The Tiresia Handbook in Management for Sustainability and Impact

Chapter 2

The entrepreneurial dimension of social innovation

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The chapter focuses on the diverse organisational forms that operate in the impact economy. It particularly introduces the concept of social ventures and the key features of the new hybrid forms of entrepreneurship that are located between traditional philanthropic organisations and traditional for-profit businesses. These entrepreneurial entities are at the crossroad of an evolutionary path that sees, on the one side, traditional philanthropic organisations moving towards more structured business models, and, on the other side, traditional for-profit business becoming more socially and environmentally conscious and sustainable and embedding a social purpose into their core business models.

From this perspective, the chapter describes both existing organizational forms (e.g. not for profit organisations and different forms of for profit ventures) and offers a perspective on future evolutions. The chapter focuses on the concept of hybridity and on the spectrum of hybrid organisations, with a specific focus on the most cutting-edge entrepreneurial form, the social venture.

1. New organizational forms: hybridity and social impact

The emergence of new social needs at a global level, the pressing societal challenges and the evolution of new economic paradigms outlined in the previous chapters prompted the development of new organizational forms that aim to address the new global social, political and economic trends.
These new organizational forms particularly respond to:

- Public spending reduction and changes in the nature of philanthropic giving – with philanthropic donors increasingly interested in forms of impact investment and less willing to provide charitable grants – that pushed many organisations providing social services to seek for new forms of economic sustainability.
- Changes in the nature of public procurement and new models to provide public services that opened new business opportunities in the sector of social provision.
- The emergence of alternative economic paradigms that moved some resources towards emerging new markets addressing social needs.
- Issues related to social and economic justice and increasing in inequalities that urge the emergence of new forms of organisations able to complement public intervention in solving market failures.

Such organisations try to respond to some of these challenges developing innovative business models characterized by the hybridization of social and economic purposes and a strong inclination to generate a social impact as part of their core activity.
Most of them have in common some key features, such as fostering stakeholder participation; providing employment and integration for disadvantaged people; developing a culture of responsibility towards communities and environment; increasing the entrepreneurial attitude of the traditional social sector.

These organisations fill a gap between purely philanthropic organisations, such as traditional third sector organisations and charities, and purely commercial ventures (Figure 1). For this reason, in organizational terms, they can be described as *hybrid organisations* since they span institutional boundaries and respond to mixed institutional logics.

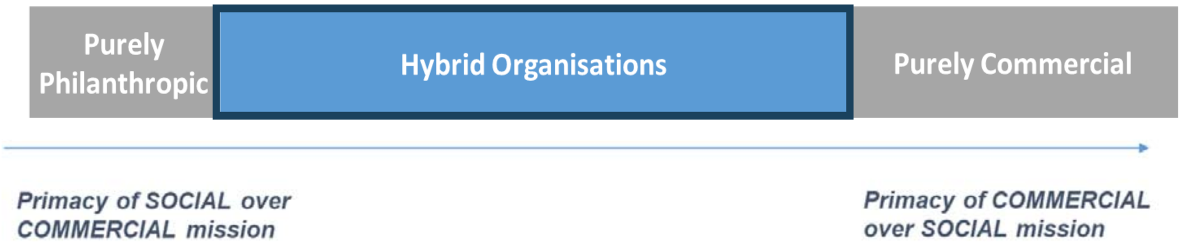

Figure 1 - Hybrid organization

Organisations fulfilling this broad definition of hybridity can be found in all EU countries – either as part of, or alongside, national concepts, interpretations and definitions of 'families' of social entrepreneurship.

Within the spectrum of these hybrid organisations, as further outlined in the next section, some organizational forms adhere more to philanthropic logics and others develop a more advanced entrepreneurial character and profitable business models. In this regard, these hybrid forms can be divided between so called not for profit organisations, social ventures and profit for purpose organisations.

This chapter analyses these organizational forms focusing particularly on the middle ones, the social venture.

1.1 The spectrum of hybridity

Being by definition the offspring of different species, hybrid organisations simultaneously pursue social and financial aims and allow the coexistence of different values, organizational logics and management features (Doherty, Haugh, & Lyon, 2014). This coexistence is reflected in the definition of their mission, in the type of beneficiaries/clients that they serve, in their revenue streams and in the characteristics of their workforce, as presented in Table 1.

- *Mission* - An organization is defined as a hybrid when it shows the combination of multiple organizational identities, organizational forms or different types of institutional logic (Battilana, Lee, Walker, & Dorsey, 2012; Haigh & Hoffman, 2014; Schroer & Jager, 2014; Skelcher & Smith, 2015)
- *Beneficiaries/clients* - The users of these organisations can access their services in different ways: by fully paying them, through subsidized rates or for free.
- *Sources of capital* – The organization can rely, to different extents, both on market capital and on donations.
- *Workforce* – The workforce can be composed, to different extents, by volunteers and employees.

Motives, Methods, and Goals	PURELY PHILANTHROPIC	HYBRID	PURELY COMMERCIAL
Mission	ADDRESSING A SOCIAL NEED	ACHIEVE A SOCIAL MISSION THROUGH COMMERCIAL ACTIVITIES THAT ALLOW TO BE SUSTAINABLE	MAKING AND DISTRIBUTING PROFITS
Beneficiaries	Pay nothing	Subsidized rates or mix of full payers And those who pay nothing	Market-rate prices
Capital	Donations and grants	Below-market capital or mix of donations and market-rate capital	Market-rate capital
Workforce	Volunteers	Below-market wages or mix of volunteers and fully paid staff	Market-rate compensation

Table 1 - The Hybridity of social ventures

Most of the literature describes hybrid organisations at the centre of a spectrum and based on their distance from the purely philanthropic and the purely commercial models. Drawing particularly on Alter (2007) and Margiono et al. (2017), we identify here three main models of hybrid organisations (Figure 3).

At the two opposite sides of the spectrum, we locate **purely philanthropic organisations** whose primary aim focuses on their social mission, and commercial ones (**traditional for profit and profit *with* purpose**), whose mission is primarily focused on their commercial business practice and generation of profit, though they may pursue some social objectives next to their core business, for instance implementing corporate social responsibility programmes, as outlined in the next sections.

The hybrid organisations in the middle of the spectrum combine social values and goals with commercial business practices at different degrees. These hybrid forms of business have been variously defined by the literature. Part of these organisations have been recognised as part of a new breed of entrepreneurs: social entrepreneurs. Alam et al (2016) noted:

"Difficulties arise in understanding the differences among the growing number of businesses with a social purpose, as their model-mix is not as straightforward as that found in the for-profit sector. Complexities in their classification exist as for-profit businesses, non-profits and NGOs are jointly creating businesses and pursuing scale and profits on the one hand, and social equity and empowerment on the other hand, as part of a new integrated value chain."

This peculiar character of these hybrid organisations leave considerable room to classify these new business forms, particularly those that do not fit in the definition of social enterprises or social business. In this section we propose a model to classify hybrid organisations based on the primacy they give to their social or commercial mission and to their ability to generate income and profit.

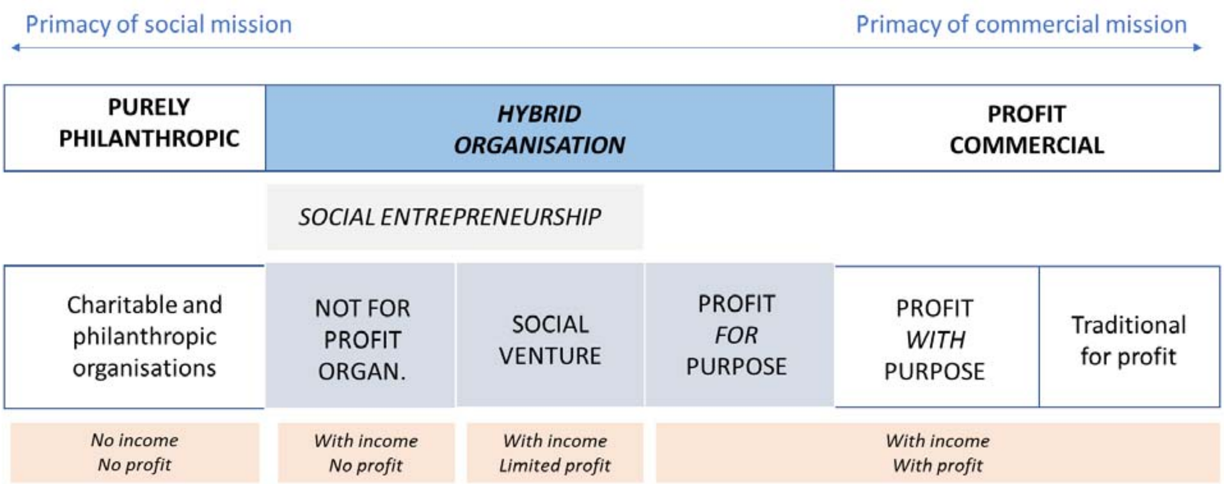

Figure 2 - The spectrum of hybridity

As illustrated in the figure, the types of organisations differ also for their **ability to generate income (through entrepreneurial activities) and to distribute profit**. In this perspective, at two opposite sides of the figure we find, on the one hand, philanthropic organisations that do not produce any income and do not distribute profit; on the other hand, the different types of profit organisations that produce income and can distribute profit without any sort of limitation. In between, there are those organisations that produce some income, but do not distribute profit (that we call **not-for-profit organisations**) or distribute it with some limitations (we called these organisations **social ventures**).

It is wort noting that in the literature and in the field of practice these two types of organisations are usually gathered under the broad concept of **social entrepreneurship**.

In this context, **not for profit organisations** are organisations that do not distribute profit in anyway but generate some income from commercial or entrepreneurial activities. Although they developed some form of income generating activities, they often rely both on donations and on commercial activities to gain economic sustainability and their income generating activities are not organised in an entrepreneurial way.

Social ventures and ***Profit for purpose*** are business ventures created for a social purpose. In both types of organisations the core business cannot be separated from the social purpose, the two are linked and indistinguishable. They both address social problems while operating with the entrepreneurial attitude and financial discipline proper of the purely commercial businesses.

Overall, social ventures differ from profit for purpose because they do not place the same emphasis on a culture of business innovation and on placing entrepreneurship at a core value level. More specifically, they differ concerning two key features:

- Social ventures have a *specific social mission*. In social ventures social aims are prevailing on profit motives and the mission of the organisations prioritises social objectives.
- Social Ventures are subjects to some form of *limit in the distribution of profit*, either as a legal obligation or as a voluntary commitment, while profit for purpose do not have any specific limit.

Example of not-for profit

Fondazione Arché ONLUS is an Italian charity organisation that helps vulnerable children and families supporting them in their housing, social and labour needs. The organisation has charity shops where new and second-hand items and clothes are sold to support the organisation's activities (https://arche.it/cosa-facciamo/inclusione-lavorativa/vintage-solidale-arche-il-charity-shop/).
The model of charity shops is quite popular in some countries, for instance in the UK (https://www.redcross.org.uk/shop)

Examples of social ventures

Progetto Quid (https://shop.progettoquid.com/) is an Italian social cooperatives (Type B) that employs people coming from disadvantaged groups, mostly women. Progetto Quid produces limited edition collections of clothes and accessories using high-quality offcuts from prestigious fashion brands.
The project is an example di social venture, but can be also included among the inclusive business and examples of circular economy.

