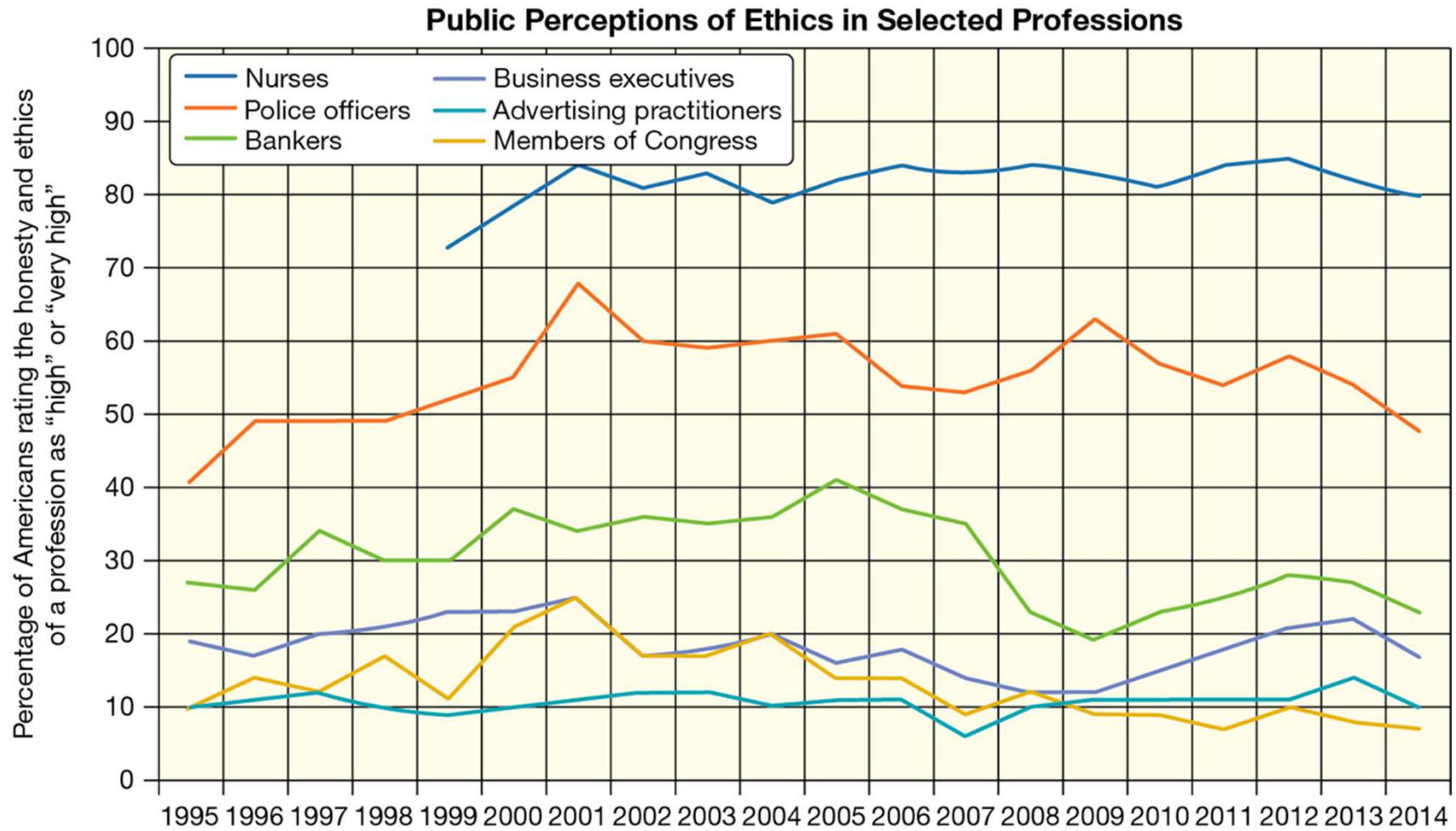

Business Ethics, Corporate Social Responsibility, and Social Enterprise

BA291

Learning Objectives:

1. Describe the difference between *social enterprise* and other types of enterprises
2. Explain main characteristics of *social enterprise*
3. Discuss what it means to practice good business ethics, and highlight three factors that influence ethical decision making.
4. Define corporate social responsibility (CSR), and explain the difference between philanthropy and strategic CSR.
5. Distinguish among the four perspectives on corporate social responsibility.

