

Social Enterprise as a Catalyst for Progress Toward the Sustainable Development Goals

A Multi-Case Study

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Abstract Social enterprises (SEs) have recently received increasing attention from academics due to their potential link to sustainable development (SD). However, empirical research on their sustainable business models and strategies is lacking, particularly those of small- and medium-sized enterprises. Therefore, this study aims, first, to empirically examine the environmental and social sustainability practices of the selected small-sized SEs; second, to explore their keys to success and opportunities and threats; and third, to examine the contributions of the sustainability practices to the UN Sustainable Development Goals (SDGs). Their sustainable business models are analyzed within the framework of circular economy (CE). A qualitative method was adopted employing in-depth interview techniques and document analysis. The findings revealed that their environmental sustainability practices were embedded into their entire value chains, employing CE's R principles. For their social sustainability practices, they practice fair trade, promote gender equity, develop the local economy, hire disadvantaged people, and empower their employees. This study extends the literature on how a SE creates value in its alignment to a CE and makes positive social and environmental impacts on the global society. It also offers scholars and practitioners with valuable insights on how a SE contributes to the UN SDGs.

Keywords Circular economy, Climate change, Social enterprise, Sustainability, Sustainable development, UN Sustainable Development Goals

Citation Kim, E., & Fairley, A. (2024). Social enterprise as a catalyst for progress toward the sustainable development goals: A multi-case study. *International Journal of Costume and Fashion*, 24(2), 27-40.

Introduction

Increasing climate change has accelerated environmental challenges and crises on our planet, and its destructive socio-economic impacts are greater each year (Batista et al., 2023). In response, the 21st century is being considered the era of sustainable development (SD) wherein economic, social, and environmental changes are interrelated (Sachs, 2015). Appropriately, discussion on business' social responsibilities, consumers' ethical consumption, and education's role in advancing sustainability has been spurred (Kim & Coonan, 2023).

In this context, the multi-trillion-dollar fashion industry

has found itself at the center of the criticism as it creates over 100 billion garments annually, accounting for roughly 4% of global emissions (Fashion on Climate, 2020; Ley et al., 2021). More than 70% of the emissions are generated from energy-intensive upstream activities—the production and processing of raw material—whereas the remaining 30% comes from downstream activities, including packaging,

Received October 02, 2024; Revised November 05, 2024;
Accepted November 12, 2024

Andrew Fairley, a current Ph.D. student, was a research assistant of Dr. Eundeok Kim through the Undergraduate Research Opportunity Program at Florida State University.

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transport, retail operations, consumer usage, and end-of-use (Fashion on climate, 2020). In response to these threats, circular business models have been identified as key decarbonization levers to decrease the use of finite resources in production, extend product life, and enable recycling by employing the 3R principles (reduce, reuse, and recycle) of a circular economy (CE) (Hvass & Pedersen, 2019; Sandberg & Hultberg, 2021). As part of the solution to scale circular business models, waste management has received growing attention in the value chain of the fashion industry (Nayak & Patnaik, 2021). For example, textile recycling could become a powerful lever as it would address end-of-life waste problems as well as impact upstream production by using recycled materials (Nayak & Patnaik, 2021).

With their positive environmental and social impacts, SEs have received increasing recognition as instrumental in advancing the SDGs. According to Vlassas et al. (2023), SMEs consist of 90% of the companies worldwide, providing about 50% of employment in the global economy and 60-70% of employment in developing countries (Office of Advocacy, 2023). Collectively, SMEs are highly related to climate change; in the EU, they are responsible for about 60-70% of the industrial pollution (Dey et al., 2022). However, most of the published literature on CE is conceptual, and most empirical research has focused on large corporations; thus, empirical studies on SMEs are lacking.

Against this background, this multi-case study aimed, first, to empirically investigate the environmental and social sustainability practices of the selected small-sized SEs in the European fashion industry; second, to explore their keys to success and opportunities and threats in the next 5 years; and third, to examine the contributions of the sustainability practices to the UN Sustainable Development Goals (SDGs). More specifically, the research questions were as follows:

First, what are the selected SEs' environmental sustainability practices?

