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TOMS Shoes: Positive and Negative Effects in Developing Countries

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<p>This thesis will be focusing on a social enterprise called TOMS Shoes and its positive and negative effect in developing countries. TOMS has developed a business model called One For One, where it sells a variety of different products and for every product sold, it will donate another product to a person in need in developing countries.</p> <p>This topic is relevant because social enterprises are important for the societies. There are different types of social entrepreneurs which are can be either national or international and they are addressing different kinds of social problems depending on their desired goal. They can help small societies or even the whole world to develop further, become more socially responsible as well find solutions to already existing problems in different societies.</p> <p>Since TOMS has received a lot of criticism based on its impacts and how it operates its business, this thesis will be examining those and discussing whether they are true or not and how TOMS could improve more.</p> <p>The results are that TOMS has had both, positive and negative, impacts in the developing countries. For example, it has had more positive impacts on the short-term but in the long-term its impacts have been more negative. It should focus more on its transparency for example in its website and try to find ways how to minimize the negative impacts for example by collaborating with the local shoe sellers.</p>	
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Contents

1	Introduction	1
2	Literature review 1 – Social Entrepreneurship	2
2.1	What is it?	2
2.2	What is the origin of social entrepreneurship and how new is it?	5
2.3	Why is it important?	7
2.4	What are the ethical challenges and other reputational risks involved?	7
3	Literature review 2 – Social impact measurement and management	11
3.1	An explanation of why and how to evaluate the success of social entrepreneurship	11
3.2	An explanation of impact management and how to implement it	13
4	Case study – TOMS 1	16
4.1	History	16
4.2	Explanation of business model	16
4.2.1	Company details	16
4.2.2	Giving Partners	17
4.2.3	TOMS' products	18
4.3	Where TOMS gives to	19
5	Case study – TOMS 2	22
5.1	Critical analysis	22
5.1.1	What sort of criticisms has TOMS received?	23
5.1.2	What kind of controversies have arisen	28
5.1.3	Comparison of TOMS's stated mission with its actual performance and ideas how to improve its performance	29
6	Case study – TOMS 3	31
6.1	Measuring its social impact	31
6.1.1	Combining results of chapter 5 with conclusions of chapter 3	34
7	Conclusion	36
7.1	Summary	36
7.2	Conclusion of Literature reviews	36
7.3	Conclusion of Case Studies 1, 2 and 3	37
8	Bibliography	39

List of Figures and Tables

Figure 1. TOMS Shoes, What We Give. (TOMS, 2018a)	19
Figure 2. A Map Of Countries TOMS Gives To 2013. (TOMS, 2013)	20
Figure 3. A List Of Countries TOMS Gives To 2013. (TOMS, 2013).....	21
Figure 4. Aggression Scale Regarding A Study On Measuring Bullying. (Sage Publications, 2001) (Hamburger, et al., 2011, p. 9)	33

1 Introduction

This thesis will be focusing on a social enterprise called TOMS, and more specifically its shoes' positive and negative effects on developing countries. The company has developed a business model, One for One, where for every product sold, it gives a product to a person in need. The aim is to discuss the effects of TOMS Shoes specifically, rather than the company's entire range of products. Additionally, suggestions for how to improve TOMS Shoes' operations will be offered, if found any.

The first part of the literature review consists of an introduction to social entrepreneurship, its importance and its ethical challenges. The second part focuses on social impact measurement and management. It explains how to evaluate the success of social entrepreneurship with different kinds of measurement methods.

In this thesis, there will be three different kinds of case studies. The first case study, TOMS 1, focuses on the history of TOMS followed by a detailed explanation of its business model.

The second case study, TOMS 2 consists of a critical analysis. The analysis explores what kind of criticism and controversies TOMS Shoes has faced since its launch, as well as compares TOMS Shoes' starting mission with its actual performance.

The third case study, TOMS 3 measures TOMS Shoes' social impact. In this way, it will combine the results of Chapter 5 (the analysis of TOMS Shoes performance in comparison with its starting mission) with the conclusions of Chapter 3 (the measurement of social impact).

A concluding chapter will summarise the results of this study, as well as provide recommendations regarding both the company's operations and future research possibilities, if found any.

2 Literature review 1 – Social Entrepreneurship

2.1 What is it?

When it comes to defining social entrepreneurship in a general basis, Praszkiec and Nowak state that social entrepreneurs are rare, and they are exceptionally successful when it comes to solving social problems as well as combining passion and visionary thinking. They are able to combine social passion with a sense of business. (Praszkiec & Nowak, 2012, p. 11)

The idea of social entrepreneurship is to replace old and ineffective practices with new, innovative and creative ideas that will make a social change. The new ideas are meant to be highly ethical too. (Praszkiec & Nowak, 2012, p. 13)

Social entrepreneurs should have particular fortitude. For example, they need to have entrepreneurial spirit and creativity in order to be able to handle the stress and possible difficulties. (Praszkiec & Nowak, 2012, p. 14)

When looked at from another point of view, social entrepreneurship's key element is innovation. During the creative process of entrepreneurship, social entrepreneurs pursue an opportunity to produce something new and innovative which helps society and individuals as well. (Mair, et al., 2006)

According to a book called *Social Entrepreneurship: To Act as if and Make a Difference*, entrepreneurship in general has two perspectives: the narrow view and the broad view. In the narrow view entrepreneurship is economic-based and is a matter of searching for opportunities and creating something new and simultaneously satisfying demand in different markets. It does not matter if the particular markets have already been existing or not. In the narrow view entrepreneurs are rare and their performance needs to be extra-ordinary. (Bjerke & Karlsson, 2013) However, there might be markets existing but there might be particular niches that remain either underserved or ignored. Or, the entrepreneur may be providing a superior product or service compared to those of the incumbent producers.

By contrast, in the broad view entrepreneurship belongs to the society and not only to its economy. It focuses on creating something new and therefore satisfying demands and/or needs. It does not matter if the creation is new or not. In the broad view it is not relevant to have particular characteristic features in the personality and it has not been specified what types of entrepreneurs usually become successful. The broad view also emphasizes the outcome more than the process itself even if the actual outcome is not quite radical. (Bjerke & Karlsson, 2013). The broad view can be related to social entrepreneurship for its goals but when it comes to the characteristics, it differs quite a lot because according to (Praszkie & Nowak, 2012, p. 13) the new ideas should be highly ethical. If the person in question does not possess ethical way of thinking, it cannot be a social entrepreneur. This is why the broad views' way of seeing that characteristics are not important does not apply to social entrepreneurship.

The general theory regarding entrepreneurship in society can be used as a foundation of the theory of social entrepreneurship but only to a certain extent. It can be used as a foundation to identify the distinctive characteristics of social entrepreneurship. What is meant by this is that the social enterprise can focus on economic results and in the side of its actions result into something good for the society (narrow view). The broad view can be used as a foundation when the social enterprise aims to create something new and in the side of that gain economic success. (Bjerke & Karlsson, 2013)

Bjerke and Karlsson have determined social entrepreneurship in the following quotation:

By social entrepreneurship we mean all entrepreneurial activities in society, no matter where they are going, which are not run for private profit reasons but which aim at satisfying different social needs (possibly in combination with an interest in profit). (Bjerke & Karlsson, 2013)

Although sometimes people's needs may differ from their wants. For example, need is something people really need in order to survive or live a good life. Want is something people might just want something, but they do not actually need it. (Difference Between, 2018)

When it comes to the quotation above by (Bjerke & Karlsson, 2013), the needs of the society might be also the wants of the society. For example, in a way TOMS Shoes is launched by the want of one man, Blake Mycoskie, to satisfy the needs of poor people

(e.g. children with no shoes). The company will simultaneously satisfy the wants and needs of the poor people, assuming that their wants and needs are the ones Mycoskie is aiming to satisfy. But even though children would want the shoes, they might not need them, or they might need something else more, such as water or food. In a situation like that, the wants might differ from the needs completely.