Public Perceptions of Business Ethics



Which is
which?

unethical but legal
unethical and illegal
ethical and legal
ethical but illegal

Giving employees cash bonuses for exceeding sales targets

Stealing food to help family members survive

Employing child labor in countries where it's legal to do so

Engaging in insider trading

What is Ethical Behavior?

- **Ethics**

- ↳ The rules or standards governing the conduct of a person or group

- **Transparency**

- ↳ The degree to which affected parties can observe relevant aspects of transactions or decisions

What is Ethical Behavior? (cont.)

- Competing **fairly** and **honestly**

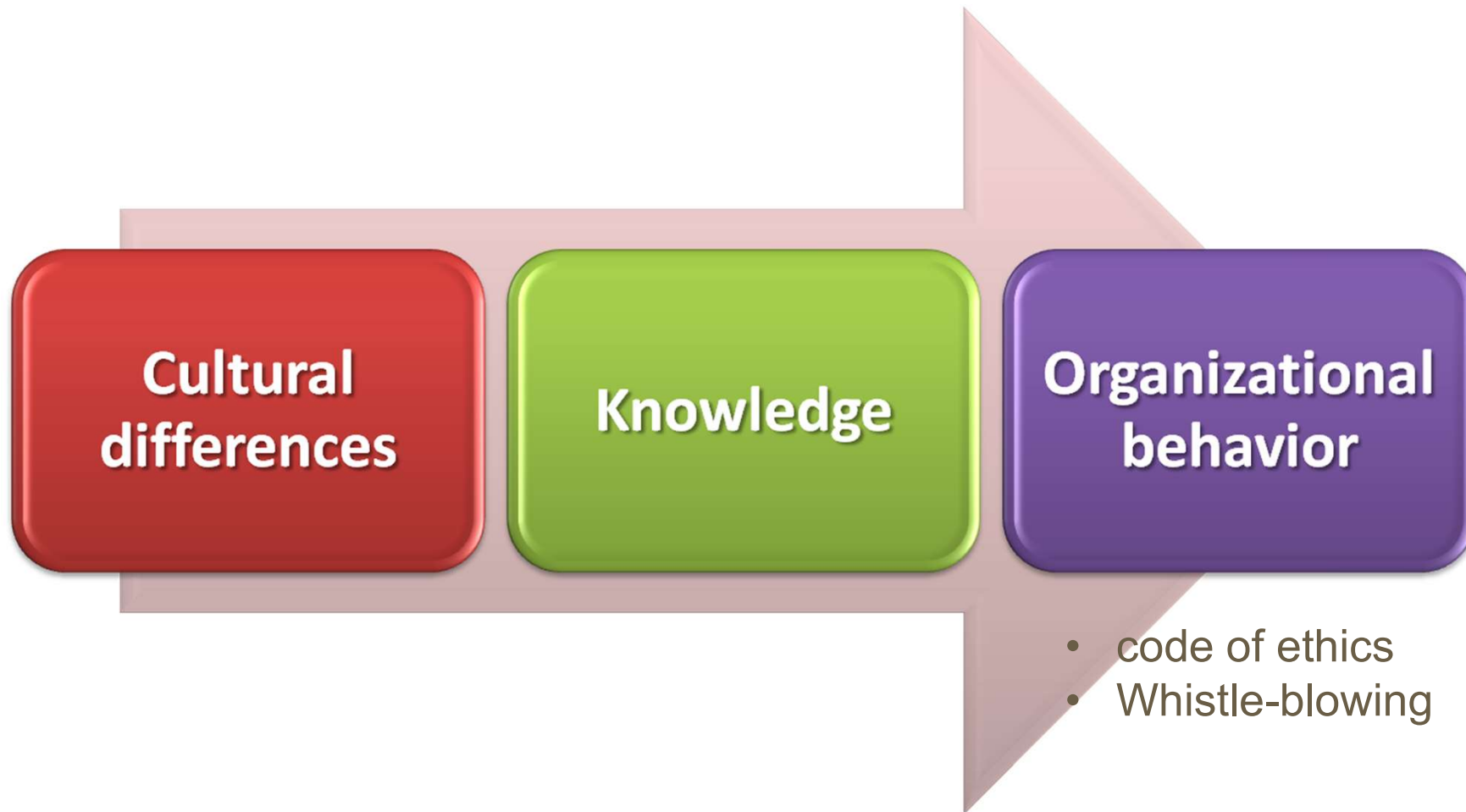


Communicating truthfully

- Being **transparent**

