

Case study

Liberteers Project: Economic and social insertion for women deprived of their liberty

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Abstract

Objective: This teaching case aims to stimulate discussion on some of the main dilemmas and difficulties related to social entrepreneurship. **Dilemma:** Based on the account of the entrepreneurial process of Liberteers Clothing, students will have the opportunity to reflect on the entrepreneurial process with a social bias and debate the entrepreneurial dilemma of balancing social objectives with business profitability. **Originality:** The teaching strategy consists in enabling the student to learn, firstly, the characterization of a social enterprise and how the entrepreneurial process of social bias is distinguished from its economic counterpart. **Relevance:** The case inquiries into the tensions existing in the daily operation of the venture, which must balance social aspirations with the objectives of economic-financial sustainability of the organization.

Keywords: Teaching case. Social entrepreneurship. Social purpose. Economic-financial sustainability. Incarcerated women.

Projeto Liberteers: Inserção econômica e social para mulheres privadas de liberdade

Resumo

Objetivo: Este caso de ensino tem por objetivo estimular a discussão sobre alguns dos principais dilemas e dificuldades relacionados ao empreendedorismo social. **Dilema:** A partir do relato do processo empreendedor da confecção Liberteers, os alunos terão oportunidade de refletir sobre o processo empreendedor de viés social e debater o dilema empreendedor de equilibrar os objetivos sociais com a rentabilidade do negócio. **Originalidade:** A estratégia de ensino consiste em possibilitar ao estudante aprender, em primeiro lugar, a caracterização de um empreendimento social e como o processo empreendedor de viés social distingue-se de sua contraparte econômica. **Relevância:** O caso indaga sobre as tensões existentes na operação diária do empreendimento, que deverá equilibrar as aspirações sociais com os objetivos de sustentabilidade econômico-financeira da organização.

Palavras-chave: Caso de Ensino. Empreendedorismo Social. Objetivo Social. Sustentabilidade financeira. Mulheres privadas de liberdade.

INTRODUCTION

It was the beginning of 2022 and after two years of the pandemic, it was perhaps the first time that Marcella and Dani had met in person to rethink the business. They had arranged to meet at a café in Mercado Novo - an important commercial and cultural space, located in the central region of Belo Horizonte - to talk about the resumption of the business and visit the space where Liberteas' retail and the new clothing factory would be located.

As she drank her second cup of coffee, once she had arrived a little before the agreed time, Marcella reviewed Liberteas' entire history, the countless challenges they had faced since 2013 to keep the business surviving. The faces and stories of the incarcerated women who had passed through Liberteas came to mind. She felt proud and a pleasurable sense of contributing to the betterment of the lives of many women and families. These were women just like her who needed opportunity. She knew Dani shared the same feeling, but they had many issues to discuss.

Among Liberteas' many problems, there was one that particularly tormented her. How could the company's social objectives be reconciled with its economic sustainability? Since the beginning of the pandemic, they had no income to remunerate the partners so they had to find a way out. She was so immersed in her thoughts that she didn't even notice when Dani entered the café wearing the dress with the pattern launched at the Milan fair.

VISITING DAY

In mid-2013, Marcella made a journey that many Brazilians try to avoid: she got in her car and drove to a prison complex in the metropolitan region of Belo Horizonte. What was the reason? To visit her cousin, Cláudia, the manager of a small production company making sustainable bags - ecobags - that employed women in prison.

At the time, Marcella - who had a degree in public relations and had worked in the financial sector for 13 years - could not imagine that, from that visit, she would create solid ties with those women. When she visited the garment manufacturer her cousin managed, Marcella was amazed at the social impact that this activity generated. She had no doubts and convinced her cousin to accept her as a partner in the venture.

After resigning from her job and starting her activities as the manager of a small handbag manufacturing company, Marcella had a sample of the uncertainties that surround the management of an enterprise based on social objectives. Soon after establishing herself in her new position, Cláudia was approved in an exam for a position in the public service, changing the plan of both. However, before she was appointed, her cousin offered Marcella the chance to continue her manufacturing business by keeping some of the ecological bag supply contracts that were still in place. Marcella accepted the proposal and, already as a manager of the operation, she made her first decision: to move the business to Belo Horizonte, closer to home, this time in the Estevão Pinto Penitentiary Complex.

