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The 'must have' imperative of Social Value. Causal effects of globalisation and reflections on the future of ethics in business.

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Table of Contents

ACKNOWLEDGEMENTS

ABSTRACT	6
1 INTRODUCTION	7
1.1 Introduction	7
1.2 Aims	7
1.3 Objectives	7
1.4 Methodology	8
1.4.1 The research problem	8
1.4.2 Approaching the problem	8
1.5 Justification	9
2. ECONOMIC GLOBALISATION	11
2.1 Economic globalisation creates social and economic inequalities	11
2.2 The potential consequences of unchecked economic globalisation	11
2.3 The potential benefits of prioritising social and environmental standards	12
2.4 Public sector responsibility for making the change to Social Value integration as standard	13
3. DEMOCRATISING SOCIETY	15
3.1 Value	15
3.2 The origins of Social Value in society	15
3.3 What is Social Value?	16
3.4 Understanding Social Value	16
4. SOCIAL MOVEMENT THEORY DYNAMICS	18
4.1 Defining social movement	19

4.2	Key concepts of social movement theory used in analysing corporate activism	20
4.3	Social movement activists	20
4.4	Why social movements should be associated with social initiatives in business	21
4.4	Understanding the dynamics of corporate activism and social responsibility	21
4.5	Corporate activism and its relationship to social responsibility	22
5.	DEFINING SOCIAL ENTREPRENEURS	23
5.1	A social enterprise initiative	23
5.2	Defining Social Value in business	24
5.3	How Social Value differs from shareholder value or economic value	24
5.4	Why Social Value is becoming increasingly important in the business world	24
6.	WHAT DOES A SOCIAL INITIATIVE IN BUSINESS LOOK LIKE?	26
6.1	Businesses with and without Social Value intrinsic to their business models	26
6.2	Businesses prioritising Social Value	26
6.3	Businesses without Social Value	27
7.0	SHARPENING THE BUSINESS VALUE AGENDA	28
7.1	Key considerations for developing a Social Value strategy in business	29
7.2	Incorporating Social Value into a business mission and operations	30
7.3	Business benefits when prioritising Social Value	30
7.4	The integration of Social Value into a business	30
7.5	What are the benefits of integrating Social Value into a business model?	31
7.6	How do companies measure the success of their Social Value integration?	31
8.0	METHODS FOR MEASURING SOCIAL VALUE IN BUSINESS.	32
8.1	Social Return on Investment (SROI)	32
8.2	Cost benefit analysis (CBA)	32
8.3	Multi-criteria decision analysis (MCDA)	32

8.4	Creating shared value (CSV)	32
8.5	Triple Bottom Line (TBL) measurement	33
8.6	The PESTLE model	33
9.0	CASE STUDY: ORANGETBOX	35
9.1	Company overview	35
9.2	Policy and strategy meeting with Orangebox	36
9.3	The global furniture market	36
9.4	Product design and development	36
9.5	Purpose of the analysis	38
9.6	Political Factors	38
9.6.1	Government regulations	38
9.6.2	Trade policies	38
9.6.3	Political stability	38
9.7	Economic Factors	40
9.7.1	Market trends	40
9.7.2	Fluctuations in exchange rates	40
9.7.3	A strong economy	40
9.7.4	Spending patterns	40
9.7.5	Macroeconomic factors	40
9.7.6	Demographic trends	40
9.7.7	Value chain design and management	40
9.8	Social Factors	41
9.8.1	Demographic Changes	41
9.8.2	Cultural Influences	41
9.8.3	Workforce Diversity	41
9.8.4	Marketing and client relationship	42
9.9	Technological Factors	42
9.9.1	Innovation in office furniture design	42
9.9.2	Automation in manufacturing processes	42
9.9.3	Digital marketing strategies	43
9.10	Legal Factors	43
9.10.1	Intellectual property rights	43
9.10.2	Employment laws	43
9.10.3	Health and safety regulations	44
9.11	Environmental Factors	44
9.11.2	Sustainability practices	45
9.11.3	Environmental regulations	45
9.11.4	Carbon footprint reduction	46

9.12	How has Orangebox integrated Social Value into their business model?	46
9.12.1	Remanufacturing process	46
9.13	Case Study Conclusion	47
10.	WHY COMPANIES FAIL AT SOCIAL VALUE INTEGRATION	48
10.1	Consumer power	48
10.1	Going 'woke' for profit	49
10.3	Greenwashing	49
10.4	Challenges remain for companies attempting to integrate Social Value into their business models	50
10.5	Potential trade-offs between Social Value and other company-specific priorities	50
11.	REPUGNANT CONCLUSION	52
12.	CONCLUSION: THE FUTURE OF SOCIAL VALUE IN BUSINESS	53
13.	LIMITATIONS AND FURTHER RESEARCH	54
	REFERENCES	55
	APPENDIX 1 – METHODOLOGY	64
A1-i	Collecting data	64
A1-ii	How data was collected	64
A1-iii	Methods used to analyse the information collected	65
A1-iv	Evaluation and justification of methodological choices made	65
A1-v	Obstacles to research	65
A1-vi	Citations	66
	APPENDIX 2	67
	Glossary of terms	67
	APPENDIX 3	68
	Research questionnaire to Orangebox	68

APPENDIX 4	71
Orangebox certificates, sustainability overview and policy paperwork.	71
APPENDIX 5	74
List of abbreviations	74

Abstract

Environmental deterioration and social and economic inequality are just two of the many problems to have emerged as a result of economic globalisation, the movement which has significantly altered the global economic landscape. The need to reconsider the existing economic model and investigate substitutes to put a higher priority on social and environmental standards is becoming more and more pressing (Geissdoerfer, 2018).

Though it may seem unattainable, it may be feasible to map out a path towards a time when a more sustainable and democratic society places equal importance on these ideals as it does on profit (Pickering, 2022).

This body of research discusses the ways we might narrow down options to achieve a standardised framework for the inclusion of Social Value in business within the global economic model (OECD, 2018).

1 Introduction

1.1 Introduction

Unlike traditional measures of value focusing primarily on financial returns, Social Value considers a broader range of factors affecting people's well-being, a context particularly important in a world where there are increasing expectations to demonstrate positive impacts on society and the environment (UK Government, 2020).

Turning the tide away from total corporate profit towards social and environmental value and benefit would have to begin with the rejection of policies which increase economic dominance of big business and the enforcement of policies which restrict their power (Economic Policy Institute, 2022).

While gaining genuine democratic control over financial and capital would be a first step towards worldwide equitable Social Value (Balanya, 2003), improving social conditions and employment opportunities would be a positive first step to enabling governments and communities to improve and thrive and underpin a sustainable future.

1.2 Aims

This paper explores the concept of Social Value - examining its given definition, impact on business practices, benefits, challenges, the difference it makes to society and its future. It aims to explore the term 'Social Value' itself, what it means and how it might affect the success of business models in the context of profit for society – for the many not just for the few (Fernandez, 2017) - by examining the:

- challenges of economic globalisation and its potential consequences
- benefits of prioritising high social and environmental standards
- measures which could be taken to democratise society and promote sustainability in Social Value
- key components of a Social Value integration to economic globalisation, and
- provide a guide for businesses to reference when implementing Social Value as part of a business model.

1.3 Objectives

To achieve these aims this paper will present a case study, disseminating the implementation of the concept against existing limited literature on the subject to encourage:

- companies to transition to include Social Value where possible by example
- businesses and customers to identify the Social Value they can offer as part of their dealings with each other
- detail the benefits, challenges, risks and considerations when implementing the Social Value opportunities identified and
- understand the ethics involved.

1.4 Methodology

1.4.1 The research problem

Environmental deterioration and social and economic inequality are just two of the many problems to have emerged as a result of economic globalisation, the movement which has significantly altered the global economic landscape. The need to reconsider the existing economic model and investigate substitutes to put a higher priority on social and environmental standards is becoming more and more pressing.

Though it may seem unattainable, it may be feasible to find a path towards a time when a more sustainable and democratic society places equal importance on these ideals as it does on profit.

In order to try and find a more just and sustainable future for everybody, this research discusses options for consideration within a potential framework within the economic globalisation model for Social Value in business.

1.4.2 Approaching the problem

A desire to explore the meaning of Social Value leads us to review the term's

- given definition
- impact on business practices
- benefits
- challenges
- the difference it makes to society and its future.

The research aimed to explore the wide term 'Social Value' itself, what it means and how it might affect the success of business models in the context of profit for society – for the many not just for the few - by examining the:

- challenges of economic globalisation and its potential consequences
- benefits of prioritising high social and environmental standards
- measures which could be taken to democratise society and promote sustainability in Social Value
- key components of a Social Value integration to economic globalisation, and
- provide a guide for businesses to reference when implementing Social Value as part of a business model.

Research has been conducted with a blended approach using a combination of methods, including:

- qualitative – focussed on analysing non-numerical data
- descriptive – the 'what' of Social Value, rather than 'how' or 'when'
- conclusive – seeking out answers and weighing up options
- case study – an in-depth examination of a real-world Company to describe specific Company activities in the framework of that business
- exploratory – analysing a problem that is not clearly defined, to better understand the cause with no expectation of an answer or result.

(See Appendix1)

Throughout this exploration of Social Value, this paper will:

- define Social Value - highlighting how it differs from traditional measures of value and what factors are taken into consideration when assessing it
- explore the impact of Social Value on company practices - including how it affects organisational success, the methods used to measure its impact and how it affects consumer attitudes and behaviours
- discuss the benefits of incorporating Social Value into business practices - including its potential social, environmental and economic impacts and how businesses can use Social Value to differentiate themselves from competitors
- examine the challenges associated with incorporating Social Value into business practices - including potential risks and strategies to overcome these challenges
- consider the future and speculate on future trends and developments regarding Social Value in business
- explore emerging concepts or technologies to enhance the integration of Social Values into future business models
- present a case study of an exemplar business successfully implementing Social Value in a real-world setting and touch on any which do not genuinely subscribe to the ethics
- highlight specific practices or initiatives adopted within the case study and consider standout examples
- conclude with a discussion of the future of Social Value and any regulatory changes and innovations necessary to ensure its further use and the success it brings to those who engage with it.

1.5 Justification

Globalisation is a growing 21st century phenomenon creating both positive and negative impacts on society and the environment almost to the point of no return ([Stobierski, 2021](#)).

Differing effects on different markets present problems for policy makers where a one-fits-all policy is neither practical nor supportable; this even before the onset of populist reactions to global capitalism and the perceived lack of decision-making on moral, ethical and environmental issues ([Fisher, 2014](#)). The consequences of globalised production and consumption are politically challenging, requiring governments and international institutions to find solutions ([Carnegie Europe, 2022](#)). Globalisation has led to an increase in international trade and an increase in competition between companies, the causal factors of which have led to the cost-cutting and outsourcing of labour and increased levels of inequality and poverty in many parts of the world ([Allen, 2021](#)).

Globalisation has decreased the diversity of local economies as companies move to countries where labour is cheaper which in turn has caused an increase in global economic instability with financial crises occurring simultaneously in multiple countries ([National Geographic, 2023](#)).



**source: <https://education.nationalgeographic.org/resource/effects-economic-globalization/>*

This increase has caused a decrease in the power of governments as the influence of multinational companies has grown which has led to a decrease in democratic governance, a decline in environmental protection - as companies are no longer bound by the same standards in different countries – which has brought us to the point of irreversible global pollution (Guiliani, 2014).

2. Economic globalisation

2.1 Economic globalisation creates social and economic inequalities

Economic globalisation has undoubtedly created social and economic inequalities, widening the gap between those countries which have benefitted from globalisation and those which have not (IMF, 2002). There is an increase in the disparity between rich and poor nations with negative effects on economic, social and political positions with confusion and insecurity as expectations of change have reduced economic 'distance' between countries and regions rather than instigated an abundance of economic and social progress.

The impact of social beliefs on the financial performance (BURZYNSKA, 2015) of companies is controversial. While some relate globalisation to trade, freedom and growth and see the perceived outcomes as benefits of a sort, many believe that globalisation threatens the social cohesion and very stability of global economies.

Reaction against change has led to a questioning of the effects and moral basis of global capitalism which in turn presents challenges for policy makers across the board from local, national and regional governments to international institutions (Buckley, 2004). The effects of globalisation have been mainly discussed in terms of economic dimension, but it is increasingly essential for policy makers and international institutions alike to address the challenges, to look beyond economic implications and ultimately provide the element of human interest within the discussion on social and economic inequalities.

2.2 The potential consequences of unchecked economic globalisation

Wars, elections and geopolitical fractures have made an already complicated world economic stage all the more complicated.

Globalisation is driven by the meeting and merging of cultural and economic systems which promotes and in sometimes necessitates an increase in interaction, integration and interdependence among nations. As more countries and regions of the world become intertwined politically, culturally and economically, the more globalised the World becomes (Hasemi-Pour, 2023).

Interdependent globalisation typology can be broken down into three categories, namely:

- Economic – with a focus on the integration and coordination of international financial markets and financial exchange where free trade agreements and multinational corporations operating in two or more countries have a key role.
- Political - covering the national policies which bring countries together politically, economically and culturally, example of which include NATO and the United Nations.
- Cultural – primarily focussing on the technological and societal factors which cause cultures to converge, including increased ease of communication, the pervasiveness of social media and access to faster and better transportation.

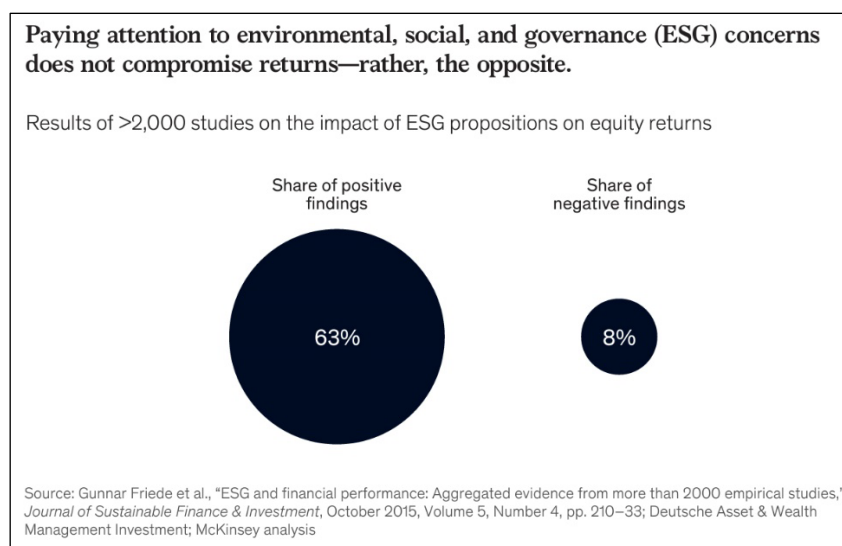
Continual research on the challenges created by globalisation and the impact it has on both the economic and social lives of people enable an increased understanding of the potential consequences of leaving it unchecked and prompts questions of what conscious inclusion of Social Value could do to redress imbalances.