Not causing harm to others

Factors Influencing Ethical Behavior



Ethical Decision Making

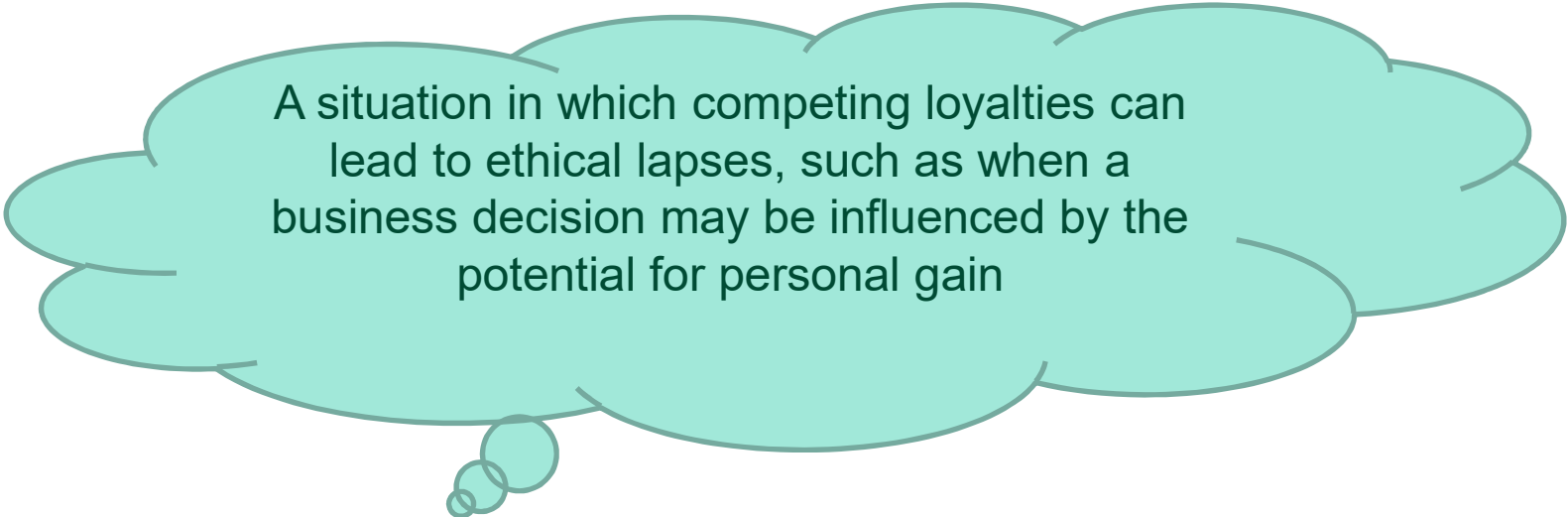
- **Ethical lapse**
 - ↳ A situation in which an individual or a group makes a decision that is morally wrong, illegal, or unethical
 - **Ethical dilemma**
 - ↳ A situation in which more than one side of an issue can be supported with valid arguments
-

Finding the Right Answer When Faced with an Ethical Dilemma

- Make sure you frame the situation accurately, taking into account all relevant issues and questions.
 - Identify all parties who might be affected by your decision.
 - Be as objective as possible.
-

Finding the Right Answer When Faced with an Ethical Dilemma (cont.)