Cauto (https://www.cauto.it/chi-siamo/) is an Italian social cooperative (Type B) founded in 1995 that employs people in need in various activities particularly related to environmental sustainability (e.g. waste collection and management, recycling, reuse of food scraps, gardening). The cooperative employs over 400 people, 30% of which come from disadvantaged groups. The social venture can also be considered an example of circular and inclusive business model.

We finally give here an overview of the main features of these two extreme sides of the spectrum (sections 1.2 and 1.3). Afterwards, section 2 focuses on profit *with* purpose organisations and section 3 focuses on the hybrid forms, with particular attention to the social ventures and profit *for* purpose organisations (section 3.1).

Examples of Profit for purpose.

Patagonia (https://www.patagonia.com/activism/) is an American clothing company founded in 1973 that sells outdoor clothing. Patagonia considers itself an 'activist' company and the company missions statement express its core values as follow: "Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis". Among the multiple initiatives and programmes that have been implemented by the company, we can mention the donation of 1% of its total sales to environmental organisations through 1% For the Planet, since 1985; its policies to support maternity and family programmes for employees; investments in disruptive technologies and sustainable eco-innnovations (see the investment fund '$20 Million & Change'). In 2011, Patagonia became one of the first B-Corporation in the US.

Pedius (https://www.pedius.org/us/home/) is a mobile app that allows deaf people to use mobile phones. The service is currently available in ten countries. It transforms write messages into a synthetic voice, transcribes responses into a real-time message and allows calls without a third party intermediary. The app enhances social inclusion of deaf people.

Purely philanthropic organisations

Particularly in recent years, a difference emerged between an entrepreneurial third sector and a non-entrepreneurial one. With regard to the spectrum of hybrid organisations presented above, we included the former into the hybrid organisations, and labelled the latter as charitable or philanthropic organisations. The difference between the two lies in the use of entrepreneurial models to address social problems and pursue a social mission.

Charitable and philanthropic organisations are conceived here as non-entrepreneurial organisations. These include different forms of charitable entities, whose mission explicitly focuses on addressing specific social needs.

The activities of these organisations target specific users, that are commonly called 'beneficiaries', who do not pay for the services provided by the organisations.

Concerning their economic sustainability, these organisations rely on private donations and grants. Also, their workforce is composed mainly– or even exclusively – by volunteers.

Traditional non-entrepreneurial forms of third sector organisations in Italy are, for instance, *voluntary organisations, NGOs, Foundations*.

Examples of purely philanthropic organisations.

Fondazione Telethon (https://www.telethon.it/en/) is an Italian organization that collects funds aiming at supporting scientific research on rare genetic diseases. The funds support the activities of two scientific research centres founded by the organization and provide grants to international researchers. The Foundation has different fundraising activities, that include events, individual donor progammes, corporate partnerships

Dynamo Camp (https://www.dynamocamp.org/) is an Italian organisations that offers residential summer camp and other recreational activities to children and their families coping with cancer and other serious illnesses and conditions. It was inspired by the American organization **Hole in the Wall Gang Camp** founded in the 1980s by the actor Paul Newman (https://www.holeinthewallgang.org/)

Traditional for-profit organisations

Nowadays, it would be difficult to find a company that does not engage in some form of social activities. However, in what we call here "traditional for-profit organisations" no social purpose is explicitly tied to the core business and mission of the firm.

It is worth noting that some traditional for-profit companies may have a budget dedicated to philanthropic activities, which mainly consist in donations to charities or NGOs. Such philanthropic programs address generic social issues that affect the local community where the company operates but that are unrelated to the company business.

These activities can be defined *corporate philanthropy*. Companies engaging in corporate philanthropy can develop three main type of actions:

1. provide resources, in forms of monetary or in-kind donations, to support civic, educational or cultural organizations in order to improve local social conditions;
2. provide resources to promote social activities favoured by employees, customers or community leaders in order to improve stakeholders relationships;
3. undertake programs to mitigate / reduce the negative externalities of business activities on the local community (Porter & Kramer, 2006).

Such programs often represent the reaction of companies to the external pressure of stakeholders or civil society organizations that claim for a stronger social responsibility.

Therefore, corporate philanthropy programs are focused on generic social issues raised by stakeholders that are often unrelated to the company business.

It can be noted that such initiatives have a common weakness "they focus on tension between business and society rather than on the interdependence" (Porter & Kramer, 2006). As a result, companies tend to implement fragmented and unfocused social activities, unrelated to the company strategy and operations, and create a moderate social impact (Porter & Kramer, 2006). The direct involvement of companies in the implementation of social activities is usually minimal and the main benefits are related to reputation and image returns (Austin, 2000; Husted, 2003).

In this context, it has been observed that, companies using monetary or in-kind resources to implement these type of philanthropic activities create quite limited - or even inexistent – benefits, while diverting resources belonging to shareholders (Porter and Kramer 2002, 2006).

2. Profit *with* purpose and Corporate Social Responsibility

We define **profit *with* purpose** those businesses that address social challenges and develop socially oriented initiatives as part of their company strategy, although their core business and their 'responsible' activities are indeed separate and distinguishable. Overall, these companies practice different forms of what is commonly called Corporate Social Responsibility (CSR).

Companies involvement in social activities and the idea that they have responsibilities beyond profits maximization are not new concepts. Indeed, examples of companies engaging in activities related to their social sphere can be dated back to the 19th century. However, only since the second half of twenty century the concept of corporate social responsibility has been extensively discussed and studied among academics. The beginning of the modern concept of corporate social responsibility is associated with the publication of Bowen (1953), *The social responsibilities of the businessman* (Carroll, 2008; Lee, 2008). Since then, the literature on the topic has significantly grown and multiple approaches and theories have been developed leading to different definitions and terminology (Garriga and Mele, 2004).

The term CSR is an **umbrella concept** that encompass different practices. Under the CSR umbrella many practices have been developed by companies, varying from contributions to the activities of local communities (e.g., donations) to the adoption of fair human resource management practices (e.g., gender diversity, employee empowerment) to the incorporation of environmental or social issues into production processes and products (e.g., renewable energies and resource-efficiency-based technologies) (Arena et al., 2018).

Probably the most **established and accepted definition of CSR** has been proposed by Carroll: "The social responsibility of business encompasses the economic, legal, ethical, and discretionary [philanthropic] expectations that society has of organizations at a given point in time" (Carroll, 1991). In such a definition, legal responsibilities refer to the obligations in terms of laws and regulations that companies must comply with. Economic responsibilities refer to the capacity of companies to produce and sell profitably products and services needed by society. The ethical / philanthropic responsibility refers to social actions that companies can voluntary act to improve the social context in which they operate and fulfill stakeholder expectations (Carroll and Shabana, 2010). According to Carroll and Shabana (2010) the four responsibilities are in some way hierarchical, indeed, legal and economic responsibilities are required by society, ethical responsibilities are expected and philanthropic responsibilities are desired. Therefore, the idea is that companies have to engage in social activities beyond the economic and legal requirements. Indeed, the core of the CSR is represented by the ethical and the philanthropic dimensions, through which companies can make voluntary contributions to society in order to improve the social context in which they operate and to fulfill stakeholder expectations.

Although a complete presentation to the concept of CSR, its evolution, and variations, is out of the scope of this course, we give here an overview of how corporate social responsibility can interact at different degrees with companies' core business.

2.1 From a narrow model of economic value creation to strategic CSR

From a neoclassical economic perspective, CSR divert companies from their core business and mission.

In a neoclassical theory of the firm, firms exist and make decisions to maximize profits and top managers act in the interest of shareholders maximizing their returns on capital. According to this view of the firm, Friedman (1970) clearly states:

"there is one and only one social responsibility of business -- to use it resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud" (Friedman 1970).

From this perspective, a corporation that contributes to a social cause is preventing stockholders from disposing of their own funds.

According to this narrow view of economic value creation, the costs of social involvement of companies do not pay off in economic terms, thus CSR dilutes productivity and efficiency leading to higher costs of products and services. From this perspective, if companies compete in international market with foreign firms that do not sustain the costs of CSR, they are, de facto, in a situation of competitive disadvantage.

Furthermore, corporations are not equipped and do not have the necessary expertise and skills to deal with social issues and CSR activities. In fact, they have developed skills and accumulated experiences not suitable to be deployed in the social domain Davis (1973).

These criticisms were mainly moved to CSR initiatives decades ago. Nowadays the public perception of which corporate behaviors and conducts are desirable or appropriate has changed. Indeed, the attention of public opinion toward social and environmental issues has increased drastically and companies are now expected to take responsibility of their actions and operate in the interest of a wide range of stakeholders and not only shareholders.

In this context, although CSR requires an initial investment in terms of new assets, revising of organizational processes or hiring of new people, it is widely recognized that these lead to subsequent benefits. This is particularly true in case of **strategic CSR**, where companies' strategy is designed to balance the creation of economic value with that of societal value.

The main motivations driving a company to develop a CSR strategy are:

- *Image and Reputation:* CSR practices can enhance image and reputation of a company (Jeje, 2017) However, brand value enhancement is strongly influenced by the size of the effort compared to the total size of the business (EVPA, 2015).
- *Customer satisfaction and Loyalty:* (Jeje, 2017) public awareness is constantly growing and an increasing number of clients is now choosing brands based on their sustainability and fairness.
- *Talent attraction and Employee retention & satisfaction:* (Jeje, 2017) there is an increasing number of professionals that choose to work in companies playing an active role in solving societal challenges, while, at the same time, doing good business (EVPA, 2015). As regards employees, scholars have found several positive effect of CSR on aspects such as job satisfaction, organizational commitment, engagement and attachment of employee creativity and knowledge sharing (Glavas & Radic, 2021).
- *Competitive advantage:* an effective CSR strategy can increase the competitive advantage of a company (Glavas & Radic, 2021; Jeje, 2017).
- *Ecosystem creation:* companies can engage in CSR activities with the principal aim of creating a social innovation friendly eco-system that can, in turn, create more favorable conditions for the business itself. This can be especially true in the case of companies entering new markets (EVPA, 2015).

Clearly all of these effects can be achieved only in the long run, hence the company has to adopt a long term perspective in order to succeed (Jeje, 2017).

Finally, the nature of the motivations behind the development of a CSR strategy can differ (Lindgreen & Swaen, 2010) and it is rarely based on total altruism, but It can be driven by pressure from a particular stakeholder (Glavas & Radic, 2021) or as a way to reduce costs and risks (Jeje, 2017). For example, a careful reduction of resource consumption and waste can in turn reduce some costs for the company while increasing its sustainability in the eyes of stakeholder groups.

Insights on Covid-19 Crisis and CSR

The pandemic has amplified existing societal issues and inequalities and generated a sense of urgency not only in governments but at all societal levels.

"In particular, the COVID-19 crisis is highlighting one of the most fundamental tensions that directors face, namely the tension between the complex and dynamic nature of stakeholders' needs in the era of the pandemic and the limited resources and energy that corporations have available to attend to those needs competently and effectively" (Zhao, 2021). At the same time, in such period of crises, stakeholders expectations on the involvement level of businesses grows significantly (Krechowicz & Kiliańska, 2021).