2.3 The potential benefits of prioritising social and environmental standards

A prevalent response to the challenges of prioritising social and environmental standards within globalisation is the practice of ESG investment. This practice promotes the prioritisation of social and environmental standards and has become increasingly popular in recent years. The ultimate value of ESG investing will determine whether it encourages companies to drive real change for the common good or simply go through the motions of checking boxes and publishing reports.

McKinsey ([Henisz, 2019](#)) defines ESG as

- **E** - environmental criteria – including the energy a company takes in and the waste it discharges, the resources it needs and the consequences for living beings as a result. E covers carbon emissions and climate change and as every company uses energy and resources, this applies to every company and is affected by the environment.
- **S** - social criteria, addressing the relationships a company has and the reputation it fosters with people and institutions in the communities where it conducts its business. It also includes labour relations, diversity and inclusion within a broad, diverse society – applicable to every company.
- **G** - governance, is the internal system of practices, controls and procedures a company adopts in order to govern itself, make effective decisions, comply with the law and meet the needs of external stakeholders. Every company is a legal entity and requires governance.



*source: ([Henisz, 2019](#))

A strong environmental, social, and governance (ESG) proposition links to value creation in five essential ways.

	Strong ESG proposition (examples)	Weak ESG proposition (examples)
Top-line growth	Attract B2B and B2C customers with more sustainable products Achieve better access to resources through stronger community and government relations	Lose customers through poor sustainability practices (eg, human rights, supply chain) or a perception of unsustainable/unsafe products Lose access to resources (including from operational shutdowns) as a result of poor community and labor relations
Cost reductions	Lower energy consumption Reduce water intake	Generate unnecessary waste and pay correspondingly higher waste-disposal costs Expend more in packaging costs
Regulatory and legal interventions	Achieve greater strategic freedom through deregulation Earn subsidies and government support	Suffer restrictions on advertising and point of sale Incur fines, penalties, and enforcement actions
Productivity uplift	Boost employee motivation Attract talent through greater social credibility	Deal with "social stigma," which restricts talent pool Lose talent as a result of weak purpose
Investment and asset optimization	Enhance investment returns by better allocating capital for the long term (eg, more sustainable plant and equipment) Avoid investments that may not pay off because of longer-term environmental issues	Suffer stranded assets as a result of premature write-downs Fall behind competitors that have invested to be less "energy hungry"

*Source: (Henisz, 2019)

ESG allows investors to align their investments with their values, avoid conflicts of interest and avoid being engaged with companies delivering risky or unethical practices, so for example the benefits of suppliers being held to ESG standards and of companies donating a percentage of their profits to their local communities goes some way to reassuring employees that their health and safety is prioritised by their employer.

2.4 Public sector responsibility for making the change to Social Value integration as standard

The way that governments spend their money, what they buy and where they purchase from is one of the most significant instruments a government has for controlling an economy and society surrounding it. In the UK alone all government tenders are scored with a minimum 10% marking on Social Value, affecting all sizes and types of companies which offer products and services to central government and local authorities.

In a consumer-driven world with a combined spend by public bodies of over £380 billion every year on the purchase of goods, services and procurement, the integration of Social Values as standard requires leadership, design and focus. The leadership necessary to achieve this has unfortunately not always been present which has led to missed opportunities which will have long-term consequences on society and the planet.

However, Social Value is not limited to government conversations. Increasingly, in the private sector, companies are recognising that their actions have a significant impact on the larger world. The typical company on the FTSE100 has a budget of £4 billion for procurement every year and in contrast, only spends £10 million on CSR ((Social Enterprise UK, 2023)). The beneficial effects of private sector procurement are greater than the effects

of philanthropic means which would explain why consumers and clients want to partner with companies which have a positive impact on society, the economy and the environment, as well as create value over the long term.

The rising number of Social Value and Sustainability directors and managers in the private sector is a key change in Company operational landscapes. Latest industry research reveals that boardrooms still consider Social Value as the 'fluffy stuff' and professionals struggle with a lack of budget, mandate and formal training and find social value frameworks and reporting systems daunting. A 'tick-box' mentality in the management of Social Value raises questions of ethics and of how this comparatively new operations management scene should be managed.

A leading UK Social Value management company recently published a series of white papers 'Social Value Manager 1.0 to 4.0' ([WhatImpact, 2023](#)) representing a body of research in which more than 150 organisations and Social Value-related professionals were interviewed with the aim of exploring, establishing and embracing the emerging Social Value management-related job roles shaping the way the private sector engages with communities. The report concludes that key challenges for these professionals are methods of reporting to stakeholders – the varying Social Value frameworks, impact reporting methods and differently set KPIs – and a standardised Social Value framework was listed as a high priority and agrees that there is a need for an agreed basic national refined and updated framework from which to build a more relevant Social Value system.

Taking advantage of Social Value; increasing the Social Value of the World is not just important to the public sector, it is also important to in business overall. The value of things will always be of paramount importance as long as we still exchange goods or services with each other, the Social Value of things depends on whether or not systems are constructed to maximise the potential and inevitable rewards of its potential ([Anderson, 1998](#)).

3. Democratising society

There has to be a more equitable distribution of power and resources to achieve the empowerment of civil society and civil society organisations where a more equitable distribution of power and resources is achieved by an empowered civil society (Hutter, 2004).

The Social Value alternative to economic globalisation is slowly but surely changing the way we think about economic development. Through the implementation of this alternative business model, individuals are actively engaging in their own development and there is a greater recognition of the need for collective responsibility providing us with a different understanding of globalisation transcending its purely economic dimension and offering a more holistic approach to globalisation.

3.1 Value

(Khan, 2015) writes that “Value is a concept of worth, linked to the use of a product or service and perceived by customers rather than objectively determined.”

(Cranfield University, 2023) present two perspectives on value with the premise that “the primary objective of the strategic management, field in general and of the RBV in particular, is to explain [business] profitability and the [business] profitability determined by the value captured by the [business]” ... that value is defined as “subjected by customers, based upon their perception of usefulness of the product on offer” with exchange value explained as “the amount paid by the buyer to the producer for the perceived use value”.

(Lepak, 2007) suggest that “value creation depends on the subjective value realisation of a user - whether individual, organisation, or society – and translates into the user’s willingness to exchange a monetary amount for the value received.”

In his book ‘The Ethical Capitalist (Richer, 2018) – how to make business work better for society’ Julian Richer, founder of Richer Sounds writes that “Value is a subjective business term. Opposing interpretations are formed depending upon the perspective in which the transaction is viewed. From the seller’s perspective, the value of a product and/or service is determined by finding the maximum price the market is willing to bear. Value from the buyer’s perspective are the benefits received from the product and/or service purchased. Profit however is an objective business term, representing the amount of earnings generated from the sale of a product and/or service. Determining methods in which to maximise profitability then becomes the single purpose of the business – these are the basic rules of capitalism”.

The common denominator is evident: that when customers are willing to pay a higher amount of money for a commodity than it costs to produce it, taking factors like capital, labour, equipment and logistics into consideration, value is created.

3.2 The origins of Social Value in society

Concentrated societal pressure has driven the business world to adopt practices which go beyond narrow economic goals. Whether companies should respond to non-economic issues or not remains a persistent point of contention and a frequent topic of discussion in a

wide range of research on corporate social responsibility, corporate sustainability and related fields (Carroll, 2010); (Margolis, 2009); (Porter, 1995).

While academics delve into inherent normative aspirations and broadly accept the business paradigms which attempt to reconcile Social Value expectations with prevailing economic logic, evidence suggests that companies are increasingly persuaded to invest in corporate social initiatives (Margolis, 2003) but that the societal forces driving those companies to make such investments are still not well understood.

3.3 What is Social Value?

Social value in business refers to the positive impact a company creates for society and the community through its activities, going beyond just making money and more about doing things that make people's lives better and contribute to the overall wellbeing of communities (Play it Green, 2023).

In the 2023 Social Value Report on creating a Social Value economy Professor Chris White (Social Enterprise UK, 2023) describes Social Value as the term meaning 'spending which generates positive spill-over effects, "positive externalities" in the economic jargon'. He explains Social Value as a means to creating additional social, economic and environmental wellbeing above and beyond the 'core' value of goods, service or work.

Beneficial externalities of Social Value have traditionally been confined to areas including education or infrastructure, but it is better understood now more than ever that the way we purchase goods and services has a direct positive or negative effect on society. Purchasing a pair of shoes that are environmentally irresponsible has negative consequences, both for the environment and society. Purchasing the same pair of shoes but made from recycled materials and from a company that provides training to young disadvantaged people to help with their career paths in retail and fashion design has positive effects. Both options have the pair of shoes, but the latter example significantly increases the Social Value element.

This insight is increasingly important to the public sector as its core mission is to make our society and environment a better place to live. Social Value is fundamental to all public policy and public sector activity which within its remit has the three main levers to tax, regulate and sell/buy goods (Social Enterprise UK, 2023)

3.4 Understanding Social Value

To understand how Social Value is created, a reference framework for how Social Value can be measured should be determined.

(Auerswald, 2009) lists financial, reputational, ethical value, consumer surplus, positive externalities and the enhancement of human capabilities as dimensions of Social Value creation, adding that the achievement of financial value not only allows a business to sustain its existence, but also provides opportunities for reinvestment and/or cross-subsidisation of projects which may benefit individuals not directly involved in the original transactions.

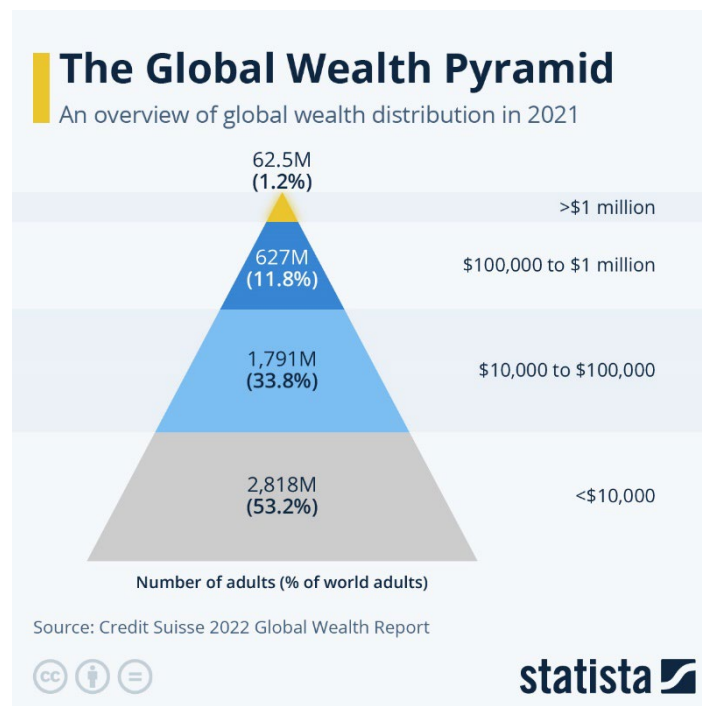
The most heralded approach to this latter form of Social Value creation is social innovation. (Phills, 2008, p. 39) as definition describing it as a "novel solution to a social

problem which is more effective, efficient, sustainable than existing solutions for which the value created accrues primarily to society as a whole rather than private individuals”.

A social innovation may manifest itself as a product, production process, or technology but it may also take the form of a principle, an idea, legislation, a social movement or a combination of the above with a main criterion for as social innovation qualification as having the ability to benefit “the public or [...] society as a whole—rather than private value—gains for entrepreneurs, investors, and ordinary (not disadvantaged) consumers”. While this differentiation may make sense in developed countries, it may not be a useful differentiation at the ‘Bottom of Pyramid’ (BOP) countries and regions as the majority of BOP consumers would qualify as ‘disadvantaged’ in terms of core values of sustenance, self-esteem and freedom from servitude (Noemi Sinkovics, 2015) compared to the middle or the top of the pyramid.

BOP is the term in economics that refers to the poorest two-thirds of the economic human pyramid, a group of more than four billion people living in abject poverty. More broadly, BOP refers to a market-based model of economic development that promises to simultaneously alleviate widespread poverty while providing growth and profits for multinational corporations (MNCs) (Kirchgeorg, 2023).

The level of financial inequality in the world is staggering. A recent Credit Suisse report states that 47.8% of global household wealth is in the hands of just 1.2% of the World’s population. Those 62.5 million individuals control a staggering USD221.7 trillion and below that 627 million people own USD176.5 trillion, 38.1% of global wealth, despite accounting for just 11.8% of the adult population. The BOP is the most poignant showing 2.8 billion people (equal to 53.2% of the World’s population) sharing a combined wealth of USD5 trillion, just 1.1% of total global wealth (Armstrong, 2022).

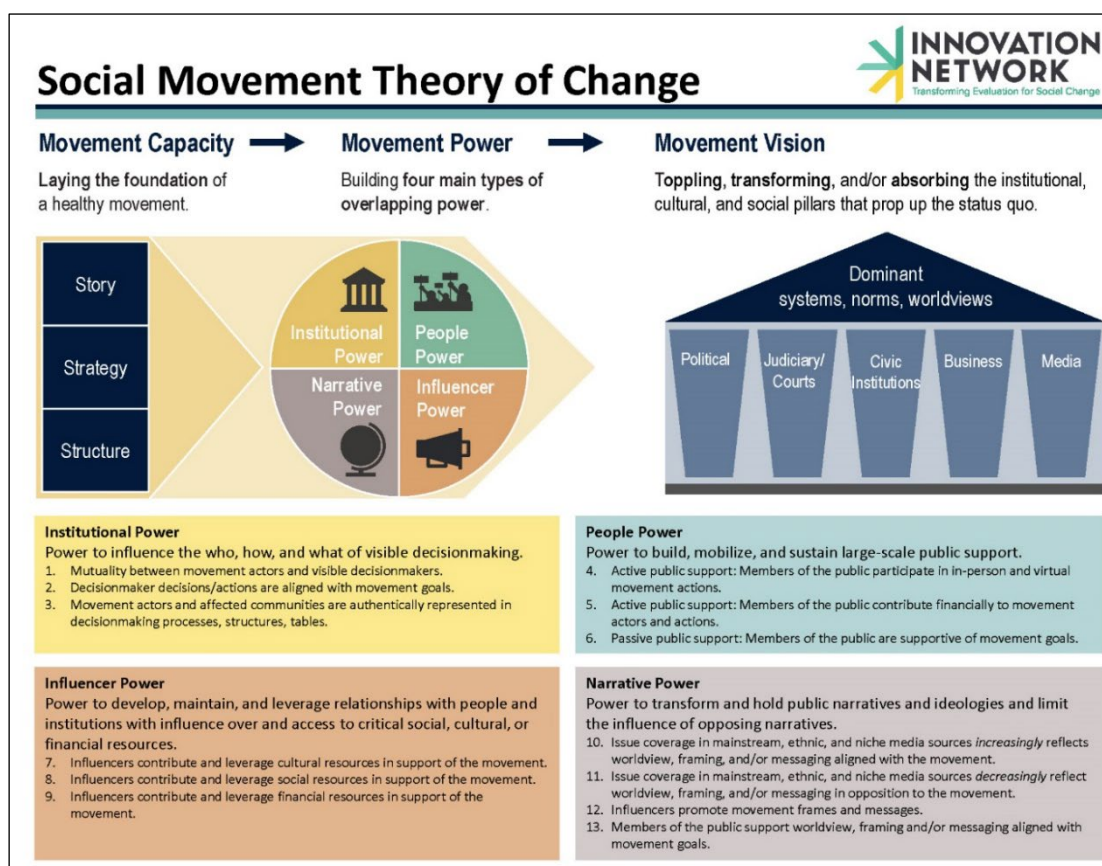


(*Source: <https://www.statista.com/chart/11857/the-global-pyramid-of-wealth>)

4. Social movement theory dynamics

Social movements reflect the ideologies guiding behaviour within and outside businesses (Smith, 2002), the workplace and civil society (Spicer, 2007). While social movements are studied extensively by sociologists and organisational scientists, Social Value activists are able to deter irresponsible practices in real time by directly targeting the heart of companies which in turn have the potential to spark social initiatives in those companies.

