

Navigating Risks in Social Business: The case of ECOSILKY

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Abstract:

In the ever-evolving landscape of social business, numerous risks can pose significant challenges, hindering the attainment of sustainable impact and financial viability. Social entrepreneurs must grasp these risks, understand their potential consequences, and implement effective strategies to mitigate them. This paper sheds light on the case of Ecosilky, a socially conscious enterprise in the sustainable fashion industry, and its approach to navigating risks. The study explores various risk categories, including market, financial, social impact, operational and scalability, environmental, and collaboration risks. It highlights Ecosilky's proactive measures in addressing these risks, emphasizing the importance of partnerships, sustainable practices, innovation, and community engagement. Through this case study, social entrepreneurs gain practical insights into managing risks and fostering long-term success in the realm of social business.

Keywords: Social business, risk management, Ecosilky, sustainable fashion, community engagement, partnerships.

1. Introduction

The world of social business is characterized by its dynamic nature, where enterprises strive not only for financial success but also for positive societal impact. However, amidst the pursuit of transformative change and addressing global challenges, social ventures encounter a myriad of risks that can significantly impact their journey towards sustainable success. These risks present complex uncertainties that may hinder progress and even threaten the existence of these ventures. Therefore, understanding, identifying, and effectively navigating these risks are essential prerequisites for social entrepreneurs aspiring to create a lasting and meaningful impact on the world.

Among such socially conscious enterprises that have recognized the significance of risk management is ECOSILKY, a brand that stands for sustainable fabrics. As an exemplar in the sustainable fashion industry, ECOSILKY has demonstrated a proactive approach to address the challenges posed by various risks.

In this paper, we present a comprehensive case study of ECOSILKY, delving into their strategic risk management approach. By exploring the measures undertaken by ECOSILKY, we aim to gain valuable insights into prudent risk management and strategic foresight within the realm of social business.

2. Navigating Risks at Ecosilky

Ecosilky has adopted a proactive approach to address various risk categories encountered in its operations. Each risk poses unique challenges, and the company's strategies to mitigate them provide valuable insights for social entrepreneurs.

2.1. Market Risk

Ecosilky faces the challenge of adapting to changing consumer preferences, market saturation, competition, and economic fluctuations in the sustainable fashion industry. These factors can lead to reduced customer demand and financial sustainability issues. To address this, Ecosilky conducts extensive market research to identify target markets with a genuine interest in sustainable fashion. Strategic partnerships with local communities, businesses, and organizations enable the company to access reliable raw materials and insights into labor affairs. Additionally, Ecosilky diversifies its customer segments and expands its geographic reach to reduce dependence on a single market.

2.2. Financial Risk

Sustainable impact hinges on financial sustainability, and Ecosilky understands the critical importance of managing financial risks effectively. Securing adequate funding, maintaining capital availability, and ensuring revenue generation are essential aspects for the company's continued operations and ability to fulfill its social mission. To achieve financial stability, Ecosilky actively seeks grant funding and engages impact investors who share their vision for positive change. Strategic partnerships with multiple raw material locations across Vietnam reduce costs and enhance financial viability. By participating in programs dedicated to supporting social enterprises, such as Social Business Creation and SIP100, Ecosilky effectively acquires grants to further its mission and initiatives.

2.3. Social Impact Risk

Ecosilky's mission centers around making a positive social impact. However, challenges such as limited community engagement and unforeseen social barriers can hinder this mission. To navigate social impact risks, Ecosilky actively engages with local communities and stakeholders, conducting needs assessments to understand their aspirations and potential barriers. Robust monitoring and evaluation mechanisms ensure transparency and course corrections, maintaining alignment with beneficiaries' needs.