In addition, the general theory of entrepreneurship, social entrepreneurs should have unique characteristics such as creating social change and their perspective on the meaning of wealth (for business entrepreneurs' wealth means profits but for social entrepreneurs' wealth means creating social and environmental capital). (EDUCBA, 2017)

There are other characteristics that are unique for social entrepreneurs as well. They are for example that the social entrepreneur is community driven, creative and innovative, has a sense of business, networking skills and determination. So basically, what meant by these characteristics is that the social entrepreneur should have a desire to improve the already existing community by his/her actions. The community chosen can be only his/her neighbourhood or then to aim to have a positive effect on the whole world. Also, social entrepreneurs should be able to be creative and innovative enough to be able to create a new product or a service etc. (Digital Opportunity Trust, ND) And:

“Social entrepreneurship is what happens when the creative and the practical become one.” (Digital Opportunity Trust, ND)

What meant by the business sense is that social entrepreneurs should have the basic business knowledge in order to execute the innovative idea into a functioning enterprise. In addition, networking skills are a relevant characteristic of social entrepreneurs since every company needs employees and sometimes collaboration with people outside of the enterprise. (Digital Opportunity Trust, ND)

The last-mentioned characteristic in the article of “5 Characteristic of Successful Social Entrepreneurs” written by (Digital Opportunity Trust, ND) is determination. However, this is a characteristic that is not unique to social entrepreneurs only, since this should be possessed by business entrepreneurs as well. When it comes to defining determination, it can be said that it is something that all entrepreneurs – both social and business, have

the ability of never giving up. They have the will to fight to make their businesses thrive. (Digital Opportunity Trust, ND)

Martin Zwilling, a guest writer of *Entrepreneur* also thinks that social entrepreneurs do need profit to make the company function well. According to him, in order for a company to be valuable for society, it needs capital. For example, without aiming to have profit, it is difficult to retain qualified employees in the company as well as have equity investors since their goal is to gain more capital. Also, in order to advertise the company - and let's face it, it is expensive - the company needs profits as well. In short, social entrepreneurs need profit but it should not be the only thing that motivates the company. (Zwilling, ND)

However, despite different kinds of definitions of social entrepreneurship, for me it is something where the profit is important factor, but it is not the one that drives the company. The company is driven by the mission, but it needs profit to succeed. Therefore, I see social entrepreneurs as people who want to have their company succeed in order to make profit but more importantly to make a difference regarding a social problem.

2.2 What is the origin of social entrepreneurship and how new is it?

According to Sarah Stankorb, the first known social entrepreneur is Bill Drayton with his company Ashoka which was founded in 1980. As a company Ashoka aimed to support public innovators and their ideas to be executed. This particular social enterprise is still in business by supporting numerous other social enterprises. (Stankorb, 2012)

There are also other companies who were founded around the same time. For example, The Body Shop wanted its customers to feel that they were doing something good by buying its products, thereby supporting animal rights. (Stankorb, 2012) The Body Shop can be defined as a social enterprise since it is against animal rights' violations and it produces beauty products which are all free of animal testing. The Body Shop was launched in 1976 so it is safe to say that this kind of social entrepreneurship has been existing at least since then. (The Body Shop, 2018)

However, The Body Shop was sold to L'Oréal in 2006 (Agencies, 2006). This action was seen as controversial because L'Oréal is not completely against of animal testing

unlike The Body Shop has been built to be against animal testing (PETA, 2018). For example, the company is not in PETA's cruelty-free list because its products are being sold in China, where it is required by law to test certain products by using animals. However, L'Oréal has improved its actions and does not use any other way of animal testing. It is also trying to reduce the amount of animal testing in China. Which is why the company has launched a centre in Shanghai in order to find alternative ways to test their products such as reconstructed skins. (L'ORÉAL, n/a)

Despite of L'Oréal's improvement on not using animal testing, where owning The Body Shop could have helped the company to improve its image on animal testing, L'Oréal's and The Body Shop's path has been described as "an unhappy marriage" (Butler, 2017). L'Oréal sold The Body Shop to a Brazilian company called Natura in 2017 because it could not increase the sales. (Butler, 2017)

For The Body Shop, this could be a better step since Natura shares its values and is based on them and as a proof for sharing The Body Shop's values, it has been certified as "B corp" (Butler, 2017). B Corps are for-profit companies which are meeting the standards of B Lab, a non-profit corporation, in order to become more environmental friendly, accountable and transparent (B Corporation, 2018).

In overall, when it comes to the first social entrepreneurs, Stankorb cannot be taken as a totally trustworthy source since there have been few other social entrepreneurs before 1980s. One of them is a Scottish Robert Owen who was keen to improve working class' health, education, well-being and rights. He was born in 1771 and died in 1858. He possessed entrepreneurial spirit, skills regarding management as moral views which all started to bloom in the early 1790s. Owen bought a company called New Lanark Cotton Spinning Mills where he started social experiments regarding well-being of the employees. In short, there has been at least some forms of social entrepreneurs already in the late 18th century. (Robert Owen, ND)

Another company which has been practicing a similar way of doing a business as social entrepreneurship, is called Cadbury. This company was launched in 1824 by John Cadbury who opened the shop inspired by his beliefs. He saw his products (tea, coffee, cocoa and drinking chocolate) as a healthier option for alcohol which was bad for the whole society. (Cadbury, ND)

In short, there have been companies that could be identified as social enterprises already since the 18th century so it can be said that at least some forms of social entrepreneurship have been existing since then.

2.3 Why is it important?

The reason why social entrepreneurship is important is that people and societies need social entrepreneurs to solve current and future problems regarding the well-being of individuals and societies. When it comes to social change, Ryszard Praszkiel and Andrzej Nowak state the following:

We decided that it was critical to separate the element of social innovation from that of social change, with the understanding that the former is the spark and the latter is its long-term and far-reaching consequence. (Praszkiel & Nowak, 2012)

Especially nowadays, the importance of social entrepreneurship is raising more and more awareness. It is valued because social entrepreneurs combine their passion with making a difference: they are not just aiming to get rich but to solve an existing problem instead of making new problems. This way they are also responding to customers' needs as well as trying to solve social problems. (Evhive, 2017)

2.4 What are the ethical challenges and other reputational risks involved?

Like every enterprise, also social enterprises might face some ethical challenges along the way. Egoism is one of the challenges the social entrepreneurs face because:

“Egoism is especially relevant because the identity and passions of social entrepreneurs usually compel them to create and lead social ventures” (Zahra, et al., 2009)

Sometimes the social entrepreneurs may have similar personalities with the entrepreneurs who are driven by the increase of their economic wealth which may lead the social entrepreneurs to believe that their actions, whether or not highly ethical, are justified by the results they gain. So basically, some of the social entrepreneurs may act unethically in order to receive some ethically approved results. (Zahra, et al., 2009)

According to (Zahra, et al., 2009), there are three different types of social entrepreneurs regarding their ethical behaviour. The first one is called “Social Bricoleur” whose motives are noble since after identifying a social problem they aim to use innovative techniques to resolve the problem. Therefore, their motives are ethical as well. The Social Bricoleur’s goal is also to increase the social wealth of a community in addition to solving existing social problems.

For Social Bricoleurs, there are a few main concerns regarding their businesses. One of the most important is to define the efficiency of the allocation process when trying to create or increase the public good. They also need to take into consideration the ways the social wealth achieved can be distributed further and who gets access to it. The actual value of this kind of company’s results can be difficult to calculate. (Zahra, et al., 2009)

(Zahra, et al., 2009) have been using F.A. Hayek (Austrian economist (Caldwell, 1998)) as a theoretical inspiration to define the type of Social Bricoleur. In short, Social Bricoleurs are small, focusing on local areas and aiming to act for the local social needs. They are important because they have the knowledge when it comes to social needs and they also know how to fix social problems. Social Bricoleurs’ social significance is remarkable because they help to maintain the harmony when facing social problems. Since they do not have much of restrictions besides following the law and regulations, they are fairly independent to act in a way that suits them. However, expanding their positive results outside of the local area where they have been focusing, might be challenging because they usually possess expertise regarding their own local area and do not have much resources available. (Zahra, et al., 2009)

The second type of social entrepreneurs is “Social Constructionists”. They aim to generate social wealth by replacing the already existing companies with their new, constructive methods and goals. However, Social Constructionists might find themselves manipulating others to get what they want e.g., support from others. This kind of behaviour is highly unethical, even despite the positive results they might gain. So basically, since this type of social entrepreneur is especially committed to their ideas and enterprises, they may act in an unethical way in order to keep the company in a track they want. (Zahra, et al., 2009)