Social movement theory (SMT) is the framework which examines collective action for social change and is a first step towards a theoretical understanding of how social movements affect the way businesses engage with wider society. Researchers use SMT to analyse how social movements impact businesses and how businesses respond to activist demands. This theory has been used to tackle questions regarding the impacts of social movements on business policies and practices (Davis, 2022).



(*source: <https://www.innonet.org/news-insights/news-events/evaluating-social-movement-power-initial-concepts-and-indicators-aea-2018-session-materials>)

SMT emphasises grassroots mobilisation and collective action as essential components in challenging corporate power and promoting social justice (McCarthy JD and Mayer, 1977). Ideological approaches assume that social movements in society must also be related to Social Value innovation in business and this has historically prompted key stakeholders to expect, and even demand, that businesses address social issues. This corporate activism has gained traction in recent years as more and more companies engage in socially responsible activities which in turn highlights both direct and indirect consequences activism have on business affecting financial performance and reputation.

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MSc International Innovation Management, 2024

4.1 Defining social movement

A social movement is defined as “an alliance engaged in sustained action to advance ideas and preferences to change significant social, cultural, and business practices” (McCarthy JD and Mayer, 1977) and (Soderstrom and Weber, 2011).



Source: <https://www.rollingstone.com/politics/politics-features/climate-defiance-activists-moynihan-bank-america-biden-1234955026/>

This definition highlights the characteristics scholars associate with most social movements - that:

- they arise out of some form of grievance they seek to address
- they are usually collective businesses
- they are linked by a common purpose or ideology, and
- their characteristics have a degree of continuity (as opposed to isolated protest events) (Crossley, 2002) (Soule, 2009) (Rao, 2000).

Illustrative examples of social movements include:

- civil rights
- women's rights
- environmental
- social justice
- animal rights
- anti-sweatshop
- fair-trade, and
- fossil fuel divestment.

4.2 Key concepts of social movement theory used in analysing corporate activism
Zald and Berger's SMT ([Zald, 1978](#)) says that ideological shifts occurring outside of companies are also sometimes observed inside them, which could be taken as an indicator of how social movements impact corporate decision-making ([Zald, 1978](#)).

Davis and Thompson's SMT ([Davis, 1994](#)) in industry describes the rise of a new social movement which demands shareholder rights in corporate governance ([Davis, 1994](#)). King, Brayden and McDonnell's work ([King, 2015](#)) examines how corporations respond to increased public scrutiny and the strategies they employ.

Haan ([Haan, 2021](#)) argues that shareholder activism can be viewed as a social movement, with middle and working class shareholders and their interests at the forefront while Li and Soule's ([Li, 2021](#)) research highlights the impact of organisational identity on bystander and target perceptions of social movements, which inform the understanding of corporate activism.

Soule's contribution to SMT emphasizes its value in comprehending activism around corporations and markets ([Soule, 2018](#)) and Fan ([Fan, 2019](#)) suggest that social movements are 'woke capital' where "iconic companies such as Apple, BlackRock, Delta, Google (now Alphabet), Lyft, Salesforce, and Starbucks, have recently taken very public stances on various social issues."

"In the past, corporations were largely silent in the face of them. Now the opposite is true. Corporations play an increasingly visible role in social movements and there are times when corporations have led the discussion, particularly in areas where they have a self-interest or public opinion supports it. The enormous influence corporations wield on both the economic and social fabric of our society due to the legal framework and norms under which they operate make them uniquely positioned to affect the outcome of social movements—for better or worse" (Fan, 2019).

4.3 Social movement activists

Social movement activists attack companies at an organisational level and go on to cooperate with them to shape their reputation and legitimacy. This changes the costs and benefits for a company participating in social activities and leads to a profound and increased understanding of Social Value by decision-makers in Companies at individual levels. It follows that the idea of social interaction then manifests within the Company as an innovation which in turn plays heavily on the values of the Company's decision makers ([Georgallis, 2016](#)).

With undoubtedly so many commonalities within these levels, each is clearly not wholly independent one of the other, but they are all potentially as important as each other in the decision to incorporate Social Value and corporate social responsibility into a company mindset.

With a growing plethora of literature being published on the interplay between companies and movements ([de Bakker, 2007](#)) ([King, 2010](#)), little is known about how they lead to the actual Social Value initiatives of companies. Studies do however advance an understanding

of how ideology manifests itself in the interaction of movements and companies by explaining how movement ideology translates into entrepreneurial action in the form of social advocacy (Georgallis, 2016).

Understanding such initiatives in the context of Social Value movement measures offers important advantages to CSR research and although social movement theory does provide a useful basis to draw on as used in CSR literature; complementing stakeholder theory and new institutional approaches focus more on the mechanics of activists bringing about change in companies or institutions than any other motivation.

4.4 Why social movements should be associated with social initiatives in business

As economic activity is freed from political control, so is the need increased for social control. Social Value-based organisations (SVOs) have proliferated in recent decades and continue to bypass the state by working directly with global corporations to affect social change (Edwards and McCarthy, 2004) (King, 2010) (Diani M, 2010).

It is argued that a defining feature of social movements is the permeation of business thought processes. While social movements have different goals and values, all movements have a vision of what society is and should be; an 'ideology'. A vision of society cannot exclude economic life, even if it is directed predominantly towards the individual or the state (Rucht, 2023).

Movements expressing grievances also have expectations about company policy so for example, the ideology of:

- women's movements are based on the idea of gender equality and the need for businesses to treat men and women equally
- environmental movements are based on protecting the natural environment, emphasising that companies should limit their involvement in activities which lead to environmental pollution; and
- human rights movements supporting people's rights to life, liberty and freedom from oppression.

According to these ideologies, companies should not engage in economic activity within repressive national social classes, which is not the same as believing that this involves moral or normative considerations which fall contrary to their ideological views (Ulrich, 2008).

Despite the apparent conflict of social movements promoting ethical or socially more beneficial business practices (Doh, 2006), little is known about how movements trigger corporate social initiatives (de Bakker, 2007).

4.4 Understanding the dynamics of corporate activism and social responsibility

SMT potentially widens the focus on corporate governance law as a field of study and extends the ability to study the governance of a system which on the face of it attempts to reconcile economic and social political power (Carmine, 2023).

Shareholder activism, a form of social movement, actively drives change in corporate behaviour and the surge of activism currently visible on the world stage is just one in a sustained movement that goes back over a century ([Haan, 2021](#)).

While social movements are able to influence corporations to become more socially responsible, corporate responses to social movements and shareholder activism do vary widely. There appear to be only a few studies to have actively explored this area extensively and there is still much to learn about how SMT can help us understand the dynamics of corporate activism and social responsibility.

4.5 Corporate activism and its relationship to social responsibility

Corporate activism involves companies taking a stance on social and political issues as a form of corporate social responsibility. At this point it would be wise to note that politically active firms are less likely to accommodate CSR proposal activism ([Hadani, 2019](#)) but this laissez-faire approach can have both positive and negative impacts on companies, including effects on their reputation, customer loyalty and financial performance.

While some stakeholders may view corporate activism as a form of political interference, others argue that it is an important means of promoting social change and addressing pressing global issues ([van der Meer, 2021](#)). Activist CSR emphasises the need for confrontational political participation, considered an integral part of CSR ([Oikkonen L and Jaasjelaianen, 2019](#)). Shareholder groups are increasingly using CSR to influence company decisions, proposing and voting on CSR initiatives which align with their interests ([O'Rourke, 2003](#)) and as the frequency of corporate activism on social issues increases, corporations are under pressure to respond and adapt to changing expectations from the activists themselves.

5. Defining social entrepreneurs

Social entrepreneurship (SE) as a practice has a long heritage and a global presence of the integration of economic *and* Social Value creation, emerging as a potential contributor of new insights to the discipline of entrepreneurship and the wider social sector (Saebi, 2018). Social Value creation supports sustainable development through connectivity between SEs, CSR efforts, public institutions and businesses who have created new models to serve those who are disadvantaged and marginalised. SE creates a direct contribution to internationally recognised sustainable development goals, efficiently catering to basic human needs which traditional markets and institutions continue to fail to satisfy.

SE offers insights and stimulates ideas for more socially acceptable and sustainable business strategies and company formats and by combining the resourcefulness of traditional entrepreneurship with a mission to change society, SE creates positive change for not only the companies involved, but also society as a whole (Seelos, 2005).

“The global efforts of Ashoka, founded by Bill Drayton in 1980, to provide seed funding for entrepreneurs with a social vision (<http://www.ashoka.org>); the multiple activities of Grameen Bank established by Professor Muhammad Yunus in 1976 to eradicate poverty and empower women in Bangladesh (<http://www.grameen-info.org>); the use of arts to develop community programs in Pittsburgh by the Manchester Craftsmen's Guild, founded by Bill Strickland in 1968 (<http://www.manchesterguild.org>) are all contemporary manifestations of a phenomenon that finds its historical precedents in, among other things, the values of Victorian Liberalism.” Mair, Johanna & Marti Lanuza, Ignasi. (2006)

SE focuses on creating both economic and Social Value, prioritising the promotion of Social Value and development principles over capturing economic value whilst addressing important social needs in a way not dominated by direct financial benefits for entrepreneurs. The term has come to define itself by its ability to create Social Value through market-based for-profit businesses and this has generated a growing interest in exploring future research on how economic value can be framed in terms of Social Value. (Zoltan, 2013).

5.1 A social enterprise initiative

A social enterprise initiative is broadly defined as an initiative taken by a company which appears to serve a social good beyond the company's interests and legal requirements (McWilliams A, 2006). The term 'social' is used loosely in this context as social initiatives can address a variety of issues including but not limited to diversity, community development, educational advancement, labour standards and environmental protection (Hawn, 2015) (Margolis, 2003).

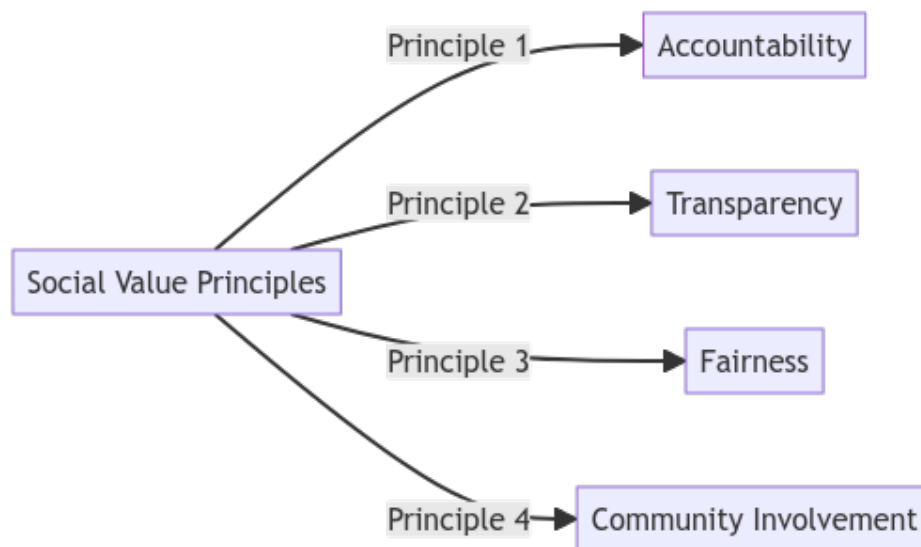
Invariably such initiatives are referred to simply as CSR. However, the term 'responsibility' implies normative evaluation and since the question here is not a debate about what is (and is not) CSR but rather why the integration of Social Value in companies is important when it is unrelated to operations and any potential responsibilities relevant to society, the term is a distraction from actual Social Value and its imperative.

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5.2 Defining Social Value in business

The concept of Social Value in business has gained traction in recent years and refers to the positive impact a business can have on society through the integration of economic and Social Value creation, signalling a shift toward socially responsible behaviours in the business world.

Incorporating Social Value potentially strengthens business models while delivering positive societal impact. This win-win situation - whether practicing socially responsible behaviours through cross-sector partnerships where commercial businesses work alongside nonprofit business to create Social Value, or through not-for-profit initiatives using alternative funding strategies or management schemes to create Social Value.



*source: <https://university.sopact.com/article/social-return-on-investment-sroi>

5.3 How Social Value differs from shareholder value or economic value

As companies evolve, it is clear that Social Value and shareholder value are not interchangeable concepts. Social Value is the impact of a business on society, while shareholder value is the financial gain an investor gains from a company's success.

With the emergence of social entrepreneurship, the importance of Social Value is increasingly at the forefront of business practices, combining the resourcefulness of traditional entrepreneurship with a mission to change society (Dacin, 2010) but despite the growing emphasis on Social Value, there is still no agreed-upon definition for what constitutes 'Social Value' and this lack of clarity can make it difficult for companies to understand how to incorporate Social Value into their operations.

5.4 Why Social Value is becoming increasingly important in the business world

The increasing importance of Social Value in business can be attributed to stakeholders placing a greater emphasis on sustainability and ethical practices than ever before. There is the demand to address social and environmental concerns as a crucial part of a Company's ability to maintain a license to operate and remain competitive in the marketplace (Heyward, 2020).

Consumer desire for information about what to buy and how to buy is on the rise. Increasing attention is paid to the companies behind products which disappoint when actions don't meet expectations. Engaged consumers act as round-the-clock auditors of corporate conduct and gone are the days when businesses could hide behind a 'socially responsible' brand or where marketing controlled the story. In the book 'Reset: Business and Society in the New Social Landscape' ([Rubin, 2018](#)) suggests that we 'set out a strategic roadmap for businesses to navigate a new era, rebuild trust and find their voice. The book traces the global decline of trust in business at the same time that the public's expectations for Company's roles in society increases.

Such is the contribution of social entrepreneurs in promoting Social Value creation that leaders have received recognition and support from industry leaders including Jeff Skoll who in 1999 "created the Foundation to build a sustainable world of peace and prosperity for all. The Skoll Foundation's transformational social change by investing in, connecting, and championing social entrepreneurs and other social innovators who together advance bold and equitable solutions to the world's most pressing problems." ([Skoll, 2024](#))

Although our research concentrates predominantly on the private sector it is worth noting that a 2007 UK Government Cabinet Office paper ([Nicholls, 2007](#)) writes that social enterprises represent a growing number of society who through their companies, recognise the power they have to create social, environmental and economic value. That paper served as a precursor to the Public Services (Social Value) Act 2012 introduced by the Welsh Assembly Government which now acts as a directive to public procurement UK-wide.

