out of the closet in 4 years time, we want you to think 'I still like this jacket'. It has to be durable and timeless. All our products are focused on design and the future"*

However, entrepreneurs are a bit restrained with regards to investments that will eventually provide a

competitive advantage, they are careful with investments. This can be explained by the limited financial resources they have, as mentioned before in 6.4 finding capital is a challenge for many entrepreneurs.

**Table 11: Personality traits**

*Firms: 23*

| 1= strongly disagree 5 = strongly agree  | 1 | 2 | 3  | 4  | 5  | N/A | Mean | Standard deviation |
|--|---|---|----|----|----|-----|------|--------------------|
| “We think about the future when making strategic decisions”  | 0 | 0 | 1  | 8  | 14 | 0   | 4,6  | 0.59               |
| “Long term profitability goes above short term profitability”  | 0 | 1 | 3  | 8  | 11 | 0   | 4,3  | 0.86               |
| “When making strategic decisions we respond to opportunities quickly”                                | 0 | 2 | 5  | 11 | 5  | 0   | 3,8  | 0.89               |
| “Investments that will provide us with a competitive advantage are emphasized”                       | 0 | 2 | 12 | 6  | 3  | 0   | 3,4  | 0.84               |
| “We always look for new opportunities and introduce new products to the market”                      | 1 | 4 | 2  | 8  | 8  | 0   | 3,8  | 1.24               |
| “We always look for big opportunities regardless the uncertainty of the outcome”                     | 5 | 3 | 7  | 7  | 1  | 0   | 2,8  | 1.23               |
| “The strategic decisions we made with a focus on investment include high risk and high return”       | 5 | 3 | 10 | 3  | 2  | 0   | 2,7  | 1.21               |
| “New projects are approved with ‘blanket approval’ and not through various stages”.                  | 4 | 3 | 12 | 2  | 2  | 0   | 2,8  | 1.13               |
| “We always strive to improve the position in the market and simultaneously challenge my competitors” | 3 | 4 | 4  | 7  | 4  | 1   | 3,2  | 1.34               |

The second dimension *innovativeness* shows how innovative the entrepreneur is. The example given at the survey deals with the pace of how they deal with opportunities and introduce new products to the market. The majority (8 out of 23) of entrepreneurs believe they are very innovative. In sustainability innovation is of significant importance because new ideas needs to be established in order to continue the business. The third dimension deals with *proactiveness* of an entrepreneur, the following question was asked: ‘*when making strategic decisions we respond to opportunities quickly*’. When new opportunities rise it is important to be fast for entrepreneurs, eleven out of twenty three entrepreneurs agree with this. In addition, most ventures have only one or two founders and therefore decision making does not involve a long procedure which is beneficial for this dimension. The fourth dimension is about ‘*agresiveness*’, which refers to the propensity of an entrepreneur to challenge its’ competitors. The question was ‘*we always strive to improve the position in the market and simultaneoulsy challenge the competitors*’, the entrepreneurs rated on average a 3.2 for this statement. Seven out of twenty three rated this question with a four and thus, they aim to compete with others in the market. On the other hand, the other entrepreneurs’ views vary from totally agree to totally disagree. Therefore, no clear conclusion can be made upon these results. ‘*Riskiness*’ is the last dimension and two questions have been asked. The first one is ‘*we always look for big opportunities regardless of the uncertainty of the outcome*’. Five out

of twelve entrepreneurs did not agree nor disagree, from this a conclusion can be made that on the one hand they do want to take risks but on the other hand they are also cautious. The other question is *'the strategic decisions we made with a focus on investment include high risk and high return'*. One group of entrepreneurs totally agreed upon this statement whereas others totally disagreed. Therefore views vary per individual.

In conclusion, based on the results of the survey it can be stated that sustainable fashion entrepreneurs have three important traits. The first one is they are future oriented when making decision but are careful with investments. The second is, innovative this is essential because financial resources is limited and therefore new ideas need to be established. The last one is pro-activeness, sustainable entrepreneurs tend to react fast to new opportunities and want to gain competitive advantage.

## **6.6 Trade-offs**

This last section will look into the trade-offs faced by sustainable fashion entrepreneurs. Participants were given statements and could give answers by giving a score from 1 = strongly disagree to 5 = strongly agree. In table 12 an overview of the results of trade-offs is shown, each statement is categorized into: consumer demand, transport, company culture, production and materials and the last one is profit. These results will be discussed per category.

### **6.6.1 Consumer demand**

The first statement is about what would the entrepreneur do if consumer demand would be greater than the production capacity, would they opt for a less sustainable factory and offer a less sustainable product. For this decision the values of the entrepreneur are involved because they determine the choice. From the results of the survey 50% said they would not make a trade-off on producing less sustainable even though they could make more profit. These firms both stress the importance of sustainability and are dedicated to provide textile workers a fair chance. The next quote demonstrates that:

*Company 7: "We do not change our factory, we inform our customers about longer delays"*

**Table 12: Trade-offs**

| 1= strongly disagree 5 = strongly agree  | 1  | 2 | 3 | 4 | 5  | N/A | Total* | Mean | Standard deviation |
|--|----|---|---|---|----|-----|--------|------|--------------------|
| "When consumer demand is greater than my production capacity, we choose for a less sustainable factory and offer a less sustainable product."            | 11 | 5 | 5 | 0 | 0  | 1   | 22     | 1.7  | 0.85               |
| "We would choose high transport costs and support local communities in emerging countries rather than producing it local or nearby (low transport cost)" | 6  | 1 | 5 | 3 | 2  | 4   | 21     | 2.6  | 1.46               |
| "We (want to) employ people who share the same values instead of individuals who are less willing to act sustainable."                                   | 2  | 0 | 1 | 5 | 10 | 4   | 22     | 4.2  | 1.29               |
| "We are sometimes challenged to transport goods by air freight but if possible we use sea freight".  | 2  | 2 | 5 | 4 | 2  | 4   | 19     | 3.1  | 1.25               |
| "We would use less sustainable production methods if it saves costs."  | 11 | 3 | 4 | 0 | 1  | 3   | 22     | 1.8  | 1.13               |
| "We would accept less profit rather than offering less sustainable products."  | 2  | 0 | 2 | 6 | 9  | 3   | 22     | 4.1  | 1.27               |
| "We would change the product to sell more and accept the product to be less sustainable (e.g. use normal cotton rather than organic cotton)."            | 8  | 4 | 6 | 3 | 0  | 0   | 21     | 2.2  | 1.12               |

\*Total is the number of firms

### 6.6.2 Transport

The next two statements are related to transport. The first one is '*we would choose high transport costs and support local communities in emerging countries rather than producing it locally or nearby*'. Most entrepreneurs (6) said they prefer to have the production place locally or nearby instead of in emerging countries. Some might have taken the carbon footprint and high transport costs into consideration when the type of transportation is chosen. Another reason could be the certainty about the work environment, which will limit the societal problems when production is close by. The next quote shows that costs and quality is very important to them:

*Company 23: "The trade-off is however not between high or low transports cost or supporting emerging economies. But rather where can we find quality in proportion with price"*

The second statement about transport is '*we are sometimes challenged to transport goods by airfreight but if possible we use sea freight*'. In the fashion industry work needs to be carried out rapidly, fashion brands want to have their new collection as soon as possible. The delivery time should be fast and thus delivery per boat might take a considerable amount of time. Therefore entrepreneurs have to make a well thought decision about what is more valuable to them and what is possible within the limited time frame and costs.

### 6.6.3 Company culture

In any firm forming a company culture is important; in a sustainable company it would ideally to employ individuals who share the same values. The next statement illustrates this: *'we (want to) employ people who share the same values instead of individuals who are less willing to act sustainable'*. Major part of the entrepreneurs claimed they are indeed looking for individuals who share the same values as they do. The quote below supports this.