However, there is a need for Social Constructionists because business enterprises do not have their motivation in social problems even though they could accidentally improve them. With Social Constructionists, like mentioned, their goal is to increase the general wealth. When it comes to the characteristics they likely possess, one is that they act in a way that they would know how to foresee the future that encourages them to act in a more persuasive manner to get their envisaged future to actually happen. (Zahra, et al., 2009)

In addition, Social Constructionists may have fairly little competition but in order to get where they want, there are many obstacles such as resources of the company, including financing and suitably skilled employees. One way of doing this is to find suitable collaborative ventures. However, this is challenging because they need to find the right ones to collaborate with, manage the relationships with them, and still avoid losing sight of the original mission. (Zahra, et al., 2009)

Israel M. Kirzner, professor of economics (Mises, 2014), has been a theoretical inspiration for (Zahra, et al., 2009) when defining Social Constructionists. Social Constructionists create ways to address social needs which are impossible for governments, agencies and businesses to address. The size of their companies can be from small to large and they can be focusing on local areas or be international. They are necessary because governments, agencies and businesses are obligated by different laws than Social Constructionists. This means that Social Constructionists are able to address different social needs in different ways than for example governments. They also help to fix acute social needs with already existing social structures in order to maintain the harmony in the society. (Zahra, et al., 2009)

When it comes to the challenges Social Constructionists might face, there are few. As mentioned before, they need to have financing figured out as well as have employees to help operate the business as well as to become institutionalized. (Zahra, et al., 2009)

The third type of social entrepreneurs is “Social Engineers” who are the most driven ones by their goal and desires. They differ remarkably from Social Bricoleurs and Social Constructionists because Social Engineers aim to identify problems that are systemic inside the social systems and structures. They bring along “revolutionary change”. (Zahra, et al., 2009)

Social Engineers behave as innovators and aim to destroy the old systems with new systems which are more suitable ones for society. They usually fight against national, transnational or global social problems. Because Social Engineers' goals might be too innovative and controversial, they can be seen to possess "deficits of legitimacy". This means that they need support from people in order to fulfil their goals because they have such ambitious and innovative goals. In short, they need to have enough political capital in order to gain "other necessary resources and achieve legitimacy". (Zahra, et al., 2009)

When it comes to new innovative ideas of their own, Social Engineers might find neglecting the rules necessary in order to execute their innovative ideas. Also, they might consider their egos more important than their enterprises' goals. Social Engineers like the idea of doing good for society but they might actually be supporting harmful values whilst trying to achieve their goals. (Zahra, et al., 2009)

(Zahra, et al., 2009) have used Joseph Schumpeter, an Austrian economist and sociologist (Encyclopedia Britannica, 1998), as a theoretical inspiration for Social Engineers' definition. What Social Engineers do is create new and more effective social systems which are meant to replace the old ones. The scale of the Social Engineers is from national to international. They are needed in society because the society keeps changing and there cannot be used the same old systems forever because they are not either functional or relevant anymore. Social Engineers are usually seen as threats to vested interests, which aim to point out lack of legitimacy in Social Engineers' actions. This is extremely challenging for Social Engineers. (Zahra, et al., 2009)

To conclude, according to (Zahra, et al., 2009) there are three different kinds of social entrepreneurs: Social Bricoleurs, Social Constructionists and Social Engineers. All of the types have their own methods when pursuing their goals. The environment, the characteristics they likely possess, and the methods used vary in each type of social entrepreneurs as do the threats they might face.

3 Literature review 2 – Social impact measurement and management

3.1 An explanation of why and how to evaluate the success of social entrepreneurship

(Jones, 2014) says that it is important to understand value in order to develop a company's products and/or services further and to generate value with already possessed resources of the company. She states that if the company does not measure social value, it cannot separate success from failure nor reward it. Also, if the company does not know what success is, it cannot recognise it and improve that. The same applies to failure: if company does not know it has failed in something, it cannot make it better. In addition, if the company has evidence of its success, it can gain public support. In short, companies need to have evidence to show that their business is working in order to attract customers, investors and government.

(Thorpe, 2017) distinguishes between social impact and company impact. But what is meant by impact, social impact and company impact? According to (Business Dictionary, 2018) the word "impact" itself means the measurable consequences of tangible and/or intangible actions or influence. So, basically, what is meant by the company impact is the measurable effects of the company for example to the society.

According to (Social Impact, University of Michigan, 2018), if something has a social impact, it has a positive and remarkable change on social problems and challenges. In short, when it comes to a company having a social impact, it means that an organization has a positive effect on the society's well-being. (Knowledge @ Wharton, 2011) For example, TOMS Shoes (allegedly) has a positive effect on the societies where it is giving away its shoes.

When defining the term "company impact", the definition for "impact" made by (Business Dictionary, 2018), can be implemented here: company impact means a measurable impact a particular company has with its actions. It can be negative or positive.

Measuring the social impact of a social enterprise can be difficult. However, there are a few ways to do that. According to Cathy Clark, who was quoted in the first article of "How Social Entrepreneurs Begin To Measure Impact" series (Thorpe, 2017), the "theory of change" should be defined. With TOMS Shoes, this could be for example "IF we give

away shoes to the poor children in need, THEN there will be less infections and hookworms caught by those children. This is called “if-then” statement. By using this particular statement enables the social entrepreneurs to keep track on their goals and measure them. (Thorpe, 2017) In other words, there is a clearly defined goal or set of goals which should be measurable.

When evaluating the success of social entrepreneurship, there can be several different variables used. However, these variables should be defined before starting the company’s business in order to have more accurate results. Depending on the industry the social enterprise is in, the variables could be for example lives impacted, jobs created, carbon footprint and energy consumption. (Thorpe, 2017)

In the same article Lisa Curtis, who is a founder and CEO of Kuli Kuli, states that:

“Social entrepreneurs should understand how their high-level vision translates down into 3-5 key metrics that are quantifiable. They should be able to articulate what success in 10 years would look like in terms of those metrics, whether it’s the number of trees planted, livelihoods created or investment made.” (Thorpe, 2017)

The previous statement means that basically the social entrepreneurs should have a clear goal and several aspects to measure in order to define the success of the company. However, identifying the measurable variables may not always be a good idea for social enterprises because that may take the focus of the actual goal into achieving the wrong things in the company. These factors should be identified before starting to run the business to avoid losing sight of the actual goal. (Thorpe, 2017)

According to a blog written by (Chow, 2013), there are five different ways of measuring success for a company like TOMS. The first one is Cost Per Transaction (CPT) which measures how much money on marketing used to gain customers divided by the number of transactions during a given time. (Chow, 2013)

The second one is Click Through Rate (CTR) which is used to keeping track how many times an advert has been clicked open divided by the times the advert has been shown. The third one is called Average Transaction Value (ATV) which focuses on the average of how much customers are spending at the time. It will also measure on the effectiveness of the website including current promotions etc. (Chow, 2013)

The fourth category is Average Items In Basket (AIB), which is used to measure how many products customers bought at once. (Chow, 2013) Lastly, there is the Checkout Abandonment Rate (CAR). This is used to measure the percentage of the people who start shopping but then abandon their shopping cart and leave the site. (Chow, 2013)

However, the methods provided by (Chow, 2013) cannot be used to measure the social impact of TOMS, but only to measure the success of the company on an economical level and online impact.

3.2 An explanation of impact management and how to implement it

Another important factor to consider is impact management. Impact management means managing the process in order to get the desired impact (Gäumann, N/A). Depending on the company and its size, impact management may be even more crucial than measuring the impact of the company, because it is important to make sure that all the employees share the same vision and goals and know how to get there. (Thorpe, 2017)

There are already existing measurement tools for social entrepreneurs. One of them is called GIIRS (Global Impact Investing Rating System) which is used by the investors to evaluate the social impact of the enterprise. Another one, IRIS (product launched by the Global Impact Investor Network, GIIN), is used to find the standards in already existing measurements. (Thorpe, 2017) These tools can be used as part of the impact management to follow up with the goals and results and develop them further.