6. What does a social initiative in business look like?

(Margolis, 2003) point to a striking discrepancy between the prevailing economic doctrine where profit is the sole goal of corporations versus the growing demand for corporations to participate in initiatives aimed at solving social problems.

He argues that this has prompted a 'generation of business scholars' and investigates whether corporate social initiatives have positive, negative or no significant effect on business economic performance. Scholars focus on facilitators who determine when these initiatives pay off for businesses (Margolis, 2009) and although this topic has been addressed by many researchers, institutional determinants have been rather understudied due to a focus on **why** businesses engage in social activities (Brammer, 2012) (Roulet, 2014) rather than **how**.

6.1 Businesses with and without Social Value intrinsic to their business models

In his seminal 1937 essay, "The Nature of the Firm," (Mishra, 2013) the economist and Nobel Laureate Ronald Coase argues that corporations exist to avoid the transaction costs of the free market. Yet with transaction costs plummeting (spurred by rising connectivity) this rationale no longer holds up.

How then it could be asked, do businesses without Social Value exist?

The answer is identity. People long to belong, and they want to be part of something bigger than themselves. Companies which fixate only on profits are losing ground to Companies which create a strong identity and meet employee and consumer needs for affiliation, social cohesion and purpose (de Smet, 2021).

6.2 Businesses prioritising Social Value

In the Journal of Business Ethics, Georgallis and his co-authors (Georgallis, 2016) discuss the phenomenon of social entrepreneurship as a growing trend which combines both social and economic value creation. They present case studies of actual businesses exemplifying such businesses and demonstrating how businesses **are** able to prioritise Social Value while creating economic value and comparative case studies on Microsoft Corporation and Grameen Bank to illustrate how these two companies have created significant economic and Social Value.

The research sets out how Microsoft has been instrumental in making technology accessible to people worldwide - those who are economically disadvantaged - revolutionising communication, education, and commerce in many parts of the world and give Grameen Bank as another example. Grameen has helped to eradicate poverty by providing microfinance loans to individuals who are unable to access traditional banking services; their initiative has gone on to empower thousands of people, especially women, to start small businesses and become financially independent.

In the UK, the exemplar company, Richer Sounds, is a £200m turnover business with Social Value principles at its core, established in the UK in the 1970s and going from strength to strength while other businesses in the same niche market fall away. Its founder Julian Richer writes (Richer, 2018) that "capitalism has lost its way. Every week brings fresh news

stories about businesses exploiting their staff, avoiding their taxes, and ripping off their customers. Every week, public anger at the system grows, [intervention is needed] to make the case for putting business back firmly in the service of society and setting out a new path to a kinder fairer form of capitalism.”

6.3 Businesses without Social Value

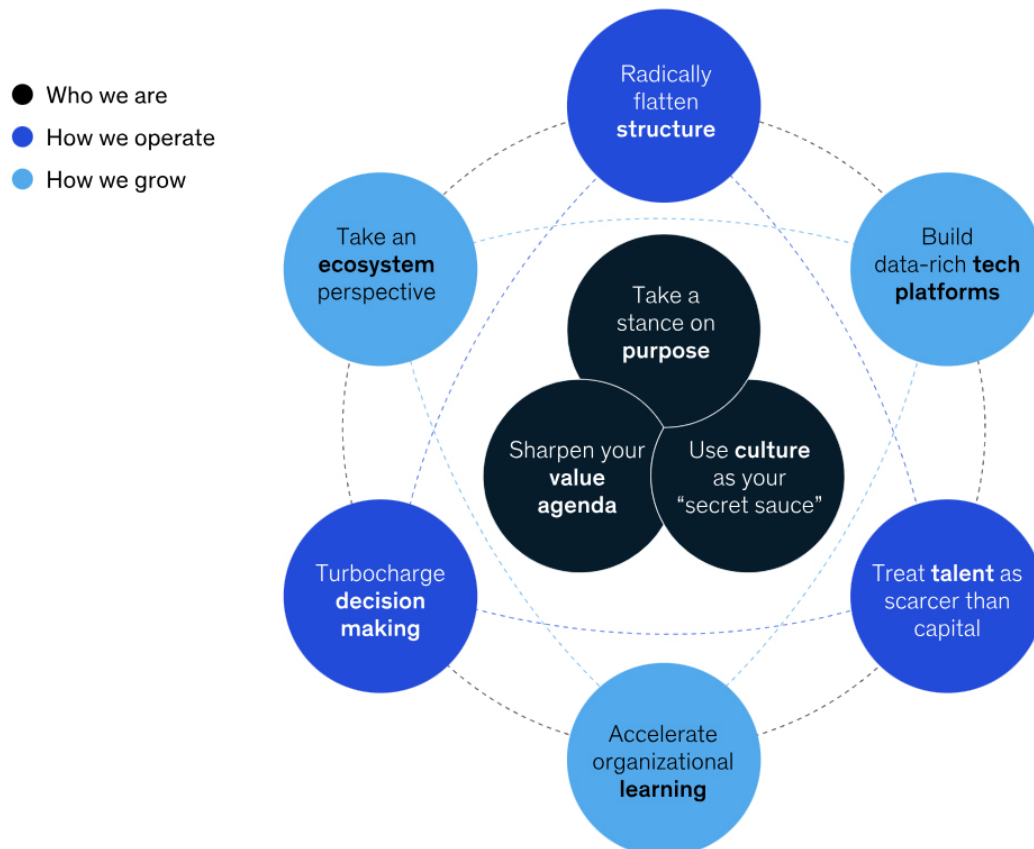
It would be contentious to name specific businesses who on the face of it have little if any built-in Social Value, but it is safe to say that a universally accepted example is the tobacco industry, linked to numerous health problems including lung cancer, heart disease and respiratory illnesses and contributing to environmental pollution through the production and disposal of cigarette waste (World Health Organisation, 2022).

A national business survey (British Chambers of commerce, 2021) found that two thirds (64%) Companies in the UK have no environmental sustainability policy; 80% of companies surveyed have no Social Value policies even though they are conscious of the positive impact it has on job creation; 69% of participating companies believe that an environmental approach in the running of their businesses is predominantly about cutting carbon emissions; and 82%, the majority of the survey participants consider recycling and reusing as presentative of environmental sustainability.

7.0 Sharpening the business value agenda

In a McKinsey survey ([de Smet, 2021](#)) of employees at US companies, 82% said organisational purpose is important, but only half that number said their purpose drove impact.

The survey found that while all businesses have a strategy for how they create value, few can show **precisely** how the organisation will achieve it. Future-ready companies, by contrast, avoid this dilemma by creating a value agenda—a map that disaggregates a Company’s ambitions and targets tangible organisational elements into business units, regions, product lines and key capabilities.



Source: <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/organizing-for-the-future-nine-keys-to-becoming-a-future-ready-company>

Armed with this picture, businesses are able to identify where value is created in their organisation, what sets the business apart from the pack and what might propel its success in the future. The key is for companies to use the value agenda to focus their efforts and instil a sense of what really matters in every employee.

Once companies know exactly what differentiates them from everyone else the results could be considered powerful and difficult for competitors to replicate. McKinsey gives the example of how Apple rallies itself behind creating the best user experience ([de Smet, 2021](#)). The Company’s obsessiveness when it comes to pleasing customers includes obvious things such as product design and extends to how products are packaged: the business has a

small team dedicated just to packaging to ensure that the experience of opening the box elicits just the right emotional response.

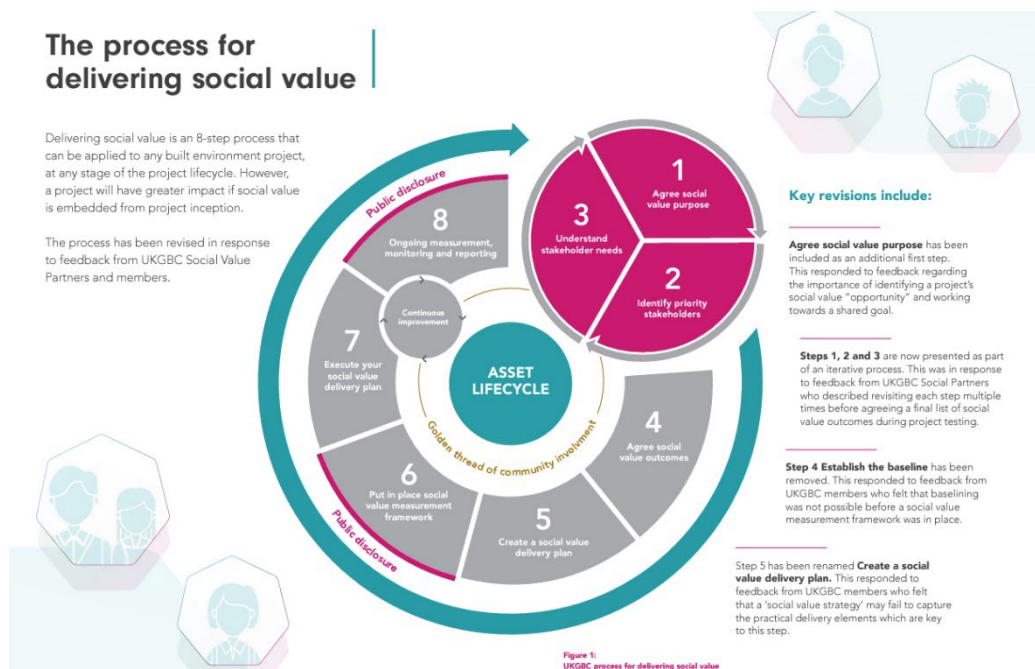
The power of a clear value agenda is not only in how it helps a business to better achieve its strategic priorities but also to give a line of sight into how to shift resources as priorities change in the future (de Smet, 2021).

7.1 Key considerations for developing a Social Value strategy in business

Whilst companies may have a strategy for how they create value and Social Value, relatively few are able to show precisely how their businesses will achieve it. Developing a Social Value strategy requires careful consideration of several key factors to view Social Value not just as an add-on to their existing operations but as a crucial element of their overall company value (Evans, 2020).

Adopting a strategic management approach to CSR enables the integration of Social Value into business operations as a proposed concept of shared value (Porter, 2011); the idea that companies are able to create economic value by identifying and addressing social problems which intersect with their business. Traditional CSR approaches are not necessarily effective as they focus on mitigating harm rather than creating new value and our research suggests a new approach of 'shared value,' involving the identification of social issues which could be addressed to intersect with a company's core business strategy.

This approach would require a shift in mindset from viewing social issues as externalities to recognising them as opportunities for innovation and growth with a Company including the development of sustainable supply chains, investment of time and budget into employee training and the development and creation of products or services to address unmet societal needs.



*source: <https://ukgbc.org/resources/framework-for-defining-social-value/>

7.2 Incorporating Social Value into a business mission and operations

Any company can choose to integrate Social Value into their operations and mission. New business models prioritising the creation of Social Value over economic value are created by thinking outside the box and developing current business models into frameworks such as the "creating shared value" principle.

Integrating Social Value orientation within the extended norm activation model of individual behaviour could provide a theoretical framework for creating Social Value (Joireman, 2001). Understanding the particularities and value drivers of hybrid social purpose in business models could also help integrate Social Value into a business' value offering, allowing them to fully integrate human and Social Values into strategic and operational activities and create a meaningful impact on society. Incorporating a Social Value Proposition (SVP) into the business model could be an important integration mechanism for ensuring that a social mission is built into the DNA of a company.

The integration of a representative range of societal values into business judgments is crucial as is how to make do with strategies consistent with the objectives of SEs (Nicholls, 2007). Using values as social indicators helps businesses understand the social environment in which they operate and facilitate the adaptation of their strategies accordingly.

7.3 Business benefits when prioritising Social Value

Social Value is gaining traction in the business world, and for good reason. Entrepreneurs are developing social businesses which prioritise Social Value creation over profit maximisation (European Commission: Cordis, 2016). This new breed of social entrepreneurs understands that the social context in which they operate affects their bottom line; that Social Value creation is crucial to achieving sustainable development goals.

Merely 'doing good' is not however enough to create both business and Social Value. To achieve this, Companies must emphasise the Social Value creation in their business models.



7.4 The integration of Social Value into a business

Companies are recognising the importance of CSR and its impact on their reputation, customer loyalty and overall success and those which have succeeded with the integration of Social Value into their business models include:

- Grameen Bank, founded by Nobel Peace Prize winner Mohammad Yunus, was established to eradicate poverty and empower women by providing micro-loans.
- Ashoka provides seed funding for entrepreneurs with a social vision as well as a business plan.

- Patagonia systematically focuses its business on making products sustainably, repairing and recycling clothes, donating to environmental causes and protecting public lands.
- TOMS Shoes is known for its "One for One" model where for each pair of shoes purchased, it donates a pair of shoes to a child in need, positive social impact as the imperative.

These well-known Companies have each achieved positive impacts on their respective communities whilst achieving significant financial success. Their commitment to Social Value has helped them to build strong relationships with their stakeholders, enhanced brand loyalty and provided long-term growth opportunities, effectively demonstrating that Social Value can indeed be successfully integrated in a business model for lasting success.

7.5 What are the benefits of integrating Social Value into a business model?

Integrating Social Value into a business model creates a competitive advantage, increases employee morale, and attracts and retains customers (Mair, 2006).

Social Value reduces costs, risks and increases efficiency when companies set clear goals and objectives to ensure that Social Value integration is successful. Goals aligning with a company's mission and values should be measurable to ensure the Company stays focused and accountable and create an effective Social Value strategy by incorporating sustainable practices. These practices may include, the adoption of energy-efficient technologies, responsible sourcing methods and a reduction of waste generation, all of which support efforts to minimise negative environmental impacts and maximise positive outcomes.

SVI is very much needed to meet the changing needs of people and the world. Integrating Social Value into business models drives social innovation, fostering long-term success by mitigating risks and enhancing resilience (Gibbison, 2022).

7.6 How do companies measure the success of their Social Value integration?

Companies measure the success of their Social Value integration by implementing key performance indicators (KPIs) (Rodrigues VP, 2016) which track progress and identify areas for improvement through collection of data from customers, employees, and community organisations to determine if their Social Value initiatives are having the desired effects.

Transparent reporting fosters accountability and builds trust among stakeholders (Rodrigues VP, 2016) (Rodrigues 2016). Regular measurement and reporting of progress are essential to ensure that the Social Value strategy is effective, and this process of measurement and evaluation refines the Social Value strategy by incorporating new initiatives which in turn address emerging social challenges.

8.0 Methods for measuring Social Value in business.

Methods available for measuring Social Value creation in business include

- Social Return on Investment
- Cost-benefit analysis
- Multi-criteria decision analysis
- Creating shared value
- Triple Bottom Line measurement, and
- PESTLE.

