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Re-Imagining Business Enterprise as a Force for Social Good: Exploring Shared Values
and the Future of a Sustainable World

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Abstract

The world is at a crossroads when it comes to understanding business models and their impact on the world and the environment. Business enterprise fuels the economy and plays a key role in society. However, business enterprise has also been in the spotlight recently due to the damages it has inflicted on society and the environment. We have finite resources on this earth and “business as usual” will no longer suffice for 21st century business models. Companies and leaders are called to re-imagine different business models that integrate a more holistic view of profit, humanity, and the potential for business to be a source for good. In order to better understand the role of business moving forward and to take action we must look at current events, concerns of current business models, and highlighting research through a leadership lens.

Preface

Ever since I was a little girl my grandfather told me that I was unique. I remember vividly how he was surprised by my curiosity to learn and always ask questions. I did not know it at the time, but he knew my intuitive heart and my passion for learning. I embarked on a journey of self-discovery and always followed my inner “nerd.” It was not until my college years that I started to understand that my first love was learning and that I had a thirst for making a mark on the world. I majored in Communication Studies with a minor in Psychology and was always fascinated by the movement of ideas. I always labeled myself as “creative” and had a deep fear of numbers. To me the business world was made for men that wear suits, and it was hard to visualize myself in that world. As a young Latina female I was intimidated by a world that always seemed to speak in code, with words such as ROI (return on investment), KPI (key performance indicators), and many others that I simply did not understand.

I still have discomfort being in the business world, but now I see that it is changing and doors are opening for different views. Analytical and technical skills are not all that one needs to succeed and make a change in business. For the last six years I have been active in the startup world and found that my unique approach and views on business bring a different voice to the table. There is finally an opening for me and I want to take full advantage of the opportunity to re-imagine the business world.

Introduction

The business world is at a crossroads when it comes to creating value not just for stakeholders but also for society and the world. Business has been blamed for creating some of the deepest environmental and social issues of our time and traditional concern

primarily over the “bottom line” no longer resonates with today’s conscious consumers. Companies are being called to shift their strategy and in many cases adapt or die. Corporate Social Responsibility (CSR) is often perceived as superficial; however, creating shared value and using business strategies to take a deeper look at the world around us is perhaps one of the greatest phenomena of our time. New systems of thoughts and understanding need to be put in place when conscious capitalism is no longer the solution or a “Band-Aid” to a larger systemic issues that the business world is facing today. Recently there has been an outpouring of examples of sexual harassment in the workplace and a lack of equal opportunity for female professionals. In the world that we are currently living in, there is still a gap in the way we treat people in organizations and a lack of understanding of business beyond day-to-day economic interactions. Business enterprise can provide a tool to connect society and create a better future. This paper attempts to shed light on current events, concerns of 21st century business models, and how we can create and further mobilize change using a lens of leadership theory and research.

Current Events that Reflect a Shifting Business Climate

Technology companies are at the forefront of a shifting business climate and have been making headlines over the last couple of months. Technology companies are known to bring disruption to entire industries. The Internet of Things (IoT) is defined as the complex technological networks that connect people, locations, and relationships via the internet (Weber, 2010). An even more recent and pressing issue related to technological transformation is the underrepresentation of women and the prevalence of “bro” culture in the technology world. Women make up only 5% of technology company

founders and 11% of investors in this field. Additionally, there are deep social constructs that inhibit females from being leaders in this space (Sandragen, 2014). This information is not new, and sexual harassment for women in the workplace has been occurring ever since women joined the workforce. Research claims that one in every two women will encounter some type of harassment in their professional careers (Fitzgerald, 1993).

According to a recent article published by *Business Insider*, “The resulting ‘bro culture’ tends to prioritize young men over all other employees, creating an environment that’s ripe for toxic behaviors like excessive partying and systemic harassment of colleagues” (Cain, 2017). This has sparked outrage by women all over the world as they continue to fight for equal human rights. The recent #timesup campaign highlighted women’s frustration with lack of equal rights in business and a lack of action to address the issue. It has sparked conversation about what it means to be a female business leader in the new generation of economic enterprise.