Like stated above, GIIRS (pronounced as "Gears") is used for the investors to evaluate the social impact of a particular enterprise (Thorpe, 2017). Established in 2011, GIIRS's purpose is to use different kinds of rating and ranking to help the investors and companies to define the companies social and environmental impact. (Jones, 2014)

GIIRS methodology includes three different parts such as Overall Impact Business Model Rating, Overall Operations Ratings as well as Fund Manager Assessment. The first one, Overall Impact Business Model Rating is created for specific types of businesses in order to create social and environmental impact. (B Lab, 2018)

Overall Operations Rating include policies that are impactful and practices concentrating on governance, community, workers and environment. The last part of GIIRS methodologies is Fund Manager Assessment which “measures impact intent of the fund”. (B Lab, 2018)

The GIIN was launched by a group of investors all over the world. Its goal was to create a system to have a standardised framework when it comes to assessing both social and environment impact of the companies. The GIIN developed a system called IRIS (Impact Reporting and Investment Standards) which enables investors to compare companies’ performances and benchmark them. It also aims to make the reports simple in the benefit of the companies and their investors. (Jones, 2014)

Examples of IRIS-Aligned Metrics for social entrepreneurs could be for example metrics such as Charitable Donations, Communities Served, Social Impact Objectives, Waste Disposed: Recycled/Reused and Water Savings from Services Sold. (GIIN, 2018)

Even though the impact measurement tools give the users benchmarks and investors something to compare to, not every social enterprise is always encouraged to use these already existing models of measurement. In addition to the standard measurement methods, the enterprise can also establish their own ways to measure the impact of the company as well. For example, they can combine several different tools or then use correlations regarding impacts. One correlation could be for example positive or negative social impact between financial returns. (Thorpe, 2017)

In short, measuring the success of social entrepreneurship is possible and there are several different ways and tools to evaluate that. It is also important to focus on the impact management in order to have all of the employees aware of the goals and ways to achieve the desired impact for the company.

To conclude the Chapter 3, the ways to measure the success are for example defining the theory of change and variables used to measure the impact. Cost Per Transaction, Click Through Rate, Average Transaction Value, Average Items in Basket and Checkout Abandonment Rate can be used for TOMS and companies similar to it only when measuring economic success or its online impact rather than the success of the social impact the company has had.

When it comes to implementing impact management, there are few ways to do that as well, for example GIIRS and IRIS. It is also important to focus on the impact management in order to achieve the desired goals and to make sure that the company's employees are aware of them.

4 Case study – TOMS 1

4.1 History

Blake Mycoskie, who had been travelling in Argentina, founded TOMS in 2006. While there he saw a lot of poor children without any shoes. That is when he had an idea to start a company that would sell shoes in developed countries and with every pair purchased the company would donate another pair to those children without any shoes. (Mycoskie, 2018)

First, the company was called Toms Shoes which was shortened from Tomorrow's Shoes. Tomorrow's Shoes was indicating a pair of shoes which were purchased today and then the plan was to deliver the other pair of shoes to a child without shoes the next day. However, Tomorrow's Shoes could not fit into the label so Mycoskie decided to shorten the name into TOMS Shoes. (Mycoskie, 2011)

4.2 Explanation of business model

TOMS is a company that practices social entrepreneurship since it can be identified with all of the definitions mentioned in Chapter 3. The company will pursue revenue but at the same time the company aims to help people in need with its innovative business model.

Mycoskie invented a tagline called *One for One* which describes the basic function of the business idea well. With every product of TOMS, they follow the same function: buy something and then something related to that product will be donated to a person in need. (TOMS, 2018a)

4.2.1 Company details

According to Elizabeth Anderson, TOMS has been valued at 625 million US dollars by Bain Capital. Overall, TOMS had at the end of fiscal year 2016 approximately 550 employees (TOMS, 2018b). After the employees have been working for one year at the company they are offered the possibility to go on a shoe-giving mission with one of the

NGOs working with TOMS (Anderson, 2015). This will definitely raise awareness regarding the circumstances of the developed countries.

According to Anderson, the company does not consume much of its revenue to advertise itself since its customers do the advertising by word of mouth and social media. However, the company does organize annual “Without shoes” campaigns which aim to have the people to think what it would be like to walk around without any shoes. (Anderson, 2015)

The idea of the campaign is to raise awareness regarding children’s health and education. TOMS’s mission is that all children will have shoes of their own. The whole company’s mission is to improve lives though (TOMS, 2018b). For example, last year, in May 12th 2017, because of the campaign, more than 27 000 children will receive a pair of shoes from TOMS Shoes. According to (Shorty Awards, N/A), the way TOMS Shoes manage the campaign is that on a specific time period of each year (usually few weeks), the participants post photos of themselves or other people with no shoes, using the hashtag “withoutshoes”. For each authentic photo posted with the particular hashtag, TOMS Shoes gave away the same number of pairs of shoes for the children in need. (Shorty Awards, N/A)

4.2.2 Giving Partners

Before TOMS is going to give something to the people in need, the company tries to identify what are the biggest areas requiring assistance in particular countries. After this they start giving. (Anderson, 2015). The Giving Partners collaboration is also used to define who needs help the most as well as for the delivery process as well (TOMS, 2018c).

Instead of spending a lot of money in advertising, the company uses a lot of its spending to give their products or assisting their Giving Partners to provide help in different things where people may need help. In 2015, TOMS was working with 100 Non-governmental Organizations (NGO) in order to distribute the same number of shoes its customers have bought. (Anderson, 2015)

The NGOs in collaboration with TOMS are called Giving Partners. Examples of TOMS’ Giving Partners are AmeriCares, Africare, International Medical Corps and Kenya Red

Cross. The qualities looked for in a Giving Partner are sustainability, integration, commitment, economically considerate and infrastructure. (TOMS, 2018c)

With respect to the qualities required of Giving Partners in more detail, sustainability means the following:

“Giving Partners work with communities to address their needs in a way that will enable the community to meet its own needs in the future.” (TOMS, 2018c)

The quality of the term “integration” means that TOMS Shoes must be able to combine with Giving Partners’ programs, resulting in a positive impact across several aspects of the child’s life (such as health, education and well-being). Commitment is also a quality TOMS Shoes is looking for in a Giving Partner. TOMS Shoes want its Giving Partners to invest a significant amount time and resources in order to help communities to further themselves. (TOMS, 2018c)

Economically considerate means that the Giving Partners shall not do harm to the local economies (for example to increase the competition between local businesses and therefore have a negative impact on the local markets). Also, infrastructure as a quality is something TOMS Shoes is looking in Giving Partner: they have to have the ability to store and distribute TOMS Shoes. (TOMS, 2018c)

4.2.3 TOMS’ products

TOMS started with shoes. Now it has many different kinds of shoes to offer its customers and for children in need. Figure 1 below is a screenshot of TOMS’s website. The company has developed different types of shoes to give to poor children in different kinds of situation and need. (TOMS, 2018a)

WHAT WE GIVE

TOMS offers brand new, made-to-order shoes in a variety of styles to meet the needs of the children our Giving Partners serve.



Figure 1. TOMS Shoes, *What We Give*. (TOMS, 2018a)

Later on, the company grew a lot. Now it has different kinds of products, all of which aim to improve lives of people in need and all of the product lines follow the same business model of One for One. (TOMS, 2018b)

In addition to the shoes it sells, the company is selling sunglasses, coffee, bags and backpacks. With every pair of sunglasses purchased they are helping people who need eye care. (TOMS, 2018a) According to Elizabeth Anderson, TOMS Eyewear has helped over 300 000 people since it was launched six years ago (Anderson, 2015).

When it comes to coffee, with every coffee bag sold, TOMS is giving 140 liters of safe water to a person with the help of its Giving Partners. The amount given is one week's supply. If a customer of TOMS buys a bag, TOMS is supporting its Giving Partners to deliver materials and training regarding giving safe birth. When it comes to selling backpacks, TOMS is aiming to reduce the amount of bullying in the schools of United States by providing training to school staff. (TOMS, 2018a)

However, there are some questions raised with the intangible products of TOMS such as campaigns against bullying since these are more difficult to measure. These issues will be discussed later on in this thesis.

4.3 Where TOMS gives to

When visiting the website of TOMS, the information regarding where it gives to is not easy to find. I was able to find a Giving Report from the year of 2013 so the information regarding that is not likely to be up to date since there are probably new countries added

during the past five years. When asking a question “who is measuring TOMS’ impact?” there is no clear answer. In the video of (Inc.Video, n/d) Blake Mycoskie states that they use third party researchers, but he does not mention anyone specific. This particular information cannot be found in its website either. This would be highly important for TOMS to add it on its websites in order to be fully transparent.

