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**For: Bessie B. Moore Center for Economic Education**

**Social Entrepreneurship:**

**Securing a better world through business**

**FOCUS:**

**Overview:**

In this activity, students work in groups to assess where businesses are on spectrums related to the goals of the organizations. They learn about various approaches to giving back to the world while running a business. They recognize that the best approach is matter of perspective. They critically think about the level of community benefit of the approaches to philanthropy. They also learn that business can be more than just a money generating enterprise. Their assigned goal is to determine the extent that a firm's business activities should be viewed on three criteria - social mission, contribution to society, sustainability - by ranking businesses. Deciding which firms give the most back is challenging since it may be a matter of perspective. This activity allows for critical thinking, discussion and debate, and efforts at persuasion. Debriefing is necessary to identify the concepts experienced.

**Objectives:**

* Understand social responsibility and social entrepreneurship
* Critically analyze what aspects make a firm a social entrepreneur
* Learn ways to incorporate giving back into business
* Debate and discuss the role of business in society and the contributions to society of various business

**Background Information:**

Social responsibility has become an important trend in the business world today. Many firms have social missions and the public is often aware of these missions. However, there are many ways to mix social responsibility and business. This has led to a number of forms of business with a social mission. Some businesses exist entirely with a social purpose, others include social missions as a side business. The goal of this activity is to help students understand the ways in which firms give back to society and how these differ in their contributions to society, their sustainability, and their profit.

**Curriculum Multi-tasking:**

* Economics, Finance, Social Responsibility
* Group interaction and discussion
* Critical thinking

**Grade Level:** High school to college

**Time Frame:** 1 class period

**PREPARE:**

**Materials:**

1. Business Profiles
   * Center for Digital Inclusion
   * Heifer International
   * Loccitane en Provence
   * TOMS Shoes
   * Vision Spring
2. Firm Names in Large Letters on Colored Sheets of Paper
3. Worksheets

**Construct:**

1. Print profiles of each organization, the firm names, and a worksheet to create packets for each group in the class (5 people per group).
2. Divide the class into groups of five.
3. Determine spaces where each group can gather to discuss the organizations.
4. Determine space in the room for the lineup activity.

**TEACH:**

**Introduction:**

Explain that organizations vary greatly in their mission to contribute to society, but many firms today explicitly consider this part of their mission. Define the following approaches by organization:

* ***Non-profit:*** An organization with no intention to make a profit, often with a social mission (e.g., salvation army)
* ***Non-profit with income ventures:*** Non-profits that start for-profit business to pay for their mission or use income ventures as a way of implementing their mission (e.g., creating businesses that allow those in need to earn a living)
* ***For-profit firms with social mission:*** A for-profit firm with some portion of the firm devoted to a social mission, though profits are the primary driver of business (firms range greatly on the extent of their social contributions, and are often deemed 'socially responsible businesses')

Ask students to think about and describe how non-profit and for-profit businesses differ. Consider giving them examples of each, e.g., non-profit (salvation army) and for-profit (Wal-mart). Then have them describe firms that may not clearly fall into one category or another (e.g., TOMS shoes). Discuss the role of these various organizations in society.

Conduct a discussion of what they think businesses owe to society. Define social responsibility ("The principle that companies should contribute to the welfare of society and not be solely devoted to maximizing profits"[[1]](#footnote-1)).