Second, what are their social sustainability practices?

Third, what are their key success factors?

Fourth, what do they perceive as opportunities and threats in the next 5 years?

Fifth, what are their contributions to the SDGs?

This study extends the literature on how a SE creates value in its alignment to a CE and makes positive social and environmental impacts to the global society. Further, the study's focus on strategy-as-practice provides academics and practitioners with valuable insights on how SEs contribute to advancing the UN SDGs through innovative business models and strategic initiatives.

Literature Review

Social Enterprise and the Sustainable Development Goals

Recently, discussion on the link between SEs and SD has increasingly appeared in literature (Tabares, 2020). The widely adopted definition of SD is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (Brundtland, 1987, p. 41). In 2015, the UN General Assembly of 193 countries agreed on seventeen SDGs with 169 targets to reach by 2030, covering a wide range of issues from poverty to healthy lives, decent work to gender equality, climate change to biodiversity, and sustainable cities to peace (United Nations, 2015). An integrated approach balancing the three dimensions of SD—economic, social, and environmental—is the key to reach these shared goals (United Nations, 2015). Connecting and mobilizing all stakeholder networks and epistemic communities is essential for SD's complex and multifaceted challenges (Sachs, 2015). As such, Agenda 2030 calls upon all businesses to apply their innovation and creativity in addressing SD challenges (United Nations, 2015). Businesses have a vital role in advancing the SDGs and enabling their partners' achievement.

Whereas the SDGs provide a compelling vision for a sustainable future, there exist significant barriers and challenges to be overcome. Implementing sustainable business models requires not only a mindset shift but also specific actions to align environmental, social, and economic performances (Christodoulou et al., 2024). For this, a commitment to collaboration and innovation across stakeholders and a critical examination of existing practices

and paradigms is necessary (Schaltegger et al., 2016). SEs can truly contribute to achieving the SDGs for a more sustainable and equitable world only through collective action and efforts.

SEs' success is evaluated by the impacts they are making to their stakeholders, not by maximizing profits for shareholders. Their contribution to socio-economic development includes providing for the basic needs of local communities (e.g., health service, education) as well as creating employment by integrating marginalized peoples into the labor market (Borzaga et al., 2008).

Conceptual Framework: Circular Economy

CE is a framework for systems solutions that tackle global challenges such as climate change, biodiversity loss, and pollution (Rodrigues Dias et al., 2022). According to Kirchherr et al. (2017), CE is defined as a business model that replaces the linear model by slowing, closing, and narrowing loops to extend economic value to the possible maximum. It employs the principles of reducing, reusing, refusing, recovering, and recycling materials in the value chain (Bocken et al., 2019). CE is beneficial for business, people, and the environment, aiming at advancing the SDGs (Hofstetter et al., 2021).

Although the body of literature on CE has increased, it still remains conceptual, requiring much empirical research (Batista et al., 2023). Several sectors are recognized as ripe with potential for circularity: construction and buildings, electronics and ICT, plastics, packaging, food, and textiles (Öhman et al., 2022). However, CE is viewed as a paradox with embedded contradiction, meaning that it seems to have no solution because of inherent conflicts between circularity and economics—labeled “wicked problems” (Carmine & DeMarchi, 2022; Smith et al., 2017). Many of the grand challenges that we face today are paradoxes because they cannot be solved with a simple business case that maximizes profit as this focus ignores social and environmental concerns. Instead, the three must be viewed as interrelated issues with complex dynamics (Ahmad et al., 2023).

CE reduces the use of virgin materials, promotes the efficient use of resources, and fosters cleaner production

(Ellen MacArthur Foundation, 2013). The core principles of CE are R frameworks—the 3R (reduce, reuse, and recycle), 4R (reduce, reuse, recycle, recover), 5R (reduce, reuse, recycle, refuse, repurpose) or even 6R (Sihvonen & Ritola, 2015), 9R (Potting et al., 2017), or 10R (Reike et al., 2022) principles, requiring the systems perspective (Reh, 2013). The principles of CE design out of pollution and waste, extend the lifetime of materials, and regenerate natural systems (Ellen MacArthur Foundation, 2021). Although a CE is considered to be a lever to advance the SDGs, less than 9% of the current global economy is circular (Circle Economy, 2021). A successful transition to a CE is expected to achieve economic and environmental sustainability as well as social sustainability (Ellen MacArthur Foundation, 2022), which means innovative jobs, upgraded skills, and a better quality of life for everyone (Pitkanen et al., 2023).