In the Figure 2, it can be seen that TOMS gives to multiple different countries and functions in many continents. (TOMS, 2013)

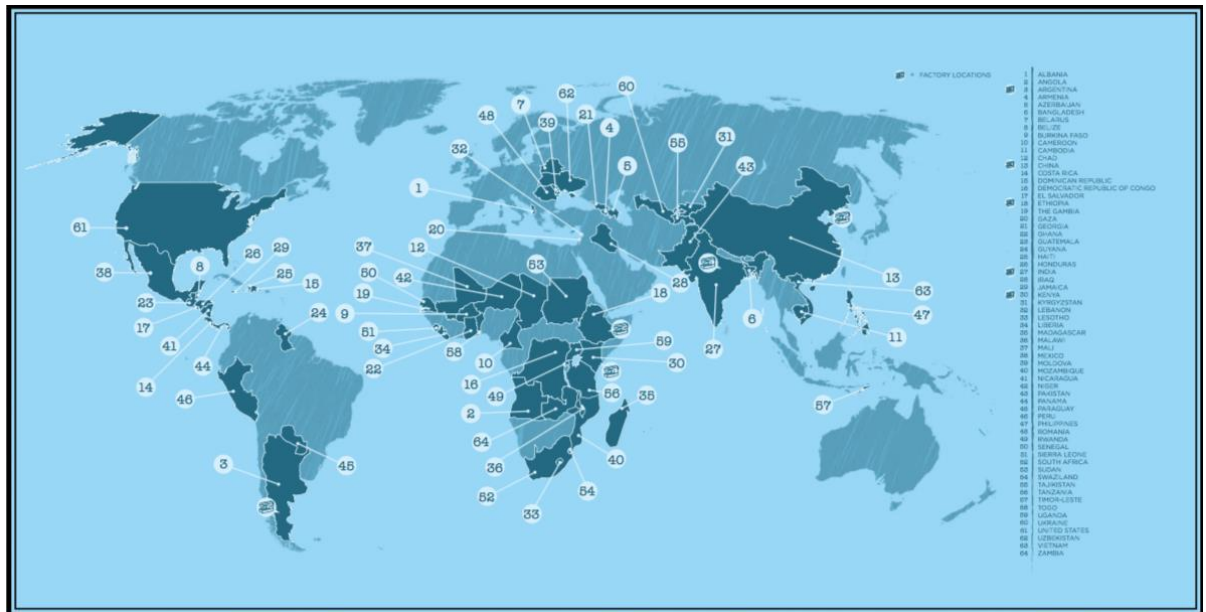


Figure 2. A Map Of Countries TOMS Gives To 2013. (TOMS, 2013)

Figure 3 consists of a specific list of countries to which TOMS gives shoes. Those on the list next to an image of a factory are also countries where the shoes are being produced. These countries are Argentina, China, Ethiopia, India and Kenya. (TOMS, 2013) However, these may have changed since the list is 5 years old, so the publicly available information is not likely to be accurate anymore. TOMS should improve its transparency.

1	ALBANIA
2	ANGOLA
3	ARGENTINA
4	ARMENIA
5	AZERBAIJAN
6	BANGLADESH
7	BELARUS
8	BELIZE
9	BURKINA FASO
10	CAMEROON
11	CAMBODIA
12	CHAD
13	CHINA
14	COSTA RICA
15	DOMINICAN REPUBLIC
16	DEMOCRATIC REPUBLIC OF CONGO
17	EL SALVADOR
18	ETHIOPIA
19	THE GAMBIA
20	GAZA
21	GEORGIA
22	GHANA
23	GUATEMALA
24	GUYANA
25	HAITI
26	HONDURAS
27	INDIA
28	IRAQ
29	JAMAICA
30	KENYA
31	KYRGYZSTAN
32	LEBANON
33	LESOTHO
34	LIBERIA
35	MADAGASCAR
36	MALAWI
37	MALI
38	MEXICO
39	MOLDOVA
40	MOZAMBIQUE
41	NICARAGUA
42	NIGER
43	PAKISTAN
44	PANAMA
45	PARAGUAY
46	PERU
47	PHILIPPINES
48	ROMANIA
49	RWANDA
50	SENEGAL
51	SIERRA LEONE
52	SOUTH AFRICA
53	SUDAN
54	SWAZILAND
55	TAJIKISTAN
56	TANZANIA
57	TIMOR-LESTE
58	TOGO
59	UGANDA
60	UKRAINE
61	UNITED STATES
62	UZBEKISTAN
63	VIETNAM
64	ZAMBIA

Figure 3. A List Of Countries TOMS Gives To 2013. (TOMS, 2013)

5 Case study – TOMS 2

5.1 Critical analysis

The first time I heard about TOMS, I thought it is a NGO. I learned quickly that instead, TOMS is a company that practices social entrepreneurship. When I started conducting research regarding TOMS's ways of operating, at first, I thought it is a company that is making only good things in the world. But the further I got with the research, I started to change my opinion. It is possible that TOMS may have done more damage than it has actually done good in the world. How is that possible? This chapter will explain, with the assistance of various references.

TOMS's founder, Blake Mycoskie has an admirable amount of self-confidence. He does not hesitate when it comes to trying new things and trying to help the world to become a better place for all of us. For example, before starting to give anything away, TOMS tries to identify what are the biggest areas that need help in particular countries. (Anderson, 2015) This is highly positive since TOMS is taking these factors into consideration, but do they determine what people need?

Blake Mycoskie said: *"Since we started nine years ago, it's great to see that many of the communities we've helped have really developed"* (Anderson, 2015). It sounds all wonderful, but how can they be sure if they have actually helped the communities? Do they have some kind of study method to measure this? If this is really true, then TOMS has had a positive impact on those communities. This will be discussed further later in this thesis.

According to TOMS website, it produces shoes in four different countries and therefore has been able to employ more than 700 people. Also, with the assistance of its Giving Partners and medication, TOMS Shoes has been helping over two million children to protect themselves from hookworm. In addition to these impacts TOMS Shoes has had, during the shoe-giving process in Malawi, 100 children have been identified as needing help for malnutrition. (TOMS, 2018d)

As a result of TOMS Shoes and its distribution process, it has been able to help to increase the number of participants in the maternal health care program. The shoe

distribution has also helped to get 1000 children in Liberia to start primary school. (TOMS, 2018e)

When it comes to the materials used in TOMS Shoes, the company uses materials that are sustainable and even vegan. According to (TOMS, 2018f) their shoes “include natural hemp, organic cotton, and/or recycled polyester...” and addition to this, they use also boxes that are “made from 80% recycled post-consumer waste and are printed with soy ink”. (TOMS, 2018f) This is highly positive TOMS Shoes since it has donated 75 million of pairs of shoes to children in need which means that they have also sold that many shoes. (TOMS, 2018a) By using recycled material rather than freshly produced, it will help the world to reduce the amount of climate change.

These actions have positive impacts on those countries where they are producing TOMS Shoes since by employing local people, the locals are able to increase their own economic wealth, which in the long-term could result in economic growth of the whole society. Also helping children to protect themselves from hookworm is highly positive since TOMS Shoes helps the children to avoid getting parasites and other foot-based diseases.

5.1.1 What sort of criticisms has TOMS received?

Despite of the positive results TOMS has had since being launched, TOMS has faced a lot of criticism regarding its operations. It has been told that it is “*treating symptoms of poverty rather than looking at the deeper fundamental causes*” (Anderson, 2015). This is definitely a negative impact for the developing countries because who are we, people from developed countries, to know what the poor people in the developing countries actually need? If they could choose, would they choose shoes over money, food or clean water?

After reading critique regarding his company, Mycoskie decided to learn from it. He has moved some of the company’s manufacturing from China into those developing countries in order to create jobs (Anderson, 2015). When it comes to the manufacturing, as of 2016, 40 percent of the supply chain of TOMS Shoes takes place in the countries where they give the shoes away. TOMS has created shoe factories in Kenya, India, Ethiopia and Haiti. (Lebowitz, 2016). These facts are definitely positive effects of TOMS and a good start for helping the developing countries because instead of just giving free stuff

away, the company is actually aiming to create new jobs which pay a salary to the local employees who can then spend the money on something they think is useful for themselves. In the long-term this will probably help the local markets as well as their economy. In addition, by learning work-based skills, the local people are able to find employment elsewhere if needed or to develop those particular skills further and therefore improve the performance of their employers such as the quality of the products.