As a consequence, companies have to face serious challenges in order to create public goods that the government cannot provide on its own, while meeting stakeholders expectations.

Despite the complexity, this challenging situation can be turn into a huge opportunity for companies to develop strategic CRS initiatives as a driver for competitive advantage (Ikram, Zhang, Sroufe, & Ferasso, 2020; Zhao, 2021).

Interestingly, some studies analyzed the resilience level of companies by looking at the fluctuations of stock price in a specific time period and they show that, by examining the relationship between pre-2020 corporate characteristics and stock price reactions to the COVID-19 pandemic, the pandemic-induced drop in stock prices was moderated among companies with a more active CSR. These findings reflect arguments related to other catastrophic events (Zhao, 2021).

Moreover, some business cases have proven that investments in CSR build trust with stakeholders who are then more willing to make adjustments to support companies in response to conditions that could threaten their sustainable development (Zhao, 2021).

These findings show that companies that built an ex-ante strategic CSR present a competitive advantage in period of crises respect to the others; this competitive advantage can be declined mainly in terms of reinforcing trust and credibility among stakeholders and protecting the medium-long term resilience of the company.

Focusing on strategic CSR, Porter and Kramer (2002,2006) developed an internationally recognized framework to develop strategic CSR programs, based on the idea that companies can (and should) positively exploit the interdependence between the company and the society.

They identified two main types of interdependences: the so-called **inside-out** and **outside-in** linkages.

Inside-out linkages refer to the positive or negative externalities created by the company operations on the local community. In this sense, a more efficient use of energy does not create benefits only for the company, lowering the energy bill, but also for the community, reducing the CO2 emission. Likewise positive connection can be created in many areas such as logistic (e.g. reducing transportation impacts), procurement (e.g. sustainable supply chain), human resource management (e.g. working conditions, work-life balance,..) and production (e.g. energy and water usage, emission and waste management). To identify the inside-out linkages each company can map the social impact of the company's value chain as reported in Figure 4.

Figure 3 - Porter value chain (Porter, 1985)

A good example of how economic and environmental value creation reinforce each other along the company's value chain is represented by Coca-Cola. In 2006, The Coca-Cola Company established **Coca-Cola Recycling LLC** as a for-profit subsidiary to capture, recycle, and reuse 100% of its beverage packaging in the United States. Coca-Cola made an investment of $60 million to build the world's largest recycling plants, with great economic and environmental impact. Recycled aluminum cans take 95 percent less energy with a significant reduction of waste and production cost.

Since then, the company promoted a series of initiatives with the ambitious aim to collect and recycle a bottle or can for every one sold by 2030.

https://www.coca-colacompany.com/news/how-coca-cola-supports-recycling-in-the-us

Outside-in linkages refer to the impact that social conditions of the competitive context may have on companies long term strategies. the social context in which companies compete strongly affects their long term success (Porter & Kramer, 2006). Education, healthcare and equal opportunity are necessary to have a productive and skilled workforce. Efficient infrastructure, availability of local suppliers, good government, long term access to natural resources are all ingredients of a successful corporation. A useful tool, to identify the multiple interdependences between the company and the society, is to map the social dimensions of the company's competitive context as reported in the Figure below.

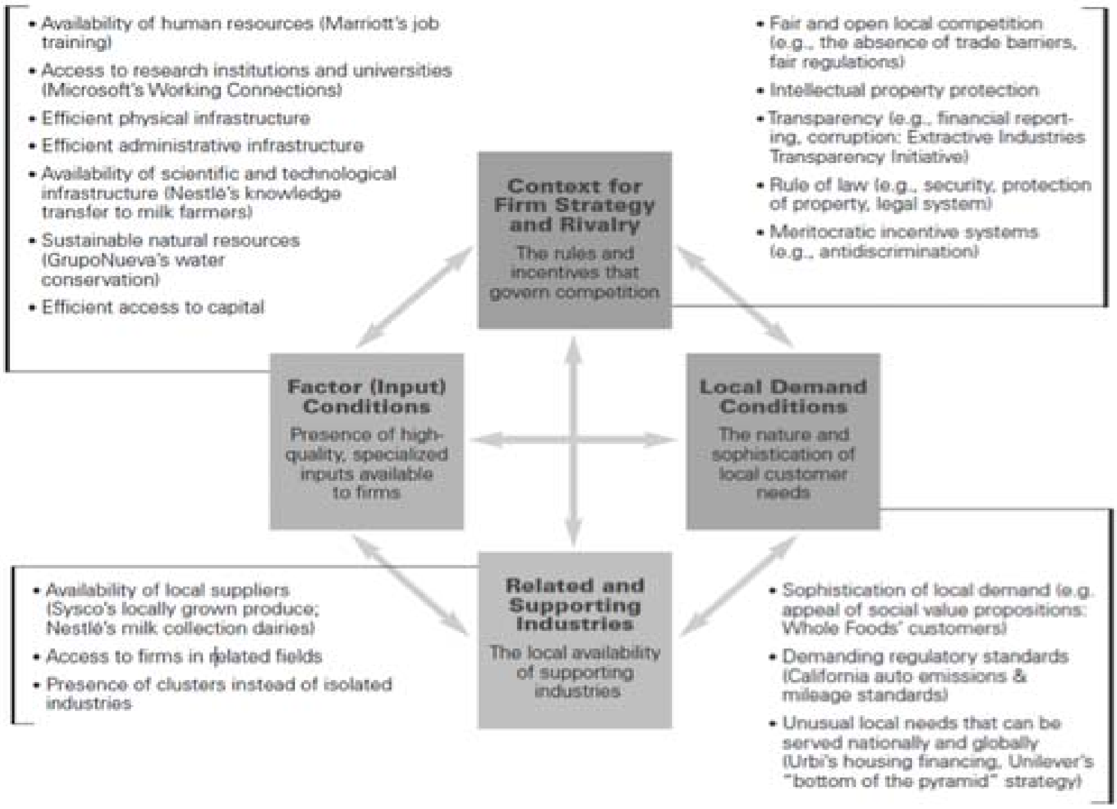

Figure 4 - Social Influences on competitiveness (Porter, 1990)

An example of good practice concerning the reinforcement of the competitive context is the case of **American Express**. American Express depends for a large share of its revenue on the travel-related spending made through credit card. In 1986 it founded the Travel and Tourism Academy, a secondary school, providing services such as teacher training, curriculum improvement and mentoring programs, in order to train students for careers in travel agencies, hotels, airlines and restaurants. The programme improved educational and job opportunities for young citizens but, simultaneously, it created economic benefits thanks to the strengthening of the travel sector where American Express strongly relies as a revenue source (Porter and Kramer, 2006). In this case American Express developed a strategic CSR program that benefited society in the short term but at the same time increased its long term perspective of growth.

2.2 CSR maturity model

Porter and Kramer (2011) identified three levels of maturity of the CSR and saw the integrated strategic approach as a final stage in the process of CSR maturity.

- First, an embryonic stage, in which companies face **generic social issues that affect the local community** but that are unrelated to the company business. In this phase companies usually develop activities to provide resources, in forms of monetary or in-kind donations to improve local socio-economic conditions and stakeholders relationships.

- In the second stage, enterprises study the **relationship between CSR and its own value chain**. At this stage companies start to develop CSR activities aimed at mitigate or reduce negative impact of the company's value chain.
- Finally, in the third stage organizations implement an **integrated strategic approach**, looking for a full exploitation of CSR as an instrument to gain competitive advantage (Porter and Kramer, 2011).

Figure 5 - Strategic Approach to Corporate Investments in Society (Porter and Kramer, 2006)

An additional tool has been proposed by Sinkovics, Sinkovics, & Archie-acheampong (2020) called the **Responsibility Matrix**, with the objective of mapping company's activities in order to understand the areas of the business where transformation is most needed.

In particular two dimension are considered: a width dimension and a depth dimension (see Figure 6).

The width dimension is composed by four categories, which entail different levels of engagement of the company:

- *Associative activities* encompass the engagement of a firm in partnerships and/or networks that were formed to further a specific cause;
- *peripheral activities* denote voluntary action in support of a cause that is outside of a firm's core activities;
- *operational activities* represent a firm's core activities linked to day-to-day operations;
- *embedded activities* encompass firms' products and services.

To the depth dimension are associated five categories, that reflect the degree of responsibility of a particular action:

- *Delinquent activities* result in negative societal, labour or environmental outcomes;
- *neutral activities* neither create harm nor result in positive outcomes;
- *nascent activities* can be described as reactive with a marginal impact;

- *enhanced activities* can be characterized as more proactive and have a more significant impact. Nevertheless, these activities will still be targeted at symptom treatment rather than at the alleviation of root causes;
- *advanced activities* specifically target the root causes of issues.

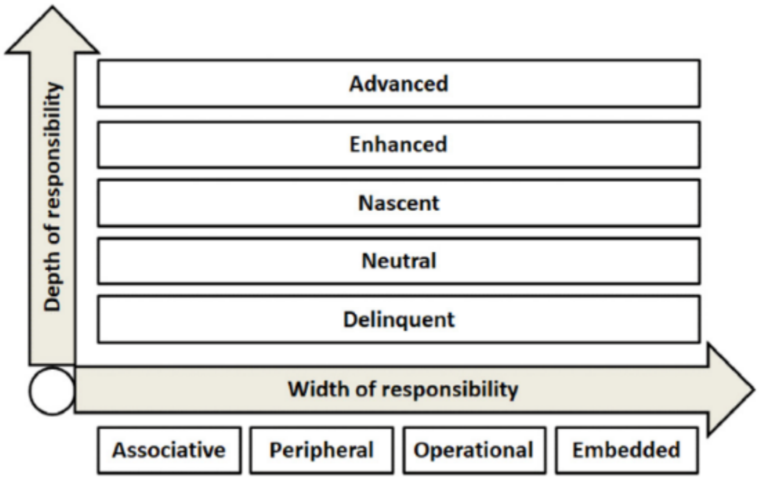

Figure 6 - The Responsibility Matrix (Sinkovics, Sinkovics, & Archie-acheampong, 2020)

To get more clarity, here are some examples of activity classification. Associative activities at a delinquent level of responsibility could include lobbying that negatively influences the climate agenda.

Peripheral activities at a nascent level include one-off donations, while, firms display an advanced level of responsible action when they establish a philanthropic initiative or donate on a long-term basis to projects that seek to remove societal or environmental constraints.

Product recalls are an example of operational activity at a nascent level, they do not necessarily create positive outcomes, but by complying with regulatory measures they can minimize harm to consumers.

Finally, an example of embedded activities at a delinquent level is the production and distribution of cigarettes, while embedded activities at an advanced level of responsibility are those that involve firms delivering a product or service that addresses the root cause of a sustainable development constraint.

Mapping all the relevant activities of a firm onto the responsibility matrix enables managers to identify areas where transformation is most needed. This would allow the more efficient and effective targeting of capacity building efforts.

Finally, the matrix does not simply represent a diagnostic tool, it can also be used as a benchmarking tool to meaningfully track firm progress.

2.3 Shared value

Opposed to the narrow view of economic value creation mentioned above, is the concept of shared value creation. It pertains to the most advanced models of CSR that promote a higher and deeper involvement of companies in social activities to maximize blended value creation strategies. Such advanced models of CSR are built on the concept of strategic CSR and based on the idea that a company should create *"economic* *value in a way that also creates value for society by addressing its needs and challenges"* (Porter & Kramer, 2011). The shared value approach has been adopted by many companies and international organizations among which the EU in its definition of CSR[1].