- Don't assume that other people think the way you do.
- Watch out for **conflicts of interest**.



A situation in which competing loyalties can lead to ethical lapses, such as when a business decision may be influenced by the potential for personal gain



Approaches to Resolving Ethical Dilemmas

Approach	Summary
Justice	Treat people equally or at least fairly in a way that makes rational and moral sense
Utilitarianism	Choose the option that delivers the most good for the most people (or protects the most people from a negative outcome)
Individual rights	To the greatest possible extent, respect the rights of all individuals, particularly their right to control their own destinies
Individual responsibilities	Focus on the ethical duties of the individuals involved in the situation
The common good	Emphasize qualities and conditions that benefit the community as a whole, such as peace and public safety
Virtue	Emphasize desirable character traits such as integrity and compassion

Sources: Manuel Velasquez, Claire Andre, Thomas Shanks, S.J., and Michael J. Meyer, "Thinking Ethically: A Framework for Moral Decision Making," Markkula Center for Applied Ethics, Santa Clara University, accessed 3 June 2009, www.scu.edu; Ben Rogers, "John Rawls," *The Guardian*, 27 November 2002, www.guardian.co.uk; Irene Van Staveren, "Beyond Utilitarianism and Deontology: Ethics in Economics," *Review of Political Economy*, January 2007, 21–35.

Corporate Social Responsibility

- **Corporate social responsibility (CSR)**
 - ↳ The idea that business has obligations to society beyond the pursuit of profits



Philanthropy vs. Strategic CSR

- **Philanthropy**

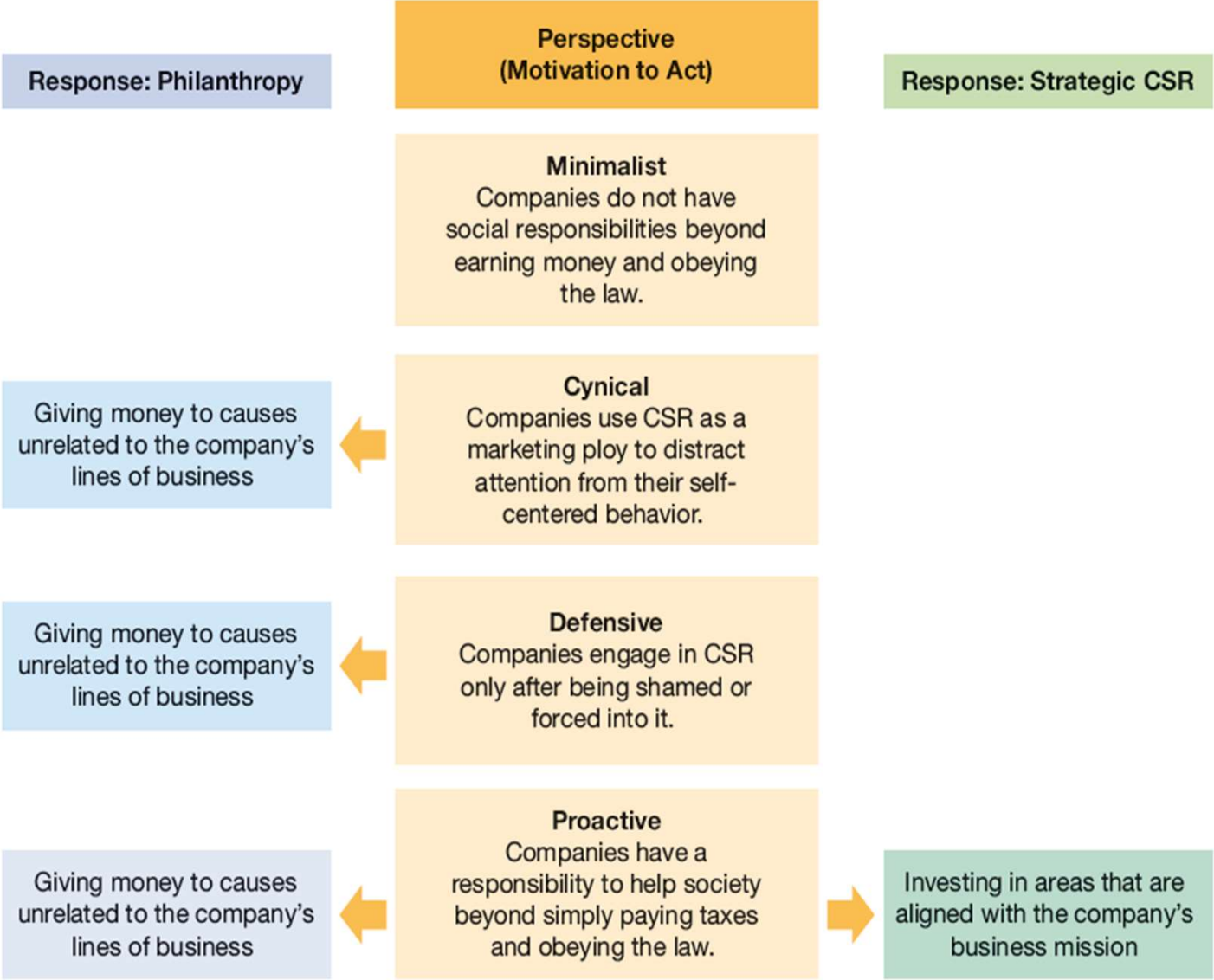
↳ The donation of money, time, goods, or services to charitable, humanitarian, or educational institutions