Even though Mycoskie is making business in quite a transparent way so that the customers know how the business works, according to (Haber, 2016) the customers might not know that TOMS itself needs poor children with no shoes. For the company this means that without poor children with no shoes, there is no business. The whole business idea is revolving around those children. In the same article TOMS admitted that the company is *“not in the business of poverty alleviation”*. (Haber, 2016). This is definitely negative impact for the undeveloped countries since they are being taken advantage of in order to make money in the developed countries. So, what would the company do without the core idea of its business? Would there be business at all?

According to Vox Media, using poor children in their business idea, TOMS may have presented poor people as helpless people who are just waiting for rich people to help them. This way of thinking may lead to harmful policies. (Haber, 2016)

Despite all of this, TOMS has been described as the *“embodiment of social entrepreneurial excellence”* (Haber, 2016), which can be used as support for the claim that the company has a good reputation. This will help the company to have a more solid customer base. Like mentioned before, TOMS has used the criticism to make itself into a better company, for example by moving 40 per cent of its manufacturing to the undeveloped countries since that is what social entrepreneurs should do: try to solve the problem and not just treat the symptoms. (Anderson, 2015)

However, there are occasions when the symptoms are also the problems. For example, if someone is starving, there is lack of food but before you can treat the actual cause, you need to treat the symptom first by giving the starving people food. Then you can help them how to grow their own food.

Despite the negative feedback TOMS has received, according to its website, overall, they have managed to impact more than 70 million people in six continents (TOMS, 2018g).

However, in TOMS website they do not specify up to date information of all of the countries they give to and what they give. There is a place for improvement to be made regarding transparency. For example, in the website and section called “Where We Give” for each cause (bullying, water, safe birth and shoes) they only mention one country each (TOMS, 2018g). So, the actual information of the countries where they operate was difficult to find and published in 2013, so it is not up to date anymore.

When it comes to the claim that TOMS has been taking advantage of poor people (Haber, 2016), it could be justified so that even though TOMS is making money by aiming to help poor people, the poor people still get the products from TOMS. They still get the water and receive help to give safe birth etc. So, does it really matter if TOMS makes profit if the company is still helping the poor people in some ways? It is also raising awareness regarding the poor people’s living conditions so does it matter if it is doing that by using “poverty porn”?

The accusation of TOMS using poverty porn was made by TMS “Teddy” Ruge, a founder of Raintree Farms in Uganda who was interviewed in an online video (truTV, 2015). When asked about TOMS adverts featuring children without any shoes, he says the following:

That’s what we call poverty porn. They find the most extreme situations and make it look like the most common situation on the continent. Shoes is the least of our problems, really guys, we’re worried about malaria, we’re worried about getting jobs, we’re just worried about having electricity in the village for example. (Ruge, 2015)

It is difficult to say whether Ruge is correct or not since it is his opinion, but he does live in Uganda and seems to have knowledge regarding the situations in that country. However, the way of (truTV, 2015) is presenting its videos is more humoristic and it has been using sources, such as blogs, that are not all considered as trustworthy. This is why TruTV does not seem as completely reliable source of information. For example, when truTV has used blogs as sources of information, they have been collecting sources that support the show’s own opinion rather than discussing the topic in a wider manner.

Basically, I would say that because of those particular statements made by truTV that are supported by blogs, the show cannot be used as a reliable source of information. So,

when it comes to blogs not always being trustworthy sources, according to (Philpott, 2009) blogs might be sometimes inaccurate due to the frequency of the posts. Also, blogs might be sometimes “too subjective”, meaning that the author of the blog can choose to use only particular sources of information which will only support the authors’ own opinions. (Philpott, 2009) In my opinion, like mentioned above, this is also how truTV seems to have been collecting sources for the show as well: only collecting data to support its own opinion and not critically discussing about the particular topic.

Also, one criticism received by Vox Media, is that by using poor children in their business idea TOMS may have presented poor people as helpless people who are just waiting for rich people to help them. This way of thinking may lead to harmful policies all over the world. (Haber, 2016) Haber has not given any specific examples on justifying that but one way to look at it could be that if people see poor people as helpless and passive people who are just waiting to get free stuff from developing countries, then poor people might not be able to get the help they actually need or then they might start actually acting like that and just wait for the free stuff. This could also hurt their self-image since they might feel that if this is how people see them all over the world, there is nothing they can do about it.

Also, it has been stated that in addition to TOMS’ business model being copied by many companies, this particular business model can create dependency, weaken local initiative and decrease demand for local businesses. (Wharton University of Pennsylvania, 2015)

The one-for-one model can undermine local producers.
(Poverty, Inc., 2014)

There are a few ways to look at this claim. For example, if poor people receive free shoes, why would they buy locally produced shoes? If the shoe donations are made on an irregular basis, it is difficult for the local shoe seller and shoe producers to estimate their future selling or even to know how much they need to stock up. Also, the ones who receive the shoes may start to see themselves as poor and helpless which may decrease their motivation to fight against it. (Poverty, Inc., 2014)

In TOMS advertisements there are children with no shoes in developing countries. But in Uganda, they have shoes. Instead, many people are worrying about getting jobs and accessing electricity. (truTV, 2015)

However, according to the TOMS Giving Report 2013, (TOMS, 2013) it operates in Uganda as well so it should have made a more thorough research regarding the needs of people in Uganda since, as Ruge stated above (Ruge, 2015), people in Uganda have different needs. In his interview he also said that they do have shoe manufacturers and shoe sellers as well as cobblers (Ruge, 2015). So, based on his knowledge of his own home country, TOMS could have helped in some other way so much more. Although, as stated earlier in this thesis, (truTV, 2015) cannot be taken as a fully trustworthy source since its own sources are based on other people's opinions rather than scientific research.

Adam Conover, a journalist from truTV company which "breaks" the existing myths and finds the truth regarding different matters, states that the shoes that TOMS donates to children in need, cost the company only 4 dollars per pair. In total, as they sell one pair of shoes and donate one pair of shoes, it costs the company 8 dollars to manufacture them. Yet, they are selling their shoes at the price of 60 dollars per each pair. Whilst doing good or perhaps "good", TOMS receives 52 dollars of profit for each pair sold. (truTV, 2015) This might be old information since TOMS has moved one third of its shoe producing into the countries where they operate (TOMS, 2018h). I suspect that this is also speculation on the behalf of (truTV, 2015) because after checking its sources, McDonald (2011) writes that:

The website Alibaba.com, which publishes data to help manufacturers and buyers, find suppliers in foreign countries, shows that a pair of slip-on canvas shoes actually costs between \$3.50 to \$5 to produce. (McDonald, 2011)

Since the statement above is made for shoes similar to TOMS' shoes, (truTV, 2015) has been speculating and cannot be taken fully trustworthy source.

According to (TOMS, 2018h) the company manufactures shoes in Ethiopia, India and Kenya. Also, as mentioned above, (Haber, 2016) has said that TOMS produces shoes in Haiti as well. Although this has not been mentioned in the TOMS website, it has been said in several other articles such as *"Is TOMS Shoes Listening to its Critics?"* (Keating, 2013), *"TOMS Will Manufacture New Pairs of Shoes in Haiti Starting January 2014"* (Chua, 2013) and *"Haiti – Economy: Toms Shoes will invest \$10 million in Haiti"* (Haiti Libre, 2013). All of these articles are about TOMS Shoes starting a manufacturing

company in Haiti. However, it is strange that TOMS does not mention it in their website and there could not be found any articles regarding if the production in Haiti has been stopped or not. Again, there is a place for improvement for TOMS website and its transparency.

In conclusion, regarding the critique TOMS Shoes has faced, it has had positive impact such as a decrease in the amount of foot-based diseases, but it has also made some of the children and their families more aid-dependent, as well as weakening the initiative of the local people or even had a negative effect on the local markets.

5.1.2 What kind of controversies have arisen

TOMS practices social entrepreneurship, which means that it aims to gain profit whilst having a positive impact in the society where it operates. It can be seen that by giving shoes to poor children it is a form of poverty alleviation, but what if it causes more damage on the whole society and in the long-term it is not alleviating poverty? Then TOMS might be alleviating poverty in the short-term but with the cost of decreasing the productivity of the local economy, for example.