Additional current events that are making headlines include companies stepping out to use their power and voice to support important societal concerns such as gun control. Following the February 2018 mass shooting at Stoneman Douglas High School, important business players have taken a stance in support of gun control. An example of this can be seen in the decision by Dick’s Sporting Goods to ban the sale of any gun to any customer under 21 years old. They have also pledged to stop the sales of high capacity magazines. Their decision was official, immediate, and independent of local law. This decision laid the groundwork for significant public attention and has sparked conversation over the role of business enterprise in relation to political agendas. According to their CEO, Edward Stack, “Thoughts and prayers are not enough” (Duggan,

2018). Stack seems to have understood that this was the perfect moment to make a change and take a stance. Although Dick's Sporting Goods expected some backlash and that not everyone would agree with their stance, the opposite occurred. They received supportive tweets and an outpouring of attention from their customers.

Other companies such as Delta Airlines have chosen to attempt to remain neutral and not take a "side" in the debate. However, a recent article published in the *LA Times* reports that Delta has made active changes in discontinuing their discount price for National Rifle Association members. The company's decision has put them in the public eye due to criticism on social media.

It seems that it is becoming more complicated for companies to not take an active stance on either side (Pearce, 2018). Some have commented that organizations such as these are being manipulative and are taking advantage of this high profile moment to push their own agenda, and that these changes should have been done years ago. The issue is complex and there is not one correct answer and viewpoint, as people will perceive and understand organizational decisions from their own lens and story. This makes it very difficult for companies to know and implement the best strategy. Even when it comes from a good and authentic place, some people will be skeptical that the decision is just for public relations. Companies are taking more ownership of their voice and understand the power of a simple tweet or social media post. This can be a double-edged sword, as one comment or tweet can either bring positive or negative visibility to an organization.

A Unique Time in History for Business

Regardless whether one agrees or disagrees with the political issue at hand, we are living in a unique time in history where business models are being re-imagined and challenged. The 21st century of business brings both complexity and opportunity. I envision that companies will use this power and allow different genders, cultures, and perspectives to be at the table while making important decisions for the future of the business world. A place where profit is important but people are equally important and perhaps even more essential to an organization's values. A place that knows that their power can be used for good and for bad. A place that understands important decisions impact not just our own future but also that of the next generation. There is a call to action to implement authentic business strategies that will not only create economic growth for companies but – equally important – will also serve as agents for social good.

Concerns

The planet has finite resources and some of our current business practices have proven to be detrimental to the environment. Research shows that if we continue to live and run “business as usual” there will be significant implications the environment and the future of our planet (Chouinard & Stanley, 2012). There are emerging organizations that have been able to make the leap and are proven examples of the next era of sustainable business developments. Companies like Patagonia move beyond CSR and instead intertwine purpose and environmentally driven decisions in every aspect of their organization. Their concern goes beyond the economic “bottom line” of making a profit with high margins; instead, they have a vision to create and “build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the

environmental crisis” (Patagonia’s Mission Statement). This is one of the few organizations that are pioneering a new era for business, but there are many more that have found it difficult to make the shift or believe that giving money to charitable causes is sufficient for social impact.

Another concern is that consumers are becoming more environmentally conscious and feel a sense of pride in supporting companies that are moving towards social change. This has been difficult for companies who need to rebrand themselves and really question what is the deeper “why” and purpose of their organizations and products. A good examination of “why” would be connected to the deeper source of what moves an organization. Simon Sinek (2013), an author and scholar in leadership, has made leaps in research and in understanding of the power of “why.” In his book *Start with Why*, he describes connecting to the deeper purpose of what motivates people in organizations and how it “feels different” to be part of an organization that believes in changing the world and encourages their team to think differently and dream beyond boundaries. The “why” needs to inspire the organization to look beyond the day to day and focus on inspiring goals that often “ask” for a leap of faith of their employees to move towards an imagined future. An example of this can be seen in Apple. This organization does not sell technology and cell phones. Instead, they sell ways to keep people connected. to dream big, and to make a “dent in the universe,” as the famous Steve Jobs once said.

Understanding Change

Change is difficult, especially within organizations that have been following the same mission and vision for many years. In order for true transformation to occur, they must equally take into account beliefs and expectations of various stakeholders while