**Activities:**

**Procedures:**

1. Divide students into groups of 5 as described.
2. Give each group a packet including profiles of each organization, the firm names, and a worksheet.
3. Have each group gather together to read the organization profiles, then rank the organizations on the criteria **Focus of firm on social mission**: To what extent is the firm's social mission its central focus?The students should then give each member of the group an organization name (these will be used to present their ordering to the class).
4. Ask for a group to volunteer to go first. This group should go to the front of the class room and line up in the order they ranked the firms on focus on social mission (with each member holding a different firm name and standing in a line according to their ranking - e.g., the #1 firm will be first in line and the #5 firm will be last).
5. Ask if any of the other teams ranked the organizations differently on this factor. If so, have them come to the front and stand in line in their order. Have the groups discuss the differences and reasons for their orders.
6. Have each group gather together again and now rank the organizations on the criteria **contribution of firm to society**: To what extent does the firm's operations influence society in a positive way? The students should then give each member of the group an organization name (these will be used to present their ordering to the class).
7. Have a different group go first this time. This group should go to the front of the class room and line up in the order they ranked the firms on focus on contribution (with each member holding a different firm name and standing in a line according to their ranking - e.g., the #1 firm will be first in line and the #5 firm will be last).
8. Ask if any of the other teams ranking the organizations differently on this factor. If so, have them come to the front and stand in line in their order. Have the groups discuss the differences and reasons for their orders.
9. Have each group gather together again and now rank the organizations on the criteria **Sustainability:** To what extent is the firm's approach to its business sustainable? Which firm is mostly likely to be able to continue operations for the longest period of time? The shortest? The students should then give each member of the group an organization name (these will be used to present their ordering to the class).
10. Have a different group go first this time. This group should go to the front of the class room and line up in the order they ranked the firms on sustainability (with each member holding a different firm name and standing in a line according to their ranking - e.g., the #1 firm will be first in line and the #5 firm will be last).
11. Ask if any of the other teams ranking the organizations differently on this factor. If so, have them come to the front and stand in line in their order. Have the groups discuss the differences and reasons for their orders.
12. Stop groups from working so that everyone can participate in the debriefing session.
13. Ask the following questions.

**Debriefing Questions & Understandings:**

1. **What criteria did you use to decide where a firm ranked in focus on social mission? contributions to society? sustainability?** There is no correct answer, draw attention to the differences in the criteria. For example, a firm with only a medium focus on their mission, may be seen as the greatest contributor or the most sustainable.
2. **What additional information would have been helpful to complete this exercise?**
3. **In what different ways do the organizations we've discussed use business to fulfill a social mission?** To pay for the social mission, as part of the social mission. Discuss how the firms used in this lesson use for-profit ventures.

**Closure:**

Discuss other current examples of how business can improve society. Encourage students to continue to find examples to share from the news for weeks to come.

**Evaluation:**

**Performance Task:**

1. Complete a Firm Rankings form. Have students work in groups of five to complete these (steps 3, 6, 9).

**CONNECT:**

**Books:**

***Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause*** *by Philip Kotler & Nancy Lee (2004)*

***Social Entrepreneurship: What Everyone Needs to Know*** *by David Bornstein & Susan Davis (2010)*

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**COMPANY PROFILE 1:**

**Center for Digital Inclusion**

Started by Rodrigo Baggio with the dream of all Brazilian youth having access to computers, CDI works to get computers and information technology to the disenfranchised. For CDI, information technology can foster citizenship and development on the political, social and economic fronts. As of 2002, CDI has reached some 700,000 graduates since 1995 and it continues to grow rapidly.

CDI works differently than most educational endeavors. Despite his concern about the growing digital divide, founder Baggio wanted to guarantee community buy-in. Baggio set up CDI to work in a franchise system: CDI would provide a basic startup manual and community leaders had to initiate requests for a franchise, find a building, locate potential teachers, recruit students and develop and school management plan and budget and insure the teachers were paid with local money. Only after the community can provide all that will CDI judge whether or not the efforts are sustainable and then provide donated hardware and software and training for the local teachers. The schools, Information Technology and Citizens Rights Schools are then maintained by the local community without interference.

Most ITCRSs are located in the slums of large cities, providing access to children and teenagers that cannot afford to buy their own computers or attend schools that have them. The schools offer hope for change to the underprivileged youths and a chance to improve their situation in life.

The schooling CDI centers aims to provide go beyond basic computer literacy; rather they want the students well versed in computer skills that will serve them in everyday life. Schools offer curriculum on standard school fare and merge that with computer training and internet research.