But as Mycoskie has stated that TOMS does not aim to alleviate poverty (Haber, 2016) but instead it is a social enterprise, it is working like one: it makes profit but simultaneously has a positive impact on the society (if looking at factors such as children avoiding hookworms etc.).

In the same article (Haber, 2016) it is reported that Mycoskie wrote about the critics and their comments. The critics said that Mycoskie has to create jobs if he is serious about poverty alleviation. Mycoskie listened to the critics and changed the functioning of the company in a way that there are now shoe-manufacturing facilities in Haiti, Ethiopia and Kenya. (Haber, 2016) But if Mycoskie is "*not in the business of poverty alleviation*" (Haber, 2016) why is he changing the way his company functions? Mycoskie has also stated that in his opinion, education and jobs were the best ways to alleviate poverty, which is what he did by creating jobs in the developing countries. (Haber, 2016)

However, in TOMS' defence, at least it is trying to do something good for the people of this world. It is unreasonable to expect that one company could alleviate the poverty on its own since it would most likely need larger agencies on its side such as the government

or World Bank. When it comes to TOMS saying that it is not in the business of poverty alleviation, this might be one way for the company to reduce the amount of pressure from people and other companies.

There are some misleading facts in the article of (Haber, 2016) since first Mycoskie states that he does not aim to alleviate poverty but then he is serious about alleviating it? There is no consistency on his criticisms so how can we know what he really wants to do with the company and in what are his and TOMS' goals? However, it might again be an attempt from TOMS to reduce the pressure received from people.

5.1.3 Comparison of TOMS's stated mission with its actual performance and ideas how to improve its performance

TOMS has stated that its mission is to *"help improve lives through business"* (TOMS, 2018b). As a mission this is not that specific, so it is difficult know what kind of improvement they want and is any, even small, improvements on lives their mission.

TOMS has managed to improve lives overall, since, as discussed previously, it has had a positive impact. So, from that point of view, it has managed to execute its mission. However, it has also created aid-dependency for those children to whom it has donated shoes. In the light of Wydick's study, it has improved the lives of individuals but simultaneously created more issues for the societies in the long-term. (Wydick, et al., 2016)

In my opinion, TOMS could be more specific when it comes to defining its mission and think of it from a long-term point of view. One example could be that "Our mission is to improve lives by helping people to become economically independent". This way TOMS has defined its mission to be more specific and more challenging, so it will have to work harder in order to achieve its mission. Also, TOMS as a company could focus more on the production side such as launching more factories. Of course, this would also mean that it should donate more products since there would be more shoes produced. However, since TOMS Shoes' mission is to have all of the children having their own shoes, this would be one step closer to seeing that happen.

When it comes to suggesting ideas on how to improve TOMS Shoes and the whole company more, in addition to the previously mentioned ideas, TOMS Shoes could help the local people to use the raw materials they already have in their countries, such as cotton, to produce shoes. Also, by not using ANY plastic in their production this would likely have a great impact on the world since we are drowning in plastic.

6 Case study – TOMS 3

6.1 Measuring its social impact

According to Mycoskie, it is especially difficult to measure the impact if the company works in a philanthropic way. When he and his team were measuring the impact of TOMS they needed to create their own ways to measure it. Mycoskie states that they needed to find out what are the most important things they are doing when it comes to giving. For the shoes, they wanted to make sure that they will end up with the children who needed them the most. They would also need a system to find out when the children would need the next pair. (Mycoskie, N/A)

However, in the video where Mycoskie explains this he does not mention any specific methods used. Although he mentions that the company has been able to work with Third Party Research companies in order to measure the impact, he does not mention how they have done the research. Nevertheless, the published results of the measurements have been positive. For example, some children who got the shoes had never had any gifts before. Once they got the shoes it had positive effect on their mental health. (Mycoskie, N/A)

Although it sounds great that TOMS Shoes has had a positive impact and therefore the company is fulfilling its mission, it would be useful to know that how they have measured these.

I was able to find information regarding Bruce Wydick, a professor of economics (University of San Francisco, N/A) who has conducted a study regarding the impact of TOMS Shoes. Even though this has not been mentioned in TOMS's website, Wydick's site provided a lot of information regarding the study.

1578 children (979 households) took part in this particular study, which took place in El Salvador. The idea of the study was to focus on TOMS Shoes' impact on different variables such as children's time allocation, their attendance of school, health and self-esteem as well aid-dependency. The participants were chosen randomly from those areas where TOMS Shoes had not yet donated its shoes. (Wydick, et al., 2016)

As a result, (Wydick, et al., 2016) found out that there are “three important practical policy lessons”. The first one is to target carefully where to donate products. For example, in some of the areas in El Salvador there is a lot of clothes spread widely so no need for clothes in those areas. Also, it needs to be taken into consideration if the particular area where a company like TOMS would want to donate, that area might be already receiving help from the government which is why that area is not going to clearly benefit from those donations. (Wydick, et al., 2016)

The second practical policy lesson is that donations might have “unforeseen and unintentional consequences”. This means that for example with TOMS Shoes, the children who received the shoes will be more active outside and therefore are more exposed to body injuries caused by the outdoor activities. Despite the activities being healthy, there is a correlation between TOMS Shoes and injuries received from the outdoor activities. (Wydick, et al., 2016)

The third part of the practical policy lessons is regarding the aid-dependency. This means that the children who received the shoes from TOMS Shoes were more likely to agree that outside donors should help their families instead of their families helping themselves. Therefore, it can be seen that TOMS Shoes and other donors are increasing the aid-dependency in the undeveloped countries. (Wydick, et al., 2016)

Despite of the results of the study mentioned above, (Wydick, et al., 2016) also found out at that there are also positive results from donations made by TOMS Shoes. For example, in areas where children are not able to attend school without proper shoes, TOMS Shoes have been helpful there. Also, TOMS Shoes has been helping to prevent foot-based diseases or parasites like hookworms. (Wydick, et al., 2016)

As all of TOMS’ products that are given away are physical products, except for the anti-bullying campaign, it is possible to try to evaluate its impact on society. The most difficult one to measure is the anti-bullying campaign since it is focusing on changing the behaviour of people instead of actual physical diseases like with TOMS Shoes.

Even though there is information in TOMS’ website where it states that it has two partners helping to prevent bullying in all of the 50 states in the United States of America, and has served 70 000 youths, (TOMS, 2018i), its positive impacts on stopping bullying are difficult to prove. So, when it comes to measuring the impact of the anti-bullying campaign, according to TOMS’ website, they train crisis volunteers and train also

everyone who are in the school community such as students, teachers, parents and crisis counsellors (TOMS, 2018i). There is no mention of the ones who actually organise the training for them, though.

According to Sonya (2015), TOMS' Giving Partners against bullying are organisations called No Bully and Crisis Text Line. They are both non-profit organisations that aim to stop bullying. (Crisis Text Line, 2018) (No Bully, 2016) However, there are no mentions on how they measure their impact on people. So, the results achieved are unknown with respect to how they have been measured. This is something TOMS should bring more clearly into their customers' knowledge.

Despite TOMS not mentioning the ways it has measured its social impact from its anti-bullying campaign, (Hamburger, et al., 2011) have conducted a study regarding a survey that aims to measure bullying. In Figure 4 below, there is a screenshot of some of the questions in the survey specifically focusing on the aggression of the participants regarding bullying. (Hamburger, et al., 2011)

Think about what happened DURING THE LAST 7 DAYS, when you answer these questions.