staying true to their identity. This can be difficult to balance and implement. According to research discussed in *Creativity in Context*, organizations often speak about change and doing things differently. However, we find that the more novel an idea, the more uncertainty can exist about whether the idea is practical, useful, error free, and reliably reproducible (Amabile, 1996). This can lead to significant tension between wanting to do things differently within organization and the inherent fear of implementing something that might not work. Often the fear of doing things that are not merely profit driven can scare stakeholders into believing that their competitive edge is at stake. Furthermore, uncertainty is an aversive feeling (Heider, 1958) that people feel a strong motivation to diminish and avoid (Galinsky, Gruenfeld, Magee, & Whitson, 2008). In a world that celebrates success and unfairly penalizes failure, it can be difficult to make decisions that focus on long-term solutions rather than immediate accomplishment of tasks and goals. Shifting the mentality of an organization often requires patience and can cause anxiety for decision makers. The difficult call for leadership requires holding a space for uncertainty while moving the organization in a more authentic direction. In a research study conducted on bias against creativity, the results showed that it did not matter how open-minded people were, when they felt motivated to reduce uncertainty they had less positive associations with creativity, which resulted in less support of a creative idea (Melwani, Mueller, & Goncalo, 2012). This can pose a serious threat to new business approaches and ideas that might change the way things historically have been done within a system. This can be especially significant as the 21st century has brought about a new era in business: Emerging technologies, like Uber, Facebook, and AirBnB have changed the rules of the game in the emerging era of the “sharing economy.”

As times are changing, people are owning fewer things and instead sharing and renting from peer to peer. You can now rent a car or a couch, and the lines of ownership are becoming more and more blurred. According to an article published in *The Economist*, the sharing economy has changed the rules of the game and is valued at \$28 billion. This is a huge shift in mentality and industries are being disrupted by this peer-to-peer interaction. Hotels now not only have to compete with the usual competitors but also with owners of apartments who are willing to rent their entire place for half the price of a hotel room. Beyond the economic factors, consumers want to connect with the local neighborhood in their destinations and often prefer an AirBnB experience over a luxury hotel. It is difficult for organizations to shift the way they have always functioned and adapt to new market needs. As previously stated, there is a fear of change and resistance to doing things differently. However, unless companies adapt and are flexible to change, they will find it difficult to survive in these complex and changing times.

Often Easier Said Than Done

Analyzing and trying to understand organizations as outsiders is much easier said than done for those who face change within their existing companies. The problem is that the business enterprise has been changed and that the 21st century will require a new way of thinking and a shift in strategy. In times of uncertainty there is an opportunity for re-imagining how things are done. This is perhaps the best time in history to shift business enterprise into an agent for social good.

Although there is significant research in this field, we still have little knowledge on how to shift business models within the existing organizations in which we participate in our everyday lives. The theories tell a great story of a better future and solution, but

there is little research done on how to implement and actually make this work. Heifetz and Linsky (2017), in their book *Leadership on the Line: Staying Alive Through the Dangers of Leading*, offer a phenomenal lens that takes us away from the dance floor and into the balcony to get a better understanding of what is going on within organizations. It is often difficult to get a true sense of what is going on within an organization unless we can view it from a distance and see all the moving pieces that are at stake in decision making. Perhaps the most important factor is the fear of change. When you lead people in through change, it can be scary and uncertain because people need to leave something behind – such as a belief, behavior, or idea – and step into new territory. (Heifetz & Linsky, 2017). This is extremely difficult, especially for organizations that feel that they are being pushed to re-create and evaluate business models that have functioned for thousands of years.

This new era brings forth a big “ask” to imagine a future that does not even exist yet, and there is no manual to explain how it will emerge. There are employees at organizations that have never had conversations about the true purpose and “why” of what they do, and it is not easy to implement that mentality overnight. It requires us to step back and re-evaluate what implications our business has on the world and the future. The conversations many organizations are having today not only look at the 10-year projections, but further into the future and how to protect resources for upcoming generations. Deeply held values are being questioned and views that used to remain hidden are now at the forefront and public on social media.

Leadership and Change

In leadership, these difficult and often life-changing moments can trigger deeply held personal narratives and stories that trigger “adaptive” challenges. Technical problems can be challenging but can be dealt with by following standard problem solving processes (Heifetz & Linsky, 2002). On the other hand, adaptive problems resist “known” solutions and require people to change. This can be extremely difficult not just for leaders within an organization but for everyone who is now asked to think beyond themselves and hear from voices that perhaps were never at the table in the past. People from differing generations, sexes, and beliefs must work together to support a common goal. This leads to many complex issues that cannot be easily resolved or seen through the lens of quick “technical challenges.” Examples of these complex issues surface in everyday lives and have surfaced as data in my professional experience. Although I know technically what is expected of me in the business world, I often struggle showing up as my true sensitive self and feel that I have to act in masculine ways to be heard. It requires asking difficult questions that we are not often ready to face such as “What am I losing by allowing more diverse voices at the table?” The fear of losing credibility and “space” in an organization can lead many people to resist change, and it makes it difficult to imagine business as a force for good that can have significant impact for society.