Circular Business Model and Sustainable Development Goals

Velenturf and Purnell (2021) argued that CE is interdependent with SD, and its goal is to advance SD (Kirchherr et al., 2017). Schroeder et al. (2019) also emphasized that implementation of CE is essential to deliver various UN SDGs (UN, 2015). A CE creates economic prosperity, environmental protection, and social equity for current and future generations (Kirchherr et al., 2017).

In a CE, business models play a vital role in enabling the transition to circular processes from linear ones. CE represents four key principles: redistribution/reuse, product-life extension, recycling, and remanufacturing. It appears all these principles refer to products, meaning the key unit of analysis for CE is the product itself (Ellen MacArthur Foundation, 2013). The innovation of circular business model has benefit for SD by articulating insights into how resource use can improve. However, a CE requires reprogramming of the system as a whole with all stakeholders involved and shifts in social interrelationships (Merli et al., 2018). Kirchherr et al. (2017) argued that the product-centered “R-ladders” (e.g., 10-R) are increasingly replaced or contextualized by the principle of “whole system approaches” requiring system level changes, which combines economic, environmental, social, and technical values

(Millward-Hopkins et al., 2018). A circular business model suggests a new way of thinking to gain a sustainable competitive advantage, simultaneously tackling socio-economic and environmental concerns.

However, numerous companies face challenges in implementing CE. Large retailers and brands have been slow in overcoming the obstacles of scaling the adoption (van Keulen & Kirchherr, 2021). Numerous barriers to adoption include uncertain long-term financial viability, the operational complexity of new models, and perceived risk of reduction in sales (Rizos et al., 2016). Takacs et al. (2022) identified these company-internal barriers based on interviews with three managers at Swiss SMEs: economy-focused thinking, short-term orientation, lack of knowledge, risk aversion, shortage of resources, and unwillingness to take part in trade-offs. In addition, four company-external barriers identified include technology, market, legislative, and consumers and society. As strategic development for circularity is not an easy process, requiring many iterative strategic cycles, firms must carefully investigate how and where CE-inspired ideas can be implemented (Dezi et al., 2022).

Method

A qualitative method was used for this multi-case study employing in-depth interview and document analysis. Researchers recognized that the strength of a qualitative research design is in uncovering unknown phenomena (Bamberger, 2018), and the case study method allows researchers to yield in-depth, comprehensive information in its real context (Yin, 2018). First, three small-sized Europe-based SEs in the fashion industry were selected: Kalra Design (KD), Trace Collective (TC), and Where Does It Come From? (WD). In order to identify SME SEs in the European fashion industry, Google searches were conducted. From the initial list of SEs, several criteria were applied to select three SEs for the study. The first criterion was the number of employees ranging from 10–49 as a small enterprise in Europe is defined as 10–49 (OECD, 2020). The second criterion was sufficient social and environmental sustainability programs/activities recognized with awards;

explicit statements of their contributions to the SDGs based on secondary data, including sustainability reports and sustainability statements on companies' websites; and consistently integrated sustainability concepts/principles into the mission, vision, and business model.

For a semi-structured interview, an instrument with 38 questions was developed. It was divided into four sections. The four questions in the first section asked about background information of the participants (e.g., age, sex, current position, etc.). The second section included general questions about the SE, such as its mission and vision. The third section related to their business model included questions about value creation, operational model (value architecture), and financial model. The fourth section included questions about social impacts. The fifth section asked about opportunities and threats.