CDI gets its computers from international business and development banks and some 8,000 have been donated to the Information Technology and Citizens Rights Schools. By 2002, CDI established 642 ITCRSs in Brazil and about 200 more in Japan, Colombia, Chile, Mexico and Uruguay.

For more information:

<http://cdiglobal.org/>

Bornstein, D. (2004). *How to Change the World: Social entrepreneurs and the power of new ideas*. Oxford: Oxford University Press.

Welch, W. H., & Hopkins, D. (2008). *The Tactics of Hope: How social entrepreneurs are changing our world*. San Rafael, CA: Earth Aware.

**COMPANY PROFILE 2:**

**Heifer International**

Heifer International is a non-profit organization based on the principle of “Passing the Gift.” Started in 1944 by farmer Dan West, Heifer International provides families around the world with the gift of an animal asking that any offspring from that animal be gifted to another family, spreading the wealth. Since its establishment, Heifer International has expanded the donations to target world hunger, providing disaster relief and teaching sustainable agriculture.

The model Heifer uses is very straightforward: a donor decides what animal, or plant, to purchase from the ark. Goats are the most popular animal on the ark and they target many of the efforts Heifer has taken on: one dairy goat can produce up to a ton of milk a year allowing for extra milk to be sold or made into cheese, butter or yogurt. Manure goes to fertilize garden and goats are not picky eaters so they are efficient at producing milk. Kids are passed on to neighbors or extended family and the cycle starts again.

Heifer International does not seek out communities or populations in need, but is contacted by a community group. There is a formal application process that must be completed. Heifer does not just provide livestock or plants and leave. It invests in the community, providing training on how to care for the animals, emphasize sustainable farming practices such as how to avoid overgrazing, and how to live and work the land without harming it.

In Imadol, Nepal thirteen women were able to take donations of two sheep or goats or a single ram or buck following training provided by Heifer and triple their income. The increase created enough money to allow the women to send their children to school, improve their homes, buy clothes, and invest in the land and open businesses. The funds even allowed them to establish their own microfinance practice to get medical attention.

Today, Heifer International has 525 active projects in 47 countries and in 30 states in the US. Heifer also works with local ecologies to protect and preserve threatened species.

For more information:

<http://www.heifer.org/>

Eaton, J., & Sullivan, R. (2005). Getting poverty's goat. *Earth Island Journal*, 20(2), 31-35. Retrieved from EBSCO*host*.

<http://0search.ebscohost.com.library.uark.edu/login.aspx?direct=true&db=a9h&AN=16832881&site=ehost-live>

Nanci, H. (n.d). Giving new meaning to 'away in a manger'. *USA Today*. Retrieved from EBSCO*host*..

<http://0search.ebscohost.com.library.uark.edu/login.aspx?direct=true&db=a9h&AN=J0E020856255408&site=ehost-live>

**COMPANY PROFILE 3:**

**Loccitane en Provence**

"L'OCCITANE is a global, natural and organic ingredient-based cosmetics and well-being products enterprise with strong regional roots in Provence. We are committed to bringing products of the highest quality under the L'OCCITANE brand to our customers around the world. We design, manufacture and market a wide range of cosmetics and well-being products based on natural and organic ingredients sourced principally from or near Provence. " (Cited from website - http://www.loccitane.com/investors/Default.aspx)

L’Occitane en Provence, a for-profit business, and its foundation provide a variety of examples of social responsibility within the corporate world as well as support for social entrepreneurship among its suppliers. By looking at who the customers are, who they buy from and where their products come from, L’Occitane en Provence has set the bar for corporate social responsibility high.

L’Occitane en Provence works to make all its products as sustainable as possible, using recyclable packaging; using as little as possible of limited resources. New efforts to establish refills for customers eliminate package waste are taking off as well as using less material to create the packaging to begin with.