Porter and Kramer (2011) define the concept of shared value as:

"policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress".

According to Porter and Kramer (2011) companies have three ways to create shared value: reconceiving products and markets, redefining productivity in the value chain and enabling local cluster development.

1) **Reconceiving products and markets** means developing new products and services for existing or new markets which better serve societal needs. "*For a company, the starting point for creating this kind of shared value is to identify all the societal needs, benefits, and harms that are or could be embodied in the firm's products"* (Porter and Kramer 2011).
   One strategy can entails *developing products and services that create societal benefits to existing customers in developed markets.* Food companies that are now re-focusing on the fundamental need of a better nutrition producing healthier food, instead of focusing only on quantity and taste, are one example. Other companies are developing environmentally friendly products varying from hybrid car to the opportunity to purchase bulk products.
   Another option can be to *develop product and services for undeserved markets the so-called base of the pyramid economic (BoP)*. The BoP, with an aggregate purchasing power of around $5 trillion a year, is a huge opportunity to develop new ways to address social needs in order to reduce poverty (short term) while increasing corporate (long term) perspective of growth and profitability. Companies should develop innovative products and services that are adapted to the unique needs of both local customers and distributors.
   Finally, companies can transfer and adapt the new solutions, developed for BoP markets, to traditional markets for serving low-income segments of the population. A clear example is microcredit developed in Asia to provide small credits to poor people, excluded by the traditional banking system, it has been subsequently applied also in Europe and USA.

2) Companies can **redefine the productivity in the value chain** starting from the assumption that societal problems can create economic costs in the firm's value chain (Porter and Kramer 2011). Working conditions, use of natural resources and energy, transportation impacts, packaging use and disposal are all activities that affect the company productivity, the society and the environment. Each company can redesign the activities of its value chain to simultaneously increase productivity and create social and environmental benefits. Redesigning the activities

1 The EU defines the CSR: "as the responsibility of enterprises for their impacts on society" and outlines what an enterprise should do to meet that responsibility. The aim is to maximize the creation of shared value, creating returns for the company's shareholders, ensuring benefits for the stakeholders, and to identify, prevent and mitigate possible adverse impacts which enterprises may have on society *(*European Commission. A renewed EU strategy 2011-14 for Corporate Social Responsibility, Brussels 25.10.2011 COM(2011/681).

throughout the value chain from the perspective of shared value will offer the opportunity to innovate and create blended value otherwise lost.

From this perspective, develop new solutions to reduce energy use throughout the value chain such as in production processes, transportation, buildings, supply chains, distribution channels and logistics is a way to create shared value. Logistics offers opportunities, for example Wal-Mart by rerouting its trucks was able to cut 100 million miles from its delivery routes in 2009 reducing costs, emissions, and transportation impacts (Porter and Kramer 2011). Similarly, companies can increase productivity reducing the use of resources such as utilization of water, raw materials, and packaging, as well as increasing recycling and reuse.

Also, while procurement strategies were traditionally aimed at getting the lower price as possible from suppliers, companies are now increasingly implementing fair procurement practices, supporting small suppliers, sharing technology, or providing financing, increasing the supplier productivity and quality. Developing innovative procurement partnerships based on higher productivity and higher volumes can result in a lower purchasing price for the company especially in BoP markets. It is the case of Danone, that decided to build up a network of existing dairy farmers and help them develop their farms, rather than setting up a number of new farms from scratch. The company was able to implement this approach by working with local partners in Africa and East Europe. Thanks to this strategy Danone improved livelihoods for the local farmers and obtained a more secure supply both in terms of quantity and quality (EVPA, 2015).

Companies can also generate shared value by developing new distribution models and this is particularly relevant in BoP markets where distribution channels are fragmented or even non-existent in rural areas.

Creating better working conditions, facilitate the work-life balance, promote the empowerment of employees are all elements that strongly influence the productivity of the company by increasing the employees' wellbeing.

3) A third way in which a company can generate shared value is by **enabling local cluster development**. The success of each company is strongly affected by the external context in which it operates. In particular productivity and innovation are strongly affected by what Porter and Kramer define as "*clusters, or geographic concentrations of firms, related businesses, suppliers, service providers, and logistical infrastructure in a particular field" (e.g. IT in Silicon Valley)* (Porter and Kramer, 2011). Clusters in addition to businesses includes institutions such as academic programs, trade associations, and standards organizations. The proper operation of a cluster is enabled by the presence of broader public assets in the surrounding community, such as schools and universities, clean water, fair competition laws, quality standards, and market transparency (Porter and Kramer, 2011). Creating a local cluster development strongly influence the productivity, the competitiveness and the degree of innovation of companies operating in that specific area. For instance, the presence of high-quality public education programs, high-quality public healthcare services, adequate infrastructure (e.g. roads, railways, ports, electricity network,..) ensures to companies the existence of skilled workers, a productive and healthy workforce and an appropriate infrastructure system that allows an efficient logistic management. If a cluster is characterized by a lack of one or more of the elements mentioned above, it will incur in additional costs for companies operating in that specific area.

From a shared value perspective companies should reinforce the cluster in which they operate to improve company's productivity while addressing gaps or failures in the framework conditions surrounding the cluster.

Contributing to the development of local clusters is particularly relevant for BoP markets that are characterized by persistent inefficiencies such as lack of reliable infrastructures (roads, energy or water) (Rosler et al., 2013). When companies want to serve BoP consumers should consider that BoP markets are not well developed as western markets and so they should take an active role in creating market opportunities (London and Hart, 2011).

Indeed, many authors instead of market entry deem that the most suitable approach is market creation (London & Hart, 2004; Simanis & Hart, 2008). Market creation refers to a wide set of strategies that companies can develop to create an enabling environment for business activities. From this point of view companies should collaborate with public institutions, NGOs, local companies or international agencies to overcome existing barriers and constrains. Strategies related to market creation can imply the development of infrastructures to promote the access to the market and to distribution channels, create local capacity building or include the BoP in the value chain as producers, employees or distributors in order to increase their income and to promote their integration in the formal market economy (Karnani, 2007; Simanis, 2011).

As summarized by Menghwar & Daood (2021) there are three key dimensions emerging from the definitions of CSV: strategic process, societal problems alignment with the value chain and direct economic profits.

First, CSV is not a one-time activity but a strategic process. Second, the societal issue to be addressed must be tightly linked to the core value chain. A CSV method frequently has an impact on the core business model. Solving a social problem that is connected with a company's value chain will benefit both the company and society in the long run. Third, there should be an financial return in terms of profit. It is not CSV if the solution to a social problem does not result in direct economic advantage.

The concept of shared value clearly overcome the old view of corporate social responsibility seen as a cost of doing business. It is rather a strategic approach to value creation and represents the most advanced and recognized CSR strategy a company can implement.

2.4 Main challenges of CSR

Despite several advantages of developing a strategic CSR, some challenges that could undermine companies' effort may occur. We summarise here the main ones:

Complexity of Stakeholders approach, implementing CSR projects entail adopting a multi-stakeholders approach (Jeje, 2017). As a consequence, conflicts of interest among different stakeholders with different aims and perspectives may arise, necessarily leading to an increase of complexity, which in turn presents a risk of failure or misconception. As a way to achieve successful CSR initiatives, firms should build bridges with their stakeholders in order to find common goals (Lindgreen & Swaen, 2010).

However, how companies prioritize and balance different aspects of CSR is often a huge challenge (Takeuchi & George, 2016), since there is no a one-fit-all solution.

Measuring success of CSR initiatives, despite the recent efforts, there is still difficulty to measure success and performance derived from a specific CSR initiative and the relative benefits that could bring to the company (Glavas & Radic, 2021; Jeje, 2017). It is often difficult to find a common ground to compare different CSR activities given their variety. Therefore this lack of goal clarity and transparency often make it difficult to understand and manage the risks (Takeuchi & George, 2016). This theme presents a strong connection also with the communication topic: a company able to measure the performances and the impact of a CSR strategy is also able to communicate it properly, which is fundamental for external recognition (Takeuchi & George, 2016).

Definition of Skills and organizational structure, it is challenging to understand and identify the right set of skills within a company in order to pursue CSR practices. Moreover, even after identified the right competences, it is still necessary to define the positioning of CSR in the organizational structure and how to integrate it with other department in order to create a connection with the corporate strategy. Some studies show that CSR has evolved into a distinct organizational function with defined reporting lines to senior management (Takeuchi & George, 2016).

Finally, complexity may arise especially for multinational companies, as their CSR activities could be subjected to different directives based on the country in which they operates. For example, India obliged firms to spend 2% of net profits on charitable causes under the supervision of a board-level CSR subcommittee (Takeuchi & George, 2016). Hence, multinational companies must be compliant with laws present in each country while being able to develop a coherent and effective overall CSR strategy

2.5 Tools for CSR

1. **Stakeholders Analysis**

Freeman (1984) defines stakeholders as "any group or individual that can be influenced by the achievement of the organization's goals".

Stakeholders are all individuals/entities/groups of people that are influenced and influence directly or indirectly the organization and the activities that characterize the business. This is why it is essential to accurately identify which are those that can significantly affect the organization's activities in the short and long term.

Usually stakeholders can be classified as:

- **Internal and external stakeholders**, based on their involvement in the organization's activities. Internal stakeholders are within a company (for instance, employees, shareholders and management), while external stakeholders are those outside of the organisation (such as competitors and government).
- **Primary and secondary stakeholders**, where primary stakeholders are directly affected by an organization's activities while secondary stakeholders are indirectly affected by an organizational activities.

The objectives of the stakeholder analysis are to:

- identify and define the characteristics, needs and resources of stakeholders;
- understand stakeholder expectations;
- analyse the actual ability of the different stakeholders to participate / contribute to the organization's activities;
- analyse the ways in which they can be influenced or influence the project;
- define the ways in which it is possible to involve / manage each of the subjects involved;
- qualify the role that each of the actors has in the organization;
- understand the relationships between the various stakeholders;
- identify key stakeholders.

One of the tools used for stakeholder analysis is the **stakeholder matrix**.

The stakeholder matrix has the aim of identifying, in a structured and effective way, which are the interlocutors that an organization must consider as a matter of priority.

Here following the process for the creation of a stakeholder matrix (see Table):

- STEP 0 - Identify the objective of the analysis
- STEP 1 - Identify the major stakeholder groups by defining a list of actors who indirectly or directly influence or are influenced by the organization's activities.
- STEP 2 - Identify the interests of each stakeholder. It can be helpful to ask questions like: What are the expectations of the various stakeholders with respect to the organization? What benefits will there be for the various stakeholders? What resources will they be able to make available for the project? What are the interests that may conflict with the project?

- STEP 3 - Identify the importance and influence of stakeholders. Influence refers to the power (in a broad sense) of the various stakeholders over the organization. The importance refers to those stakeholders whose problems, needs and interests coincide with the purpose of the project.
- STEP 4 - Identify the actions and engagement strategies, establishing the actions necessary to approach or involve the various stakeholders.