Meanwhile, elsewhere in Belo Horizonte, Daniela - an educator by training and psychotherapist - was ending her engagement at the practice where she had worked for 8 years. Both of them - Marcella and Daniela - had known each other since the 1990s, but 2013 was not yet the right time to get together for a conversation about business.

HOW ABOUT A BRAND OF YOUR OWN?

Despite the new location, the confection's situation was not the best. Marcella recalls: "it was the craziest situation of my life: a huge warehouse, full of scrapped machinery, one on top of the other. All I could say at that moment was: 'Good Heavens... I will have to save these machines... imagine saving those women...'. Her

first step was to hire a mechanic and a seamstress, who would help the women in prison in the sewing process. Using the experiences and skills she acquired during her time as a commercial manager, she succeeded in negotiating two long-term contracts to keep the company making ecobags.

Initially, the 15 women involved in the making showed interest and skill in producing the ecobags, but they liked it even better when Marcella made other materials available for them to sew, such as blouses and dresses, acting, as it is commonly known in the apparel sector, as *faction* - in general, outsourced sewing work, performed for other brands and apparel companies. But would it be possible to make that activity even more professional? The answer came during a visit to the exhibition of drawings and illustrations made by female inmates. Observing the exhibition, Marcella realized that those illustrations (e.g., see [Figure 1](#)) would be quickly discarded and, thus, decided that she would also use them in her project, using the illustrations as prints to compose pieces made by the women themselves.

Figure 1

Example of one of illustrations created by a woman in detention



Note: Survey data, 2022.

With this new product in hand, she took part in an acceleration process in Belo Horizonte that supported social projects, as well as providing a physical space - collective - for selling the products resulting from these projects. Her idea was to create T-shirts with printed drawings made by the women in prison themselves. In a t-shirt, it would be possible to unite the confection activity, the better use of the women's creative activities and keep them motivated in sewing jobs that had a greater link to fashion.

Until that time, Marcella's entrepreneurial journey was still an individual activity, as she herself mentions: "me, myself and I". However, the search for an even bigger impact project, as well as the participation in the accelerator, showed her the difficulty in taking care of all aspects of the venture without help. Until, at the end of 2016, Marcella and Daniela finally met each other again.

Just like Marcella during her visit to her cousin in 2013, Daniela felt quickly fascinated by the project as well. Initially, however, Marcella was reticent about Daniela's enthusiasm for the project: "so many people had already passed by me and said: 'oh, how beautiful' [...] I said: 'here comes another one'". However, she gave in: "I need someone to do this commercial part because I need to take care of the company here [...] if you want to come with me, let's go, let's try it out", said Marcella to a motivated Daniela. This is how they became partners in Liberteas, a line of T-shirts - in colloquial English, tees - whose mission is to provide women in prison with the opportunity to give new meaning to their own journey, as well as to rescue their self-esteem through the making of fashionable products, without forgetting the quality and style.

ORGANIZATION, RESULTS AND FIGURES

Even working in commercial management, the socio-educational aspect of the project was accentuated with Daniela's entry. Marcella was now focused on managing the business. And the year 2017, as well as the new milestone in the entrepreneurial journey of the two partners, had a fulminating start with an invitation to participate in a major event of the fashion sector, in Minas Gerais. In just 26 days, a collection was assembled for presentation at the event. Result: third place in one of the categories.

In the following year, 2018, they participated again in the event and were awarded once more. Following the winning trajectory in the events, the company's sales grew, but the partners still noticed that the company could not sustain itself. The production and sale of ecobags (see Figure 2), for example, remained the financial flagship. Moreover, 2018 still reserved another milestone for the newly-established Liberteas: the first fashion show in the penitentiary where the project was located, with a runway in which the inmates were the models on the event's catwalk.

Figure 2

Made by womans in detention



Note: Survey data, 2022.