In 2008, L’Occitane en Provence received the Helen Keller Achievement Award in Corporate Responsibility for. L’Occitane separates itself from its competitors by imprinting Braille on its products’ packaging, a practice started in 1997. Braille labels are not the only efforts to benefit the blind. L’Occitane also runs a summer perfume school for visually impaired teenagers close to its headquarters in Manosque, France. The program allows the teens to learn the art and science of creating scents and they learn about working as a perfumer. Donations from limited edition products go to charities for the blind and the company sends teams of ophthalmologists to undeveloped countries and regions around the world to treat common eye diseases and ailments.

Founder Olivier Baussan and his company have created a close relationship with women’s collectives in Burkina Faso to establish fair trade in the region for the shea nuts. Additionally, The L’Occitane Foundation has set up literacy centers to train women across the country, established microcredit programs, and professional training to create and increase income.

Bibliography:

<http://usa.loccitane.com/FO/Home.aspx>

(2004) “Seeds of new western beauty craze found in wild African nut.” *China Daily*, August. Retrieved from LexisNexis Academic.

Curry, H. (2001). The blind make sense of scents. The Daily Telegraph, August 3, 25. Retrieved from LexisNexis Academic.

Evans, M. W. (2008). L'occitane Receives Keller Honor. *WWD: Women's Wear Daily*, 196(78), 17. Retrieved from EBSCO*host*.

Lev-Ram, M. (2006). L'OCCITANE LEADING THE BLIND. *Fortune*, 154(10), 55. Retrieved from EBSCO*host*.

**COMPANY PROFILE 4:**

**TOMS shoes**

Inspired by his time in Argentina while on the show The Amazing Race, founder Blake Mycoskie started TOMS Shoes in 2006 with the goal of donating one pair of shoes for every pair of shoes purchased. Since 2006 more than one million pairs of shoes have been donated to children in 23 countries around the world. TOMS Shoes is a for profit business that works in cooperation with non-profit organizations and non-government organizations to distribute shoes year round.

During his time in Argentina, Mycoskie realized the plight of the village children was easily preventable with a pair of shoes. In developing countries, children typically go through life barefoot- walking for miles to school, water sources and for medical attention. Bare feet are susceptible to injury and disease, and children and their families often cannot afford to treat or prevent the causes. Diseases such as hookworm, podoconisis, jiggers and tetanus are just some of the risks associated with going barefoot in tropical climates. Treatment for these diseases is expensive and unattainable for most.

With TOMS Mycoskie wanted to establish sustainable giving to communities in need rather than focus most of his time on fund raising. Pricing his shoes at $40 a pair there is enough profit margin to cover the cost of the donated shoes. Today, the variety of shoes range in price from $29 for toddlers’ shoes to $98 for vegan boots, as the popularity rose with word of mouth so did the number and variety of shoes available.

Shoes are necessary for more than just disease prevention, they are part of the school dress code as well in many schools. Shoes keep children healthy and allow them to attend school. Education provides the best opportunity for children in developing countries to improve their futures and that of their communities. In many African communities shoes are still considered luxury items. Those who have shoes, and access to them, are in the highest tiers of society. Shoes are motivators for children to continue with schooling.

TOMS recognizes that children’s feet grow and built that into the giving program; they return to the same villages with new shoes. TOMS only provides the size a child needs at a given time and the shoes are made to order. Repeat giving allows for adaptation should the need change, giving TOMS unique flexibility.

The shoes TOMS and its giving partners donate are based on traditional alpargata shoes from Argentina but adapted for comfort and durability.

TOMS does not market its product, rather it relies on word of mouth to sell shoes. As the popularity of TOMS has grown and knowledge of the mission of “One for One,” TOMS has established an annual “One Day Without Shoes” to draw attention to the plight of children around the world. TOMS has celebrity supporters who have aided in spreading the message to the general public, musicians such as Hanson and the Dave Matthews Band to bring the TOMS message to college campuses across America.