8.1 Social Return on Investment (SROI)

SROI is frequently used to analyse the inputs, outputs and outcomes of the Social Value within a social enterprise ([Nicholls, 2009](#)). This method measures the social, environmental, and economic value created by business activities to help a company understand the impact of the work it does beyond financial returns holistically.

The accepted formula for calculating SROI is $SROI = (\text{Social Value Created} / \text{Investment}) \times 100\%$ and so for example if we take the example of an investment producing GBP100,000 worth of Social Value with an environmental value and financial cost of the investment at GBP50,000, the SROI would calculate that every GBP of investment has a social and environmental return of GBP2 with the formula ([Sheth, 2018](#))

$$SROI = (£100,000 / £50,000) \times 100\% = 2.$$

8.2 Cost benefit analysis (CBA)

CBA on the other hand, compares and examines the costs and benefits of a social enterprise to determine its Social Value. This usually involves using one of three key methods, namely net present value, internal rate of return or benefit to cost ratio. Within this method it is crucial to correctly predict and monetise all costs and benefits and discount them using the social discount rate to compare them to different points in time within a common metric ([Cordes, 2017](#)).

8.3 Multi-criteria decision analysis (MCDA)

In MCDA, social enterprises are evaluated based on multiple criteria including social impact, financial sustainability and environmental impact whereas when measuring the performance of a commercial business, the amount of profit generated is often used as the defining benchmark of commercial success ([Liu, 2023](#)).

8.4 Creating shared value (CSV)

CSV is the business approach which addresses important societal issues through a company's core business model. This approach goes beyond traditional corporate social responsibility and philanthropy, and instead focuses on creating economic value whilst addressing societal needs. Companies embracing shared value are more likely to be successful in the long run as they are able to innovate and create new opportunities by addressing unmet needs. Investors are able to drive social change by seeking out companies which create shared value, regardless of their sector or industry ([Tykkyläinen, 2021](#)).

The goal of creating shared value is to change the reputation of business in society, to be seen as valuing that the Company 'does good' as it is as a prerogative for NGOs or other traditional business actors.

8.5 Triple Bottom Line (TBL) measurement

TBL measures a company's financial viability and return as well as its impact on stakeholders, society, and the planet. By using the TBL to measure, improve, and communicate their sustainable practices and products and services, companies attract those customers and employees who prioritise sustainability (Yanex-Araque, 2021).

The TBL method

- identifies the key stakeholder and social impact issues to be addressed
- determines which metrics to use to measure impact
- uses a Net Promoter Score (NPS) to rank community perception such as 'how likely is it that you'd recommend the Companies to your family or colleagues?'
- uses outreach metrics such as a social media, surveys and website tracking linked to company goals
- collects and analyses data to give a clear starting point
- sets targets and plans with short incremental time frames to manage expectations.

Two additional recommended steps suggest that

- progress is monitored and evaluated, and
- reports on the social impact of the business, the basis for a social impact statement (also known as a CSR statement) include the Company's values and priorities.

There is no single 'correct' measurement strategy. Managing expectations and understanding that any approach the business uses will require time and effort - an important undertaking with robust benefits. By understanding its social impact data, a business is able to make informed decisions, improve its actions and reputation and implement positive change.

8.6 The PESTLE model

The PESTLE model analyses the political, economic, social, technological, legal, and environmental factors affecting a company and provides a useful framework for assessing its Social Value integration.

The model is often utilised to identify potential opportunities and threats, as well as to better understand a business' overall competitive position (Gibbison, 2022). So, for example, a business' legal environment changes, resulting in new opportunities or threats; or the political environment changes, leading to a different economic landscape. Both examples demonstrate the importance that the Company places on considering external factors when assessing Social Value integration. Helping companies to anticipate potential opportunities or threats; as well as to plan for the future ensures that they are well-positioned to capitalise on new opportunities and plan for potential threats.

No successful business works in a vacuum. Without a foundational context of a market environment and how external factors impact strategic plans, a company would leave itself open to risk and costly surprises.

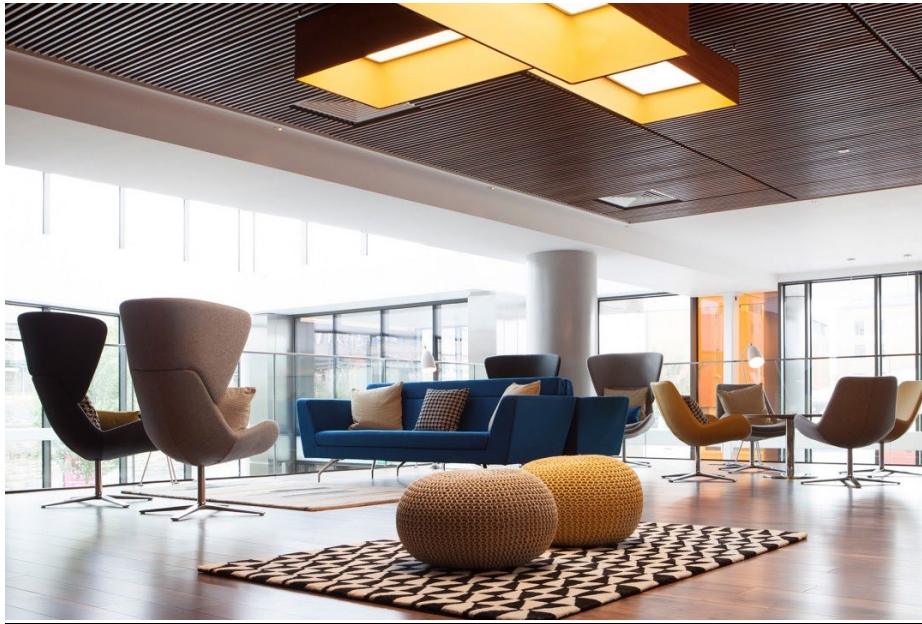
P	E	S	T	L	E
Political	Economical	Social	Technological	Legal	Environmental
Explore: <ul style="list-style-type: none"> • Current taxation policy • Future taxation policy • The current and future political support • Grants, funding and initiatives • Trade bodies • Effect of wars or worsening relations with particular countries • Election campaigns • Issues featuring in political agendas • Lockdown restrictions 	Explore: <ul style="list-style-type: none"> • Overall economic situation • Strength of consumer spending • Current and future levels of government spending • Ease of access to loans • Current and future level of interest rates, inflation and unemployment • Specific taxation policies and trends • Exchange rates • Lockdown usage reduction 	Explore: <ul style="list-style-type: none"> • lifestyle trends • demographics • consumer attitudes and opinions • media views • law changes affecting social factors • brand, company, technology image • consumer buying patterns • fashion and role models • major events and influence • buying access and trends • ethnic/religious factors • advertising and publicity • ethical issues 	Explore: <ul style="list-style-type: none"> • Relevant current and future technology innovations • The level of research funding • The ways in which consumers make purchases • Intellectual property rights and copyright infringements • Global communication technological advances 	Explore: <ul style="list-style-type: none"> • Legislation in areas such as employment, competition and health & safety • Future legislation changes • Changes in European law • Trading policies • Regulatory bodies • Insurance cover during lockdown 	Explore: <ul style="list-style-type: none"> • The level of pollution created by the product or service • Recycling considerations • Attitudes to the environment from the government, media and consumers • Current and future environmental legislative changes

*source: <https://business-docs.co.uk/downloads/pestle-cheat-sheet/>

As the risk of capturing too much data potentially leads to ‘paralysis by analysis’ and despite the model not including consideration of ethical factors within the framework, our research uses the model considered the most relevant to the Company namely the PESTLE method - the method of evaluating a company’s business decisions and how they may affect the business; identifying threats posed by external influences before they impact the business.

9.0 Case Study: Orangebox

There is an increasing emphasis on integrating Social Value into business models. Here we present a business case study analysing the Social Value initiatives of Orangebox, a UK market leader in the design and manufacture of contemporary office furniture.



9.1 Company overview

Orangebox is a UK market leader in the design and manufacture of contemporary office furniture with a key focus on the innovation and manufacture of furniture products for offices and workspaces, selling business-to-business Worldwide (Jensen, 2019).

Since 2000, when present-day Orangebox was founded after an MBO and subsequent buyout for £60m by US giant Steelcase (Steelcase, 2024) in 2018 (Global Newswire, 2018), the Company has seen a steady increase in demand for its growing range of products including a reinvention of its original signature task chair.

Steelcase					
New Products Ancillary Collection Spaces Design Resources Research About Dealer Community					
Steelcase	How to Buy	Furnishings Brands		Learning Brands	Surface Materials Brand
Our Company	Dealers	Steelcase	Mattiazzi	Steelcase Learning	DesignTex
Careers	Retailers	AMQ	EMU	Smith System	
Our Dealer Community	Showrooms	Coalesse	Carl Hansen & Son	Polyvision	Technologies Brands
People + Planet	Steelcase Store	HALCON	Blu Dot		Microsoft
Our Services	Design Services	Orangebox	FLOS	Health Brands	Zoom Rooms
Consulting	Financial Services	Viccarbe	Moooi	Steelcase Health	Logitech
Our Suppliers		West Elm	Tom Dixon	ModuForm	Crestron
Information For		Bolia	nanimarquina	West Elm	VergeSense
Government		Extremis	Frank Lloyd Wright Foundation	KwickScreen	Snowsound
Architects + Designers		Established & Sons			
Investors					
Media					

*source: <https://www.steelcase.com/brands/orangebox/>

Orangebox as a standalone company within the Steelcase family enjoys a current annual turnover of £80m and runs the business on principles of best quality, longevity of product

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and the reduction of carbon intensity in its manufacturing processes following the Greenhouse Gas Protocol ([GHG Protocol, n.d.](#)) decoupling methodology; Categories 1, 2 and 3 specifically.

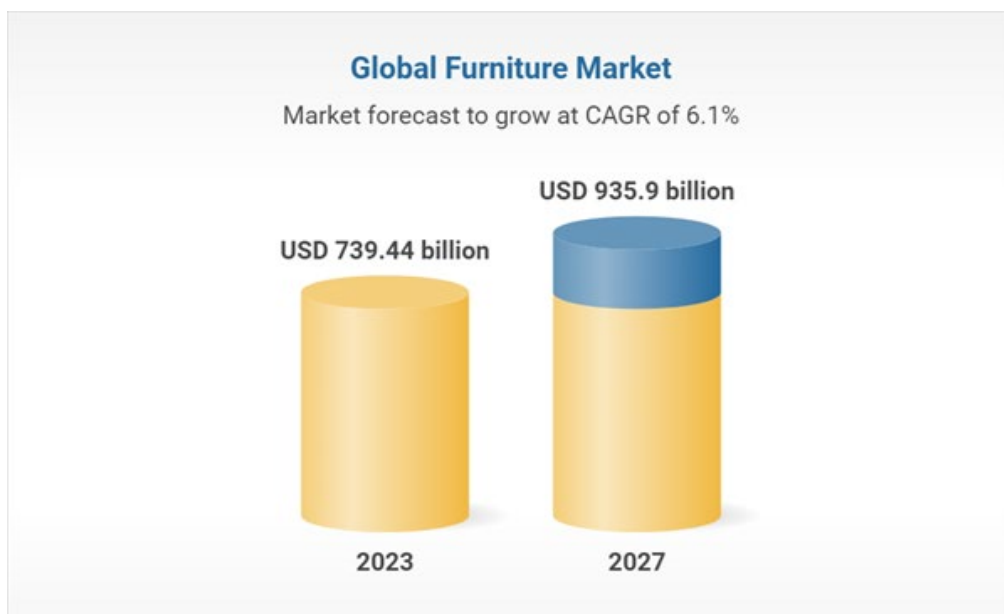
9.2 Policy and strategy meeting with Orangebox

In an online Teams meeting with Gareth Banks, Head of Sustainability on Tuesday 23rd January 2024, we worked our way through the questionnaire sent to Mr Banks prior to the meeting (see Appendix 3).

It is within the past 15 years (since c.2000) that Orangebox has focussed on the sustainability of the products it designs and manufactures; and in the last five or so years within the business itself.

9.3 The global furniture market

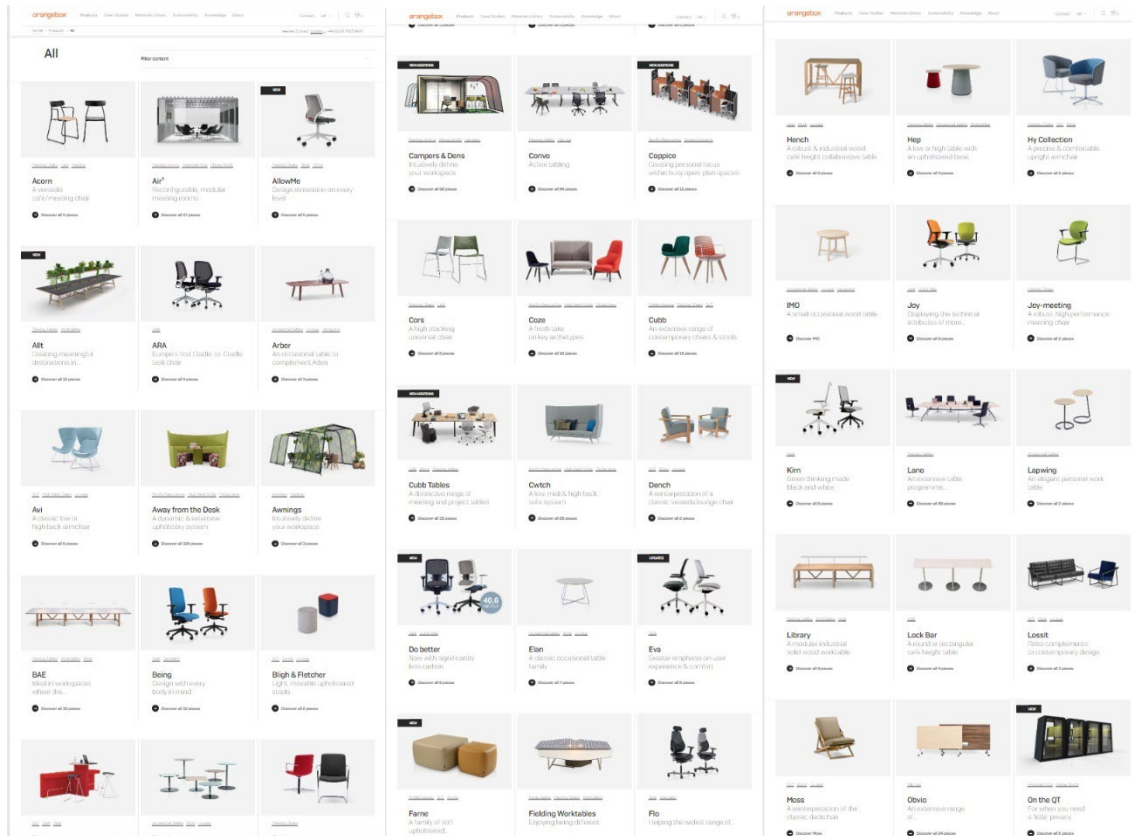
The global furniture market is well developed. In 2023 the sector was valued at £582.03bn with a projected value in 2027 of £736.67 ([The Business Research Company: Research and Markets, 2023](#)). The office furniture sector is valued at roughly 10% of the whole global furniture market.



