

Social Enterprise: Organizations with Social Purpose

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Abstract

There is growing demand from consumers for the practice of corporate social responsibility (CSR) by all public and private businesses. CSR requires benefit to society by integrating social, ethical, and environmental concerns of stakeholders within the profit-making business structure. It is now entering its strategic phase, where initiatives are focused not on philanthropy but using products and services to solve social problems, such as Whirlpool and Home Depot partnering with Habitat for Humanity, Walmart with Feeding America, and General Mills with Partners in Food Solutions, providing both products and services as well as employee volunteer hours. A new business structure for small and medium businesses called Social Enterprise that requires a company to use some of its profit for a social purpose is rapidly gaining traction. The social purpose of Social Enterprise is aligned with the Principles for Business in the *Vocation of the Business Leader, A Reflection* by the Pontifical Council for Justice and Peace, and pontifical focus on the common good. A Social Enterprise uses a market-driven approach to solve a social problem or address a basic unmet community need. The most important form of Social Enterprise is the Benefit Corporation, which is now a legal corporate structure in thirty-three U.S. states and the District of Columbia, as well as in Puerto Rico and Italy. The laws require that the for profit business identify a social purpose and submit an assessment of achieving that social purpose every two years. There is also a B Corporation Certification for which any for-profit business may apply; it also requires identification and assessment of a social purpose. This paper explores the new social enterprise space, including providing examples of companies that meet its requirements such as Grameen Bank, Greyston Bakery and Warby Parker. It also describes partnerships between social enterprise businesses and non-profits similar to the ones now being used by large corporations. It will conclude with a discussion of accountability methods for evaluating the contributions made by these new structures to the common good, and provide a model for creating a business within the social enterprise space.