*Company 7: 'Our production partners' goal is to produce sustainable and ethical products''*

### 6.6.4 Production costs and materials

In the beginning of starting up the enterprise sustainable fashion entrepreneurs are confronted with difficulties such as: to find a factory that meets their criteria. It may occur as troublesome due to many reasons one of them is the firm size and low volume. Half of the participants strongly disagreed with the statement: *'we would use less sustainable production methods if it saves costs'*. They would not save costs on production but rather have higher costs and produce it in a sustainable manner. The next quotes show the core value of a company:

*Company 11: 'If the commitment is there and it has been produced fairly, it is OK. Important is how it is produced, we stress fair trade production, everything that comes next is a plus''*

*Company 10: 'In principle, what I said about not producing sustainable in the future because that is our slogan we will not make concessions on that. What you could say is, we do not always use recycled cotton but sometimes also organic cotton. Recycled cotton is very difficult to make the fibres longer so often you have to mix it with organic cotton. In this point we do have to make trade-offs. In the future we try to innovate together with the factories we currently are working with''*

For many sustainable fashion entrepreneurs who started the venture to do something in return for the society, they are dedicated in to produce it in good factories and often face a long process in the search for the right partner. The following quote gives a good impression about the trade-off on producing it locally or abroad.

*Company 6: 'We wanted to expand our production but we could not find a company in Holland to do this for us. Going abroad was not an option either. Therefore we went looking and this was a long process. In the end we are working with I-DID fashion in Utrecht''*

Besides saving costs on production, it is also possible to save costs on the product this refers to the next statement *'we would change the product to sell more and accept the product to be less sustainable, e.g. use normal cotton instead of organic cotton'*. Results of the survey revealed that 8 out of 22 argued that they would never change the product. Based on this conclusion an assumption can be made that this group of entrepreneurs has embedded sustainability within their core values. Furthermore for some the quality of the product is really important, so no trade-off will be made in this area. However one company do try to compensate this:

*Company 2: 'Material is more important than sustainability. But we do try to compensate this in other aspects in return for a decision we made that was less sustainable''*

Other entrepreneurs value the quality of their product more because their mission is to deliver high quality goods and trade-offs on material is simply not possible:

*Company 10: '...but on quality we do not want to make trade-off because our slogan is 'quality wear for the next era''*

The next example illustrates several problems; the first one is the high price of the product that results in low sales. The second is production in their country that contributes to the high price as well. The trade-off here is that they rather drop an idea if the production cannot be carried out in France. In addition, they feel that their values are making it really difficult to survive.

*Company 15: 'The most difficult situation is our actual one; we do not sell a lot of products since we started, mainly because of price. Since the beginning people tell us to stop organic and recycled fabric or to produce in foreign countries and get lower cost. But we do not want to change our DNA, we really want to produce our collections in French factories and use eco-friendly fabrics. The more difficult is to find good suppliers who can do what we want, and sometimes we prefer to drop an idea, because we cannot do it in France. But maybe one day we will have to move our production, because French factories are closing one by one... We sometimes loose our confidence into our values and then, there is people like you, who appreciate and share them and this is the best reward for us! When people understand what we do, why we do it and help us to grow by following us and talk about us.'*

As mentioned before, access to finance is limited and it may drive the entrepreneur into a difficult position. This entrepreneur did not have the money to purchase sustainable materials and did not want to use new materials, so he came up with something else:

*Company 24: ‘‘Honestly I only want to use sustainable materials but because they are not produced on a large scale, these fabrics are quite expensive. I would like to do this in the future when it is more affordable. For now I have chosen to use the left over’s of fabrics and yarns, it is a good alternative and also more sustainable if I would buy new fabrics’’*

To summarize, in both areas cost and motivation are factors that will pose influence on trade-offs decisions. Several examples have been given to illustrate this. Based on the results a pattern can be identified that sustainable fashion entrepreneurs pay attention to their core value and motivation while making trade-offs.

#### **6.6.5 Profit**

The final statement expresses the economic part of sustainability, after all each enterprise needs to generate revenue in order to continue doing business. The question is as follows ‘*we would accept less profit rather than offering less sustainable products*’. In total 15 entrepreneurs state they agree or even strongly agreed with this statement. One company said:

*Company 14: ‘‘It is something we have been accepting for a number of years now’’.*

The next quote shows the trade-off between choice of fabrics and printing method:

*Company 7: ‘‘Choice of fabrics and printing technique for our garment was important: choosing cheaper fabrics and less sustainable printing we could get more profit... We decided not to do so with the goal to prove that working ‘‘ethically’’ is possible. Moving slowly but moving forward!’’*

Another quote shows that it is about the personality of the entrepreneur:

*Company 3: ‘‘Yes and that is why our profit is low at the end of the day. But the good thing is you will sleep better during the night!’’*

The next quote claims that the quality of their product is really important and would not produce a product of less quality to increase profit.

*Company 7: ‘‘Our t-shirts have a very good quality, but are more expensive to produce. We chose not to change the quality for making more money. But it could happen because of the rapidity of delivery and greater choice of colours, for example. Our production partners’ goal is to produce sustainable and ethical products’’*

The section about trade-offs in production and materials (6.6.4) has been discussed extensively because the most trade-offs are made in these two areas. The entrepreneurs who identified they accept less profit for a sustainable product have stated they would also not use a less sustainable production method if it saves costs. Here, a correlation between costs, profit and production has been made. In this paragraph it became clear that entrepreneurs are not focused on earning profit, as this is not their primary motivation. In the next chapter findings of the current chapter will be discussed and compared to previous research also the relationships between all the sections will be illustrated to provide an answer to the research question.

## 7. Discussion and implications

This chapter will discuss the most significant findings with help of previous literature and put this into perspective. The first four sections will highlight the main results and thereafter the main research question will be examined. In paragraph 7.1 the important motivational drivers will be reviewed, in 7.2 the challenges sustainable entrepreneurs are confronted with will be highlighted. The main theme in this thesis, the trade-offs will briefly be discussed in 7.3 and in 7.4 the personality traits of the sustainable fashion entrepreneur are analyzed. In paragraph 7.5 a better understanding about the research question, which is stated below will be given. The theoretical framework established in chapter 4 will be used and link the results obtained through field research in order to discuss the main question. In paragraph 7.6 the limitations of the conducted research and a proposal for future research will be examined.

The focus of this thesis was to gain insight in the trade-offs that are faced by sustainable fashion entrepreneurs. The research question therefore was:

**How do sustainable entrepreneurs deal with trade offs and what influence do personality traits have?**

### Sub-questions:

1. What are the motivational drivers of sustainable fashion entrepreneurs?
2. What are the challenges and trade offs sustainable fashion entrepreneurs face?
3. Do the personality traits of sustainable fashion entrepreneurs influence the decision-making process?

### 7.1 Motivations

This section will look into the first sub-question related to the motivations as presented in chapter 6.3 and will answer the first sub-question: *what are the motivational drivers of sustainable entrepreneurs?*

The most important motivation for sustainable fashion entrepreneurs based on the results of the research is their passion and dream to start a business. Although 32% have experience in entrepreneurship only 16% had followed a business education (marketing, finance or communication). Previous studies showed that sustainable entrepreneurs also did not have relevant business experience (Choi & Gray, 2008). The second reason is the social values they have and want to do something back for the society. Within the social aspects, no forced or compulsory labor, safe work environment and paying fair wages to the workers are most favored. The third motivator is the care for the environment, in an empirical study of Schlange, (2006). it was found that the primary reason of sustainable entrepreneurs is to create

jobs for people living in their region. On the other hand, there are also entrepreneurs who are not primarily after sustainability, although their business is conducted in a sustainable manner it is because of their personality not because of strong social and/or environmental values. The last significant motivation to run an enterprise is being the boss themselves, this is in line with the findings of Kirkwood & Walton, (2010). Although, money is a key motivator for conventional entrepreneurs, sustainable fashion entrepreneurs have a stronger feeling to contribute to social and environmental aspects. Earning money is not what they want to achieve, despite the fact that the company needs to generate profit to continue the business.

To conclude, the main reason for most sustainable fashion entrepreneurs is the dream to start their own company. The second is that they value the social and environmental aspects and are aware of the current issues in the fashion industry that needs to be addressed. The two most important social aspects for entrepreneurs to incorporate in their business are: no forced or compulsory labor, safe work environment and fair wages. The third reason is that the planet needs to be taken care of; sustainable fashion entrepreneurs are careful with use of chemicals and try to reduce this to a large extent. Moreover sustainable entrepreneurs prefer to use organic materials or even recycled materials instead of other fabrics. Hence, the production of fabrics causes damage to the environment or harm to the people who are in charge of this job. Therefore sustainable fashion entrepreneurs choose for a fair production by using organic or recycled materials. The next section will illustrate the challenges involved in sustainable entrepreneurship and discuss it with prior studies.