The year 2019 was also memorable. The company received considerable financial support from a renowned accelerator that gives support to social businesses, as well as assistance for the structuring of the company. Liberteas' maturation journey lasted about 9 months, including the formation of a specific team for operations, as well as the development of a business plan and the elaboration of social and financial indicators. The company's growth was even reflected in the opening of a showroom in a well-known fashion hub in the capital of the state of Minas Gerais, a strategy that is remembered negatively by the partners and was short-lived.

It was at this moment that they realized that Liberteas' values and culture differed enormously from traditional fashion. But the end of 2019 still held good news for the company. After participating again in the event where they had received some awards, contacts were made and orders placed. The outlook for sales was around R\$80,000.00 with the products that were already in the process of being marketed. By March 2020, however, all plans would have to be reviewed: health measures to contain the new Covid-19 pandemic would begin.

THE UNCERTAINTIES OF THE ENTREPRENEURIAL JOURNEY

First, all orders placed by the end of 2019 were cancelled, which consisted of an inventory of more than a thousand pieces. Then came the discontinuation of financial transfers from social partners who withdrew their support due to the pandemic. Finally, they

were unable to enter and produce in the local prison. There was a restructuring of the team, which again started to count only on the two partners and two production managers. Definitely, the beginning of 2020 had gone off the plan. In an almost natural way, the partners sought alternatives in the physical store and in e-commerce for the commercialization of the retained stock, a strategy shared by countless other entrepreneurs in the fashion industry. The company was able to maintain itself, in large part, due to a contract to supply masks to a large mining company. More than 330 thousand masks were made.

As would prove recurrent throughout the partners' social entrepreneurship trajectory, ups and downs would be routine. Daniela highlights: "every day, we go to sleep with no hope and wake up like this: 'so, what's up, let's go'". And so it was the end of 2020 and, especially, the year 2021, with a new breath of optimism. New participations in events in Minas Gerais and Rio de Janeiro - where they obtained some sales orders - and, most notably, an event in Milan - one of the capitals of fashion - with a fashion show and an innovative product line.

FREE YOURSELF

However, even with the recent international exposure, the prolongation of the pandemic still generated negative impacts on Liberteas' operations. The company managed, during the post-pandemic movement restrictions, to partner with a local Associação de Proteção e Assistência aos Condenados [APAC], an institute recognized for providing humane and effective sentencing. However, the partnership did not prove fruitful due to some difficulties in the arrangement of workshops.

It would also be in 2021 that the company would recognize its social value, including it in a contractual change: Liberte-se Confecções Limitada became Liberte-se Negócio Social de Impacto. According to the partners, the change was aimed at making the brand's purpose even clearer. Moreover, the year 2021 ended not only with a number of difficulties, but also with promises of a brighter future. Partnerships with institutions in the sector generated new machinery for the production of garments, negotiated the possibility of making uniforms in considerable volume and international sales - again - were agreed upon.

After all, the project has its history. Between 2013 and 2019, the enterprise had already benefited more than 100 women, with 176,000 hours of vocational classes. Regarding sentence remission from hours worked, more than 7,300 days - about 20 years - were remitted. More than R\$ 715,000 were paid in remuneration, including around R\$ 180,000 in taxes paid to the State of Minas Gerais. The Liberteas dream of contributing to the human and professional development of women in prison, despite the difficulties, remained untouchable.

THE TEXTILE CHAIN AND THE BRAZILIAN APPAREL SECTOR

Brazil has a tradition of over 200 years in the textile and apparel sectors, being the western country with the largest complete production chain, from fiber production (planting and processing of cotton, for example), fashion shows, spinning mills, weaving mills, apparel and strong retail (*Associação Brasileira da Indústria Têxtil e de Confecção [ABIT], 2021*). Even given the structural difficulties of the sector in Brazil, the country holds an important share in the global market. By 2021, Brazil had consolidated its position as the 5th largest textile industry in the world and the 4th in the apparel segment - 9.04 billion garments produced (*ABIT, 2021*).