Stakeholder	Interest, needs and expectations	Capacity and motivation	Possible actions to satisfy stakeholder's interests and needs

Table 2: Stakeholders Matrix

Another model proposed by Mitchell, Agle and Wood (1997) classifies different stakeholders based on three variables:

- Power to influence the firm
- Legitimacy of the stakeholders' relationships with the firm
- The urgency of the stakeholders claim on the firm.

The more attributes – power, legitimacy, and urgency – a stakeholder is perceived to have the higher their salience. Hence, greatest priority will be given to stakeholders who have power, legitimacy and urgency.

Power and legitimacy are interrelated and the three variables can overlap. The combinations given seven different classes of stakeholders, as illustrated in the following picture.

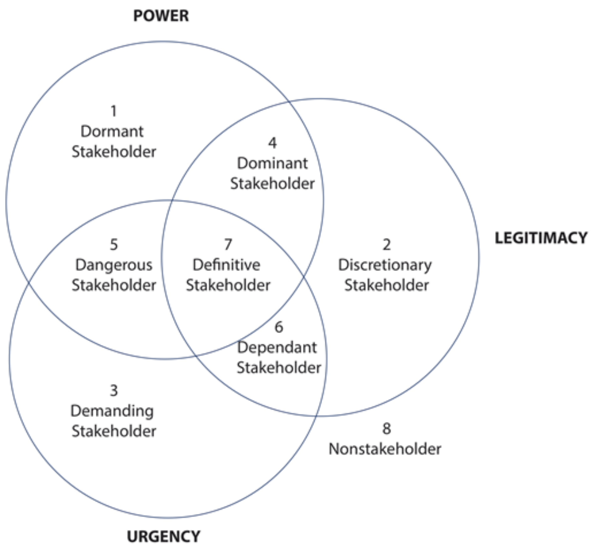

Figure 7: Power, legitimacy and Urgency Model (Mitchell, Agle and Wood, 1997)

Dormant Stakeholders. Possess power to impose their will through coercive, utilitarian or symbolic means, but have little or no interaction /involvement as they lack legitimacy or urgency.

Discretionary Stakeholders. Likely to recipients of corporate philanthropy. No pressure on managers to engage with this group, but they may choose to do so. Examples are beneficiaries of charity.

Demanding Stakeholders. Those with urgent claims, but no legitimacy or power. Irritants for management, but not worth considering. Examples are people with unjustified grudges, serial complainers or low return customers.

Dominant Stakeholders. The group that many theories position as the only stakeholders of an organisation or project. Likely to have a formal mechanism in place acknowledging the relationship with the organisation or project e.g. Boards of directors, HR department, public relations.

Dangerous Stakeholders. Those with powerful and urgent claims will be coercive and possibly violent. For example, employee sabotage or coercive/unlawful tactics used by activists.

Dependent Stakeholders. Stakeholders who are dependent on others to carry out their will, because they lack the power to enforce their stake. For example, local residents & animals impacted by the BP oil spill. Advocacy of their interests by dominant stakeholders can make them definitive stakeholders.

Definitive Stakeholders. An expectant stakeholder who gains the relevant missing attribute. Often dominant stakeholders with an urgent issue, or dependent groups with powerful legal support. Finally, those classed as dangerous could gain legitimacy e.g. democratic legitimacy achieved by a nationalist party.

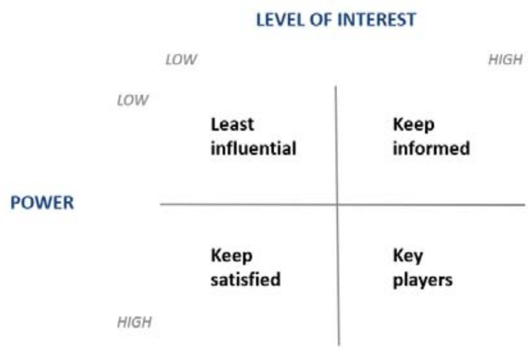

Figure 8: The Power Interest Matrix by Johnson and Scholes (1999)

The last tool for stakeholders analysis presented is **the Power Interest Matrix** by Johnson and Scholes (1999).

The power/interest matrix can be seen in Figure (8). It classifies stakeholders in relation to the power they hold and the extent to which they are likely to show interest in supporting or opposing a particular firm's strategy. The matrix indicates the type of relationship which organisations typically might establish with stakeholder groups in the different quadrants.

- *Key Players.* Clearly, the acceptability of strategies to Key players is critical.

- *Keep Satisfied.* Often one of the most challenging situations are related to stakeholders with high power and low interest (institutional shareholders may fall into this category). Although these stakeholders may appear to be passive in general, a tough situation might emerge if their degree of interest is underestimated, and they quickly reposition to Key players, obstructing the implementation of a new plan.
- *Keep informed.* Organisations might address the expectations of stakeholders with high interest but low power through information – for example, to community groups. These stakeholders can be crucially important 'allies' in influencing the attitudes of more powerful stakeholders: for example, through lobbying.
- *Least influential.* The stakeholders with low power and low interest fall into the category of Least Influential. The organizations while focusing more on the other stakeholders should pay a little attention to possible changes in their attitude and power.

2. *Materiality Analysis*

A materiality assessment, which has been used in financial circles for decades, highlights issues that are essential to an organization's performance. Materiality is often conceived in financial reporting as a threshold for influencing the economic decisions of people who use an organization's financial statements, particularly investors. A similar concept is also important in sustainability reporting, as the materiality analysis has been promoted several times by the Global Reporting Initiative (GRI) and the International Integrated Reporting Committee (IIRC).

Material topics are ranked by considering two dimensions (see Figure 9): (1) the significance of the organization's economic, environmental, and social impacts and (2) their substantive influence on the assessments and decisions of stakeholders (GRI).

Figure 9: Materiality Matrix (GRI)

A topic can be material if it ranks highly for only one dimension of the Materiality principle.

A materiality assessment is an excellent tool for engaging stakeholders across value chain and understanding both how the organization has an impact on these issues and how those issues impact the organization.

It is important that, in determining material topics, an organization considers the full picture of its significant outward impacts on the economy, the environment, and society – not only those impacts that have immediate consequences from a business perspective, such as financial costs or a damaged reputation. Identifying significant impacts on the economy, environment and society in a holistic way enables the timely discovery of less visible issues that, longer-term, may need action or have critical consequences, including financial ones.

In addition, the Non-Financial Reporting Directive of the EU Commission introduced "*a 'double materiality perspective', meaning that companies have to report about how sustainability issues affect their business and about their own impact on people and the environment*".

In the concept of double materiality, it is not just the impacts of economy, environment and society on the company that can be material but also impacts of a company on the economy, environment and society

3. **The sustainability Report**

Sustainability reporting is one of the main management, control and accountability tools for companies that adopt socially responsible behavior.

A Sustainability Report must be:

- Representative of the relevant issues for the company and its sector
- Functional to the informative needs of the different stakeholders
- Complete

It is a document drawn up on a voluntary basis, except for large companies or groups of companies and being so, it is often drawn up for external reasons (particularly sensitive consumers).

In the table are listed the most important frameworks used in the development of the sustainability report:

Framework	Description
SDGs	The **Sustainable Development Goals** (SDGs), promoted by the United Nations and adopted by its members in 2015 as part of the 2030 Agenda for Sustainable Development, consist of a series of metrics that form 17 social, economic and environmental sustainability goals.
OECD guidelines for multinational companies	The **OECD Guidelines for Multinational Enterprises** are recommendations addressed by governments to multinational enterprises operating in or from adhering countries. They provide principles and standards of good practice consistent with applicable laws and internationally recognized standards. Compliance with the Guidelines by companies is voluntary and not legally enforceable.
Global compact NU	The **UN Global Compact** is a leadership platform for the development, implementation and dissemination of responsible business policies and practices.
Reporting framework (GRI) MOST COMMON	**GRI (Global Reporting Initiative**) is an independent international organization that aims to make sustainability reporting a routine for all organizations, such as financial reporting. **The GRI Sustainability Reporting Standards (GRI Standards)** are the first and most widely adopted global standards for sustainability reporting.
ISO 26000	**ISO** 26000 is an international standard that provides guidelines on corporate social responsibility (CSR) and organizations. It is a certification that recognizes respect for society and the environment.
Integrated reporting framework (IIRC)	**The integrated reporting framework (IIRC)** is proposed as a corporate and business reporting standard, providing companies wishing to prepare integrated reports a guide based on "principles".
Impact Weighted Accounts (IWA)	**Impact Weighted Accounts** are a tool to promote the creation of reporting that reflects a company's financial, social and environmental performance. It is developed by Harvard Business School (2019).

Table 3: Most common Frameworks for Sustainability Report

The most frequent framework is GRI (Global Reporting Initiative), an independent international organization that helps companies, governments and other organizations to understand and communicate their impacts. The main product of the GRI are the Sustainability Reporting Standards, made available as a free public good. They have been continuously developed over 20 years and represent global best practices for reporting on economic, environmental and social issues. The GRI Sustainability Reporting Standards (GRI Standards) are the first and most widely adopted global standards for sustainability reporting with the aim of making sustainability reporting a routine for all organizations, like financial reporting.

The Integrated Report

The Integrated Report is a single document that contains both the descriptive and financial information contained in the financial statements of a company, and the descriptive and non-financial information (such as environmental, social and governance issues) contained in the so-called sustainability report. The Integrated Report is an important transparency tool, created by interacting with suppliers, customers, investee, employees, collaborators and the overall community.

It offers managers the opportunity to clarify these boundaries and explain how "other commitments" are transformed into activities that increase value. The integrated report challenges managers to provide more detail on how they are "doing good business (for shareholders) while doing good (for stakeholders).

Integrated budgeting is the next frontier of CSR accounting. The challenge of reaching a global standard was launched last year by the International Integrated reporting committee, which includes the top management and experience of the main international bodies responsible for defining reporting standards.

3. Hybrid organisations

In the existing literature hybrid organisations pursuing simultaneously social and economic aims are usually gathered under the broader umbrella concept of *social entrepreneurship*. It has been noted that the phrase “social enterprises” has been used to describe a wide range of phenomena: “earned income strategies by nonprofits (Dees, 1998); voluntary organisations delivering public services (Di Domenico et al., 2009); democratically controlled organisations blending social and economic goals (Defourny and Nyssens, 2006); profit-orientated businesses operating in public welfare fields (Kanter and Purrington, 1998), or having a social conscience (Harding, 2010); and community enterprises addressing social problems (Williams, 2006; Teasdale, 2012).

All these organisations have in common the primacy of social aims and the centrality of trading, although to different extends.

Although we are using here a different terminology, the concept of social entrepreneurship overlaps with some of the organisational forms that were presented above.

In general terms, these organisations can be defined as entrepreneurial organisations addressing a specific social aim and generating social value by developing an entrepreneurial model that allows a certain economic sustainability. The generation of social value is the primary and intentional force that drives all the commercial and market-based activities.

From this perspective, by pursuing both financial sustainability and social aims, social entrepreneurship do not fit into the conventional categories of private, public and non-profit sector and are a prime example of hybridity (Doherty et al., 2014).