## **7.2 Challenges**

The results of the survey and interviews revealed two major challenges for sustainable entrepreneurs in the fashion industry and four minor challenges. This section will discuss these challenges and answer the first part of the second sub-question: *what are the challenges and trade offs sustainable entrepreneurs face?* The second part of the sub-question about the trade-offs will be examined in 7.3.

The biggest obstacle faced by fifteen out of twenty three entrepreneurs is the difficulty to create awareness about the social and environmental impact of the fashion industry. From secondary sources and interviews it became clear that many sustainable entrepreneurs are having trouble conveying the message about the importance of sustainability in the fashion industry. Due to the fact that consumers are not well informed about how clothing is made and what issues are present in the fashion industry. This is an insightful finding but also predictable because sustainable fashion is a new and unfamiliar trend. In the future more research should be conducted about how consumers view sustainability in the fashion industry. The second challenge, which corresponds with prior research from Linnanen (2002) is

finding financial resources, which is also applicable for conventional entrepreneurs. From the interviews some stated they have another job in order to finance their dream. The next four challenges are not of great significance because of the average score of 2.7. Besides that it is difficult to explain to consumers about the importance of sustainability in the fashion industry and the issues. Some entrepreneurs also experience difficulty to convince retailers why they should promote the product and include it in their collection. This can be explained by the first major challenge. If there is no consumer demand for sustainable fashion, retailers do not feel the need to provide it to the consumers as well. Or another reason stated by one company is that consumers are not ready for the circular economy yet. On the other hand, some argue that they did not have any trouble trying to find selling points for their product. It can be said that it depends on the product of the company that might make it either easy or a struggle for entrepreneurs. Besides that entrepreneurs want to control and sustain the planet and society, government also plays a role by enforcing regulations and public policies. However, one entrepreneur indicated that these are not practiced well. Even though, all the entrepreneurs in this research have strong values to support the environment and society. It was not easy for them to choose between investments in sustainability or growth. This is linked to that sustainable entrepreneurs did not express strong feelings about sticking to their own ideals.

### **7.3 Trade-offs**

The main reason to conduct this research was the gap in literature about the trade-offs sustainable fashion entrepreneurs faced in the fashion industry. This section will briefly mention the common trade-offs found in the research and in 7.5 the relationship between personality traits and trade-offs will be discussed. This will be illustrated with the conceptual model that has been developed in the theoretical framework (chapter 4).

The research revealed that sustainable entrepreneurs in the fashion industry mainly encounter trade-offs in either material or production. According to (Richomme-Huet & Freyman, 2011) sustainable entrepreneurs should value all three dimensions: economic, environmental and social as equally. In other words, no trade-offs should be made upon profit and non-profit activities on social and environmental aspects.

The first trade-off is found in production and within this area many trade-offs can be made. The sustainable fashion entrepreneur first step is to think about where the production is going to be. This could be in Europe or in the emerging economies that are further away. These trade-off deals with social and environmental aspects, the choice of location determines the carbon footprint by the type of transportation that will be chosen either by boat or by plane. One entrepreneur stated that she did not have a choice regarding the type of transportation, since her volume was low and she needs to have her product fast for her clients. In addition, a choice must be made in the search for a place to produce but

the second step is to think about which criteria should the factory meet that complies with the sustainability values of the entrepreneur. These values differ per entrepreneur but in this research most sustainable fashion entrepreneurs favoured two issues of the social aspect, which are no forced or compulsory labor, safe work environment and fair wages. For the environmental values the use of chemicals is reduced and organic or recycled materials is preferred. Other trade-offs that sustainable fashion entrepreneur may face is when the company is well established and consumer demand will become greater than the production capacity. In this descriptive situation, eleven entrepreneurs argued that they would not try to remove their production to a less sustainable production plant. This is a very positive result, but should be interpreted with caution since the companies have not experienced the situation yet.

The other trade-off is in materials for example: the choice between organic, recycled or normal fabrics. In the case of jeans, a sustainable fashion entrepreneur mentioned that 2% lycra must be added to his jeans made of organic cotton for comfort. Consumers demand that jeans should be comfortable when wearing it. Hence, making a trade-off also deals with what the entrepreneur wants to achieve, what is their mission. Do they want to deliver high quality product that should be available to consumers within a certain time frame. Consequently, this would result in limited period of time for the textile workers to produce this order and thus, unsustainable situations might occur.

Initially, the idea was to look into trade-offs during growth phase but sustainable fashion entrepreneurs are a quite new phenomena which made it more difficult to include only the ones that are older. Therefore the trade-offs in this research are mainly apparent during the start-up. However, it can be noted that when these sustainable fashion entrepreneurs face growth they will be forced to make trade-offs in the same area. Because production and material is part of the supply chain which is a key problem in the fashion industry. In the next section, the three most important dimensions will be illustrated and how it may influence the decision-making.

#### **7.4 Personality traits**

The personality traits of sustainable entrepreneurs will be covered in this section and answer the third sub-question: *do the personality traits of sustainable entrepreneurs influence the decision-making process?*

From the five dimensions used of a previous study (Tan, 2007), the following three are most significant: future orientation, innovativeness and pro-activeness. The results revealed that sustainable fashion

entrepreneurs are very future-oriented with the highest average score of 4.6 for the first question; fourteen out of twenty three claimed they think about the future when making strategic decisions. However, important to note is that ‘thinking’ and actually implementing it are two different things. No research has been done to measure their behaviour how future-oriented they are. Eleven out of twenty three entrepreneurs aimed for long-term profit against short-term profit. This can be related to the fact that they are sustainable oriented and thus do not want to gain profit on the short run at the expense of either the environment or the social side e.g. people working in textile factories). However, although they are future-oriented with regards to investments they are more cautious than expected. A possible explanation could be because they only have limited amount of financial resources.

The pro-activeness and innovativeness dimension both have the same average rated score of 3.8. Although the latter dimension have a greater difference between answers of the respondents. The results tell that sustainable fashion entrepreneurs tend to be pro-active regarding new opportunities and want to gain competitive advantage. This is in line with the innovation dimension; from the sixteen entrepreneurs that are pro-active fourteen are also innovative. Sustainable fashion entrepreneurs strive for innovation that will give them competitive advantage. A summary of the results can be found in table 13.

**Table 13: Summary of the results of personality traits dimensions**

| Future oriented | Pro-active | Innovative | Risk-oriented | Aggressiveness |
|-----------------|------------|------------|---------------|----------------|
| 17              | 16         | 16         | 6             | 11             |

Risk is something every entrepreneur will have to deal with. Prior research defined the concept of ‘risk taking propensity’ as the willingness to take risks (Begley, 1995). Based on the research it became apparent that sustainable fashion entrepreneurs are a bit hesitant when dealing with risks, a small group of four to five entrepreneurs indicated that they would never take an opportunity if there would be a lot of risk involved. Nor would they make decisions with investments that include high risk but potentially could generate high return. This can be explained by the fact that entrepreneurs do not have much financial resources to invest in opportunities. In addition, decision-making in this sample size mostly involves only one person: the founder (70,8%) one might insinuate that decision-making would be easier. This results is contradictory to previous studies that suggest that the characteristics of a successful entrepreneur is one that take risks, innovative, able to identify new opportunities (Caird, 1988); Casson, 1982). This research was unable to demonstrate that sustainable fashion entrepreneurs are risk-oriented.