During the last 7 days:	0 times	1 time	2 times	3 times	4 times	5 times	6+ times
1. I teased students to make them angry.	0	1	2	3	4	5	6+
2. I got angry very easily with someone.	0	1	2	3	4	5	6+
3. I fought back when someone hit me first.	0	1	2	3	4	5	6+
4. I said things about other kids to make other students laugh.	0	1	2	3	4	5	6+
5. I encouraged other students to fight.	0	1	2	3	4	5	6+
6. I pushed or shoved other students.	0	1	2	3	4	5	6+
7. I was angry most of the day.	0	1	2	3	4	5	6+
8. I got into a physical fight because I was angry.	0	1	2	3	4	5	6+
9. I slapped or kicked someone.	0	1	2	3	4	5	6+
10. I called other students bad names.	0	1	2	3	4	5	6+
11. I threatened to hurt or to hit someone.	0	1	2	3	4	5	6+

Figure 4. Aggression Scale Regarding A Study On Measuring Bullying. (Sage Publications, 2001) (Hamburger, et al., 2011, p. 9)

(Hamburger, et al., 2011) are focusing on four different scales regarding bullying. They are bully, victim, bully and victim and bystander, bully and/or victim. All of the sections include surveys similar to Figure 4 above aiming to measure bullying. However, the results of the surveys can be considered as trustworthy results assuming that the participants are being honest. And since the surveys are based on participants' own feelings about bullying, there has to be an error margin since some people feel about other things stronger than others. Therefore, measuring bullying can be taken more as a directional reference rather than the absolute truth.

As a conclusion, TOMS Shoes can have a positive impact on the undeveloped countries IF it identifies the areas properly and makes a sufficient amount of research regarding those areas and their needs. Also, it should take into consideration that by donating shoes it may cause unforeseen damage for the children such as accidents caused by the increased outdoor activity resulted by receiving shoes from TOMS Shoes.

When it comes to measuring bullying, which is difficult to measure, there are ways such as surveys. However, when analysing the results of these particular surveys, there needs to be taken into account that the participants' feelings might differ from the other ones (e.g. some people feel other things in a stronger way than other people).

6.1.1 Combining results of chapter 5 with conclusions of chapter 3

As a result of chapter 5 regarding critique TOMS Shoes has received, the company has had positive effects such as employing more than 700 people by moving production of TOMS Shoes into four different developing countries. With medicinal help from its Giving Partners, it has also helped over 2 million children to protect against hookworm and other foot-based diseases. During the shoe-giving process, TOMS Shoes has been part of the process where 100 children have been identified as needing help due to malnutrition.

In addition to the previously mentioned, TOMS Shoes has been able to get 1000 children to start school in Liberia. In its production of its shoes it has been also using sustainable materials such as recycled materials and organic cotton.

However, TOMS Shoes has also had some negative impacts on those societies it has been donating it shoes to. For example, by donating shoes to children, it has caused them to become more aid-dependent on outside parties rather than encouraging local

families to help themselves. It has been also said that by donating shoes and the local shoe sellers not knowing the time when the donations are being made, they are harming local shoes sellers since they are not able to prepare themselves for losing customers.

TOMS Shoes has also used “poverty porn” meaning that in its website and commercials it has presented poor people as helpless people who are passively waiting for developed countries to help them without having any intentions to help themselves. By developed countries seeing poor people like this, poor people might start looking themselves in a similar manner, which may cause damage to their self-image as well. This way TOMS Shoes has been taking advantage of poor people as well since it is making profit with the benefit of selling shoes by advertising the poor people’s living environment.

Despite all of the negative feedback, TOMS Shoes has still had a positive impact on the individuals lives since nevertheless they will get the shoes from TOMS Shoes. Although they would more likely to choose money or something else if they could choose.

In my opinion, in the future, TOMS should first focus on its website to make it more transparent and explain everything in detail. For example, like mentioned many times in this thesis, it has been difficult to find up to date information from TOMS website. This task would be the first one I would recommend TOMS to do.

In addition, TOMS should also focus more on what the people in undeveloped countries actually need and help them to achieve those needs. It could also start promoting local shoe sellers in order to have visibility for them and therefore helping their business to grow – and not just TOMS. Or then to have some kind of collaboration with the local shoe sellers such as starting to sell the local shoe sellers’ shoes in its website or to teach them how to grow their businesses. This way, TOMS could bring more visibility for the locals and their shoes as well as bring more customers for them.

7 Conclusion

7.1 Summary

This final section of my thesis will conclude all of the previous sections: Social Entrepreneurship (Literature review 1), Social impact measurement and management (Literature review 2) and all of the Case studies.

7.2 Conclusion of Literature reviews

Social entrepreneurship is defined as an industry where companies aim to make profit but simultaneously have a positive effect on the society. Depending on the view of social entrepreneurship, the effect can be national or international.

There have been social enterprises since the 18th century such as Cadbury and New Lanark Cotton Spinning Mills. Nowadays, perhaps the most well-known social enterprises are companies called Ashoka and The Body Shop.

Social entrepreneurship is important because social entrepreneurs are needed to solve social problems both now and in the future. They are innovative and creative and have the courage to try to solve those particular problems. However, there are some ethical challenges that social entrepreneurs might face. These ethical challenges vary depending on the type of social entrepreneur. According to (Zahra, et al., 2009) there are three different types: Social Bricoleurs, Social Constructionists and Social Engineers. The first one might find expanding their business outside of their local area since they are experts in it. For Social Constructionists the challenge is to avoid unethical behaviour because they are skilled at persuading others to get what they want. When it comes to Social Engineers, they are facing challenges like having too big ego, which might harm their companies in the long-term.

When it comes to Literature review 2 – Social impact measurement and management, there are different ways to measure the success for example by defining the theory of change and using specific variables to measure the impact of the company. For TOMS' economic success and online impact can be measured by using Cost Per Transaction,

Click Through Rate, Average Transaction Value, Average Items in Basket and Checkout Abandonment Rate.

Also, for social enterprises it is important to focus on the impact management inside the company. There are few ways on how to implement it in a social enterprise. For example, GIIRS and IRIS are quite popular ways to achieve desired goals.

7.3 Conclusion of Case Studies 1, 2 and 3

TOMS is a company launched in 2006 by Blake Mycoskie who, whilst travelling in Argentina, saw children without shoes. He decided to start his company with a business model called One For One. The idea is to sell shoes in developed countries and for each pair sold he would donate through his Giving Partners a pair of shoes to children in need.

Ever since the company has been launched, it has grown into a company valued at 625 million US dollars by Bain Capital. It has approximately 550 employees and is working with more than 100 Non-Governmental Organizations (referred as Giving Partners).

The company has five different products with five different products it is giving away. For every pair of shoes sold, it will donate a pair for a child in need. For each pair of sunglasses sold, the company helps people who need eye care to receive help. When a customer of TOMS buys a bag of coffee, a person in need is provided safe water for one week. If a customer decides to buy a bag from TOMS, his or her purchase will help someone to have a safe birth. The impact of the last product of TOMS, a backpack, is the most difficult one to measure since it is based on people's feelings and behaviour: bullying. So, when a customer buys a backpack from TOMS, the company educates people with the help of its Giving Partners in order to fight against bullying. They will train for example students, parents, staff at school or crisis workers. In short, all of the products follow the One For One business model created by Blake Mycoskie.

TOMS gives to more than 70 different countries all over the world. They have used third party researchers to identify countries and areas where they could help. Despite of this, TOMS has received a lot of critique for different things such as taking profit for helping others. However, that is how social entrepreneurs operate: they aim for profit whilst aiming to have a positive effect in the society.

Even though TOMS is not in the poverty alleviation industry and it is a social enterprise, it has been accused of treating the symptoms of poverty instead of trying to solve the actual problem of it. It has been said that it has also made people in the undeveloped countries more aid-dependant and showed those particular people as helpless and passive people and even made businesses in those countries face more competition and eventually running them out of business. TOMS has responded to this critique by creating factories in some of those countries where it is operating in order to create more jobs and therefore being more effective there.

So, in short, TOMS has been accused of having a negative impact in the undeveloped countries by affecting local markets, creating aid-dependency and using poverty porn which could eventually cause poor people seeing themselves as helpless people.

Despite of all the accusations, TOMS has had managed to create more than 700 jobs and helped children to avoid getting hookworm. It has also managed to create awareness regarding the conditions in the undeveloped countries by organising annual campaigns.

There are also few things TOMS could do as a company to develop itself further. For example, it should focus more on its website to offer precise, up to date information. It could also find a way to collaborate with the local shoe sellers such as starting to promote them in order to boost their businesses or to help them how to promote themselves.

In order to conclude, TOMS shoes have managed to have both, positive and negative, effects on those societies where it has been operating. It has had more positive effects in the short-term and for individuals rather than for whole societies. In the long-term, it has had more negative effects than positive ones. There are also ways for TOMS to develop further by being more transparent in its website as well as to collaborate with local shoe sellers in the developing countries.

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