Not for profit organisations with income generating activities and social ventures incorporate the three key dimensions of a social enterprise that have been identified and refined over the last decades through a body of academic and policy literature:

- An *entrepreneurial dimension*, i.e. engagement in continuous economic activity, which distinguishes social enterprises from traditional non-profit organisations/ social economy entities (pursuing a social aim and generating some form of self-financing, but not necessarily engaged in regular trading activity);
- A *social dimension*, i.e. a primary and explicit social purpose, which distinguishes social enterprises from mainstream (for-profit) enterprises; and,
- A *governance dimension*, i.e. the existence of mechanisms to ‘lock in’ the social goals of the organisation. The governance dimension, thus, distinguishes social enterprises even more sharply from mainstream enterprises and traditional non-profit organisations/ social economy entities.

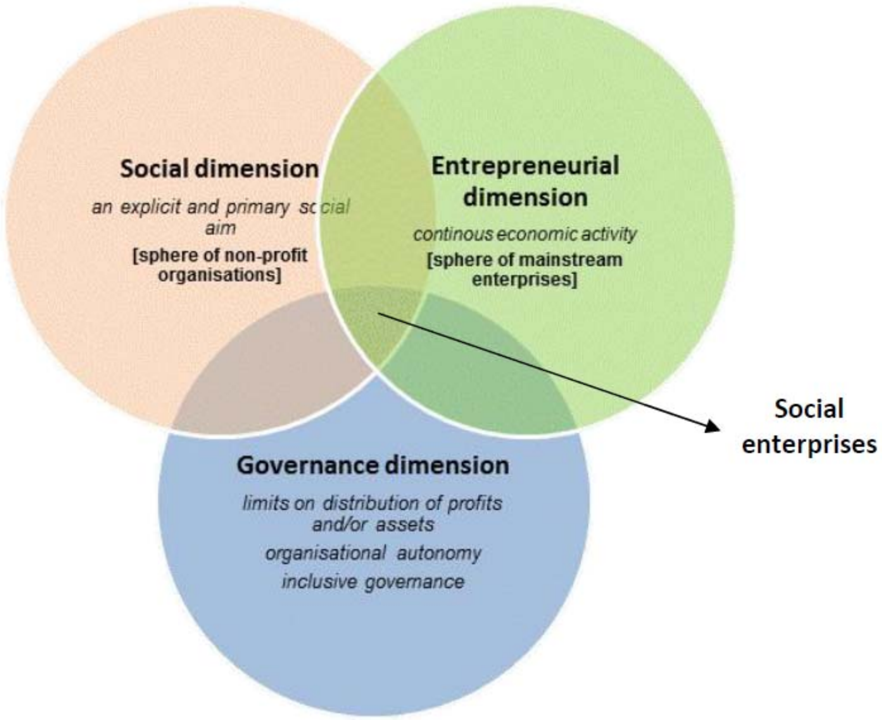

Figure 10 - The three dimensions of a social enterprise (European Commission 2015)

Different **theoretical classifications and typologies** of social enterprises, their conceptual meaning and organizational forms, have been proposed by academic literature[2].

Defourny and Nyssens (2017) identify their typology of social entrepreneurship based on the following three lenses, that combine principles of interest, resource mix and institutional trajectories:

1. Three principles of interest

   Drawing on Gui (1991) Defourny and Nyssens identify three main principles of interest:

   a. Mutual interest (MI) that orients organisations to serve their own members/associates (workers and/or users), typical examples are mutual and cooperatives.
   b. General interest (GI) that orients organisations to serve people different from their own members.
   c. Capital interest (CI) that orients organisations towards the maximization of profits.

   The three principles can be represented as the angels of a triangles.

   According to this logic, organizations seeking the interest of their members (such as mutual and cooperatives) are located in the ''MI' angle. Associations such as voluntary organizations, charities, etc. seeking a public benefit are close to the GI angle. Organisations moved mainly by a profit motive are located close to the CI angle.

2. Resources mix

   Defourny and Nyssens observe that the degree of market reliance of social enterprises varies, combining in different ways various resource types (market income, public grants, philanthropic resources).

2 Some typologies of SEs can be found in: Zahra et al. (2009); Teasdale (2012); Defourny and Nyssens (2017). .

Particularly, they distinguish between organisations relying on market resources, non-market resources and a mix of both.

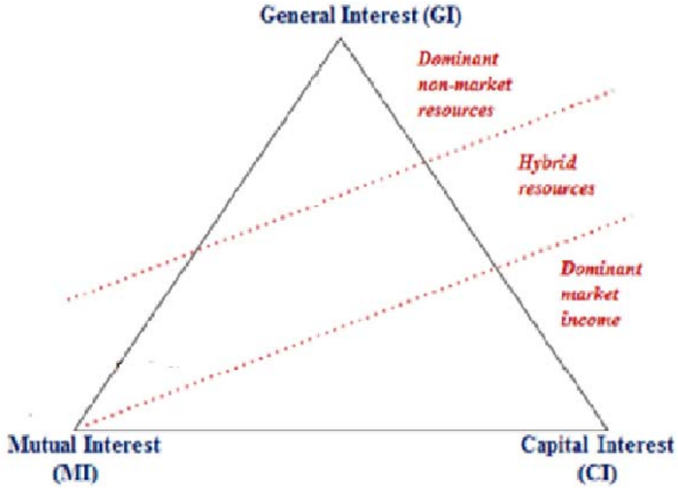

Figure 11 - Typology of social enterprises and institutional trajectories (Defourny and Nyssens, 2017)

3. Institutional trajectories

   Based on the resource mix and interests, the authors describe institutional trajectories generating different social entrepreneurial models.

   The trajectories consist of two main moves:

   a) an "upward" move of mutual or capital interest organizations towards a behaviour or strategy giving more importance to general interest in the organization's social or societal mission.

   b) a "downward" move of general interest organizations (hitherto relying mainly on non-market income, if not fully subsidized by public authorities) towards more market-oriented activities in order to complement their existing resources.

At the crossroads of these trajectories stay the different forms of hybrid organisations.

3.1 A new entrepreneurial genre: Social Ventures

Within the wide spectrum of hybrid organisations, we identified above some organisations able to fully integrate the social and economic aims, achieving their social mission through an entrepreneurial approach: the y Social Ventures.

It is indeed an emergent entrepreneurial genre that do not fully overlap with the broad category of social entrepreneurship as outlined above.

These organisations appear at the crossroad of a process of transformation resulting from the hybridization of for-profit and philanthropic organisations, the two edges of the spectrum presented above. From this perspective, Social Ventures particularly are hybrids, often technology intensive, that have to be regarded as the outcome of a twofold evolutionary process originated both from the third sector, with social enterprises getting more and more structured in terms of business models, governance and resources, and the traditional for-profit sector, with corporations trying to adapt themselves to threats and opportunities generated by sustainability challenges.

Particularly we will focus here on Social Ventures. Considering the primacy given to social purposes in their mission and their entrepreneurial attitude, these organisations are a sort of hybrid-ideal where social and economic missions appear indivisible (Dees et al., 2002).

We call them here Social Ventures, to distinguish them from the more general/broad term 'social entrepreneurship', that, as was outlined above, also include various forms of not form profit organisations with income generating activities lacking a structured entrepreneurial approach.

In social ventures social and economic value creation are so integrated that a virtuous cycle of profit and reinvestment in the social mission is developed (Battilana et al., 2012). As mentioned above, social entrepreneurship includes organisations where the extent of commercial activity ranges from minimal to total reliance on trading income. Social ventures are at the end of this spectrum since ideally rely completely on their trading income to achieve their social goals. From this perspective, it is important to note that this is an emergent entrepreneurial form, and we focus here on the process of transformation to infer the attributes that will characterize the 'ideal' social venture at the end of the transformational process.

Figure 12 - Social ventures as hybrids that blend market and social logics

In terms of offering a perspective on the future evolution of Social Ventures, we should note that many scholars tend to consider the Social Venture not a lateral form of entrepreneurship but a brand new entrepreneurial *genre* (possibly the future mainstream form of entrepreneurship).

The next chapter focuses on this type of organisations, particularly presenting their business models, strategies and management characteristics.

4. Hybridity as we know it: legal models

The ecosystem of hybrid organisations is still significantly fragmented when it comes to the legal framework, with several legal models that organisations can adopt to deliver their impact. Indeed, despite the common goal of pursuing an impact, these entities, under a legal perspective, may differ depending on the specific legal form or status and jurisdiction.

The following presentation of the impact legal models has a broad and simplified scope: to outline how the development of legal models relate to the hybridity spectrum presented above. However, it is important to note that existing legal forms do not perfectly overlap with the organisational typology outlined above.

Starting from **Charitable and Philanthropic Organizations,** from a legal point of view, these are traditional non-profit entities from the purely philanthropic sector, delivering their impact without running any income-generating activity and with a full profit and asset lock.[3]

The **Non-profit Organizations** comprehend those entities (i.e. associations or foundations) which have the same legal forms of the first cluster (charitable of philanthropic organisations), but to the contrary carry out entrepreneurial, trading or commercial activities as a way to deliver their social mission. Under a legal perspective, it shall be noted that revenues from such activities are mandatory and exclusively allocated to the pursuit of the social purpose, according to a full profit and asset lock.

The **Social Ventures**, as was outlined above, are companies whose primary social mission totally overlaps with entrepreneurial, trading or commercial activities - resulting in a more sustainable business model. This cluster includes for instance the "**Impresa Sociale**" (Italy), the "**Entreprise de l'Economie Sociale et Solidaire"** and the "**Enterprise Solidaire d'Utilitè Sociale**" (France), the "**Sociétè d'Impact Sociétal**" (Luxemburg), but also the **Community Interest Company** (UK) and the **Low Profit Limited Liability Corporation** (USA).

Another example of a Social Venture model is the **Finnish Social Enterprise Mark**, a private certification stating that the company is engaged in responsible business activities. In order to be eligible and obtain the label, the company shall be assessed by an independent Committee of the Association for Finnish Work.

Despite some differences, it seems Social Ventures share some common traits from a legal point of view, namely:

- there is at least a *partial profit lock*, with dividends that can be distributed to shareholders according to caps established by each jurisdiction;
- *activities*, primary carried on for a social aim or a common benefit purpose, must be selected among those compulsorily listed by Law or approved by a specific regulatory authority, depending on the jurisdiction.

To further comprehend the principles shared by these legal models, reference should be made to the EU Parliament 2018 recommendation to the EU Commission for adoption of a "*Statute for Social and*

3 A "profit lock" means a limited capacity of the entity to distribute to the owners the profits earned, either during the life of the entity or upon liquidation. An "asset lock" means, for instance, that in case of winding up, the organization is required to transfer to a legal form with the same restrictions/purposes the assets remaining after all depts have been settled.

Solidarity-based Enterprises" - a preliminary attempt for an EU taxonomy on Social Ventures. Accordingly, such entities should:

- be a private Law entity established in whichever form available, independent from the State and public authorities;
- pursue a purpose general interest or public utility purpose;
- carry out a socially useful and solidarity-based activity, (i.e. supporting vulnerable groups, combatting social exclusion, inequality and violations of fundamental rights, helping protect the environment, biodiversity, the climate and natural resources etc.);
- have at least a partial profit lock and specific constraints on the allocation of profits/assets, including at dissolution, with the majority of the profits reinvested to achieve the social purpose;
- have a democratic governance involving employees, customers and stakeholders affected by the activities, with members' power and weight in decision-making not necessarily based on the capital they may hold.