In the data analysis, it showed that personality traits of an entrepreneur do have an influence on the trade-off decision. Especially the finding that revealed sustainable fashion entrepreneurs are future-oriented which is not a surprise since they are focused on sustainability. A further analysis will be

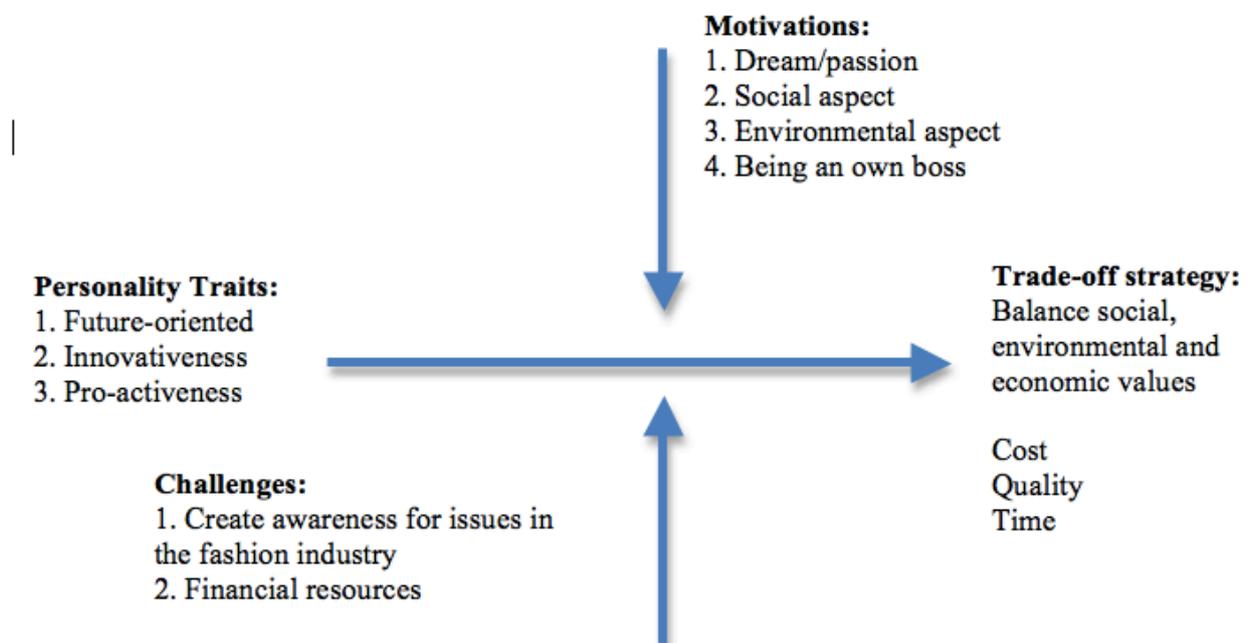
discussed in the next section and this will help understand the relationship between personality traits and trade-offs and how other factors are related as well.

### 7.5 Relationship between personality traits and trade-offs

The findings of the research carried out in this project will be explained and illustrated with figure 4, the conceptual model designed in the theoretical framework (chapter 3). The model delineates the most significant findings that has been mentioned and discussed before. The points discussed in the previous sections will be used to answer the main research question: *How do sustainable entrepreneurs deal with trade offs and what influence do personality traits have?*

The conceptual model in figure 4 illustrates how sustainable fashion entrepreneur’s move towards their trade-off decision and shows if the personality traits and influential factors have an impact on this. A short explanation follows to demonstrate the model. The common trade-offs resulted from the research are in the areas of production and material. In both areas it might involve a long process before the right production facility or material has been chosen.

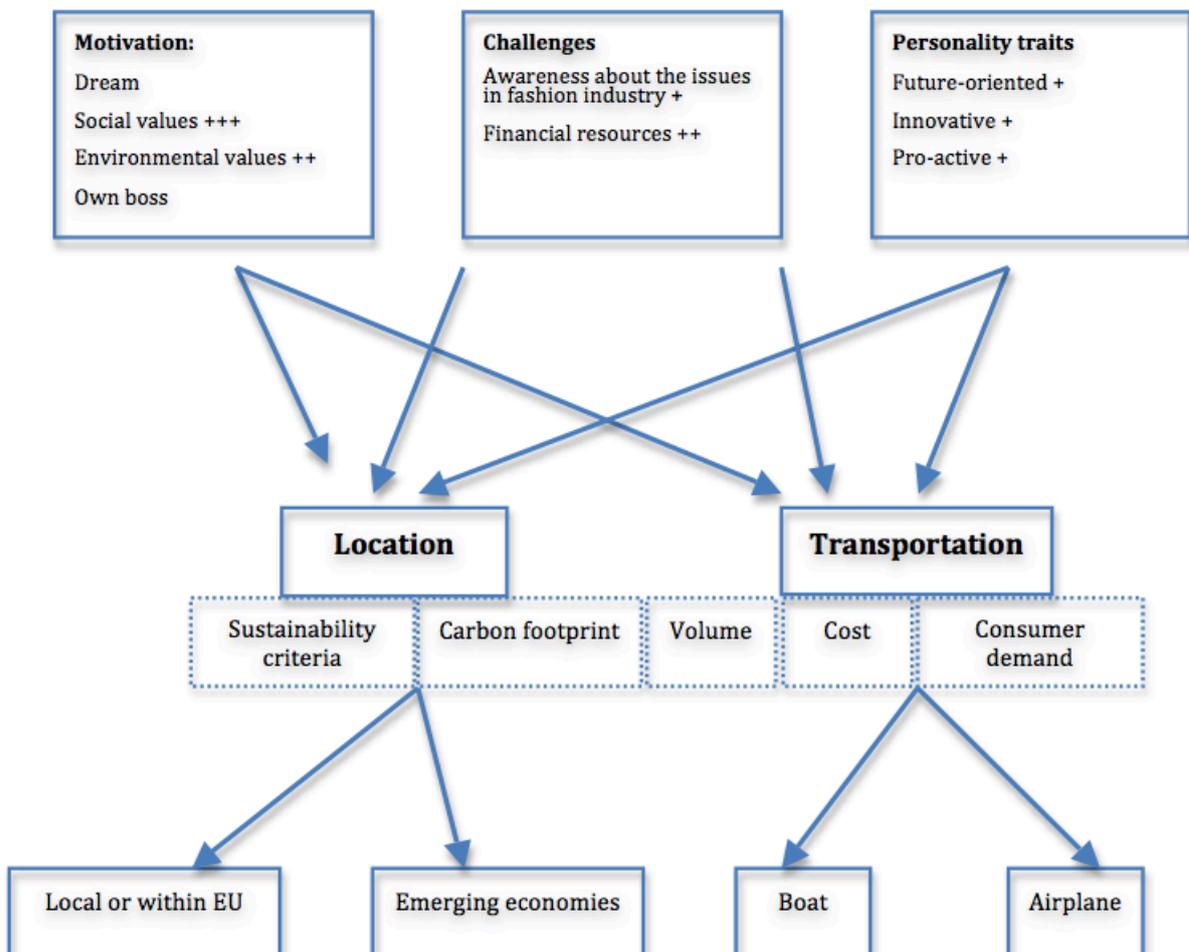
**Figure 4: A conceptual model**



First of all, the personality traits of the sustainable fashion entrepreneurs’ are internal reasons that can explain certain actions (Llewellyn & Wilson, 2003). This research found that sustainable fashion entrepreneurs tend to be more future-oriented, innovative and pro-active compared to conventional entrepreneurs who are characterized as profit-oriented, opportunistic and business-minded reported by Parrish (2010). These three traits will form the foundation on how they make a trade-off and influence

this for example: future-orientation can be related to the fact that nine entrepreneurs stated they would accept less profit rather than offering less sustainable products. They know or assume that it will take time (to convince/inform consumers about sustainable fashion) before profit will be made since sustainable fashion is a new and upcoming trend. Secondly, are the two factors that exercise an influence on the traits, the first factor is their motivational drivers and second the challenges they face, examples of both factors are illustrated figure 4. It can be suggested that motivations are a strong driver for making a trade-off decision. Sustainable fashion entrepreneurs mentioned that they are strongly motivated to contribute to the environmental and social values. This group of entrepreneurs was analyzed carefully and a pattern could be identified that they would not trade-off on their value and often their goal is to show that sustainable fashion is possible and provide sustainable fashion to the consumers. The same group of fashion entrepreneurs said that they would not offer a less sustainable product or produce in a less sustainable factory in exchange for more profit. To put this into better perspective in figure 5 below a trade-off strategy model has been illustrated and shows how trade-off decisions are made together with the aforementioned factors that influences this.