The interview schedule was pretested with three experts in sustainability. Semi-structured interviews were conducted with the selected SEs' founders/CEOs for 60–90 minutes via Zoom. They were all female between 28 and 54 years of age. The recording of the three interviews was transcribed. For the triangulation of the data, secondary data on the three SEs were collected and analyzed, including materials from their business websites, annual reports, published articles, blog entries, and the companies' social media sites' various documents. For the data analysis, open coding and the constant comparative methods (Strauss & Corbin, 1990) were used.

Findings

The Selected Social Enterprises' Mission, Target Market, and Value Creation

KD, based in Munich, Germany, creates apparel items handcrafted in Malawi, blending traditional African designs with contemporary European styles. KD was founded in 2017 and operates in Munich and Malawi. Their mission is "to create jobs in Malawi for fashion," and their vision states, "together we are transforming the economy into a socially and environmentally responsible system that transcends borders." Their product portfolio includes jackets, reversible

jackets, shorts, pants, face coverings, T-shirts, and skirts. Their target market is 70% female, primarily between 25-40 years old, in German-speaking countries. They sell the products mostly online but also at fairs and occasionally at pop-up stores.

TC, headquartered in the UK, is a fashion company who mainly manufactures in Europe (e.g., Spain) but sells worldwide. It was founded in 2019 with the mission “to make fashion regenerative and support regenerative agriculture and regenerative farmers.” Their vision is a fully regenerative fashion industry where TC works with farmers, producers, and suppliers to support the ecosystem. They sell their products via direct listings on their websites, on ethical online shopping pages, and in some traditional retail stores. Their target customers are typically between 30-50, urban, highly-educated, have more disposable income, and generally care more than the average person about environmental issues.

WD, headquartered in the UK, was originally founded in 2013 to create children’s clothing but branched off into adult clothes, accessories, and home goods. They operate in the UK, India, and occasionally Malawi. Their mission is “to provide transparency in textile production and to inspire businesses and customers to ask who made their clothes,” and their vision is “a world where all businesses and all customers can know the stories behind things and an ethical business is not called an ethical business, it’s just called business.” They create value through kids clothes, reusable tote bags, blankets, face masks, scarves, accessories, men’s and women’s shirts, and tunics. They sell the products through their own business and other brands’ websites, at a few physical shops, and at sustainability fairs. Their target customers are over 35 years old in the UK and to a lesser extent within Europe, who are well-educated, shop at upper-end grocers, purchase with a long-life cycle intended, and consider non-monetary design factors and people.

Leadership Style and Organizational Culture

The leadership styles of the three enterprises were similar: the most mentioned themes were “equal,” “respect,” “empowering employees,” “very friendly and egalitarian

management style,” “authenticity and valuing everyone’s input and themselves as a person,” and “flat.” The enterprises were relatively flat organizations open to different perspectives and insights. They empower employees and value the contribution of each person within the company and among different stakeholders. According to TC,

We are a flat organization of about 10 people where individuals work in smaller subgroup teams based on their qualifications. The more strategic decisions are taken at the founder level. A very flat organization that trusts individuals to make their own decisions.

As KD mentioned below, cultural difference was a factor to be considered for effective management.

In the German management team, everyone is on very equal footing, with the founder ultimately having the final say. They have attempted the same style in Malawi but with limited success due to cultural factors. Therefore, the German wing has more of a top-down leadership approach with respect to the Malawian wing ... They are also working towards moving away from the Malawian sector of micromanagement and hoping for self-sufficiency in Malawi. They will also consider success when more textile companies come to Malawi.

As for the culture, the founder of KD mentioned, “Everyone is self-motivated who actively wants to engage in bettering the world through the work they are doing. Everyone shares the same values and respects one another.” Another comment from WD was “... quite a good work/life balance, and we are respectful of people’s well-being, and people can talk about their needs and we accommodate those within the team.”