Strategic CSR

↳ Social contributions that are directly aligned with a company's overall business strategy

Perspectives on Corporate Social Responsibility



Social Enterprises / Entrepreneur

Social Enterprises is a mission-driven individual who uses a set of *entrepreneurial behaviors* to deliver a *social value* to the less privileged, all through an entrepreneurially oriented entity that is financially independent, self-sufficient, or sustainable.



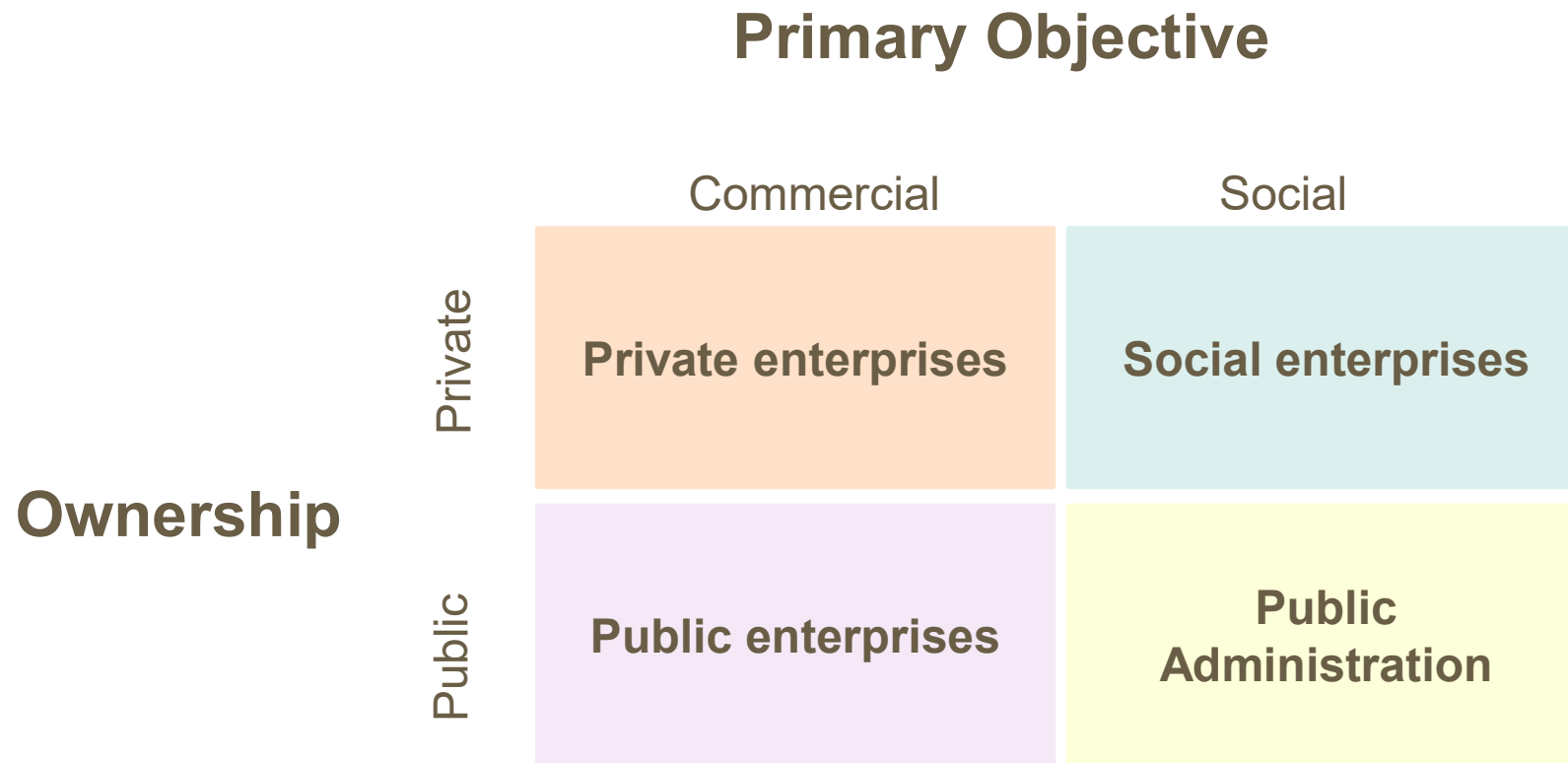
Factors that make social entrepreneurship distinct from other forms of entrepreneurship