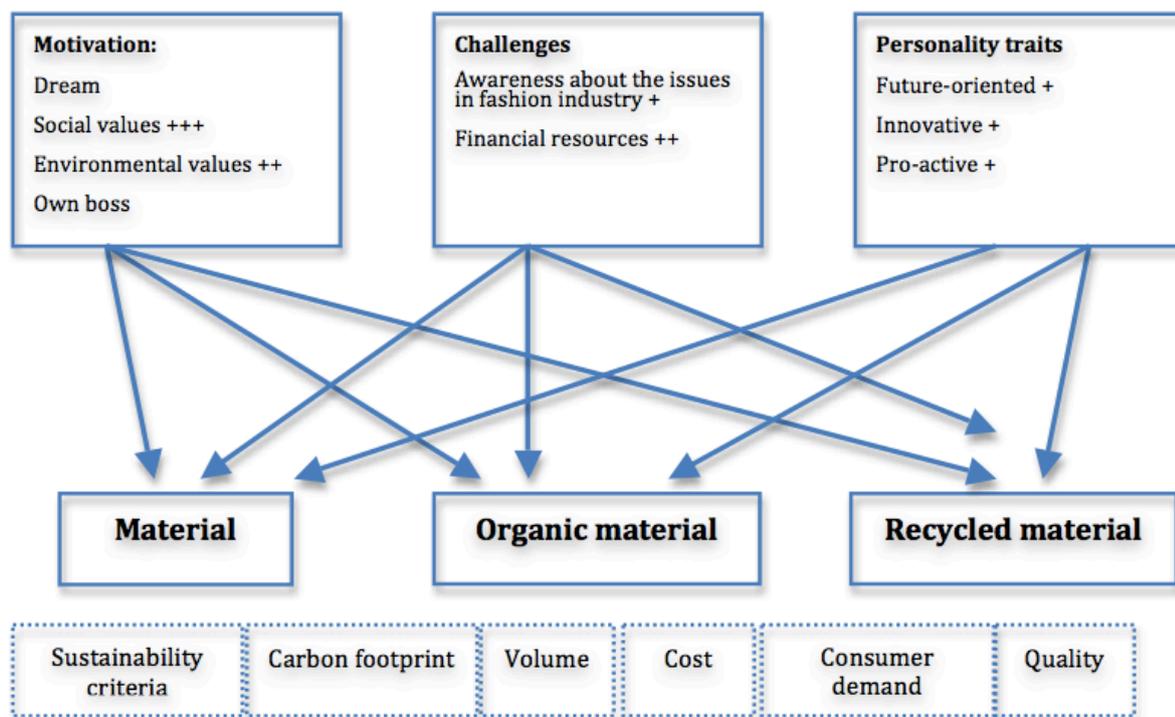
**Figure 5: Trade-off strategy for production**



The factors that are identified with a plus (+) means they have an influence and (++) when there is a strong influence. In figure 5, apart from the three main factors five other minor factors (in dotted boxes) have been identified that the sustainable fashion entrepreneur needs to consider before making a trade-off decision. Some of these factors stems from motivations, challenges or personality traits. For example, the factory where the production will take place should satisfy the sustainability criteria that have been set by the sustainable fashion entrepreneur. This criteria consists of the social and environmental aspects (carbon footprint) that differ per enterprise because it depends on what they prioritize and involves their motivations and personality traits. The firm size also makes a difference since small firms often have low volume, it may be more attractive and more sustainable to produce it within the EU.

Another significant challenge that has a certain impact is financial resources. Costs are a factor that every entrepreneur will think about. For instance, choosing materials for the product, with limited capital company 24 said she used leftovers of yarns and fabrics to create her clothing. This delineates that she is forced to be innovative because she does not have the financial resources. In figure 6, below another trade-off strategy model is presented but for materials. The same factors have been used and identified with a plus (+) when they have an influence and (++) when there is a strong influence. In material quality is crucial and therefore has been added to the five minor factors.

**Figure 6: Trade-off strategy for materials**



There also exceptions, one company did not have strong values towards the society and environment. But the decisions she takes can be considered sustainable, this has to do with her personality characteristics. She has a certain set of values and beliefs and it did not fit to run a business in an unsustainable manner. Moreover, her business was her dream and passion, this is also one of the strong reasons how entrepreneurs are driven by their passion and determined to succeed in running the sustainable business.

In the end, how sustainable fashion entrepreneur's deal with trade-offs depends on several factors: what are their motivations and what are the challenges that occur, that might affect their behaviour towards making a trade-off decision. Three other factors that became apparent is costs, quality and time constrains (Corbett & Wassenhove, 1991). The personality traits have - compared to motivations - a less visible influence. From the findings it became clear that motivations have a strong impact on the trade-off decision whereas awareness about the issues in the fashion industry do not directly influence the decision-making but it will affect them on the long term. Their strong motivational driver to do something about the issues in fashion industry determines and influences the decision throughout their entrepreneurship.

## **7.6 Limitations**

The research strategy chosen from Loane, Bell and McNaughton (2006) has advantages and disadvantages. The advantage is it yielded a response rate of 36% due to the combination of calling the companies and sending the survey by e-mail and the interviews. Through contact via the telephone, there was an opportunity to explain the research objectives a bit more in detail and the entrepreneur was given the chance to say if they want to participate in the research. In this manner, people feel more obliged to contribute to the research since they said they would participate. Limitations was that due to limited time sample size was very small and most of the companies size was small as well since they were start-ups. A greater part of the sample was not older than 4 years. Last limitation is that examples given to illustrate the question might have limited the respondent answer if no example would have been given.

## **7.7 Future research**

A proposal for future research based on the findings would be to conduct further research into all aspects as carried out in this research but then with a greater sample size and compare this with other countries. For example: Denmark, Sweden or any other country that is sustainable oriented in fashion. Another idea would be to look for sustainable fashion brands that are more established and are above the 5 years old. Since almost 50% in the sample size of this research was not older than 4 years, it was not

possible to examine the trade-offs faced during growth phase. For future research theory about different types of sustainable entrepreneurs might be added to it as well so that they can be categorized. This will result in differences between age, size and demographic. By choosing 'senior' brands a comparison can be made between start-ups and older companies to find out if growth is an aspect that will lead to changes in trade-off decision-making. Would sustainable fashion entrepreneurs leave their core value in return for profit or would they stay true to their ideals?

## 8. Conclusion

This research provided valuable insight in trade-offs within the fashion industry by using quantitative and qualitative research. The purpose was to discover how sustainable fashion entrepreneurs deal with trade-offs and what influence do personality traits have.

The results indicated that trade-offs are concentrated on material and production. For any trade-off decision, the personality traits, motivations and challenges will have a certain influence. The three most important traits were: future orientation, innovativeness and pro-activeness. The strongest motivations for sustainable fashion entrepreneurs were: it was their dream to start their own company, positive contribution to society and environment and being own boss. Financial resources and consumers that do not know about the issues that are present in the fashion industry are the two most challenging threats for entrepreneurs. Furthermore, three other factors possess a limitation on the decision-making, which are: costs, quality and time (Corbett & Wassenhove, 1991). Sustainable fashion entrepreneurs need to find a balance between the triple bottom line social, environmental and economic aspects.

In the conceptual model (figure 4) an overview of how the factors influence the trade-off decision can be seen. But the trade-off strategy model in figure 5 and 6 concentrates on how the main and minor factors show how a trade-off decision is made. Although, some of these factors stems from the main factors, others, such as consumer demand is very relevant as well. Sustainable fashion entrepreneurs should not forget that in the end products should be sold to the consumers. It is a great initiative to set up a sustainable company but in order to continue revenue should be generated.

Based on the trade-off strategy model it became clear that motivations and personality traits have a strong impact on which trade-offs are made. This strong motivational driver to create more awareness about the issues in the fashion industry will influence every decision throughout their entrepreneurship. The greater part of the sustainable entrepreneurs is future-oriented which corresponds with the fact that they are sustainable oriented. They are conscious that it will take a considerable amount of time before profit is earned. In addition, sustainable fashion is a new phenomenon for many consumers thus, they do not know what the essence is of sustainable fashion, and they are sceptical about it. Hence, the responsibility of the entrepreneur is to convince and express why it is crucial to move to sustainable fashion.

## **8.1 Managerial implications**

This research focused on the trade-offs and how personality traits of the entrepreneurs might have influence it because it is unexplored within the sustainable fashion industry. This section briefly provides managerial implications that are valuable for sustainable entrepreneurs as well as those who intend to start up a sustainable venture and researchers. As mentioned in the conclusion the strong motivational drivers of the sustainable entrepreneurs influences the trade-off decision throughout the trade-off strategy model. What can be learned from this research is that motivations, mission, personality traits have a significant influence on trade-off decisions. Costs, time and quality can limit the choice of trade-off. Trade-off decisions have to be made within a limited period of time and financial resources are limited thus the sustainable fashion entrepreneur need to think of costs. Importance is the mission, what do they want to achieve, what do they want to offer to the consumers because that are other key factors that determines the trade-off decision. As mentioned in 7.7 it would be interesting to conduct another in-depth research in the trade-offs faced by sustainable fashion entrepreneurs.