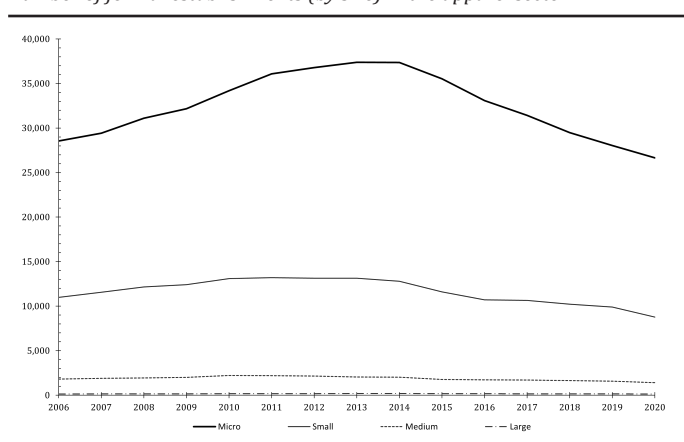
However, the world production map has been changing since the 1980s, with the gradual rise, especially of Asian countries, in this market. A direct result of this global movement in the Brazilian domestic market is the decline in the production of domestic textile

and apparel companies, even with the growth in the consumption of fabrics and apparel – the substitution of domestic products by imported ones. One aspect that contributed to this scenario is the fact that production costs, in general, are lower in Asian countries, making foreign products cheaper. In addition, the sector is also faced with the growth in consumption via e-commerce, as well as failures in the inspection of imported products that enter Brazil by means that circumvent customs taxation.

In this conjuncture, it has become fundamental to the survival of companies in the textile and apparel chain to develop differentiated competitive strategies, based on the use of technological innovation as a relevant instrument for insertion in the global market (Costa & Rocha, 2009). In the specific case of the apparel sector, most of the national production is focused on swimwear, jeanswear and homewear, segments in which the country is considered a reference. This sector alone accounts for around 36,962 formal companies (Portal da Indústria, 2022). Figure 3 shows the number of establishments by size between 2006 and 2020.

Figure 3

Number of formal establishments (by size) in the apparel sector

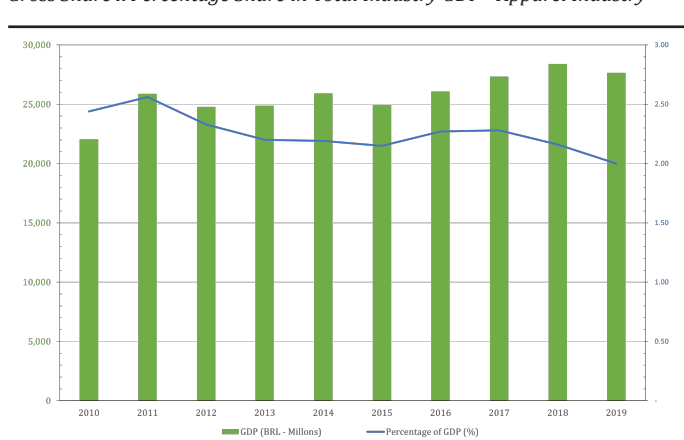


Note: Prepared based on data from Portal da Indústria (2022).

Regarding the Gross Domestic Product [GDP] generated by the apparel manufacturing sector, its share in total industry GDP was 2% on average in the period 2010-2019. Although the percentage share of the sector presents, in general, a downward trend during the observed period, on the other hand, the gross monetary results for GDP have been on an increasing trend since 2010 (see Figure 4).

Figure 4

Gross Share x Percentage Share in Total Industry GDP - Apparel Industry



Note: Prepared based on data from Portal da Indústria (2022).

It is also worth noting the impact of the Covid-19 pandemic on the fashion industry in general and, especially, apparel. In Brazil, shortly after the first restrictions, the fashion industry's

revenues shrank by 74%. In addition, many entrepreneurs saw the marketplaces as an opportunity to generate revenue and recover the losses caused by the changes during and after the most critical periods of the pandemic. The most affected, however, were the workers tied to the industry, most of them women. On both national and global scale, terminated contracts and high inventory at manufacturers amplified structural problems related to labor in the fashion chain.