Environmental Sustainability Practices

KD sources from local fabric producers in Malawi and employs a zero fabric-waste strategy by turning leftover fabrics into accessories or other small products. They work

with hemp fabric, which generally uses less water. They also primarily source regionally to reduce carbon emissions, but when they cannot source regionally, they source organic fabrics from China. They can achieve zero waste on fabric because the offcuts are used in accessories. They also try to minimize the use of plastic: “And for example, the thread was something that I was never thinking about before, but it is mostly made of plastic. It is more organic to have it made of natural material, but to get that, it is pretty expensive but we have that now, and it is a big improvement.”

TC focuses on transparency in the entire product cycle, directly pointing to the specific mills and factories that produced their products. They only work with fabrics that have regenerative properties and focus on increasing soil fertility, increasing soil biodiversity, and sequestering more carbon from the atmosphere (Manson, 2019). TC also minimizes fabric offcuts and keeps them to reintegrate into new designs. All dyes are GOTS certified, and their garments use 94% less water, are entirely created using renewable energy, and have 34% lower emissions per item than conventional brands (Environmental Regeneration, 2021). They also use renewable energy to power their mills and factories, and every supplier is local in Europe with much more stringent environmental regulations than any other region. They apply a life cycle framework to each product in order to minimize their carbon and water usage. They also offer a repair guarantee for life and a take-back clothes service as well as rental services.

WD creates 95% of clothing using cotton with a preference for local and GOTS, and the remainder is usually bamboo bought from local farmers. They also use Uganda organic rain-fed cotton and dry dyeing to reduce water. It is important to create products near where the materials are grown and to buy local to minimize shipping emissions. They process cotton in the same location where it is grown then put it in one shipment to the UK. All packaging is reusable or recyclable, and they aim to use as few chemicals as possible. Their website is hosted by wind power, and they also use solar power in India and Africa. They employ a mixed method between tradition and innovation:

My background is in technology, so I love

anything innovative, and when you marry the two together, traditional skills as well as innovation, you can get some fantastic results. A good example is that we did some scarves for the software company SAP. We did a very low carbon design for them. It was all hand woven and everything, but we used an innovation that had just started being used which was dry dyeing. So you were basically dyeing with cloth using no water and it went really well.

Social Sustainability Practices

KD, a German-certified fair-trade business, primarily focuses on economic development by creating employment in Malawi. They pay their employees 300% higher than the local average wage and provide healthcare for employees and their families and education for their children. They also train individuals so that they can find a job.

It's not only starting a social enterprise but in one of the world's poorest countries, so we struggle with education and infrastructure a lot, and this of course is the foundation for a good workforce, so the last few years, we have invested a lot in training so that we can bring our employees to the level that they can do the job in a way that is required to make that business sustainable ... It's about empowerment ... so if you work at Khala, you have a job, you get well-trained at doing your job and then you get paid for that, and you can have a great life with your family and can send your kids to good private schools and you have good health insurance.

TC partners with other brands to provide jobs to at-risk women and help individuals with mental handicaps join the workforce (The Makers, 2021) by teaching them sewing skills and employability skills. Their model is focused on maximizing impact at each stage of our supply chain. Ared, a Spanish SE that helps bring at-risk women into the workforce and provides them jobs creating garments, creates all of TC's clothing except T-shirts (The Makers, 2021). They use Apunts, another social firm, to print their labels sustainably. Apunts assists mentally-disabled individuals in joining the

workforce and fully reinvests all profits (The Makers, 2021). They also offer services in the form of workshops and education courses, working with other fashion stakeholders to show that regenerative farming can have an impact.

WD's products are produced by fair-trade certified laborers, and the company also promotes rural Indian development. The founder is enthusiastic about campaigning and activism to make changes and founded the community Ethical Brands for Fashion Revolution, running conferences and education events. WD also created the Where Does It Come From? podcast that explores the impacts of "stuff" on people and planet, hosting discussions with passionate individuals who are dedicated to making positive change.

The SEs' Environmental Strategies in CE and Social Sustainability Practices

Table 1 illustrates the three SEs' business model strategies focusing on materials, product design, and manufacturing aspects for a CE and social sustainability practices. 10R principles were used as the framework for the environmental sustainability practices.