## 9. Bibliography

BBC. (2013, May 10). *BBC*. Retrieved 2014 from BBC: <http://www.bbc.com/news/world-asia-22476774>

Begley, T. M. (1995). Using founder status, age of firm, and company growth rate as the basis for distinguishing entrepreneurs from managers of smaller businesses. *Journal of Business Venturing* , 249-263.

Brundtland Commission. (1987). Our Common Future . *World Commission on Environment and Development* , 54.

Budner, S. (1982). Intolerance of ambiguity as a personality variable. *Journal of Personality* , 29-50.

Burke, J. (2013, December 12). *The Guardian*. Retrieved March 10, 2014 from The Guardian: <http://www.theguardian.com/world/2013/dec/08/bangladesh-factory-fires-fashion-latest-crisis>

Caird, S. (1988). A review of methods of measuring enterprising attributes. *Durham University Business School* .

Caliendo, M., & Kritikos, A. S. (2008). Is entrepreneurial success predictable? An ex-ante analysis of the character based approach. *Kyklos* , 189-214.

Casson, M. (1982). The entrepreneur: an Economic Theory. *Martin Robertston, Oxford* .

Chell, E. (2008). *The entrepreneurial personality, a social construction* (2nd edition ed.). Routledge.

Chemiefaser, I. (n.d.). Retrieved March 28, 2014 from IVC: <https://www.ivc-ev.de>

Choi, D. Y., & Gray, E. R. (2008). The venture development process of "sustainable" entrepreneurs. *Management Research News* .

Ciavarella, M. A., Buchholtz, A., Riodan, C., Gatewood, R., & Stokes, G. (2004). The Big Five and Venture Capital Survival. *Journal Business Venturing* .

Cohen, B., & Winn, M. I. (2007). Market imperfections, opportunity and sustainable entrepreneurship . *Journal of Business Venturing* .

Cook, B., Dodds, C., & Mitchell, W. (2001). Social entrepreneurship: false premises and dangerous forebodings. *Centre of Full Employment and Equity* .

Corbett, C. J., & Wassenhove, L. N. (1991). *Trade-offs? What trade-offs?*

Crane, G. F., & Crane, E. C. (2007). Dispositional Optimism and Entrepreneurial success. *The Psychologist-Manager journal* .

Dean, T. J., & McMullen, J. S. (2007). Toward a theory of sustainable entrepreneurship: Reducing environmental degradation through entrepreneurial action . *Journal of Business Venturing* .

DeMartino, R., & Barbato, R. (2003). Differences between women and men MBA entrepreneurs: exploring family flexibility and wealth creation as career motivators. *Journal of*

*Business Venturing* , 18 (6), 45-57.

D'Intino, R. S., Goldsby, M. G., Houghton, J. D., & Neck, C. P. (2007). The Proactive personality scale as a predictor of Entrepreneurial Intentions. *Journal of Leadership & Organizational studies* .

Draper, S., Murray, V., & Weissbrod, I. (2007, March). Fashioning Sustainability - a review of sustainability impacts of the clothing industry.

*'the entrepreneurial personality, a social construction.*

*EJF foundation.* (2007). Retrieved March 28, 2014 from Environmental Justice foundation and Pesticide Action Network: [www.ejfoundation.org](http://www.ejfoundation.org)

Fletcher, K. (2008). *Sustainable Fashion and Textiles: Design Journeys*. London: Earthscan.

Gardetti, M. A., & Torres, A. L. (2013). In *Sustainability in Fashion and Textiles: Values, Design, Production and Consumption*.

Hakim, C. (1989, June). New recruits to self-employment in the 1980s. *Employment Gazette* , 286-97.

Hockerts, K., & Wüstenhagen, R. (2010). Greening Goliaths versus emerging Davids — Theorizing about the role of incumbents and new entrants in sustainable entrepreneurship . *Journal of Business Venturing* .

Hoeks, C. (2013, June 18). *Sustainable and Fair clothing*. Retrieved February 20, 2014 from NCDO: <http://www.ncdo.nl/artikel/duurzame-en-eerlijke-kleding>

Honig-Haftel, S., & Marin, L. (1986). Is the female entrepreneur at a disadvantage? *Thrust: the journal for employment and training professionals* , 1&2, 49-64.

Kirkwood, J., & Tootell, B. (2008). Is entrepreneurship the answer to achieving work-family balance? *Journal of Management and Organization* , 13 (3), 285-302.

Kirkwood, J., & Walton, S. (2014). How green is green? Ecopreneurs balancing environmental concerns and business goals. *Australasian Journal of Environmental Management* , 21 (1), 37-51.

Kirkwood, J., & Walton, S. (2010). What motivates ecopreneurs to start businesses? *International Journal of Entrepreneurial Behaviour and Research* .

Kuckertz, A., & Wagner, M. (2010). The influence of sustainability orientation on entrepreneurial intentions—Investigating the role of business experience. *Journal of Business Venturing* .

Liles, P. (1974). New business ventures and the entrepreneur. *Homewood, IL: Irwin* .

Llewellyn, D. J., & Wilson, K. M. (2003). The Controversial Role of Personality Traits in Entrepreneurial Psychology. *Education and Training* , 341-345.

*Manila Times.* (2006, april 23). Retrieved March 28, 2014 from Manila Times: [www.manilatimes.net/national/2006/apr/23/yehey/opinion/20060423opi7.html](http://www.manilatimes.net/national/2006/apr/23/yehey/opinion/20060423opi7.html)

- Mark, & Spencers. (2007). *Fashioning sustainability: a review of the sustainability impacts of the clothing industry*.
- McClelland, D. (1961). *The achieving society*. Princeton .
- Nga, J. K., & Shamuganathan, G. (2010). The influence of personality traits and demographic factors on social entrepreneurship start up intentions. *Journal of Business Ethics* , 259-282.
- Nordvik, H., & Brovold, H. (1998). Personality Traits in Leadership Tasks. *Scandinavian Journal of Psychology* .
- Office for National Statistics. (2006). *Consumer Trends and Consumer Price Index*.
- Pacheco, D. F., Dean, T. J., & Payne, D. S. (2010). Escaping the green prison: Entrepreneurship and the creation of opportunities for sustainable development. *Journal of Business Venturing* .
- Parrish, B. D. (2010). Sustainability-driven entrepreneurship: Principles of organization design. *Journal of Business Venturing* .
- Patzelt, H., & Shepherd, D. A. (2010). Recognizing Opportunities for Sustainable Development. *Baylor University* .
- Pofeldt, E. (2003). The nurturer Eileen Fisher/Eileen Fisher inc. *Fortune Small Business* , 13 (8).
- Richomme-Huet, K., & Freyman, J. (2011, June 15-18). What sustainable entrepreneurship looks like: an exploratory study from a student perspective. *Conference proceedings in 56th Annual International Council for Small Business (ICSB) World Conference* .
- Schaltegger, S., & Wagner, M. (2010). Sustainable Entrepreneurship and Sustainability Innovation: Categories and Interactions.
- Schick, H., Marxen, S., & Freimann, J. (2002). Sustainability Issues for Start-up Entrepreneurs. *GMI* .
- Schlange, L. E. (2006). What drives sustainable entrepreneurs? *University of Applied Sciences Chur* .  
*Streamlined life cycle assessment of textile recycling* . (2002). Retrieved March 28, 2014 from Salvation Army and ERM.
- Tan, J. (2007). Breaking the "Bamboo Curtain" and the "Glass Ceiling": The experience of women entrepreneurs in high-tech industries in an emerging market. *Journal of Business Ethics* .
- War on Want. (n.d.). *War on Want*. Retrieved February 15, 2014 from War on Want:  
<http://www.waronwant.org/overseas-work/sweatshops-and-plantations/sweatshops-in-bangladesh>
- Yong, L. (2007). *Emotional Intelligence in the Workplace: Leonard Personality Inventory (LPI) Profiling*. Malaysia: Leonard Personality Inventory, .
- Young, W., & Tilley, F. (2006). Can Businesses Move Beyond Efficiency? The Shift toward Effectiveness and Equity in the Corporate Sustainability Debate. *Wiley Interscience* .
- Zhao, H., & Seibert, S. (2006). The Big Five Personality Dimensions and Entrepreneurial Status: A Meta-Analytical Review. *Journal of Applied Psychology* .