1. They are **mission-driven**. They are dedicated to serve their mission of delivering a social value to the underserved.
2. They act **entrepreneurially** through a combination of characteristics that set them apart from other types of entrepreneurs
3. They act within **entrepreneurially oriented organizations** that have a strong culture of innovation and openness.
4. They act within **financially independent organizations** that plan and execute earned-income strategies. **The objective is to deliver the intended social value while remaining financially self-sufficient.**

Unique and Common Characteristics of Profit-Oriented Entrepreneurs and Social Entrepreneurs

Unique characteristics of the profit-oriented entrepreneur	Characteristics common to both types	Unique characteristics of the social entrepreneur
<ul style="list-style-type: none">• High achiever• Risk bearer• Organizer• Strategic thinker• Value creator• Holistic• Arbitrageur	<ul style="list-style-type: none">• Innovator• Dedicated• Initiative taker• Leader• Opportunity alert• Persistent• Committed	<ul style="list-style-type: none">• Mission leader• Emotionally charged• Change agent• Opinion leader• Social value creator• Socially alert• Manager• Visionary• Highly accountable

Classification of Businesses



Boundaries of Social Entrepreneurship

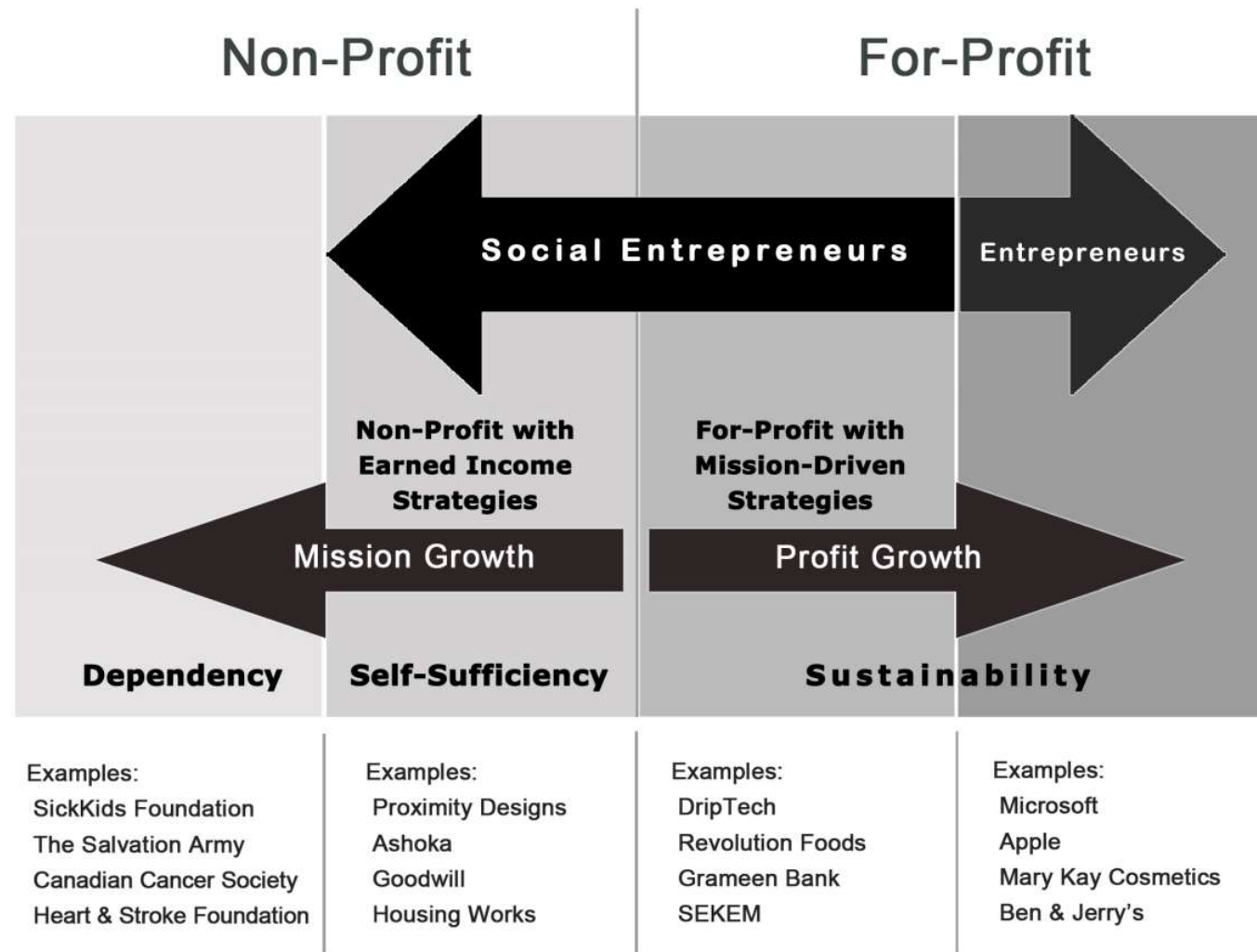


Figure 1. The entrepreneurship spectrum illustrating the boundaries of social entrepreneurship



The Yetagon brand

Life-changing products and services

Proximity offers a full line of distinct, but complementary, products and services under the brand name Yetagon.

Each is designed to boost productivity and yields and, in turn, customer incomes. Together they address many of the most pressing needs of Myanmar rural families.

[Irrigation Products](#) | [Loans](#) | [Farm Advisory Services](#) | [Energy](#) | [Infrastructure](#) | [Research](#)



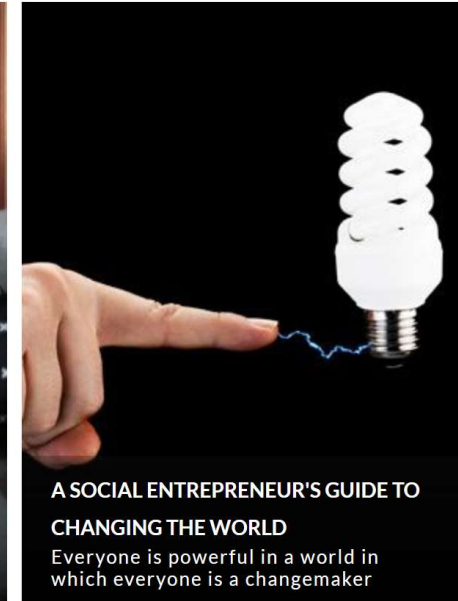
Ashoka is an international organization that promotes social entrepreneurship by affiliating individual social entrepreneurs into the Ashoka organization.