Key Success Factors and Opportunities and Threats in the Next Five Years

Authenticity, transparency, resilience, valuing everybody, trust (from others; between the founders), and sales were identified as important factors of their success. Authenticity and transparency were important to show customers that they are doing good in the world while TC emphasized that sales are important to work with many businesses and consumers and turn over sufficient revenue to continue doing good in the world.

The founder of KD believes that the business has worldwide potential and with proper execution can grow exponentially while the biggest threat is corruption and the extra stress it puts on the budget because of the expenditure.

For us, the biggest threat is corruption. In Malawi, ... Authorities are not so reliable and transparent, so we cannot really take the complaints we have to the authorities. Sometimes, you cannot really know what is going to happen next or if you

need to have an account for extra expenditures ... they see that it's partially connected to Germany, and they just see the money we might have and don't see the social purpose so then they are just trying to get money from us, so that is my biggest concern.

WD views the increased adoption of sustainability likely to lead to more business and the movement toward B2B to help bolster revenues. Since they are an older company and less trendy, the founder feels threatened by new players in the sustainability sphere that could steal business:

Probably for us as a business, it's also a threat because there's so many new businesses that have come along and are doing things similar to this and maybe doing it better because they've got new ideas and new ways of doing things, and I don't mind that at all. That's partly why we've moved more to the B2B side as well because we've got the experience doing the production and supply chains and I'm not particularly interested in making fashion for fashion's sake.

The founder of TC was optimistic that in the future more companies will consider both impact and profit. She says that by running a business without impact we are only making more problems for ourselves in the future. However, she viewed the changes of consumers' habits after COVID as threats, such as spending most of the time at home, which she thought might lead to the end of the fashion industry.

Advancing the UN Sustainable Development Goals

To achieve the UN SDGs, all stakeholders' active collaboration and participation are essential. As such, business' role is critical. In response, the Framework for Strategic Sustainable Development (FSSD) was created to guide the incorporation of sustainability practices into business models. By offering principles and tools for businesses to align their operations with sustainability objectives, the FSSD provides a way for businesses to tackle

Table 1. The SEs' environmental strategies in CE and social sustainability practices

Environmental strategies in CE	10R	KD	TC	WD	SDG
Effective use of products and manufacturing operations	Refuse				
	Rethink				
	Reduce	Hemp fabric; GOTS certified dyes; minimizing plastic use; zero fabric-waste; local sourcing	Regenerative fabrics; soil biodiversity; sequestering more carbon; minimizes fabric offcuts; reintegrate fabric offcuts into new designs; hand-crafted garments; less water; lower emissions; local suppliers; rental services	GOTS cotton; bamboo fabric; organic rain-fed cotton; local sourcing; dry dyeing to reduce water; few chemicals; low carbon design; hand woven	SDG 2, 3, 6, 11, 12, 13, 14, 15
	Reuse		Renewable energy; take-back clothes service	Wind power; solar power; reusable packaging	SDG 7, 12, 13, 15
	Repair		Life-long repair		SDG 12, 13
Extended lifespan of products and its parts	Refurbish				
	Remanufacture				
	Repurpose				
	Recycle		Recyclable fiber or fabrics (e.g., mono-fiber)	Recyclable packaging	SDG 12, 13
Maximization of material usefulness	Recover		Garment end-of-life recovery services		SDG 12, 13
Social sustainability practices		KD	TC	WD	SDG
		Achieving German-certified fair-trade status		Utilizing fair-trade certified laborers	SDG 1, 5, 10
		Boosting economic development in Malawi; creating employment in Malawi; paying 300% higher than the local average wage; empowering the employees	Providing jobs with women at risk	Developing rural India	SDG 1, 5, 8, 10
		Providing health care for employees and their families			SDG 3
		Offering education for the employees' children; training individuals to find a job	Offering workshops and education courses; working with other fashion stakeholders to show the impact of regenerative farming	Running conferences and educational events; campaigning and activism; founding the community Ethical Brands for Fashion Revolution; creating the Where Does It Come From? Podcast; hosting discussions with passionate individuals dedicated to making positive change	SDG 4
			Helping individuals with mental handicaps join the workforce by teaching them employment skills		SDG 10