# 10. Appendix

## 1. Interview summary

### **Company 11 (interview took place on 29/04/2014)**

Three different people founded it in 2006. The idea behind it was to make a statement towards society. It is a store that sells multiple fashion brands that all are sustainable. The brands sold do not have to be sought most of the companies seek contact themselves.

Every brand sold has their own story some have projects for the community while others only use 100% biological cotton. One brand gives for every pair of shoes they sell a pair to a child in Africa while another company allows customers to return their old jeans.

Before a brand is put into the store it first has to be judged upon their sustainability, they do not want brands that later on turn out to be not sustainable. The main thing that the brands need to have is fair labour conditions everything else is a bonus. Some brands might currently have some elements that are unsustainable but if the intentions for the future are right they will get the benefit of the doubt. Also a look is taken at the price because if it is too expensive consumers will not buy the products. This summer a brand will not return due to their pricing.

The company was funded with money left from the sales of a book. Several years later multiple prizes have been won and the company is still growing. So far they have two stores and 20 employees. All employees also have a sustainable mindset, everyone goes to work by bike or public transport and all stores have led lights. This is the same for the consumers all of them already know sustainability and they might not know the store but the products they do.

### **Company: 16 (interview on 19/05/14)**

The company was found in 2008 and went bankrupt, then the current founder bought it and added a new aspect to it: recycling. So the business model became a circular economy. He thought besides using organic materials and producing it in good factories it was also important to clean up your own mess. And this is what no one is doing right now they try to be unique.

The idea is simple, the products' ownership is from the company but you are able to wear it against a price per month, you lease it. The consumer has three options, if you don't want it anymore you give it back to the company and they will re-use the raw materials and make another pair of jeans. Or you can switch it and choose another pair of jeans in return for your old one or you can keep it. The aim is to show the world that circular economy in the fashion industry is possible.

The clothing is made of organic cotton and is produced in fair trade factories with certification like Max Havelaar and BSCI. And together with our partners we work together to improve.

### **Case 17 (interview 19/5/2014)**

The idea came from an old lady in a retirement home who was knitting a scarf, one of the co-founders asked her who it was for and she answered for no one she just liked doing it. Together with his own grandma he went to the store and a week later his grandma had created the first product. The other founder was looking for a project for his dissertation and together they the company in 2012. The motivations for starting the company were being their own boss as well as doing something back for nature. Money has never been a big motivation however it is need to survive as a company and personally money also comes in handy.

In essence it is a social project in which old fashion Dutch skills are combined with a way to make sure elderly people are less lonely. Ten clubs have been set up in which several elderly come together and create new products. As a reward for the work done, they get to go to musicals and the clubs are for free.

The main part of the materials is organic; this depends on what is available and what type of materials is needed according to the design. A new baby clothing line will be put on the market shortly which is created only with organic materials. Other products however have to do with less sustainable materials because the main focus lies with the social project and creating nice products. If less people buy our product less elderly can get involved into the project and that would be a shame.

In the future they hope to expand the project however not too fast because they do not want to lose sight of the initial idea. They are worried that if they grow too fast the elderly do not receive the treatment that they deserve.

### **Case 18 (interview 6/5/2014)**

In 1992 she started her own company, in the beginning she worked for other companies, which she helped with things like production in India, purchasing and many other things related to fashion. She has experience within all aspects of the industry not only from her work in the Netherlands but also from her work in India and Belgium.

She started to be sustainable after she saw all the bad things that happened around the world in the fashion industry. The main problem is the pricing of products, which has been changed around. The consumer decides what price they want to pay and everyone else has to adjust to this, instead of making the product and then setting a price. An explanation of the fashion industry was given and especially how unsustainable it is, why we should change it. The consumers only see small parts of the problem, and do not know the rest; we only see what they want us to see. And also we as consumers do not know the real problems, like small factories that are hidden from sight.

She did not want to be part of the fashion industry that works in this way and therefore she started her own company, she knows she cannot change the world but at least she is trying to make a difference. They have several social projects within the Netherlands, like I-did to help the unemployed learn a trade and start working again. Use small suppliers because then you know all the employees and they all have the same values and you can check that they do what they say they are doing instead of just guessing.

Also you know when products will be delivered, and otherwise you know how to contact.

She is not a fan of the Fair Wear foundations and made by because she has seen it up close and knows you just have to show a paper to be approved for another year. GOTS and other certifications check your paper work very thoroughly and what you do the rest of the year no one knows. So a person using these labels thus requires the brand to check it, and you pay a lot of money for it.

Chooses suppliers on the basis of personality, due to the fact that they can create a good product but if they do not communicate or have sustainability in their heart they will make the wrong decisions and you still end up with incorrect products. Also they stand close to her and in this way keep the connection with the product. It is hard to find these suppliers, especially when you have certain standards.

Within her processes she uses organic cotton and a 100% natural dye; also things are woven by hand. Everything she does is from a 100% natural perspective.

The motivations to start her own company were because it is hobby making clothing and a passion, and being free from a boss. Doing something back for society and the environment comes on the second place. Money is important because you need to have money to keep on existing, but not a main goal. Start with yourself, she cannot change who she is.

Marketing is not important; never spend a euro on marketing. Everything she got is from mouth-to-mouth advertisement. Money is all her own, no need for banks. Public awareness is hard, because the consumer has a certain picture and the company differs from that so you need to be very precise in what you communicate to consumers. Innovation is all they do it is important because the niche market is so small. There is a lot of information available about sustainability, and regulations seem to work counterproductive. You need to be able to change quickly adjust to the environment.

Looking at competitors for prices and to see what they offer, do not have the same products but you need to stay in touch with your competitors it is more a reference.

Always choose for sustainability in production, would love to produce here but not possible products are not good enough. Nothing can be send by sea because it needs to be delivered quickly and also the orders are not big enough.

### **Case 19 (interview 20/5/2014)**

The company started 2 years ago in 2012. She began from the idea that she wanted to do something that she felt passionate about and also because she wanted to be the one running the company. Next to the company she has a fulltime job and two children and therefore not a lot of time to invest. This however means that she doesn't have to make a profit per see and of course it is nice to make money (which she does).

The initial idea wasn't to be sustainable, she wanted to design children's clothing and these had to be sustainable. She will always think about sustainability but when making the choice she doesn't always

feel that she has to opportunity to make a sustainable decision because it was never the initial idea and she doesn't have all the means to do so. This doesn't mean that everything done so far isn't sustainable. On the contrary she only uses organic material, the production process is located in Portugal where they have to keep to European working conditions. She also has several projects with which she supports good causes.

In 2012 the idea was to sell everything from the web shop, however today 12 different stores are selling the products. Of course this is good for business but she feels it is wrong that stores make extra money on the fact that you use organic cotton, and would like to change this sometime in the future. She would like to see that the extra euro paid by the factory for organic cotton would not be added to the price until the final product is in the store.

**Company: 23 (interview 08/05/14)**

The company was founded back in 1982 and currently has almost 70 employees. At the moment they are selling their clothing to the Dutch, German and Belgium market.

The founder went to fashion school after high school and that is where she has learned the basics of fashion. When she was 19 she started working in a factory where they were making dresses. After 4 years she could work as a designer and another 4 years later she wanted to start for herself. So she started a weddings boutique, she designed the entire collection. After running the boutique for 3 years she founded this company.

The vision of the company is to make the consumer feel beautiful in the clothing they offer. Consumers have to feel good when wearing the clothing as well as from the inside. Therefore they have become a member of Fair Wear Foundation in 2004. For the collection, if possible they try to use sustainable materials for example: some clothing is produced from organic cotton and other environmental friendly materials like Tencel. Within the company, plastic and paper are being divided and plastic hangers are recycled.

The production is done in different parts of the world. Fair Wear controls these factories by doing audits, they check if the work environment is safe? Is there no child labour? Do they receive a normal pay? It is very important for them that the employees are working in a safe work environment and are treated accordingly.