*source: <https://www.researchandmarkets.com/reports/5781240/furniture-global-market-report>

9.4 Product design and development

Since the 2017 research and development report into the eco design of its products ([Prendeville et al., 2017a](#), [Prendeville et al., 2017b](#)) and the Company's buyout to Steelcase in 2019, the Company has significantly increased its product offering with built-in sustainability, tech, contemporary design and Social Value within the Company's value and supply chain.



*source: <https://www.orangebox.com/products/all>

Orangebox promotes life cycle thinking as a primary design philosophy and uses the key themes to guide decision making including:

- formal integration of sustainability into NPD processes, considering and continually reviewing environmental performance at key control points during the process. A sustainability review is undertaken at the outset of every new development to establish the environmental compliance and sustainability objectives for the project
- promotion of life cycle thinking as a primary design philosophy aiming for long term product performance, responsible material health and sourcing, minimisation of global warming and other life cycle impacts; and design with a lifecycle extension, second life and end of use outcomes in mind from the start.

The Company recognises that the World has reached the point where natural resources are declining at an untenable rate and that climate change and biodiversity loss are key drivers to the need for a fundamental rethink to ensure the Planet's future.

The economic viability of Orangebox relies on the long-term sustainability of materials and it is understood that building a future which more effectively balances economic and environmental outcomes is crucial for the Company's long term business prosperity. The Company believes that whilst the transition to significant decarbonisation cannot happen overnight, it does need to be a key aim for Orangebox in the next 10 years as part of a global shared responsibility to combat climate change and other human-related impacts.

Orangebox does not manufacture the fabric component of its products but works with c100 strategic manufacturing partners worldwide, localising within the UK where possible.

9.5 Purpose of the analysis

Whilst Orangebox does not work with any one specific model of research and analysis, using the PESTLE analysis to frame our case study research enables the exploration of the political, economic, social, technological, environmental and legal factors affecting the Company's operations and strategies. Within this model, examples are given of how the Company adapts and aligns its business practices with the ever-changing dynamics of the external environment to ensure sustained growth and competitive advantage in the market.

9.6 Political Factors

9.6.1 Government regulations

Maintaining a sustainable and legally responsible business environment ensures a safe working environment for the Orangebox Company and its employees.

Employment laws influence the Company's hiring practices, employment contracts, and worker rights - crucial for maintaining a harmonious relationship with employees and avoiding legal disputes.

9.6.2 Trade policies

As a manufacturer of office furniture, Orangebox is subject to trade policies regulating imports and exports between countries, including tariffs, quotas and restrictions on certain types of goods. Barriers to trade, immigration policies, tariffs, and border checks post Brexit have all had a negative effect on UK manufacturing overall, but the Steelcase buyout has opened up established trade routes and growth opportunities for the Company.

These policies usually either help or hinder a Company's ability to access international markets and compete globally, so for example, high tariffs imposed on Orangebox's products restrict the Company's ability to export to certain markets and make its products less competitive in terms of pricing. On the other hand, when trade policies are favourable as with free trade agreements or reduced tariffs, Orangebox benefits from increased market access and potential related cost savings.

9.6.3 Political stability

Orangebox is based in the UK with four premises locations within England and Wales combined, the manufacturing taking place in Wales. Political stability in the UK is relatively good with a well-established democratic system and a mostly stable government supporting a predictable business environment, enabling the Company to focus on its core competencies and expand its market share without undue political interference.

The same political stability facilitates trade agreements with other countries, promoting international business opportunities for Orangebox and these agreements ensure a smooth flow of goods and services across borders, resulting in decreased trade barriers and increased market access for the Company.

Brexit however has had major ramifications for the UK's ability to trade with the European Community and for Orangebox in particular and this prompted a continual review agenda of what supply chain options might look like, even before the vote took place.

The main changes for the Company's supply chain since Brexit is build-in of extra lead times when sourcing products from Europe. This increase in lead times is due to the extra time processing the necessary documents for import and export as well as inevitable delays at customs. Additional bureaucracy has also had an inflationary impact on costs and the issues most obvious at the start of the transition in 2021 have largely become part of everyday life ever since.

Sourcing decisions have also been impacted by the changes and UK based companies have occasionally been favoured over equivalent European competitors. This has not led to a significant shift in regional spend share for Orangebox, but it has none the less impacted decisions on recent launches.

Supply chain risk in terms of logistics and costs also affect the Company's decision-making process. Near shoring and on shoring are key strategic sourcing goals within which the Company always seeks to find the most sustainable solution in every sense of the word.

At the height of the supply chain challenges in 2020/21, with the impacts of Covid gripping the world followed quickly by the post Covid bounce back and surge in demand, the Company's main challenge was to manage disruption, particularly difficult for a Orangebox with huge variation in their offering and a wide range of materials to source.

The answer at the time was to put inventory in place to maintain customer lead times and this proved to be difficult without a clear view of future sales expectations. Typically, Orangebox and the industry they operate in is unable to accurately forecast demand which has meant the Company were overstocked on some materials but short of others.

The Company has managed this during the past two years by working with their supply chains to improve forecasting and simultaneously securing shorter more agile raw material supply chains able to quickly react and which do not require significant investment in stock.

Late point 'delayed differentiation' ([Lee, 1997](#)) (see Appendix 2) and range management ([Upton, 1997](#)) (see Appendix 2) have been two key strategies which have facilitated a reduction of over 33% in the Company's raw material inventory since the start of 2023.

Offshore, Russia and Putin's influence on energy markets has forced a 4x cost increase on materials prompting 5x separate price increases by Orangebox to cover the cost of production since 2022.

The Company remains vigilant and updated on any potential political risks or changes which may impact its operations - political instability in key markets or changes in government policies with the potential to disrupt supply chains, hinder market expansion and inevitably increases regulatory burdens.

9.7. Economic Factors

9.7.1 Market trends

Market trends play a crucial role in determining the demand for Orangebox's contemporary office furniture. Changes in consumer spending habits and economic growth significantly impact the demand for office furniture. Post pandemic the office environment has changed dramatically and Orangebox has leaned into the relationship building and networking aesthetics of market trends responding to consumer drivers for collaborative places of interest in which to work, as comfortable as home with a contemporary material, colour palettes and tech integration.

9.7.2 Fluctuations in exchange rates

Fluctuations in exchange rates affect the Company's profitability, in particular where it relies on international markets for materials and parts with which to make their products (inbound) and the sale of their products internationally (outbound). Fluctuations in exchange rates affect Orangebox's competitiveness and profit margins so the management of the Company's currency exposures is high on the list of priorities.

9.7.3 A strong economy

A strong economy stimulates business activity and increases demand for office furniture, while a downturn inevitably leads to reduced spending on non-essential items. Monitoring economic indicators, planning for fail safes and implementing adaptable strategies is crucial for sustained growth.

9.7.4 Spending patterns

Spending patterns are dependent on consumer confidence and linked heavily to market trends. Understanding consumer behaviour and adjusting marketing and pricing strategies where possible is important for maintaining market share.

9.7.5 Macroeconomic factors

Macroeconomic factors including inflation and unemployment rates impact consumer spending; inflation erodes purchasing power, making goods and services more expensive. Where Orangebox faces rising production costs due to inflation, it adjusts pricing strategies to maintain competitiveness not forgetting that high unemployment rates reduce consumer spending as individuals have less disposable income.

9.7.6 Demographic trends

Demographic trends influence consumer spending patterns. An ageing population spends more on ergonomic office furniture to support comfort and productivity; technological advancements, changing work patterns and post pandemic remote working – where any office environment offering has to be worth commuting to (see Appendix 4) impact the traditional demand for office furniture.

9.7.7 Value chain design and management

Through its remanufacturing activities, Orangebox aims for a fourfold reduction in material intensity of the manufacture of its product range. Remanufactured task chairs are offered to new market segments with a full product warranty equivalent to a first manufactured product.

The Company has not restructured its means of revenue generation and has chosen to use a rebate system to facilitate a reverse flow of products from its customer base to retain control of its products rather than pursue a leasing strategy.

Orangebox offers a full warranty on its remanufactured products and uses new routes to markets for its remanufactured goods, developing new sales and distribution channels as part of the process.

The Company has developed strategic partnerships to experiment with the viability of a remanufacturing business model through the selection of critically enabling partners (including clients), gatekeeping public sector actors and the Steelcase supply and value chains.

9.8. Social Factors

9.8.1 Demographic Changes

The population is ageing which presents both challenges and opportunities for the Company with an increased demand for ergonomic office furniture to support the health and well-being of employees. Orangebox capitalises on this trend by developing innovative products to cater to the needs of older workers.

With proper understanding of demographic changes, Orangebox has positioned itself as a market leader by addressing the evolving needs and preferences of the modern workforce.

9.8.2 Cultural Influences

Cultural influences play a significant role in shaping consumer preferences and behaviour.

The Company operates in various international markets and considers the cultural preferences and values of its target audience. Different cultures have varying preferences for office furniture styles, colour and materials and cultural norms regarding workplace design, so functionality impacts the design and demand for Orangebox products.

Orangebox invests in market research to develop a deep understanding of the cultural nuances in each target market and to effectively cater to diversity. In doing so, the Company adapts its product offerings and marketing strategies to align with the cultural preferences and needs of its customers, ensuring its continued success and competitive advantage.

9.8.3 Workforce Diversity

Workforce diversity is an important social factor affecting Orangebox's operations. In order to understand the impact of diversity on the Company, factors such as age, gender, ethnicity and culture within its workforce are considered (Cox, 1991).

Research suggests that diverse workforces enhance creativity, problem-solving and decision-making abilities within organisations. The shift towards a more diverse workforce, including the need for an increase in the number of women in leadership roles (anecdotal evidence relates that regrettably only two within a group of 38 attendees at a recent Company strategy meeting were women) has been recognised and Orangebox embraces the importance of diversity with implemented strategies to foster an inclusive work environment.

By promoting diversity, the Company taps into a wider range of perspectives and ideas which ultimately contribute to innovation and business success creating a competitive advantage which maintains the position the Company as the industry leader it is.

9.8.4 Marketing and client relationship

Orangebox's core client base are corporates whose brand identities drive the end product aesthetics.

Being part of the Steelcase corporate family has significantly increased the Company's global market visibility.

9.9. Technological Factors

9.9.1 Innovation in office furniture design

The Company places a strong emphasis on developing innovative and ergonomic designs to cater to the changing needs of the modern workplace and constantly seeks to stay ahead of market trends and customer preferences by investing in research and development.

The development of design concepts combined with manufacturing and product design technologies gives Orangebox the opportunity to offer unique and functional solutions to its clients. This focus on innovation not only sets Orangebox apart from its competitors but also enables the Company to create products which enhance productivity and well-being in the office environment.

Orangebox maintains its position as a market leader in the industry through its commitment to continuous improvement and design innovation.

9.9.2 Automation in manufacturing processes

By implementing automation in their manufacturing processes, Orangebox streamlines production, increases efficiency, and reduce costs.

Automation processes improve product quality and consistency, eliminating the potential for human error allowing Orangebox to meet the demands of a rapidly changing market and enabling the Company to quickly adapt and scale production based on customer needs.

Anecdotal evidence shows that Orangebox acknowledges the importance of including the potential impact of automation on their workforce within their design strategy, recognising that while automation may lead to job displacement. It also creates new opportunities for employees to upskill and take on more advanced roles within the Company. Automation in the manufacturing sector presents opportunities and challenges for Orangebox and the successful implementation of technology is a key factor in the Company's future, growth and market competitiveness, but there remains an emphasis on the retention of skilled labour with traditional skills.

“There are some things that cannot be done by a machine” and Orangebox has developed an inhouse apprenticeship style training program training machinists for a year before they are introduced to the actual production line.

9.9.3 Digital marketing strategies

Orangebox uses various digital marketing strategies to enhance its presence and reach in the B2B market, a strategy which leverages the advancements in modern technology and the widespread use of digital platforms. This includes online advertising, content marketing – blogs, videos, white papers – which reinforce the Company as a thought leader in its sector.

Building trust and credibility among potential customers ultimately influences purchasing decisions.

9.10 Legal Factors

9.10.1 Intellectual property rights

Within the regulatory Intellectual Property Rights (IPR) play a significant role in protecting the Company's innovative office furniture designs. Registering patents and trademarks ensures the Company has safeguards in place to protect its intellectual property and prevent unauthorised use or imitation by competitors.

By investing in R&D, the Company creates innovative office furniture designs which meet the evolving needs of its customers and by safeguarding its IPR, the Company retains exclusivity over its own designs, preventing competitors from replicating or profiting from their innovations.

Investors and potential collaborators are more likely to be interested in working with a company that has established and protected IPR than not, so the IPR are a valuable asset for Orangebox, increasing the Company's credibility and potential for future growth and expansion.

9.10.2 Employment laws

Employment law shapes Orangebox's operations and human resource management practices, governing various aspects of the employer-employee relationship, ensuring fair treatment and protection for both 'sides' and for the avoidance of legal liabilities and retention of a positive reputation as an employer. Orangebox employs c.450 people in the UK across four sites.

Employee rights are extensive and include fair wages (following minimum wage laws), working hour limits (to eliminate exploitation), and safe working conditions (providing a secure working environment for all employees).

Orangebox follows equal opportunity legislation to ensure fair and unbiased hiring processes ensuring no discrimination on gender, race, or disability. The Company also provides appropriate benefits to employees including sick leave, maternity/paternity leave and holiday leave. Employment Laws govern the Company's hiring practices, termination procedures (redundancy practices and employee dismissals), discrimination prevention, and employee benefits.

Orangebox fosters a positive work environment running regular workshops (including a well-received Carbon Literacy and Climate Awareness Training seminar) to encourage positive experiences, employee satisfaction and understanding.

This activity mitigates legal risk by promoting a strong understanding and implementation of those laws, crucial for the Company's overall success and reputation as an employer.

9.10.3 Health and safety regulations

Orangebox prioritises the implementation of health and safety policies, procedures, and practices to minimise the risk of accidents and injuries in the workplace.

Compliance with health and safety regulations is a legal requirement, important to the well-being and productivity of the Company's workforce. By conducting regular risk assessments, providing adequate training, and maintaining a proactive approach to health and safety practices, Orangebox creates a culture of safety within the organisation, ergonomic workstations, fire safety protocols, and proper handling of hazardous materials which all demonstrate the Company's commitment to the well-being of its employees and supports a positive company reputation in the industry.

9.11 Environmental Factors

Orangebox is committed to improving people's work-life balance with delivery of World class innovation and design. The Company recognises that as a manufacturer of products which utilise materials and energy in the production process and transportation, almost everything it does has a negative impact on the Planet.

While the selection of materials for Orangebox products focusses on physical and intangible material properties, a conversation on decision-making methods to support the Company in non-property aspects of material selection is always an agenda priority, including an understanding of how materials first enter a design portfolio selection ([Prendeville, 2013](#)).