Authentic Leadership

A new era in business will require authentic leadership (AL). According to this leadership theory, AL focuses on the leader and his or her self-awareness. It relies on the leader’s values and genuine relationship with their followers (Nahavandi, 2015). This is perhaps the most important characteristic and shift that business enterprise is forced to

take. The leader no longer is expected to only grow a profitable organization but also serve as the face of the company's values. He or she must have a buy-in into social good in order for the organization to be perceived as authentically caring for sustainability and social good.

An Example of Authentic Leadership

An example of authentic leadership can be seen in Blake Mycoskie, founder of TOMS shoes. His "One for One" business model that helps a person in need with every product exemplifies the re-imagined business model of making a profit while also helping the world. It is important to note that TOMS shoes is a for-profit business that still makes a lot of money but helps children from all over the world at the same time. Mycoskie was one of the first CEOs to model a new world where you did not have to be a non-profit for social good but could instead use business success as a way to help others. As a leader, Mycoskie exemplifies the true meaning of social entrepreneurship. Mycoskie was named to *Fortune Magazine's* "40 under 40" list as one of the top businessmen in the world. His life has exemplified the mission of his company and his impact has forever changed the way the world sees social good without making a profit. For many years, non-profits were the ones perceived as responsible for social good and business enterprise rarely stepped in. The "One for One" model transformed this mindset and allowed people to see that doing good in the world actually makes great business sense. The way that TOMS positioned its brand set it apart from many other competitors and people from all over the world resonated with his passion of supporting children who do not have shoes. In the beginning, people were unsure how this model would play out. As with many other

circumstances of change there is uncertainty and fear when previous thoughts and expectations are challenged.

According to Mackey and Sisodia in their book *Conscious Capitalism*, business should begin with values and purpose. This leads to creating a more sustainable increase in revenues and profits instead of short-term goals in growth. When employees feel inspired by purpose and are empowered to innovate there is an ongoing investment in the organization that creates lasting value for stakeholders (Mackey & Rajendrta, 2014). This supports the idea that business is not at odds with social impact; to the contrary, purpose and social change can drive profit and vice versa. There is a mutually beneficial relationship between business and social impact. However, this continues to be a big ask and a leap of faith for organizations, especially when there is already so much pressure to be successful.

Why Should We Care?

Companies can either thrive or die in an environment that is shifting towards more concern with social good. As the market becomes more crowded, consumers are more conscious of what type of companies they are supporting.

According to Scharmer (2009), the crisis of our time is not of a specific leader, crisis, or organization. There is not one specific person or force responsible for this shift in time. Instead, it has to do with the death of an old social structure and way of thinking and an old way of institutionalizing. In relation to the business world, things do not function in one set hierarchical structure; rather, there are many moving pieces in making decisions. One of those pieces comes from a generation that demands sustainable business practices. In the past, companies were evaluated by their bottom line, and as

long as their stakeholders were economically happy, few questions were raised. Now, there is an emerging future where new generations coming into the workforce are asking more questions. For example, members of generation Z (born between 1998-2016) grew up in a time of economic and technological disruption and hold a different world-view than previous generations. They value meaning and look to rally in support of important societal issues. They are basing their career decisions on more than a company's financial success, and they want to be active in companies that are making a difference in the world.

Implications to the Field of Research

The new era of business enterprise will continue to spark research interest not only in academia but with various stakeholders around the world that are looking towards the future of business. Some of these stakeholders include leaders in business, professors, students, coaches, and anyone with a curiosity to learn and understand an evolving future. Our generation is facing many difficult challenges that can also be seen as opportunities. The way we have done things before is no longer a sufficient response to changing times. We are required to think and act differently, and future research needs to continue to understand the adaptive complexities that will come with the shifting enterprise of economic models.

Research up to now has focused a lot on theory, yet there needs to be more development on strategies and implementation that organizations can study and learn from. My own research was limited by not having access to people and companies to conduct direct interviews. Future research will require extensive qualitative analysis and having conversations with various organizations that are facing these challenges.

Our times are uncertain and there are many adaptive issues that will need to continue to be researched. This is exciting research as people who are in this space are studying and discovering a new era that will forever change the way we view business and society. We have a call to action beyond ethics and morality; this is an invitation to take the risk and re-imagine a world that is evolving right before our eyes.

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