## 2. Survey

|              |                   |            |                |
|--------------|-------------------|------------|----------------|
| Company Name | Product category: | Date send: | Date received: |
|--------------|-------------------|------------|----------------|

### 1. Company profile

| Q.  | Description                                       | Response:        |                 |                        |                 |                              |                          |
|-----|---|------------------|-----------------|------------------------|-----------------|------------------------------|--------------------------|
| 1.  | Company Age                                       |                  |                 | 2. Name of founder(s): |                 |                              |                          |
| 3.  | Management characteristics                        | Name             | Position        | Age                    | Academic degree | Years of business experience | Previous work experience |
| 4.  | Business idea:                                    |                  |                 |                        |                 |                              |                          |
| 5.  | Finance of foundation (indicate with an X)        | Loan             | Private capital | Venture Capital        | Public funds    | Others                       |                          |
| 6.  | Number of employees                               |                  |                 |                        |                 |                              |                          |
| 7.  | Turnover and profitability (indicate with an X)   | Profitable (y/n) | €10.000         | €50.000                | €100.000        | €250.000                     | > 0,5 m €                |
| 9.  | Awards/nominations                                |                  |                 |                        |                 |                              |                          |
| 10. | Certifications (for materials) ex: GOTS certified |                  |                 |                        |                 |                              |                          |
| 11. | Strategic Alliances / Partnerships                |                  |                 |                        |                 |                              |                          |

### 2. Sustainability

|     |   |                            |           |                          |                               |  |  |
|-----|---|----------------------------|-----------|--------------------------|-------------------------------|--|--|
| 12. | Did the company start as a sustainable venture?   |                            |           |                          |                               |  |  |
| 13. | Do you support social and environmental responsibility? Please tick the box if it is applicable for you and put a (!) what is most important for you.     | <b>Social aspects:</b>     |           |                          | <b>Environmental aspects:</b> |  |  |
|     |   | Fair Wages                 |           | Reduce carbon emissions  |                               |  |  |
|     |   | Safe work environment      |           | Use of organic materials |                               |  |  |
|     |   | No child labor             |           | Reduce water use         |                               |  |  |
|     |   | Projects for the community |           | Reduce energy use        |                               |  |  |
|     |   | No forced/compulsory labor |           | Recycle waste            |                               |  |  |
|     |   | Training and education     |           | Careful use of chemicals |                               |  |  |
|     | Other:  |                            | Transport |                          |                               |  |  |
| 14. | How would you rate the sustainability of your company? Please indicate on a scale of 1 to 10. 1 = totally not sustainable and 10 = completely sustainable |                            |           |                          |                               |  |  |

### 3. Stages of sustainability

Several stages of sustainability can be identified. These are steps the company goes through when trying to create a sustainable business.

- Grassroots:** This stages starts with small initiatives like recycling, double-sided printing. Very small steps but it encourages employees to get involved and it creates awareness throughout the whole company.
- Functional:** In this stages a functional units usually operations, facilities or IT, get involved. They for example propose to buy energy-efficient lighting, or reduced packaging. Due to the awareness created in stage one, more budget is available for these changes.
- Strategic:** Sustainability is integrated into the strategy of the company. Due to previous successes the company changes its strategy because they feel they can help to save the planet.
- Ecosystem:** Involving external stakeholders into the sustainability process. This does not only mean suppliers but also customers, investors and NGO's and who can also be involved in the process.
- DNA:** Sustainability is so embedded in the company's mission, strategy and business that it can be considered part of their DNA.

|     |  |       |         |        |
|-----|--|-------|---------|--------|
| 15. | Which step did you enter? Which step is the company currently in? Where does the company want to be in the future? | Enter | Current | Future |
|-----|--|-------|---------|--------|

### 4. Business model

| To what extent is the (different factors of your) business model the building blocks of your company?  | Business model aspects  | Rating |
|--|---|--------|
| Please rate these factors of the business model on a scale from 1 to 5 (1=totally not sustainable, 2=partially not sustainable, 3=neutral, 4=partially sustainable, 5=completely sustainable). | <b>Value proposition:</b> Ex → The company sells products that are made of sustainable materials.                     |        |
|  | <b>Customer relationship:</b> Ex → When communicating with customers' emails are used instead of actual letters.      |        |
|  | <b>Customer segments:</b> Ex → The company is targeting customers that are looking for sustainable products.          |        |
|  | <b>Channels:</b> Ex → When delivering the products to the customers/retailers eco-friendly trucks are used.           |        |
|  | <b>Key activities:</b> Ex → When producing clothing only environmental friendly materials are used or GOTS certified. |        |
|  | <b>Key Resources:</b> Ex → Only pay fair wages to your personnel, use machines that are more eco friendly.            |        |
|  | <b>Key Partners:</b> Ex → Suppliers of the company also have sustainable practices.                                   |        |
|  | <b>Cost structure:</b> Ex → The company spends money on social projects   |        |
|  | <b>Revenue Streams:</b> Ex → a percentage of revenue is used for a good cause   |        |

### 5. Motivations for sustainability (Please rate your motivation for being a sustainable brand on a scale from 1 to 5. (1= totally not important 5= very important).

| Internal                                      | Rating | External             | Rating |
|---|--------|----------------------|--------|
| Money   |        | Market opportunity   |        |
| Care about the environment                    |        | Change of regulation |        |
| Social Values (do something good for society) |        |                      |        |
| Entrepreneur's desires/dream                  |        |                      |        |
| Being own boss                                |        |                      |        |
| Others:                                       |        | Others:              |        |

**6. Challenges for sustainable entrepreneurs** (Please rate the challenges on a scale from 1 to 5, 1 = strongly disagree, 5 = strongly agree).

| Challenges  | Rating |   |  |
|---|--------|---|--|
| It is difficult to choose in what I should invest: sustainability or marketing/sales (growth)               |        | Lack of information to adopt sustainability practices   |  |
| It is difficult to find financing   |        | It is difficult to stick to my own ideals while striving for growth and success.                      |  |
| It is difficult to build up a sustainable company culture (e.g. employees' willingness to act)              |        | It is difficult to compete against green washers.   |  |
| It is difficult to raise public awareness about the social and environmental impact of the fashion industry |        | Regulations and public policies turn out to be counterproductive for sustainable practices            |  |
| It is difficult to encourage distributors to promote my sustainable product.                                |        | It is difficult to innovate in order to maintain competitiveness while contributing to sustainability |  |
|   |        | Others:   |  |

**7. Personality traits and trade-offs**

| Personality traits (Please rate from 1-5 what is applicable to you, 1 = strongly disagree and 5 = strongly agree) | Score |
|---|-------|
| We think about the future when making strategic decisions   |       |
| Long term profitability goes above short term profitability   |       |
| Investments that will provide us with a competitive advantage are emphasized                                      |       |
| When making strategic decisions we respond to opportunities quickly   |       |
| We always look for new opportunities and introduce new products to the market                                     |       |
| We always look for big opportunities regardless the uncertainty of the outcome                                    |       |
| The strategic decisions we made with a focus on investment include high risk and high return                      |       |
| New projects are approved with "blanket approval" and not through various stages                                  |       |
| We always strive to improve the position in the market and simultaneously challenge my competitors                |       |

| Trade-offs statements (Please rate from 1-5 with, 1 = strongly disagree and 5 = strongly agree)  | Score | Example |
|--|-------|---------|
| "We would change the product to sell more and accept the product to be less sustainable (e.g. use normal cotton rather than organic cotton)."            |       |         |
| "When consumer demand is greater than my production capacity, we choose for a less sustainable factory and offer a less sustainable product."            |       |         |
| "We would choose high transport costs and support local communities in emerging countries rather than producing it local or nearby (low transport cost)" |       |         |
| "We (want to) employ people who share the same values instead of individuals who are less willing to act sustainable."                                   |       |         |
| "We are sometimes challenged to transport goods by air freight but if possible we use sea freight"   |       |         |
| "We would use less sustainable production methods if it saves costs."  |       |         |
| "We would accept less profit rather than offering less sustainable products."  |       |         |
| "We often face the challenge between being less sustainable but make more money."  |       |         |

16. What has been the most difficult situation in which you had to make a trade-off? Please give an example of a situation and explain how and why you made that decision (for example, choosing between growing in a way that is less sustainable or maintaining your position and grow at a slow pace).

Thank you very much!