Moving to the **Profit for Purpose** businesses, these companies are set up primarily to run a business and distribute dividends to shareholders, with a complete alignment between core business and the pursuit of collective benefits. Moreover, having a full capacity of profit distribution, they represent a perfect junction between impact and investibility. In certain circumstances, the impact commitment of these organizations may not be imposed by Law but may result from a choice made by the shareholders themselves in the constituent documents. In any case, their social outcome objective is locked in their mission. Notably, the Benefit Corporations and B Corps perfectly represent the hybrid approach to business of Profit for Purpose companies.

Benefit Corporations are impact organizations expressively regulated by the Law and firstly introduced, since 2010, in 36 States in the US. This legal model is now legally recognized also in Italy (first non-US Country to adopt a specific legislation, in 2016), Colombia (2018), Puerto Rico (2018), British Columbia - Canada (2019) France (2019), Ecuador (2019) and Peru (2020). Similarly, more than 10 Countries have ongoing legislative processes aimed at such recognition (i.e. Australia, Argentina, Chile, Taiwan, Korea, Spain, Uruguay).

It is worth noting that for Benefit Corporations impact measurement is mandatory and expressly regulated by the Law. For instance, under the Italian Law 208/2015 the "Società benefit" (Italian Benefit Corporation) shall draft an annual report - attached to the financial statement - concerning the pursuit of common benefits. Such report shall provide information related to the achievement of the collective benefit goals and the effectiveness of the actions implemented, measuring the impact generated by the company in relevant areas such as governance, employees, stakeholders and the environment. Annexes 4 and 5 of the above-mentioned Law specifically detail the characteristics of the mandatory "external standard of assessment" that Società Benefit must use in measuring their impact.

Unlike Benefit Corporations, **B Corps** does not represent a specific legal form or status, but an impact entrepreneurship model of for-profit companies which pursue common benefits and measure their impact achievements through the "B Impact Assessment". B Corps are intrinsically linked to Benefit Corporations: i.e. they are required by the entity that certifies them (B Lab, a non-profit organization established in the US) to adopt the legal model of Benefit Corporation - if regulated in their jurisdiction.

Analysing now the **Profit with Purpose** businesses, it is first necessary to point out that this categorisation is based on an organisational approach rather than a specific legal distinction: they mainly differ from Profit for Purpose businesses since their strong impact component is not indistinguishable from the core business, as was mentioned above. From a legal point of view, it is relevant to note that Profit with Purpose businesses may:

- embody the same legal models of Profit for Purpose businesses (i.e. Benefit Corporations and B Corps);
- simply lock their impact commitment in the constituent documents, without adopting any impact legal form or status specifically regulated by Law.

As far as the last cluster is concerned, **Traditional For-Profit** businesses, on a legal ground these are companies that pursue social needs on a pure voluntary basis and not according to a specific legal form, status or constituent document - currently, the widest category belonging to the impact entrepreneurship ecosystem.

One last reference should be made to **Cooperatives**, whose discipline varies considerably from one jurisdiction to another. Such entities are commonly established in the traditional legal forms of companies (joint-stock company, limited liability company, etc.), but with some peculiarities:

- they carry out entrepreneurial, trading or commercial activities pursuing both profit (dividends distribution is allowed within certain limits) and a "mutual" purpose (the latter represented by the shareholders common interest to constitute the Cooperative to jointly benefit from better working conditions, more advantageous prices and lower costs for raw materials and services);
- they are defined by a democratic governance (evident in the principle of "one head one vote" - the voting right is assigned equally to each shareholder and not in proportion to the shareholding value - as well as in the principle of the "open door" - which requires directors, for instance, to motivate the rejection on the entry of new shareholders);

For all these considerations, with specific regard to the open and inclusive governance, the Cooperative is itself a legal model particularly suited to pursuing common benefits, similarly to the business model of Profit with/for Purpose companies.

An example is the **Belgian cooperative recognized as "entreprise sociale"**, the successor of the former Social Purpose Company, abolished in 2019. To acquire the label of "entreprise sociale", the cooperative shall meet specific requirements (i.e. realize a positive and social impact on human beings, environment and society, incorporate the broader purpose in the bylaws, have a profit-lock distribution not exceeding a yield of 6 %).

Another case to be mentioned is the "**Cooperativa Sociale"**, which belongs to the Italian jurisdiction where it has been legally associated with the above-mentioned Italian "Impresa Sociale". The Social Cooperative is a particularly innovative legal model of cooperative, given the mandatory pursuit of common benefits. In particular, they shall pursue the general interest of the community through, alternatively: (A) the performance, in subsidiarity with respect to the public sector, of specific activities as social, health or educational services, or the integration or reintegration into the labour market of disadvantaged people; (B) the performance of activities – i.e. agricultural, industrial, commercial or service - directly employing disadvantaged people (no less than 30% of the total workforce). Accordingly, it might be possible to trace this legal model back into the Social Venture cluster.

As a conclusive legal remark, it is important to note that, following investors' growing attention to the level of transparency and commitment of the targets, *impact market players are increasingly turning to impact* *business models expressly recognised and regulated by the legislator, as well as with a legal capacity of dividends distribution*.

Appendix - The terminology swamp

In scientific articles but also in newspapers and magazines it is possible to come across a myriad of concepts related to CSR such as corporate social innovation, creative capitalism, inclusive business, corporate sustainability, or corporate philanthropy among others. Despite are all related to the social sphere of a corporation, they are characterized by different approaches and features. In order to provide a better understanding of such concepts the different CSR models have been classified according to two dimensions.

The first dimension is related to the degree to which the model generates social or economic value. Blended value creation means the creation of economic social and environmental value simultaneously. A blended value proposition integrates the maximization of social, environmental, and economic value within a single firm (whether for-profit or nonprofit) (Emerson, 2003). The concept of blended value can be considered as a continuum useful for the conceptualization of the wide range of ways through which business can contribute to social development – comprising models which reflect different degrees of focus on economic and social return.

The second dimension distinguishes between models that adopt a market based approach to solve the social issues and those that are based on a more charitable approaches. Developing a market based approach to a social problem is the idea of solving social problems (such as poverty, malnutrition, unemployment,..) through the development of an entrepreneurial activity as M. Yunus (2010) said: "whenever I wanted to deal with a social or economic problem, I tried to solve the problem by creating a business around it". Non-market based approaches to a social problem vice-versa refer to programs, projects or initiatives that through donations, grants or other forms of support provide aid and assistance to solve a social problem without the perspective of being economically sustainable. As a result the different corporate social responsibility models have been classified according to different degrees of focus on economic and social return and to the adoption or not of a market based approach. Four main clusters fairly homogeneous result.

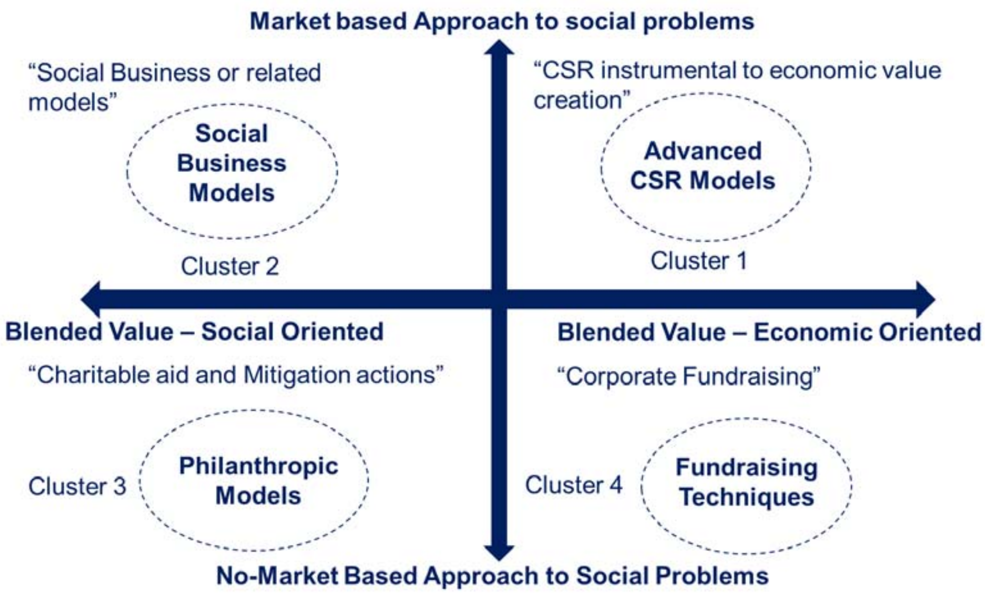

Figure 13: CSR classification

Cluster 1 – Advanced CSR Models

The first group (cluster 1) includes the following models (akin to shared value): corporate social innovation, corporate social entrepreneurship, inclusive business and creative capitalism. Such advanced CSR models stress the idea that a company by solving social problems can increase his long term perspective of growth and profitability. The blended value creation strategy of Advanced CSR models is finally economic oriented because the social value creation becomes purely instrumental even if intentional. Furthermore, such models, focusing on the integration of the social / environmental dimension into the core business, make the solution sustainable on a market based approach. In the table below is reported the list of the advanced CSR models included in cluster 1.

Social Initiatives:	Promoter:	Focus on:	Approach:	Objective:	Examples:	Ref:
Corporate Social Innovation (CSI)	Corporation (partnership with no profit)	Core business	Maximize profits through positive social change	New markets product and services, operational efficiency, new undeserved customer	Coca-Cola Recycling LLC. Cummins Inc. (Africa) Engine Manufacturer – Skilled Tech.	Mirvis, Herrera, et al (2016) Saul (2011) MacGregor (2008)
Creative Capitalism (Closer CSI) (Ccap)	Corporation (partnership with no profit or Public sector)	Core business	Profit seeking – satisfying social needs	New product and service, new markets and clients, reputation	Microsoft: Collective school PC Visual Interface Illiterate Users	Saul (2011) Gates (2008) Kohen (2008)
Inclusive Business (IB)	Corporation (Partnership with no profit)	Core Business at BOP Markets	Long term profit strengthening business environment at BOP (Upstream-Downstream Value Chain)	New markets, supply chain efficiency, product innovation, empowerment of local workforce.	Tetra Pak Providing Food (Milk) to School Affluent school adopting needy school ; educational support	Opola, et al. (2021) UN (2013) ; Prahaland Hammond (2002) Karnani (2007; 2009)
Corporate Social Entrepreneurship (CSE)	Corporation (partnership with no profit or public sector)	Core Business and stakeholder as a whole	Optimizing stakeholder returns (value – driven)	Long term profit, maximize social impact of core business activity	Odebrecht: Interoceanica sur, part. plan , turism,handicraft	Spitzeck (2013) Austin (2009)
Shared Value (SV)	Corporation (partnership profit – no profit)	Core Business and competitive context	Strategic Inv. Product and MKT, Value Chain, Local Support Cluster	Long term Profit Comp. Adv productivity, new process and product	Nespresso: new sust. production tech., fair price, high quality and efficiency	Menghwar & Daood (2021) Spitzeck (2012) Porter and Kramer (2011)

