

Ensuring Social Responsibility in Entrepreneurial Ventures

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Abstract

To implement social responsibility in a business, one should have full understanding of what social responsibility is and how it affects businesses. Having espoused social responsibility does not affect a business. Most companies, if not all companies, have espoused social responsibility. Espoused social responsibility has to be implemented for it to be actionable. Having actionable social responsibility does affect a business. As explained, most actionable social responsibility in a business lead to success and growth of businesses.

Ensuring Social Responsibility in Entrepreneurial Ventures

Social responsibility in a company should have an equal importance as being profitable. It is essential for entrepreneurial ventures to ensure social responsibility to facilitate support from stakeholders however shareholders primary reason for investing in companies is to maximize wealth. Therefore, many companies, if not all, will espoused social responsibility behaviors, but a lesser number of companies will actually have actionable social responsibility.

The beginning stage for an entrepreneurial venture is to have a mission and a vision. Having a passion to build a business, whether it is servicing client or producing products should be expressed for stakeholders to understand the driving force and purpose for that specific business. The vision of an entrepreneur should be related to stakeholders for them understand how the business can grow and expand. Ensuring social responsibility when starting a business is of equal importance as mission and vision. The social responsibility incorporated is the principal the business supposed to adhere to.

The fundamental aspects of social responsibility behavior are incorporated in the control environment of a company. Control environment including social responsibility is tone a company sets at the top, mainly the officers and management. Control environment entails the culture of the business and the way it is conducting business. A few principals for ensuring social responsibility in a business are accountability, transparency, ethical behavior, respect for stakeholder interest, respect for the rule of law, respect for international norms of behavior and respect for human rights. "Smart business decisions are not just a matter of counting short-term dollars and cents. Wise decision makers consider the future impact of today's choices on people, on the community, and on customers and their opinions" (ISO 26000). The focus of a company should not only be to maximize shareholder wealth, but to also grow and expand. In order for a

company to grow and expand to company, it needs to attract customer or clients and be favorable in society. “Among the main reasons organizations choose to be socially responsible is to gain community support and customer loyalty” (Study.com). This is crucial growing a business. All companies need customer or client to generate revenue. The more community support and customer loyalty a company has, the greater the company performs. The more revenue a company generates, the more it can return to its shareholders, employees and expand. This also leads to more hiring which will reduce unemployment and can be favorable to government and authorities.

Accountability and transparency are important principals for a business. Most business are dependent on other people money. Some companies receive funding come from private investors and some from government subsidies or grants. By using other people’s money to grow or expand the business, one should be accountable for spending the money. Accountability does not only apply to stakeholders, but it is also applicable within the company. When the company expands and hires employees, the employees are accountable to management. Management is also accountable to employees because they set the tone at the top and steer the work environment within their culture and principal to achieve its vision. Each and every individual within the company should be accountable for the work they perform. The same is applicable when there is an error or when a bad business decision is made. By being accountable, failures can be analysis and corrected to avoid repetitive failures. It is important to analyze, identify and mitigate failures for one to succeed. This behavior leads to transparency. Transparency is needed in both successes and failures. Although transparency in failure has a different result than success, one still need to be transparent. Acknowledge the error and provide procedures to mitigate it so it can be prevented from reoccurring. It sounds easier than actually doing it, but

without transparency the business cannot be evaluated correctly. The governing bodies for most companies require businesses to be transparent especially when other people's monies are used for funding. Being accountable and transparent for one's actions and the decision making, are responsible culture behaviors companies should espouse and act upon.

Ethical behavior and respect, are crucial principals for businesses including not for-profit businesses. Ethical behavior, doing the right thing all the time, is also crucial in our daily lives. Nobody is perfect and the world is not a perfect place, but adhering your choices and lifestyle within good moral and ethical beliefs and behavior should have a good outcome. Respecting each other, should be applicable to all levels in company, it is a good moral standard to adhere to. Life is design in such a way that we all need each other. The Chief Executive Officer needs all employees including the janitor and visa-versa. Respect should not only be shown from bottom up, from staff to executives, but also from executives to staff. Employees and executives also need to show stakeholders respect because, businesses cannot function without stakeholders. To get respect, one has to give respect. Having respect for each other, is very essential to transact businesses.

Many companies, if not all companies, have incorporated social responsibility in their mission, vision and core values. Social responsibilities are the benefit society gains from businesses. Starting a new business, depending on the industry, can be environmentally friendly that will eventually benefit the citizens. New and growing businesses will also help lowering the unemployment rate which is also beneficial for society. Producing a product that will benefit customer, does not only grow the business, but it will also better the customer. The same concept can be applied for service businesses. Services businesses provide service for clients that will help them get things done easier and in a more efficient and or effective way. A company

that has social responsibility will gain customer loyalty and community support. This can be favorable to governments or authorities. However, not all companies that incorporate social responsibilities adhere to them. Some companies promote social responsibility but they do not act on it. Those companies main focus is maximizing shareholders wealth, resulting in a loss of loyal customer and society support and the company will eventually decline. Having a principal but not implementing it is as good as not having one.

To better explain a company's espoused social responsibility as opposed to an actionable one, one can discuss Volkswagen. "Volkswagen deliberately set out to design a means to circumvent emissions control – a stratagem known at the highest levels – with the aim of giving the company an unfair advantage over its competitors that made it the world's number one car maker, in large part on the basis of its supposedly environmentally friendly cars; meanwhile it was poisoning the planet" (Forbes 2015). Volkswagen designed the vehicles for competitive advantage and not considering the environmental and social effect. The consequence of Volkswagen behavior was a stagnated or decline in its share prices. Volkswagen had lost community and customer support. With that behavior, Volkswagen had also lost the confidence society had for them.

Contrary to Volkswagen, one can discuss Johnson and Johnson. According to Digital Marketing Institute, Johnson and Johnson is an excellent example for corporate social responsibility. "Johnson & Johnson have focused on reducing their impact on the planet for three decades" (Digital Marketing Institute). Johnson and Johnson did not only incorporate good social responsibility, they have put it in action, they have acted on it and made it happened. It's believed that all businesses have espoused social responsibility behavior. The same can not be said for actionable social responsibility. Evaluating Volkswagen and Johnson and Johnson, one can see

that not all espoused social responsibilities are actionable. Some companies focus more on profit, which is understandable. Companies do have a fiduciary duty to its shareholders or investors, but at the same time, companies need to focus on its social responsibilities. Getting the support from society is of equal importance. Companies with actionable social responsibilities have loyal customers and clients. Society belief in their product or service because it's done within the ethical behavior.

Ensuring social responsibility in entrepreneurial ventures, is very important. Companies should not only focus in maximizing wealth for shareholders, but also focus on their social responsibilities. The mission, vision and core values including social responsibility, should be the bases when started a business. Having social responsibility and not implementing it can harm businesses. It is essential to implement social responsibility into businesses to gain society support, grow and expand.

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