Table 2. The contributions of the selected SEs' sustainability practices to the UN SDGs

SDG	KD	TC	WD
SDG 1: No Poverty	X		X
SDG 2: Ending Hunger	X	X	
SDG 3: Good Health and Well-Being	X	X	X
SDG 4: Providing Education for All	X	X	X
SDG 5: Gender Equality	X	X	X
SDG 6: Clean Water and Sanitation	X	X	X
SDG 7: Affordable and Clean Energy	X	X	
SDG 8: Decent Work and Economic Growth	X	X	X
SDG 9: Industry, Innovation, and Infrastructure	X	X	
SDG 10: Reduced Inequality	X	X	X
SDG 11: Sustainable Cities and Communities		X	
SDG 12: Responsible Consumption and Production	X	X	X
SDG 13: Climate Action	X	X	X
SDG 14: Life below Water	X		
SDG 15: Life on Land		X	
SDG 16: Peace and Justice			
SDG 17: Partnerships for the Goals			

their environmental impact while also decreasing operational risks and costs but maintaining competitive advantages (Gren et al., 2020). Through Agenda 2030, the UN (2015) calls upon all businesses to apply their innovation and creativity in addressing SD challenges. By implementing sustainability as a core business requirement and aligning with the UN SDGs, companies can reduce their environmental impact as well as create long-term value and resilience (Schaltegger et al., 2016). The three SEs set their goals to contribute to the SDGs explicitly. The impacts of their environmental and social sustainability practices on advancing the UN SDGs are illustrated in Table 2.

Discussion

In order to advance the SDGs, all stakeholders' active engagement and partnerships, such as businesses, governments,

communities, academics, NGOs, and civil society, are required. In recent years, the importance of the role of business in the shared goals has been recognized, and the potential link between SEs and SD has received increasing attention from academics (Tabares, 2020). Against this background, this study explored how SEs contribute to achieving the UN SDGs by analyzing three small-sized Europe-based SEs' sustainability practices and strategies through their business models. It also examined the key to success of their social and environmental sustainability performances, and their perceived opportunities and threats in the next five years.

According to the participants, the role of an SE is to solve societal problems using an entrepreneurial mindset. The participants envisioned SEs as the future and natural evolution of business because it entails sustainable production and they are driven by what they are trying to accomplish. For WD, that involves providing livelihoods for marginalized people and driving green initiatives and transparency in the supply chain, but it must also involve generating enough revenue. Likewise, balancing social and environmental performance with economic performance was the largest challenge although they prioritize these values over financial gain. Their environmental sustainability practices were embedded into their entire value chain, employing CE's R principles. As the main goal of a CE is economic prosperity and environmental protection, the R frameworks have limited capacity to capture social performance, which is in line with other studies (Kirchherr et al., 2017). Examples of their environmental sustainability practices include using sustainable materials (e.g., organic, regenerative, recyclable, and recycled); product development processes adopting zero-waste; reducing carbon emissions through local sourcing; eliminating heavy chemical processes in growing, dyeing without water, lifelong repairing, renting, using renewable energies such as wind and solar power, and conducting Life Cycle Assessments on products. In terms of their social sustainability practices, the three SEs are committed to supporting all stakeholders in their businesses. They practice fair trade, promote gender equity, develop the local economy, hire disadvantaged people, and empower their employees. They provide their employees with an

above-living-wage and professional development and offer healthcare for their families and their children's education. They also play an activist role in the community to educate and promote SD.

As key success factors, authenticity, transparency, resilience, valuing everybody, and trust (from others; between the founders) were identified as important whereas profit (product sales) was also important to sustain the business and fulfill their mission. Participants also viewed authenticity and transparency as integral to their profitability because it works as a competitive advantage for them. This finding is supported by the result of Font et al.'s study (2016) that stakeholders increasingly demand more transparency and accountability from SMEs about their activities to expand environmental sustainability. However, clear communication of all three enterprises' criteria and metrics systematically measuring their performances was lacking. Objective metrics are important to increase reliability and trust with stakeholders. Previous case studies with small SEs also revealed that there was an urgent need for systematic metrics to quantify an enterprise's environmental and social performances (Kim & Han, 2022).