TOMS is expanding the One for One movement to include eye care now. Looking to the incredible success that the shoes had, TOMS wants to do the same with vision impairments in developing countries. TOMS has launched a line of glasses and the purchase goes to support the sight for another person through one of three ways: medical treatment, prescription glasses, or sight-saving surgery.

TOMS has partnered with the Seva Foundation and is starting work in Nepal, Cambodia, and Tibet.

For more information :

The official TOMS website, movement <http://www.toms.com/our-movement/>

TOMS Eyewear One for One <http://www.toms.com/eyewear/our-movement/>

Ramberg, J. J. (2008). Doing Good: Sole Saver. *Entrepreneur*, 36(6), 30. Retrieved from EBSCO*host*

(<http://0-search.ebscohost.com.library.uark.edu/login.aspx?direct=true&db=bth&AN=32430897&site=ehost-live>)

**COMPANY PROFILE 5:**

**Vision Spring**

The Vision Spring mission is to provide nonprescription glasses to people in need in the developing world. Founder Jordan Kassalow realized this need on his medical missions, some 40 percent of the people he saw did not need medical treatment but some form of vision aid.

Livelihoods and jobs were lost because the glasses found in drugstores across the United States were neither readily available nor affordable in the developing countries he visited. Without the help they needed to see, these people lost their jobs and needed new sources for income. The idea for Vision Spring was born.

In 2001 Vision Spring (formerly Scojo Foundation) started its work in India. Vision Spring operates on the microfranchise level, training individuals in their home villages as “vision entrepreneurs,” these vision entrepreneurs are the best way to reach the largest number of people in need. Once trained in basic eye care, vision entrepreneurs receive their business-in-a-bag so that they may conduct community outreach and vision screenings. The business-in-a-bag contains materials needed to market and sell eyeglasses. Vision entrepreneurs typically partner with schools and churches to increase community reach.

Screenings conducted by the vision entrepreneurs determine a customer’s need. Up-close vision problems are treated with the mass-produced drugstore glasses while more complex problems are referred to Vision Spring optical shops or eye hospitals.

The return on eyeglasses to the local community productivity is huge. Vision Spring cites the AMD Alliance International Study saying the cost of vision loss globally is nearly $3 trillion USD worldwide in 2010. Vision loss limits economic opportunity and causes quality of life to suffer. Eyeglasses are a cost effective way to provide improved productivity and increase the quality of life for people living in developing countries. Vision Spring calculates that a $4.00 pair of glasses has the ability to improve a person’s productivity by 35 percent, with more than 600,000 pairs of glasses sold to date that means more than $230 million in economic impact.

Vision Spring has expanded its work from India to Bangladesh, El Salvador and South Africa and other countries across the globe via partner organizations. Vision Spring and partners support more than 5,000 vision entrepreneurs who run their own businesses selling glasses, most of whom are women, giving them the funds to invest in their children and further their educations.

For more information:

<http://www.visionspring.org/home/home.php>

<http://www.skollfoundation.org/entrepreneur/jordan-kassalow/>

**Firm Rankings**

**Use this worksheet to rank the firms on each of the listed factors**

|  |  |  |
| --- | --- | --- |
| **FOCUS OF FIRM ON SOCIAL MISSION** | **CONTRIBUTION OF FIRM TO SOCIETY** | **SUSTAINABILITY** |
| **1** | **1** | **1** |
| **2** | **2** | **2** |
| **3** | **3** | **3** |
| **4** | **4** | **4** |
| **5** | **5** | **5** |

**Focus of firm on social mission:** To what extent is the firm's social mission its central focus?

**Contribution of firm to society:** To what extent does the firm's operations influence society in a positive way?

**Sustainability:** To what extent is the firm's approach to its business sustainable? Which firm is mostly likely to be able to continue operations for the longest period of time? The shortest?

1. http://www.investopedia.com/terms/s/socialresponsibility.asp#axzz1k9TwE3fl [↑](#footnote-ref-1)