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# UNIVERSITY OF THE PEOPLE

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BUS 3306-01 BUSINESS AND SOCIETY - AY2024-T5

WRITTEN ASSIGNMENT UNIT 3

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## Introduction

Patagonia leads in corporate responsibility by prioritizing long-term wealth creation. The organization protects and grows its natural, human, and social capital. The strategy used by Patagonia to include long-term wealth development into their business plan is examined in this essay.

## Patagonia's Nature of Business and Long-Term Wealth Creation

In 1973, Yvon Chouinard established Patagonia. The business manufactures premium outdoor clothing. It champions environmental activism. "We are in business to safeguard our home planet," reads the mission statement of Patagonia. This mission drives all business decisions (Patagonia, n.d.).

## Human Capital

Patagonia invests heavily in its employees. It offers comprehensive benefits. These include on-site childcare and flexible working hours. The company also provides paid environmental internships. These policies attract top talent. They foster loyalty and productivity. Chouinard believes investing in people leads to mission investment (Chouinard, 2016).

## Social Capital

The company builds social capital through community engagement. Its "Worn Wear" program encourages gear repair and reuse. This promotes sustainability. 1% of Patagonia's sales are donated to environmental charities. It has given more than \$140 million to grassroots organizations since 1985 (Environmental & Social Footprint - Patagonia, n.d.).

## Natural Capital

Patagonia's business concept is centered around environmental preservation. The business makes use of organic and repurposed materials. This reduces its environmental footprint. Sixty-four percent of Patagonia's materials were recycled in 2021. The company advocates for environmental policies. It supports protecting public lands and combating climate change (Environmental & Social Footprint - Patagonia, n.d.).

## Embedding Long-Term Wealth Creation

Patagonia embeds long-term wealth creation through key strategies. It designs durable and repairable products. This approach may reduce short-term sales. However, it builds brand loyalty and reduces environmental impact. The company is transparent about its supply chain and impact. It publishes detailed reports. This builds consumer trust and pushes the industry towards sustainability.

Patagonia became a B Corporation in 2011. This binds the business legally to take stakeholders' interests into account when making decisions. Patagonia involves employees in environmental initiatives. It provides opportunities for activism. This creates a workforce committed to the company's mission.

The company invests in sustainable material research. It partners with companies like Yulex to develop plant-based wetsuits. This innovation drives industry change.

## Challenges and Solutions

Patagonia faces challenges in its pursuit of long-term wealth creation. As the company grows, it must scale sustainable practices. It addresses this by innovating its supply chain and manufacturing

processes. It is difficult to persuade customers to pay extra for sustainable items. Patagonia tackles this through marketing and education campaigns.

The company's impact is limited if others don't follow suit. Patagonia shares its practices openly. It advocates for industry-wide changes. Political changes can affect environmental policies. Patagonia remains politically active. It uses its platform to advocate for environmental protection. Patagonia exemplifies how companies can embed long-term wealth creation into their core business. It prioritizes human, social, and natural capital alongside financial performance. This approach has built a successful and respected brand.

Patagonia demonstrates how companies may prosper and make a positive impact on the environment and society at the same time. Profit is balanced with social and environmental responsibility in its model. This approach could lead to a more sustainable and responsible form of capitalism.

The company's success challenges traditional business models. It demonstrates that putting sustainability first can be beneficial. Patagonia's openness raises the bar for corporate responsibility. Its advocacy work extends its impact beyond its own operations.

Patagonia's employee policies create a motivated workforce. This contributes to the company's long-term success. The focus on product durability builds customer loyalty. It also reduces waste and resource consumption.

The company's commitment to innovation drives progress in sustainable materials. This benefits the entire outdoor industry. Patagonia's legal commitment to stakeholders is enshrined in its B Corp designation. This protects its mission even as the company grows.

Patagonia's approach to consumer education goes beyond marketing. It aims to change consumption habits. This could have far-reaching effects on consumer behavior. The company's political activism demonstrates corporate responsibility in action.

Patagonia's model is not without challenges. Innovation is always needed to strike a balance between sustainability and growth. The process of altering customer behavior takes time. Industry-wide change moves slowly. Political headwinds can threaten environmental progress.

Despite these challenges, Patagonia continues to grow and influence. Its success demonstrates that sustainable company concepts are viable. We might observe a change in business practices as other companies choose to follow Patagonia's example. This shift could create wealth for society, not just shareholders. It could lead to more responsible resource use. It might foster stronger communities and a healthier environment. The case of Patagonia demonstrates how companies can effect positive change.

## Conclusion

To sum up, Patagonia presents a strong example of creating long-term wealth. Its approach balances profit with social and environmental responsibility. These models are becoming more and more crucial as the globe deals with more environmental issues. Patagonia is proof positive that companies can prosper and make a positive impact on a more sustainable future.

## References:

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Patagonia. (n.d.). Company Info. <https://www.patagonia.com/company-info.html>

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