The aim is to systematically reduce the Company's impacts with the application of a range of strategies which influence the way it designs, manufactures and distributes its products and has set itself an absolute reduction of emissions target of 50% from operational energy by 2030 and to be fully net zero by 2050 at the latest.

Embedded design team knowledge, supply chain influences, stakeholder influences and sector behaviour are key in supporting environmental decision-making around materials. Material knowledge cultivation supports sustainable material innovation as a foundation for innovation and sustainability while also being pivotal to economic prosperity.

The industrial arm of the Research and Innovation Department of the European Commission estimates that 70% of all new product innovation is based on materials with new or improved properties ([ET2C, 2019](#)) where materials represent global tensions linked to rising costs, scarcity and supply risks. Material-efficiency commitments through light-weighting and design for recovery are examples of business commitments that put the onus on design to deliver more environmental products.

Material costs comprise 45% of Orangebox's total annual expenditure and the Company has seen its costs of materials rising year-on-year which has prompted an increase in the sell on price of products to its clients.

Drivers for investing in remanufacturing include the reduction in the Company's raw material costs; revenues from remanufactured products; new markets; the need for

material security in the long term; positive brand value and the ability to position itself advantageously in the industry and diversify its overall business activity.

Since 2006, Orangebox has used abridged Life Cycle Analysis (LCA) (see Appendix 2) methods to inform design decisions during product development and has found that the main environmental impacts of office chairs occur during raw material extraction, production and end-of-life stages.

Material strategies are therefore critical (Furniture Industry Research Association, 2010). For example, a typical task chair on the UK market weighs 18–19kg and by comparison a recently launched Orangebox chair weighs a considerably lighter 13kg with a carbon footprint of 79.47kg CO₂-equivalent emissions - this achieved through new design features and product light-weighting (Prendeville, 2011).



*source: <https://greenly.earth/en-gb/blog/company-guide/everything-you-need-to-know-about-lca-life-cycle-analysis-in-2022>

9.11.2 Sustainability practices

While 'sustainability' incorporates both social and economic dynamics, designers are seen as key decision-makers with power to foster preferable material applications and portray creative, future visions of material use.

Orangebox has implemented several sustainability practices to align with environmental factors, recognising the importance of sustainability in its operations by taking steps to reduce its carbon footprint by promoting sustainable manufacturing processes, the use of renewable energy sources and a reduction in waste generation.

9.11.3 Environmental regulations

The landscape of environmental regulations is complex and ultimately aims to minimise the negative impact of industrial activities on the environment.

Orangebox ensures its manufacturing processes and materials align with sustainable practices by close monitoring and management of waste disposal, energy consumption and

emissions, using eco-friendly materials to reduce otherwise potentially high carbon footprint.

While the Company has no internal recycling policy on the re-purposing of upholstery fabric for example, integrating the decoupling ethics of the GHGP rule book does involve re-using materials which it sends back through its supply and value chain, which in turn slashes the Company's carbon impact within the levers of circularity.

Orangebox supports recycling programs which combined, demonstrate the Company's commitment to environmental stewardship and a dedication to providing sustainable office furniture solutions to its customers.

9.11.4 Carbon footprint reduction

Orangebox recognises the importance of minimising their carbon emissions and has implemented measures to achieve this goal through the adoption of energy-efficient manufacturing processes and investment in renewable energy sources all of which have significantly reduced the Company's greenhouse gas emissions.

The Company actively promotes the use of sustainable materials in their furniture design, not only positioning Orangebox as an environmentally responsible business but also to resonate with their target market's growing demand for eco-friendly products.

9.12 How has Orangebox integrated Social Value into their business model?

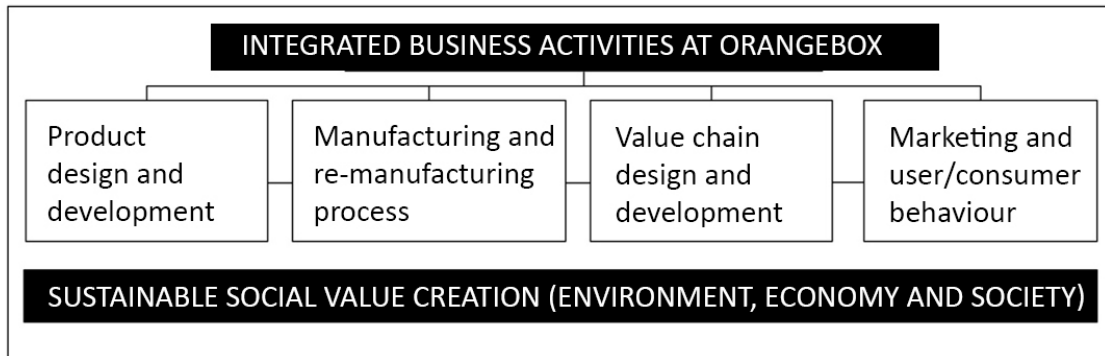
9.12.1 Remanufacturing process

It is estimated (Interreg Europe, 2014) that the 'Chair for Life, the G64' alone diverts up to 375 tonnes of material from landfill, generate sales of up to £5 million per annum and generate £2.5 million per annum of added value for Orangebox's supply chain.

The pilot study showed that 98% of the G64 chair is recyclable and the remanufactured chairs have 78% recycled content. Carbon foot printing research conducted (Climate Impact Partners, 2012) calculates that this represents a 32.44 kg CO₂ reduction compared to a newly manufactured chair.

The savings are gathered mainly from the reuse of metal and plastic parts. Remanufactured chairs require no additional aluminium and 75% less steel. Polypropylene requirements fall by 45% and nylon demands by 66%. The refurbishment scheme also provides a new revenue stream for the Company and the expanded value network.

Remanufactured chairs are likely to generate between 60 and 90% of the sales value of a new G64 which show that a combination of integrated activities is involved in the remanufacturing process and restrained by suitable triple bottom line indicators for Social Value creation.



**source: Conceptual Framework on Integrated Business Activities and Triple-bottom-line Sustainable Value Creation Adapted from Lieder & Rashid, 2016; Brundtland, Elkington 1997, Ellen MacArthur Foundation 2013.*

9.13 Case Study Conclusion

While the UK and global furniture markets have shrunk post Brexit, post pandemic and in the midst of a worldwide energy crisis and ongoing land wars; despite recent cutbacks and redundancies actioned by the Company post Steelcase buy out in 2019; despite the 4x price rise in the sell on value of products and the shift towards a new era of office environments, the Company is optimised and optimistic for the future.

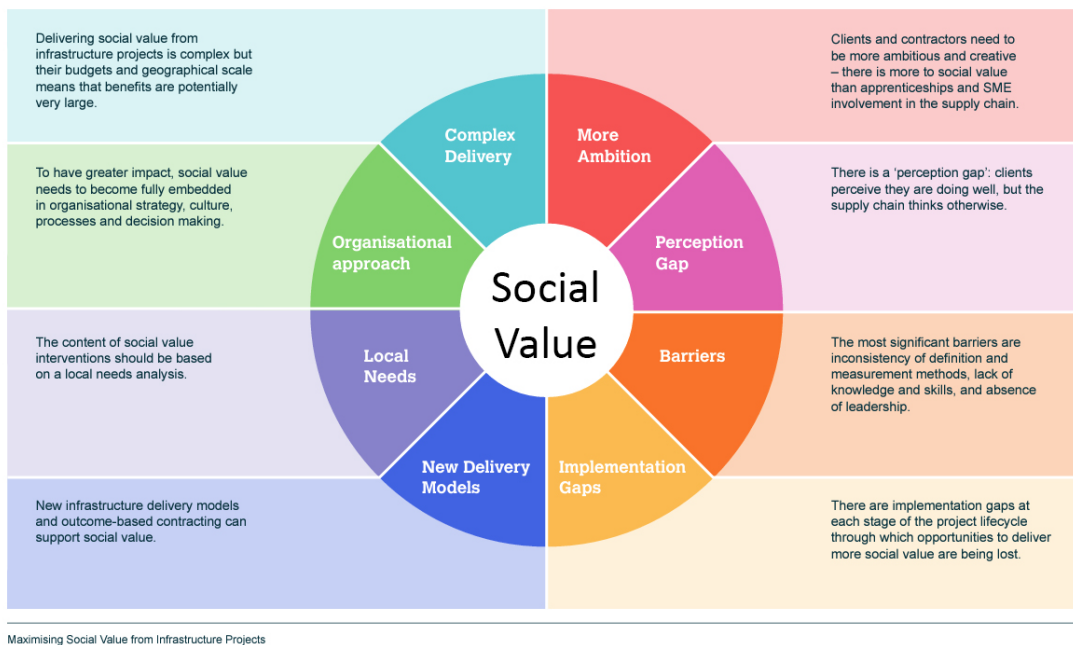
In a nutshell, the environmental and value initiatives in place at Orangebox are successful, forward thinking, innovative - accredited with profitability, brand value, Social Value, product decarbonisation, footprint and product dematerialisation; employment, corporate and cultural reputation (see para 8.5).

10. Why companies fail at Social Value integration

Adopting socially responsible and environmentally sustainable activities should be a standard requirement in business.

Providing positive large-scale impacts on all aspects of life as a founding philosophy would revolutionise how companies work as standard rather than as an afterthought. Failure to account for the effect of ESG issues on a company may mean that the integration process is not successful and if a company fails to recognise the need to merge economic, environmental and social spheres into a single space, it will lead to failure (JD Supra, 2022).

Inequality in the UK continues to rise, putting us amongst the most unequal countries in Europe. Underpinning this are vast regional and intergenerational disparities. Wealth and income inequality also translate into wider issues relating to educational attainment, prevalence of health issues and access to quality housing.



*source: adapted from an image within an Institute of Civil Engineers report at https://usefulprojects.co.uk/wp-content/uploads/2020/01/Maximising_social_value_from_infrastructure_projects_v1.1.pdf

A sustainable mindset builds a constructive feedback loop which leads to more and more individuals and companies being aware of these potential obstacles and better placed to take the necessary measures to avoid them.

When integrating ESG issues, companies must ensure they start out with the right objectives for their business specifically rather than take on generic objectives ensuring they have the corresponding correct procedures in place (Henisz, 2019). Companies which fail to take these factors into account are putting their own futures at risk.

10.1 Consumer power

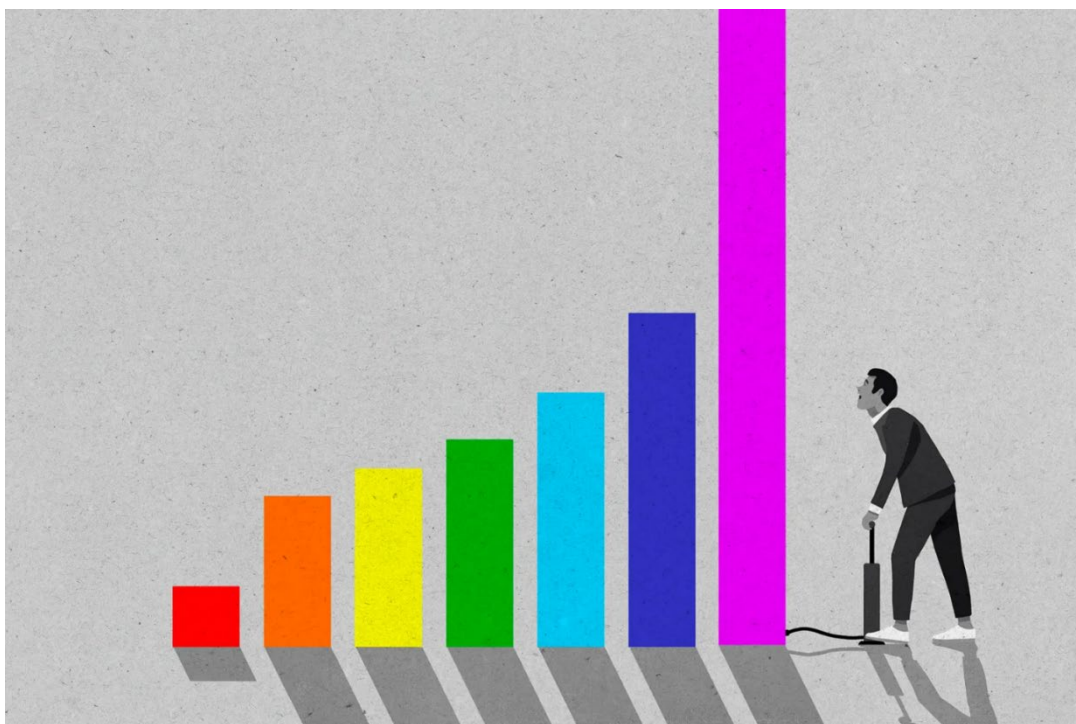
People expect the companies they buy from to practice business sustainably and ethically.

In 2015, Nielsen published its annual Global Corporate Sustainability Report indicating that 66% of global consumers are willing to spend more on a product if it comes from a sustainable brand and that having a transparent sustainability strategy can reduce costs substantially and affect operating profits by as much as 60% (Landrum, 2017).

10.1 Going 'woke' for profit

No doubt about it, although the trend has potential devalues the genuine meaning of Social Value, companies are keen to be seen to be doing the 'right thing' and being 'woke' has increased name recognition, profits and brand awareness for many.

Rolling Stone published a 'Booming Business' article in April 2023 in which it says "GET WOKE, GO broke" has become a rallying cry of the political right whenever they see a brand making the slightest effort to align itself with liberal or progressive values (Rolling Stone (Magazine), 2023).



**source: <https://www.rollingstone.com/culture/culture-features/woke-companies-broke-profits-1234710724/>*

Despite unsavoury greenwashing activities (see 10.3), publicly traded companies have a fiduciary responsibility to make more profit as much as private companies and SMEs who must make profit to survive (Mazzacurati, 2023).

As has been shown, if going 'woke' wasn't profitable they would stop doing it, it's really that simple.

10.3 Greenwashing

Greenwashing is the practice of making exaggerated and/or misleading claims about the Social Values connected to a company, brand and products, when companies articulate their CSR policies and marketing narratives to ensure they are 'pleasing' their customer base

for the sake of promoting their claims of sustainability and environmental / social efforts (Neagle, 2022).

As indicated earlier on in this paper, as much as it is not an easy task to quantify Social Value in business, there is now the added issue of identifying the Companies who make these false claims and the consequences for society that these claims may have.

Transparency and authenticity in CSR claims and the scourge of greenwashing is a new battlefield only adding to the complexities of integrating Social Value into business models (Edwards, 2024).

10.4 Challenges remain for companies attempting to integrate Social Value into their business models

There remain numerous challenges for companies wanting to integrate Social Value into their business models including as already discussed, the difficulty of identifying and measuring it.

For Companies to understand what constitutes Social Value and to then develop methods to measure it within the context of a company, they must consider the wider impacts of their Social Value strategies, including consideration not only of the immediate impacts, but also potential long-term consequences (Social Change, 2022). They must ensure that the identified Social Value strategy they choose to follow is based on sound research and supported by a wide range of stakeholders.