PRISON POPULATION AND WORK

In 2020, there were approximately 748,009 inmates in Brazil, one of the largest prison populations on the planet (Fórum Brasileiro de Segurança Pública, 2021). Of these, about 48% (Levantamento Nacional de Informações Penitenciárias, 2022) are defined as closed regime inmates - when law enforcement is considered stricter, in which the individual remains full-time in a penitentiary. Between 2015 and 2020, the average number of vacancies in the prison system, in relation to the effective total of prisoners, presents an average deficit of more than 300,000 vacancies per year. Still in relation to statistical data, there is a substantial increase in female imprisonment, reaching the mark of more than 37,000 women in prison in 2020. It is also important to mention the more than 1,400 children who are in prisons.

In Brazil, in general, the Penal Enforcement Law (Law 7.210/1984) brings together the guidelines for the execution of the penalty of a certain sentenced individual. Among the guidelines set out in this law, there are also those that provide for work - considered an instrument of educational and productive purpose for the convicted individual, an important tool in the process of social reintegration - which are subdivided between internal and external work. The work of the prisoner has its own legislation for remuneration - which cannot be less than three quarters of the minimum wage - and the breakdown of the remuneration that, before being passed on to the individual, is deducted for compensation for damage caused by crime, family assistance, small personal expenses and reimbursement to the State for expenses incurred in the maintenance of the convicted. It should also be noted that, in the case of work considered internal, the daily working day must not be less than six or more than eight hours.

In relation to the internal work, the same law provides that it can be managed by external organizations, such as private companies, provided that the same promotes and supervises the production, being also in charge of the commercialization. A relevant instrument in the elaboration of work by prisoners is the possibility of remission of sentence through productive activities, being considered the remission of one day of sentence for every 3 days of work (Law 7.210/1984).

In parallel to the recognized activities of the national prison system, there is another actor, less known: the APAC, an association that supports prisoners for their proper rehabilitation. Currently, the activities carried out by APACs represent an effective way of applying the Penal Enforcement Law, creating a structure that welcomes and re-educates the imprisoned individual with dignity, in direct relationship with the community. In general, the APACs cost less to the State, have higher quality of sentence fulfillment and greater overall efficiency. However, it has a significantly lower capacity than the common system. As previously mentioned, the specific routine for the treatment of convicts used by APAC created difficulties for activities to be carried out together with Liberteas, thus ending the brief partnership between the organizations.

DILEMMA

As she greeted Marcella, Dani noticed that her partner was frowning, a sign that she was worried. She knew she was apprehensive

and strained to develop strategies that would allow Liberteas to survive. She also shared that concern. The project was not a joke: it needed to be able to generate profit, to expand so that they could include and qualify more women in prison. But she was optimistic. The latest news was encouraging. They had managed to set up a shop in the Mercado Novo and had received an offer to set up a clothing factory there as well to offer jobs to women who had been released from prison. I always thought: "during the pandemic they had not given up, and now, were they going to give up everything? [...] if we don't do it, no one will. So we have the courage and we can't give up".

With that in mind, she cracked his biggest smile and extended the invitation, "so, Marcella, let's plan the next steps to better reconcile our social goals with the profitability of the business."

Teaching notes

This study case provides the teaching notes separately.

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The authors declare that there is no conflict of interest.

Authors' statement of individual contributions

Roles	Contributions			
	do Carmo Rios C.C.	Moreira Silva J.P.	Siffert P.V.	Guimarães L. de O.
Conceptualization	■	■	■	■
Methodology	■	■	■	■
Software		N.A.		
Validation	■			■
Formal analysis	■	■	■	
Investigation	■	■	■	
Resources	■	■		■
Data Curation	■	■	■	■
Writing - Original Draft	■	■	■	
Writing - Review & Editing		■		■
Visualization	■	■	■	■
Supervision				■
Project administration		■		■
Funding acquisition	■	■		■

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