As for the opportunities for the three SEs in the next five years, they viewed the increased adoption of sustainability as opportunities. The world is now rethinking about the way of economics is driven, from the traditional way of thinking to the multidimensional consideration of profit and impacts on the environment and society, so there is massive opportunity for SEs and any businesses to work with multiple players. For threats, cultural differences of the countries were identified, particularly the large gap between developed and developing countries. The lack of reliability and transparency of the authorities (e.g., corruption) in Malawi was the biggest threat to KD. As such, cultural differences of developing countries with a lack of governmental regulations and empowerment to support them were identified as barriers in previous studies (Rekik & Bergeron, 2017; Zahra et al., 2006). Competitors and consumers in the market were also mentioned as threats. As an older small company, the founder of WD felt threatened by new players in the sustainability sphere because "they have new ideas and new ways of doing things." This result is

in line with the findings of other studies on SMEs' challenges in implementing CE: relatively insufficient opportunities and knowledge of the concepts of a CE and lower capacity in innovation, technology, and digitized solutions in operations (Rizos et al., 2015). Changes of consumers' habits were also perceived as a threat, particularly unexpected radical changes in their behaviors like after COVID (e.g., spending most of the time at home). This result reinforces Takacs et al.'s (2022) finding that technology, market, and consumers and society were part of company-external barriers among SMEs. The threats and opportunities are context-specific in terms of size of the business, culture, and location.

While the three SEs' practices contribute to various SDGs, their focused areas were SDG 3, 4, 5, 6, 8, 10, 12, and 13, among others. The global problems in SD are not only challenges but also opportunities for businesses. Our independent goal of reaching net zero requires businesses to rethink the development of strategies for decarbonization while still growing the bottom line. A CE is a long-term project requiring continuous stakeholders' commitment and involvement. Thus, SMEs must consistently stay connected to their ecosystems and seek opportunities through innovation and strategic adaptation (Priyono & Hidayat, 2024). Over the past years, an awareness and interest in circularity among consumers, businesses, regulators, and investors have been enhanced. The three SEs' CE strategies and innovative business models were evident to advance the SDGs.

In order to support SEs' programs, changes in public policies that prioritize and incentivize socially- and environmentally-responsible business practices are crucial. For example, additional support and encouragement for individuals starting a business, at least in Germany, is necessary, as the founder of KD pointed out. Also, the export and import taxes must be overhauled to be fairer to businesses paying a living wage as the founder of WD mentioned. Further, more countries need to create legislation to stop forced work and to regulate the environmental degradation caused by businesses. Takacs et al.'s study (2022) identified legislative obstacles as one of the four company-external barriers to implementing CE. Thus, governmental public policies must be enacted and include

investments in infrastructure to ensure businesses' appropriate compliance.

Conclusions

SEs will probably take more prominent leadership in accelerating the industry's shift to a CE to build a more sustainable and inclusive economy. Shaping a more sustainable future requires businesses' holistic approach to make the most of limited resources, reduce carbon emissions, use energy more efficiently, extend the use of resources and products, and commit to increasing equality and inclusion.

This study has a few academic and practical implications. It fills the gap in the existing literature on SEs as well as SMEs whose business models and strategies have not received much attention. It also expands our empirical knowledge of how small SEs make social and environmental impacts in businesses aligned to a CE. For academics, the context-specific and activity-focused examinations of business modeling in this study can help them further the frameworks of CE. For practitioners, the study provides managers with operational and strategic guidance to implement CE principles into their businesses. Further, the study's focus on strategy-as-practice provides scholars and practitioners with valuable insights on how SEs can contribute to achieving the UN SDGs through innovative business models and strategic initiatives.

The limitation of the multi-case study is that the findings from the three SEs cannot be generalized to all European SEs in the fashion industry. As future research, comparative studies between countries (e.g., UK vs. US or UK vs. Asia) with larger samples of SEs are recommended.

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