

Ensuring Social Responsibility in Entrepreneurial Ventures

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Social responsibility is an emerging concept within the business world. Over time, while profit maximization is the primary reasoning behind corporate building, responsibility to society has been a necessary debate for stakeholders and shareholders alike. Social responsibility in its simplicity is businesses and corporations making active decisions in the present that can benefit the future. With both emerging and long-established industries, the current generation has garnered enough shifts in values to set in motion the prevalent idea of social responsibility over profit maximization. Corporate social responsibility can take different forms, especially in the values that individual business leaders hold and what energy they are willing to expend in policies or initiatives for society's well-being. The current vehicles for protecting society's well-being are campaigns of environmental sustainability, philanthropy, volunteering, and ethical practices within their companies. With this in mind, corporations tend to target one or more of these concerns in their social responsibility campaigns. However, expressing the desire to ensure and protect society's well-being does not equate to doing so. Nevertheless, social responsibility is a necessary concept and action that all companies should burden themselves with.

In understanding corporate social responsibility, the main question is first and foremost, how did corporations become the undertakers of the responsibility towards society and the communities they operate within. Ideally, the responsibility for society's healthy advancement should be in institutions designed with this as their main objective as in the government sector. However, as stated by Joseph, (2009) the efforts provided by individuals and governments are simply not sufficient to bring about the real change needed in society and more importantly, in a reasonable and timely manner to solve the issues that warrant increased efforts in the first place. This is where corporations shoulder social responsibility as the realization is that corporations

are in a better position to do so. While researching Donaldson's theory of social contract, Hsieh (2015) argues that Donaldson's justification of the existence of for-profit corporations and the responses to it, in its essence, is necessary to the conversation of corporate social responsibility. Social contract theory, as expressed by Donaldson (1982) is the obligations and responsibilities of for-profit organizations to society. To understand why corporations need to take on social responsibility initiatives and campaigns, what needs to be understood is why corporations exist and for what reason. The overall idea that Hsieh (2015) presents is that the social contract theory in Donaldson's research is useful as a heuristic tool for society to justify for themselves the purpose and necessity of productive organizations. And as a heuristic tool, Hsieh (2015) states that from society's perspective, the interpretation gathered from Donaldson (1982), the purpose of productive organizations would be for social advancement.

This great realization of private institutions taking on public responsibility takes hold in different business perspectives. As Joseph (2009) mentions, the concept of the triple bottom line sets the standards for an organization's success. The triple bottom line encompasses economic, social, and environmental perspectives, all with equal value to one another. The triple bottom line along with corporate social responsibility reveals a new method of maximizing profits and lowering investment risks, which remain of obvious importance in an organization's success. For a corporation to succeed under these new corporate social responsibility standards, business strategies have to include social responsibility initiatives as the key to satisfying consumers and their communities for the optimization of profits.

However, while social contract theory serves as the guideline for corporate social responsibility, critics are not entirely on board that it is the duty of corporations to take on that responsibility. Blanchard (2022) takes into account the criticism of social responsibility

initiatives and business moves and establishes a consensus of pushback from legislators in how investment firms are handling their funds, specifically from fossil fuel companies. Legislators believe that the investment firms are boycotting fossil fuel companies and other companies that they feel are not adhering to social responsibility and this creates an issue for political agendas to be pushed onto clients rather than focusing on their financial interests. A point of contention is that legislators believe that setting energy standards must lie on the lawmakers and are introducing legal bills that restrict working with investment firms that they feel are discriminating against fossil fuel companies; however, other legislators believe this is the opposite of the free market structure that companies succeed in (Blanchard, 2022). This line of criticism forces stakeholders and shareholders alike to reexamine what the purpose of corporations truly is in the context of profits and capital. The ongoing debate on corporate social responsibility is in trying to establish the role and true reason for the existence of for-profit organizations if not, to generate profit and/or profit alone.