EXPERIENCING SOCIAL ENTREPRENEURSHIP
in partnership with J.P. Morgan



DRAYTON AND OSBERG ON GROWTH AND TRANSFORMATION OF SOCIAL ENTREPRENEURSHIP
What are social entrepreneurs?



A SOCIAL ENTREPRENEUR'S GUIDE TO CHANGING THE WORLD
Everyone is powerful in a world in which everyone is a changemaker



A NEOLIBERAL TAKEOVER OF SOCIAL ENTREPRENEURSHIP?
Promoting hybrid models



US SOCIAL INNOVATION: LET'S REDRAW THE MAP
Helping social entrepreneurship thrive everywhere



ASHOKA'S NETWORK OF SOCIAL ENTREPRENEURS ARRIVES IN ITALY
Ashoka Italia is now operating in both Rome and Milan.



COLLABORATIVE ENTREPRENEURSHIP
How Social Entrepreneurs Have Learned to Tip the World by Working in Global Teams

Ashoka's vision

Because we live in a changemaker world, everyone must be an effective and confident changemaker.

Goodwill is a **Social Enterprise**



- 28 Retail Stores
- 2 Outlets
- Auctions
- Government Contracts
- Commercial Contracts
- Document Shredding Operation
- Temporary Staffing Firm
- E-Recycling Operation

Goodwill operations
generate revenue
to fund



20 Job Training
& Career
Development
Programs



...that served **16,528**
individuals in 2012.



Goodwill operations generate revenue to fund job training and career development services, as well as provide work experience and permanent job placement for individuals in our communities.

Source: Elliot D. Pollack 2012, designed to gauge the financial impact of Goodwill programs on the governments and workers of Virginia.

For more information,
contact us at
www.goodwillvirginia.org
or 800.922.0661



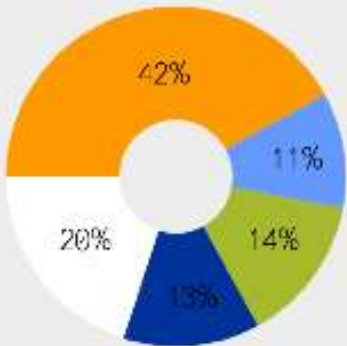
More than a thrift store.



Goodwill Industries serving Hampton Roads & Central Virginia | 2012 Statistics at a Glance



Job Placements by Industry



- Administrative Support Services
- Government
- Retail Trade
- Food Service
- Other





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Housing Works fights for funding and legislation to ensure that all people living with HIV/AIDS have access to quality housing, healthcare, HIV prevention, and treatment, among other lifesaving services.

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Dripteck Inc. is a company engaged in making of irrigation-equipment, a type of drip irrigation method.

our mission:
to build lifelong healthy eaters by
making **kid-inspired, chef-crafted**[®]
food accessible to all.

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Grameen Bank (GB) has reversed conventional banking practice by removing the need for collateral and created a banking system based on mutual trust, accountability, participation and creativity. GB provides credit to the poorest of the poor in rural Bangladesh, without any collateral.

SEKEMs Products and Value Chain: Transparent. Traceable. Changing Egypt.

The reliability of SEKEMs production depends, next to its own cultivation (SEKEM for Land Reclamation), on the supply of high quality, Biodynamically grown crops. Approximately 70% of all raw materials come from external sources (all Egyptian suppliers of raw materials are part of the EBDA).

[Explore Our Product Range](#)



The organization SEKEM was founded in 1977 by the Egyptian pharmacologist and social entrepreneur Dr. Ibrahim Abouleish in order to bring about cultural renewal in Egypt on a sustainable basis

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