2.5. Operational and Scalability Risk

The scalability and operational efficiency of a social enterprise are vital for achieving widespread impact. Ecosilky recognizes the significance of operational and scalability risks and actively addresses them. The company prioritizes the development and implementation of robust operational systems to streamline workflows, optimize efficiency, and enhance service delivery. Investing in leadership development, talent acquisition, and knowledge management ensures Ecosilky has a capable and adaptable team to tackle operational challenges. By establishing strong partnerships with local communities and stakeholders, Ecosilky accesses valuable resources and support networks that bolster operational capabilities and facilitate sustainable growth.

2.6. Environmental Risk

As a sustainable fashion enterprise, Ecosilky places great importance on mitigating environmental risks. Sustainable sourcing practices and partnerships with certified farms ensure eco-friendly production techniques and reduce environmental impacts. Collaborations with other businesses to utilize scrap fabrics further underscore their commitment to sustainability.

2.7. Collaboration Risks

Collaborating with numerous partners introduces its own set of risks, including ineffective partnerships and collaborations that may not align with the company's mission and values. Ecosilky addresses collaboration risks by approaching partnerships with meticulous care. Selecting partners who share the company's vision and values, setting clear goals and expectations, and conducting regular evaluations ensure that partnerships remain fruitful and mutually beneficial.

| Risk Category | Description | Strategies to Manage the Risks |
|----------------|---|---|
| 1. Market Risk | Adapting to changing consumer preferences and market dynamics | <ul style="list-style-type: none">- Conduct extensive market research to identify target markets with genuine interest in sustainable fashion.- Establish strategic partnerships with local communities, businesses, and organizations to access reliable raw materials and insights into labor affairs. |

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| | | <ul style="list-style-type: none"> - Diversify customer segments and expand geographic reach to reduce reliance on a single market. |
| 2. Financial Risk | Ensuring financial sustainability and revenue generation | <ul style="list-style-type: none"> - Seek grant funding and engage impact investors who share the vision for positive change. - Form strategic partnerships with multiple raw material locations to reduce costs and enhance financial viability. - Participate in programs supporting social enterprises to acquire grants and further the mission and initiatives. |
| 3. Social Impact Risk | Overcoming challenges that hinder positive social outcomes | <ul style="list-style-type: none"> - Actively engage with local communities and stakeholders, conducting needs assessments to understand aspirations and potential barriers. - Implement robust monitoring and evaluation mechanisms for transparency and course corrections. - Maintain alignment with beneficiaries' needs through continuous communication and collaboration. |
| 4. Operational and Scalability Risk | Ensuring efficient operations and scalable growth | <ul style="list-style-type: none"> - Prioritize the development and implementation of robust operational systems for streamlined workflows and enhanced service delivery. - Invest in leadership development, talent acquisition, and knowledge management for a capable and adaptable team. - Establish strong partnerships with local communities and stakeholders for valuable resources and support networks. |

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| 5. Environmental Risk | Mitigating environmental impacts and promoting sustainability | <ul style="list-style-type: none"> - Adopt sustainable sourcing practices and partner with certified farms for eco-friendly production techniques. - Collaborate with other businesses to utilize scrap fabrics for reduced waste and environmental conservation. |
| 6. Collaboration Risks | Addressing risks related to partnerships and collaborations | <ul style="list-style-type: none"> - Select partners who share the company's vision and values. - Set clear goals and expectations for partnerships. - Conduct regular evaluations to ensure mutual benefit and alignment with the company's mission and values. |

Table 01. Summary of how ECOSILKY Navigating Risks

Source: The authors

3. Conclusion

Navigating risks is an essential aspect of social entrepreneurship, and Ecosilky's journey serves as an inspiring example of effective risk management in the sustainable fashion industry. By understanding market dynamics, fostering strategic partnerships, emphasizing financial sustainability, and engaging communities, Ecosilky has successfully navigated the intricate landscape of social business. Aspiring social entrepreneurs can draw valuable lessons from this case study, equipping themselves with the tools to create lasting impact and ensure long-term viability in their pursuit of positive social change.

4. References

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