Ensuring Social Responsibility in Entrepreneurial Ventures

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Social Responsibility means that businesses, in addition to maximizing shareholder value, must act in a manner benefiting society, not just the bottom line.

Social Responsibility has become increasingly important to investors and consumers who seek investments that not only are profitable but also contribute to the welfare of society and the environment.

Younger generations are embracing social responsibility and driver change, considering the society as a stakeholder.

There are essentially four types of ventures as the book (Spinelli & Adams, 2016) presents us, those on the right side of the table are the companies where the entrepreneurs intend to solve a social problem:

	Economic	**Social**
Economic	Traditional	Social Purpose
Social	Social consequence	Enterprising nonprofits

Social Purpose Ventures, as the name suggests us, are founded to solve a social problems through an economically viable entity.

To give a definition could be ‘The utilization of entrepreneurial principles to organize, mobilize and manage a profit business that had a social mission at its core and the goals of creating both economic and social social value’ (Futurpreneur, n/d, What is social purpose Business?); an example of this tipe is Delivering Good.

Delivering Good (2019) represents in all respects a Social Purpose Venture as its mission is to unite retailers, manufacturers, foundations and individuals unites retailers, manufacturers, foundations and individuals to properly provide new goods to those affected by poverty and disaster through a network of community partners in order to give at-risk children hope, dignity, and self-worth.

Others important Social type of ventures are the Enterprising Nonprofits, these are businesses owned by non-profit organizations in order to generate income as well as address social, cultural or environmental needs.

There are two subtypes of this type of enterprise, the first one utilizes earned-income activities to generate all or a portion of total revenue; while there are some benefits to this approach, such as having no restrictions on the money you earn and not being dependent on "the kindness of strangers," it also has some drawbacks. For example, conducting market research and creating a business plan take time, you need to hire people who are business-minded and pay them well, and you will need some cash up front (Society for Nonprofits, Pros and cons: earned income, 2023).

An example is ‘The Old Skool Café’ in San Francisco, CA, formed with the intention of assisting youth at danger. It appears to be an elegant comfort food restaurant with live entertainment, but it is much more than that in reality. Behind the scenes, Old Skool Café is providing real-world work experience and industrial training to local students. This effort connects the café's business and mission together so closely that it is debatable whether one would exist without the other (Charity Charge, n/d, 5 examples of nonprofit earned revenue strategies).

The other subtype is the classic enterprise that we think of when we talk about non-profits, this one has a focus on growth and economic sustainability, it may incorporate outside investment, in the form of philanthropy, to scale the organization for increased social impact.

Now let’s move on to the companies that are of particular interest to us, CSR (Corporate Social Responsibility), therefore those ventures that emphasize helping and serving communities but still making a profit.

There are 4 important aspects that a venture has to improve if it wants to demonstrate CSR:

1) Environmental efforts: primary focus of CSR is the environment. Businesses have large carbon footprints, regardless of size. Any steps a company can take to reduce its footprint is considered good for both the company and society
2) Philantropy: businesses can practice social responsibility by donating money, product or services to social causes and nonprofits.
3) Ethical labor practices: companies can demonstrate CSR by treating employees fairly and ethically. This is especially true of businesses that operate in international locations with labor laws that differ from those in the U.S.
4) Volunteering: participating in local causes or volunteering your time to community events says a lot about your company’s sincerity. When your company does good deeds without expecting anything in return, you express concern for specific issues and social causes.

But why CSR is important? Why a venture has to concentrate and use her time to the CSR practices instead of concentrating on the real business?

There are many reasons for a company these practices as suggested by Nadia Reckmann in the Business new daily (2023).

1) Improve customers' perception of your brand.

It's becoming more and more crucial for businesses to project an image of social responsibility. Consumers, employees, and stakeholders give CSR priority when selecting a brand or business. Your business must demonstrate to the public that it is a force for good in order to stand out from the competition. Your company may improve brand value and stay top-of-mind by supporting and bringing attention to socially significant topics.

2) It attracts and retains employees.

Sustainability strategy, according to Susan Cooney, head of global diversity and inclusion at Symantec, is a significant consideration in where today's best talent chooses to work. Employee retention is substantially higher when they are in line with the company's values and can relate to its CSR initiatives..

3) It increases your appeal to investors.

Your business will undoubtedly gain more credibility with both present and potential investors if you can demonstrate a well-developed CSR program and efforts. Environmental, social, and governance (ESG) indicators, which assist external analysts in quantifying the company's social initiatives, go hand in hand with CSR, and they constitute a crucial aspect for investors' consideration and ongoing interest.

Among the companies that implement behaviors similar to CSR we have some of the most successful in the world, among these we have:

- Google: that is now working toward running entirely on carbon-free energy by 2030; their mission is not simply to research new carbon-free technologies but also to show that a fully decarbonized future is feasible for everyone. Google examines practically every aspect of its business with a focus on social effect, from encouraging green transportation to matching employee gifts to providing paid time off for volunteering..
- LEGO: although the Danish company's commitment to social impact is relatively new, the breadth of it has elevated it to the status of a shining example of CSR's broad-reaching effects. A $400 million investment over the following three years was announced in the 2020 to assist the company's social responsibility and sustainability initiatives. The LEGO group also wants to provide learning via play to kids all across the world..
- Levi Strauss: they made a recent commitment to cut back on the water utilized in manufacturing their jeans. All owned and operated retail sites in the U.S. and Canada, as well as all wholesale outlets in the U.S., now employ print stock made entirely from post-consumer waste. Additionally, the company is currently testing recycled denim coat hangers in a number of locations, and all new mannequins are manufactured from 100% recycled base stock..

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