As the debate continues whether or not corporations have the responsibility to act on socially beneficial initiatives and business policies, the perceived market benefits are the primary positive outcome of corporate social responsibility. Joseph (2009) describes three perspectives on how to effectively use corporate social responsibility to maximize profits while reducing investment risks. This can be shown by (1) a corporation introducing and structuring their social responsibility initiatives according to their target key stakeholders, (2) ensuring corporate sustainability by focusing initiatives on socio-economic issues like poverty and political and social instability, and (3) believing that it is the consumers' right to expect transparency on for-profit organizations and businesses (Joseph, 2009). Essentially these perspectives express the theory that when corporations care about their consumers, then their consumers can and will

generate capital for them. For example, from the socio-economic perspective, it would stand to reason that if nothing is being done to aid in solving the issue of poverty, then the issue would escalate and capital cannot be gained if there is no income generated from the individual. This is the understanding of new corporate leaders seeking to optimize profits rather than maximize profits (Joseph, 2009).

Corporate socially responsible behaviors can be promoting initiatives such as environmental sustainability, philanthropy programs that incorporate charitable giving and/or volunteer work, and finally, implementing ethics law practices all within their companies. Examples can be as Joseph (2009) and Blanchard (2022) mentions, with the Tata group and the community initiatives under a subdivision they created that seek to provide social services, or the investment firms that provide investment options from funds that utilize solar and wind energy, respectively. Defenders of corporate social responsibility strategies believe that these strategies are following the market change and therefore, boost demand for it (Blanchard, 2022). Regardless of how well-meaning these socially responsible behaviors can appear, the reality of the impact is dependent on whether or not the actions of the companies match the values they are presenting. Infosys, mentioned by Joseph (2009), encompassed environmental sustainability initiatives such as social forestry and e-choupal. While this can be seen as respect for forest protection and maintenance and agricultural consideration, for this company in particular, their social responsibility campaign is seen as superficial due to their revenues from tobacco (Joseph, 2009). This kind of discrepancy between espoused versus actionable behavior is why transparency is requested. It is one thing to claim that a company cares about society's well-being because the market is shifting for this to be a clear demand, but being able to hold companies accountable past the surface level is important to truly see the impact of socially

responsible behaviors. In another example mentioned by Joseph (2009), the Tata group felt compelled to implement their social initiatives under a subdivision to show extensiveness, highlighting the need for these acts of service to be seen and recognized as socially responsible. Unfortunately, while these initiatives to assist the communities to come off as supportive resources, the Tata group has been tied to systemic abuse of power when Singur and Kalinganagar are mentioned (Joseph, 2009). This further demonstrates that the perceived benefits of espousing corporate social responsibility are enough of a driving force for companies to invest in superficial socially responsible behaviors but not necessarily change their business strategies for true society advancement. There is also another challenge in being able to see true socially responsible behaviors having a real impact on society. Cordero et al. (2014) express the challenges of reporting and trying to account for socially responsible behavior with data. This is shown through employment policies implementing disability inclusion initiatives; however, efforts in conceptualizing the actual reach of these policies are futile because while companies may be enacting ethical employment practices concerning employees with disabilities, there is currently no precise measure that reflects the impact (Cordero et al., 2014). These reporting challenges along with differing actionable and espoused values on corporate social responsibility make it difficult for stakeholders, communities, and consumers to truly assess the moral compass of a company regarding its commitment to societal sustainability.

Taking into account the social contract theory and perceived consumer demand for corporate social responsibility, it is clear that there are, if any, obligations of for-profit organizations to be mindful of society's well-being within their business strategies and profit generation. Despite the challenges in establishing a deep-rooted sense of responsibility for social advancement, companies should do the hard task of rewriting business plans and goals to

encompass how their product or service should serve consumers in addition to society as a whole. The idea that maximization of profit is the sole reason behind for-profit organizations' existence is becoming difficult to justify and therefore, it stands to reason that profit is not to be feared or avoided but the guidelines for optimizing profits should be aligned with active accountability and awareness on social sustainability and responsible business practices to ensure society can benefit from the existence of for-profit organizations.

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