Table 4: Advanced CSR Models

- *Corporate Social Innovation (CSI):* According to Saul (2011) "[corporate] social innovation is about innovating creative, market-based solutions to social problems that result in high-growth, profitable business opportunities". (Herrera, 2015) defines corporate social innovation as "a measurable, replicable initiative that uses a new concept or a new application of an existing concept to create shareholder and social value". Companies that institutionalized and integrate CSI achieve greater sustainability and increase their competitive advantage (Herrera, 2015). The challenge is to advance corporate goals while creating social value through innovative activities. In other words, corporate social innovation has the aim of creating economic value through positive social change (Saul, 2011). Being the positive social change aligned with the core business of the firm it is sustainable and scalable.
- *Creative Capitalism*: Gates (2008) introduced the concept of creative capitalism to answer the following question: How can we most effectively spread the benefits of capitalism and the huge improvement in quality of life it can provide to people who have been left out? In other words he claims for a deeper and systematic involvement of companies in solving complex social problems such as poverty, migration or unemployment. Gates (2008) defines creative capitalism as "an approach where governments, businesses, and non-profits work together to stretch the reach of market forces so that more people can make a profit, or gain recognition, doing work that eases the world's inequities." Gates (2008) argues that companies have to leverage their own expertise and resources in new ways to satisfy unmet social needs, while making a profit. The concept of creative capitalism has been developed with a special focus on people living in poverty as a corporate approach to develop new products, services and business models to target poor people traditionally excluded by the market, while simultaneously generating new business opportunity for companies. According to Gates (2008) companies can identify such opportunities on their own or collaborate with no profits or governments to create them.
- *Inclusive business models*: The defining characteristic of inclusive business is that companies explicitly target: "middle to low income communities, potentially in addition to and/or to the detriment of pursuing more profitable markets, and incorporate these communities into their value chain as suppliers, clients, customers of entrepreneurs – rather than simply as passive beneficiaries" (UN 2013). Inclusive business models are intended to circumvent existing market failures and inefficiencies to successfully integrate the poor, either on the demand side as clients or on the supply side as distributors, suppliers of goods and services, or employees (UN 2013 ; Prahaland and Hammond, 2002 ; Rosler, 2013)
- *Corporate Social Entrepreneurship*: Austin and Reficco (2009) introduced the concept of corporate social entrepreneurships (CSE). He defines CSE "as the process of extending the firm's domain of competence and corresponding opportunity set through innovative leveraging of resources, both within and outside its direct control, aimed at the simultaneous creation of economic and social value". The purpose of the corporate social entrepreneurships is to provide a framework to promote an organizational transformation of companies into more powerful actors of social value creation (Austin & Reficco, 2009). Indeed, according to Austin (2009) the very purpose of corporations should "migrate from one of maximizing returns to investors to optimizing returns to stakeholders". From this point of view CSE asks companies to integrate a social value creation strategy into the core business to make financial and social returns complementary and synergic rather than competing. Austin (2009) asserts that CSE can be seen as a process that will transform

the way in which companies operate according to the following elements of change: creating an enabling environment, fostering corporate social intrapreneurs, amplifying corporate purpose and values, generating double value, building strategic alliances.

Cluster 2 - Social Business or related models

This cluster includes models that apply a business approach to solve social problems. It encompasses the concepts of social enterprise, venture philanthropy and philanthro-capitalism. The concept of social enterprise is based on the idea of develop enterprises that are characterized by a primary social or environmental aim rather than economic or personal objective. In other words, the social business consists in the development of innovative market based solutions of complex social problems such as malnutrition, poverty or climate change. The origin of the concept of social business is clearly stated by Yunus: “whenever I wanted to deal with a social or economic problem, I tried to solve the problem by creating a business around it” (Yunus, 2010 pp.17).

Corporate Social Initiatives:	Promoter:	Focus on:	Approach:	Objective:	Examples:	Ref:
Venture Philanthropy (VP)	Foundations or partnership (profit - no profit)	Social activity with business support	From pure grant → to Social Enterprise	Social objectives, reputation, legitimacy and credibility	BonVenture I and BonVenture gGmbH, Cross-financing	Van Slyke (2006) Jonh (2006) Frumkin (2002) Alemany (2010)
Philantro-Capitalism (PC) evolution of VP	Entrepreneur or Foundation as grant makers	Social Activity with business support	Market based approach to grant-making (foundations)	Social objective – expand influence of entrepreneurs, reputation and credibility	Bill and Melinda Gates foundation, Clinton Global Initiatives	Jenkins (2011) Edwards (2008)
Social Enterprise or social business (SE)	Partnership (Profit - no profit/social entrepreneurs)	Social Business Activities	Market based solution to a social problem	Blended value, new markets, product and service innovation, reputation and credibility.	Grameen Bank: Microfinance; Grameen Danone; Grameen Telecom	Alter (2007) Seelos (2006) Nelson (2006) Defourny (2008) Dees(1998)

Table 5: Corporate social entrepreneurship

- *Social Enterprise (or Social Business):* “A social enterprise is defined as any business venture created for a social purpose–mitigating/reducing a social problem or a market failure–and to generate social value while operating with the financial discipline, innovation and determination of a private sector business” (Alter 2007). The concept of social enterprise is a hybrid form that occupies a unique space within the economy at the intersection of profit business and traditional not for profit, blending market base approaches and non-market ones (Alter, 2007; Defourny and Nyssens, 2010; Yunus et al., 2010). From this point of view the social enterprise can be considered a new way of doing business where the social dimension is totally integrated in the business and, as a consequence, it represents a promising strategy to develop new value creation strategies where social and economic value are synergic and complementary (Seelos and Mair, 2007). For companies, the social enterprise is an opportunity to develop new business models that really integrate the social dimension into the business operation and can be defined as: “a new model of corporate social engagement where large companies start-up or expand a business venture created to satisfy unmet social needs, through the development of “socially innovative solutions". With the aim of generate blended value. Such hybrid entrepreneurial models are particularly relevant to explore contexts such as BoP where companies have to develop new products, services or business models tailored to the unique needs of the local context.

- *Venture Philanthropy*: includes programs that apply the techniques associated with venture capitalists to support hybrid organizations that generate positive social change, it implies a substantial investments of both growth capital and strategic assistance. Often it applies the principle of social enterprise to private foundations, thereby it focuses on ventures (social enterprises) seeking a double bottom line (Jenkins, 2011; Van Slyke, 2006; Morino, 2004).
- *Philanthro-capitalism*: is a concept based on the idea of apply business thinking and market approach to mission driven organization. Jenkins (2008) states: “If only we can make foundations and non-profits operate like businesses and expand the reach of markets, great things will be within our reach, much greater than all the traditional activities of civil society combined”. Furthermore, is characterized by three central features: the application of business principles to grant-making, high engagement by the funder and the tendency of funders to expand their spheres of influence. It applies entrepreneurial business thinking and strategy to solve social problems.

Cluster 3 - Philanthropic Models

Such cluster includes programs usually implemented under the label of corporate citizenship or corporate philanthropy. Corporate philanthropic models basically encompass programs of social funding, traditionally developed by corporate foundations, with the aim providing grants to an external organization that then develop the social activities. In this cluster are also included reactive corporate behavior aimed at mitigating the negative impact of companies on society. Such programs usually represent the reaction of companies to the external pressure of stakeholders or civil society organizations that claim for a stronger social responsibility. Therefore, corporate philanthropy programs are focused on generic social issues raised by stakeholders that are often unrelated to the company business and are seen as a cost of doing business. The value generated is mainly social and the solution is hardly sustainable.

Corporate Social Initiatives:	Promoter:	Focus on:	Approach:	Objective:	Examples:	References:
Corporate Citizenship (CC)	Corporation or Foundations	Local community and stakeholder	Welfarist: Administrator of citizenship rights. Provider of social services	Promoting local development and stakeholder relationship, reduce risk, high reputation legitimacy and employees motivation	General Electric, support school program (USA) donations also in kind tutorship, assessment, mentoring	Matten & Crane (2003) ; Waddock (2004)
Corporate Philanthropy (CP)	Corporation or Foundations	Charity, Donations	Charitable giving and assistance programs	Promoting local development and stakeholder relationship, reduce	Novartis free provision of multi drug therapy to fight	von Schnurbein (2021) UN (2013)

				risk, high reputation legitimacy and employees motivation	Leprosy	

Table 6: Philantropic models

- *Corporate Philanthropy*: is the act of a corporation or business of promoting the welfare of stakeholders, generally through charitable donations of funds or employees-time. Corporate philanthropy programs include three main type of actions: (1) support civic, educational or cultural organizations in order to improve local social conditions; (2) promote social activities favoured by employees, customers or community leaders in order to improve stakeholders relationships; (3) undertake programs to mitigate / reduce the negative externalities of business activities on the local community (Porter & Kramer, 2006). Such philanthropic programs address generic social issues and are seen as a cost of doing business in order to fulfil the evolving expectations and social concerns of stakeholders.
- *Corporate Citizenship*: assumes a wider perspective analysing the role of corporations in the society. In particular, the social role of corporations in administering citizenship rights - corporations as provider of social rights (welfare services) – corporations as enabler of civil rights (own property, freedom of speech,..) and political rights (right to vote,…) (Matten, 2003). Corporations are conceptualized as powerful public actors which have the responsibility to respect those individual citizen’s rights. The focus is on how corporations administer the citizen’s rights considering that they have also the power to encourage or discourage the respect of such rights by other stakeholders such as Governments, especially in vulnerable context. In the area of social rights many of the corporate initiatives currently undertaken under the label of corporate citizenship are targeted at: “reinvigorating (or replacing) the welfare state or relevant parts of it: feeding homeless people, helping headmasters in managing school budgets, or improving deprived neighbourhoods” (Matten, 2006). The corporate citizenship was coined by practitioners and is preferred in business world because emphasizes the role of companies as “good corporate citizens” creating a sense of membership in the community, but basically encompasses the same initiatives defined under the label of corporate philanthropy.

Cluster 4 - Corporate Fundraising

Corporate fundraising is defined as the income generated through a partnership between a company, which may provide money, skills or other resources to a mission driven organization. Corporate fundraising can be implemented through a wide variety of activities such as staff fundraising, supplier fundraising and fundraising from other stakeholders, licensing (use of charity name and/or logo in conjunction with the sale of goods/services), cause-related marketing (a commercial activity by which businesses and charities or causes form a partnership with each other to market an image, product or service for mutual benefit), sponsorship (cash or in kind fee paid in return for access to exploitable commercial potential), payroll giving or events. Companies through these techniques can raise funds, in collaboration with a mission driven organization, in order to promote the accomplishment of the partner’s mission and to get benefits from image returns, a better reputation or to promote employees motivation and retention.

Corporate	Promoter:	Focus on:	Approach:	Objective:	Examples:	References:

Social Initiatives:						
Corporate Fund Raising	Corporation in partnership with no profit	Social Cause, Local community and stakeholder	Technique to raise funds for a social cause	Reputation, Image Return and employees motivation	Google's Matching Gift Program, McAfee's Fundraising Match Program	Institute of Fund Raising (2015)

Table 7: Corporate fundraising

Learning…

- What is a hybrid organisation?
- How do hybrids differ from purely philanthropic and purely commercial organisations?
- Can you describe the spectrum of hybridity and provide one example for each type of organization?
- What is the difference between corporate philanthropy and strategic CSR?
- How can companies create 'shared value'?
- What are Social Ventures?
- What is the different between profit *for* and profit *with* purpose?

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