The primary question for a company is what needs to be done genuinely to incorporate a Social Value strategy - improving the Company's public image and at the same time genuinely delivering on identified sustainable and ethical issues (Reckmann, 2023).

10.5 Potential trade-offs between Social Value and other company-specific priorities

As Social Value becomes increasingly important in the business world, companies are faced with potential trade-offs between pursuing Social Value and other business priorities.



**source: <https://hbr.org/2016/10/the-ecosystem-of-shared-value>*

One of the main challenges is the integration of Social Value into a company's value proposition rather than treating it as a separate initiative or marketing campaign - to potentially increase the total value of a company (Kramer, 2016). While there may be general company-wide efforts to address CSR and sustainable development, it is important to integrate Social Value orientation into the extended norm activation model of CSR from the business ethics discipline (Du, 2022) rather than pay it lip service.

Understanding the particularities and value drivers of hybrid social purpose in business models is crucial in integrating Social Value into a firm's value offering (Spieth, 2019), but until the human and Social Values CSR programs are fully integrated into the strategic and operational decision-making of any company, there will undoubtedly be potential trade-offs between pursuing Social Value and other business priorities. It follows then that it is essential that the SVP be integrated into a company's DNA to create economic and Social Value through a single mission.

To address these trade-offs, it will be necessary for each and every company to analyse the variety of strategies available and look to integrate a representative range of societal values into judgments - whether made by private industry, citizens or ethicists with the ultimate achievement of having an integrated conceptual framework of social enterprises seeking to create Social Value in a sustainable way.

11. Repugnant conclusion

“For any possible population of at least ten billion people, all with a very high quality of life, there must be some much larger imaginable population whose existence, if other things are equal, would be better even though its members have lives that are barely worth living” (Parfit 1984).|

Parfit’s ‘Repugnant Conclusion’ (Arrhenius, 2013) raises difficult questions about the ethical implications of integrating Social Value into a business model suggesting that it is better to create a large population of people with a low quality of life, than a small population of people with a high quality of life.

The question of whether a time will ever arrive when there are more people in good health and wealth in the World than there are those with wealth and the power to make a change for the good is unanswerable. We know that mixing money and the delivery of real genuine life changing Social Value is an anomaly to the 1% who really could make a change for the betterment of the World’s people and environment, but we also know that good fortune is squandered by that small percentage of the population and all of that which would make the difference to the majority in a lifetime is knowingly not shared.

“When you find morally wrong outcomes that contradict your moral theory, then enrich your moral theory rather than twisting your moral judgements” (Armstrong, 2019).

12. Conclusion: the future of Social Value in business

Although existing research on Social Value measures is still exploratory in nature, innovative models of analysis continue to be identified and refined which examine trigger constraints in business in greater detail to drill down on the relationship between constraints and Social Value creation.

Integrated company Social Values are gaining traction in the global markets, but a definitive, successful prototype of measurement has yet to be determined. It is sincerely hoped that the overall ethics of social Value evolve as 'must have' integration and process of business delivery and evaluation model sooner rather than later.

It is too soon after the late realisation that Social Value is important to the survival of the World to know whether and when there will ever be a one size fits all schedule of processes and methods for start-ups and established businesses to follow to ensure successful integration of this important ethical prerequisite.

Ultimately a unified and determined effort on the part of every single one of us is needed to actively demonstrate the importance of corporate social responsibility initiatives. Small steps by the majority will lead to big changes on the World platform and play a role in the future evolution and the normative reality of Social Value in business.

13. Limitations and further research

Further research is required to explore the outlook across the subject spectrum for Social Value in the business world to provide an understanding of how companies are able to create Social Value while still being profitable.

An additional area for further exploration is the concept of trigger constraints and the relationship between binding constraints and trigger constraints, both conceptually and empirically ([Hamilton, 2018](#)), involving the collection of data. However, given our Conclusion on the future of Social Value in Business, it remains unclear as to how that would be achieved with so many differing criteria, ever changing goalposts and the novelty of the as-yet-to-be-determined.

There is also undoubtedly a need for a review of the current available literature on value in business and industry, which will potentially lead to the identification of areas to drive future research on the subject. With all of this research and testing underway, companies will be able to create Social Value - fostering strong stakeholder relationships to develop, implement, and evaluate compelling social responsibility programs, generating value for both the Company and society at large ([Martin-Otega, 2018](#)).

It continues to be inevitable and essential that *economic value* is included within any and every identified framework to achieve effective research results relative to Social Value ambitions; and this in itself will always continue to play an important role in addressing broad societal issues, imbalances and challenges.

Whichever appropriate method of qualification is identified for business framework integration, it will be important to ensure that the data itself is actually appropriate for analysis within the research framework criteria and that the results are correctly interpreted.

Future studies could delve deeper into what appear to be unclear processes of creating Social Value, including Multiple Regression Analysis (MRA)* or Structural Equation Modelling (SEM)* ([Bollen, 2013](#)) - both statistical methods formulated to analyse relationships between variables to pinpoint more robust findings.

There also continue to be significant gaps in research on Social Value integration. Future research should focus on developing methods to measure Social Value and the impact of Social Value integration on the environment and society. Ultimately future-ready Companies need to be clear on purpose; to know how to create and cultivate Social Value within their company structures and to know how to deliver on their promises and how to qualify and build on them – and to do this they need the right tools.

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Appendix 1 – methodology

A1-i Collecting data

Several data collection methods have been used to analyse the problem – the main one being to read up as much as could be found on the subject including comprehensive academic papers, UWTSO library facilities and worldwide university library facilities where possible: books, podcasts, blogs, management consultant reports, newspaper articles and sector reports.

This process took many months to complete and four attempts to determine what the paper would focus on within the broader Social Value subject. It has been important to concentrate on business in Wales.

- The research originally focussed on manufacturing in Wales and the impact of globalisation on communities, the work force, quality of life and the ‘stranding’ effect of Companies moving to SE Asia.
- This then changed to research the difficulties faced running a Social Value business, a social enterprise, when the majority of consumers, clients and sometimes employees were unaware of what this meant. From personal experience, too often people wrongly confused a social enterprise with being some sort of ‘tree hugging’ Government project, usually grant funded, not for profit and time limited.
- The third research subject considered was to discuss the Public Services (Social Value) Act 2012 introduced by the Welsh Government; how it has tried to deliver projects, the successes and failures, painfully slowly timescales and restrictive procedures (red tape, civil servants not being educated on the subject, favouritism to suppliers with an established supply chain framework whether with Social Value commitments or not).

I ultimately chose to discuss why Social Value’ is in my opinion a ‘must have’ for global survival and to use my own experiences in the sector to ask the questions and find the answers I knew nothing of 20 years ago when I set up a manufacturing business with an integral Social Value mission.

A1-ii How data was collected

I filled A4 notebooks with notes, thoughts, reflections, assumptions and references as I came across them. I split the notebook into several sections, adding, removing and merging subjects as I found them over time.

I wrote pages of stories in sections under different headings using the blended approach outlined in A3 above, which led me create a list of subjects I wanted to cover within the subject matter which became the Contents page of the thesis, and I then drew down on notes and references from my notebook to write the story.

I have given comparisons and objective points of view throughout the process, trying not to be biased. I thought I knew before I started what the conclusion and that opinion hasn’t changed with the creation of this thesis.

I set myself the following criteria for using existing data sources as follows:

- Historically relevant
- Current and relevant
- Voices of credible authority in the business world, academia and media
- Well written and concise
- Non-political
- Based on solid research.

A1-iii [Methods used to analyse the information collected](#)

There is a lot of repetition when reading a great deal of literature on a finite and specific subject. Many published works are unoriginal and somewhat brief but in some uncommon instances I found papers and books which made me sit up and take notice. Two books in particular spring to mind

- Europe Inc: regional and global restructuring and the rise of corporate power (Balanya, 2000) which I picked up for a pound in a local charity shop, and
- The ethical capitalist: how to make business work better for society' (Julian Richer, 2018)

I am currently reading a book suggested to me by Gareth Banks, Head of Sustainability at Orangebox called:

- Citizens: Why the Key to Fixing Everything is All of Us, (Alexander, 2023).

This research has very much accumulated through an extensive reading process. When I didn't understand something, I would refer to sources in the University library where invariably I found what I was looking for. The internet is an incredible tool for research, invaluable both during the pandemic and since for this body of work.

A1-iv [Evaluation and justification of methodological choices made](#)

A huge limitation to this research was being restricted to only 15,000 words. I feel I could have written at least twice as much again but I have kept to the salient points and restricted going off on tempting tangents.

A big weakness for me was that having run a social enterprise business for many years, I thought I knew much more than I actually do – so I had to put aside preconceptions and be open to what I was learning – whether I agreed with points of view or not – which is probably why I had three false starts before settling on the subject I have researched.

Evaluating the research was a process of filtering through the repetition of what is a relatively new subject – I wasn't as much interested in the statistics, as I was in the real time differences and detail that having Social Value as a 'must have' means and how Companies can make it a standard part of their business model.

A1-v [Obstacles to research](#)

As already described in A5 (above), there is a lot of repetition when reading a great deal of literature on a finite and specific subject.

A great deal of writing on this subject is hypothetical either written by academics who are very much theorising rather than having to put their suggestions into actions in a real-world business context. Management Consultants are paid to research subjects by Clients who need to best serve their own interests – a sweeping statement perhaps, but I am always cautious about this ‘consultant’ service and end it serves. Newspapers, mostly broadsheets do tend to be political, so I take everything on board with interest and a little salt. Industry leaders write what they feel readers need to know, not necessarily the whole story and certainly nothing that would be opinionated enough to alienate stakeholders and consumers.

The solution has been to balance the results without judgement.

[A1-vi Citations](#)

You will see from the reference section that I have used very many sources to assist me in the development and framework of my research and overall methodology.

Appendix 2

Glossary of terms

9.11.1 Life Cycle Analysis

For reference, a 'Life Cycle Analysis' is an evaluation method used to quantify the environmental impacts of a product or a service. This approach not only aids in identifying the eco-friendly potential within design processes ('eco design') but also enables a comparison between similar products or services. The goal is to pinpoint the most efficient and least environmentally detrimental option" (Anderson, 2023).

9.6.3 Delayed differentiation

For reference, when a firm uses delayed differentiation, it delays or postpones the final customization of a related bundle of products (and/or shipment of product to different geographical markets) to the extent possible, pending more accurate product and market-specific demand information. This is a form of 'risk pooling' across markets.

9.6.3 Range management

For reference, range management is defined by Holechek et al. as the "manipulation of rangeland components to obtain optimum combination of goods and services for society on a sustained basis".

12. MRA

For reference, MRA is used to determine the relationship between a dependent variable and two or more independent variables, to identify the strength and direction of the relationship between variables and used to make predictions.

12. SEM

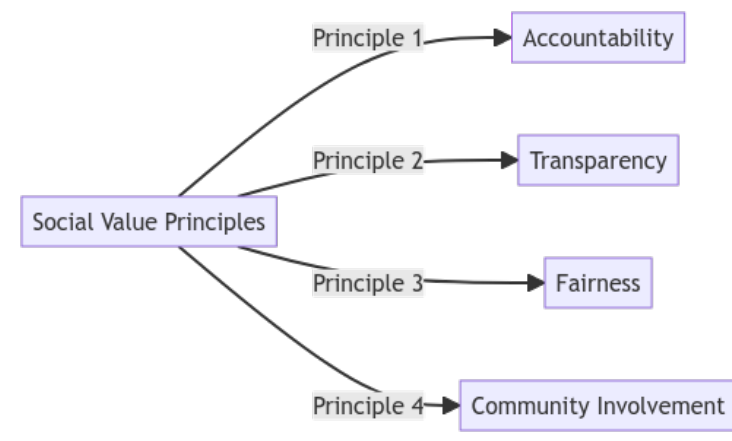
SEM is a complicated statistical method allowing for the simultaneous analysis of multiple relationships between variables and used to test complex theoretical models to identify direct and indirect relationships between variables.

Appendix 3

Research questionnaire to Orangebox

These questions were sent to Gareth Banks at Orangebox before our meeting and the answers which came about during our meeting have been integrated into the case study.

1. What do you understand by the term 'Social Value' in both lay person and professional terms – is your understanding of the term the same from both perspectives? - the following diagram and a quote from a UK Government Cabinet Office paper (2007) may help with a starting point:



“social enterprises, as enterprises delivering goods and services that reduce inequality by helping people access new opportunities, represent a growing number of people that, through their businesses, recognise that business can create social (as well as environmental and economic) value. Other business models (SE, responsible enterprise or social value business to name a few of the words being used today) are, to one extent or another, seeking to better understand and manage the way they recognise value for society. It is possible to imagine a continuum of business purpose, from those whose primary goal is to create social value through to those whose primary goal is financial profit. Interest in frameworks for measuring social value as part of businesses’ competitiveness will depend on where a business sits along this continuum.”

2. When did Orangebox actively incorporate 'sustainability' (in terms of Social Value) into the Company's business model – the following diagram may help with a starting point:

Vision

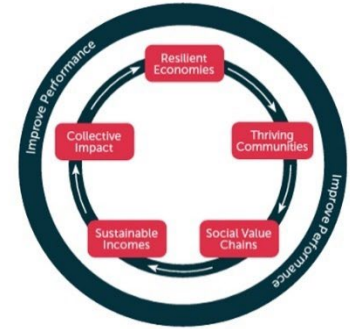
Our mission enables resilient economies and supports thriving communities closest to our sites.

Objectives

Our Social Impact Strategy contains **five** social impact objectives supported by **one** enabling objective:

Strategy

Our Social Impact Strategy contains a vision, objectives and outcomes linked to our business Corporate Strategy, to provide our communities and taxpayers with a socio-economic growth return on their investment through working with us



3. Which model of measurement does Orangebox use to monitor Sustainability and/or Social Value.
4. How does Orangebox measure the success of the Social Value integration through its sustainability policies?
5. What are the challenges of economic globalisation and its potential consequences for Orangebox?
6. What are the benefits of prioritising high social and environmental standards in the Orangebox business model
7. Eight years on from the vote to leave Europe in 2016, what has been the impact of Brexit on the Company's supply chain geographically in terms of availability of raw materials and finished goods, fulfilling delivery lead times, cost versus benefit, product choice and composition.... How did you plan for and mitigate the changes?
8. What has been the impact of Brexit on the Company's ability to deliver in terms of local and international employment directly and indirectly connected with Orangebox, non-UK nationals having the right to work in the UK....
9. Four years on from the onset of the Global Pandemic, what – if any – was the impact of Covid19 on the Company's ability to maintain local and international employment directly and indirectly connected with Orangebox, the closure of supplier companies and factories closing down, restrictions meaning staff unable to work, redundancies....
10. What has the impact of geopolitical instability – wars, restrictions on shipping routes – had on Orangebox in recent years and has that changed any of the Company's methodology on sourcing, employment and price points?
11. How does Orangebox plan ahead for blocks to their supply chain? Stockpile – location, affordability, stock vs trends / design /saleability; Just in time model; lead time planning on client requirements; pricing related to fluctuating exchange rates.

12. Where does OrangeBox go from here. What does the future hold. What changes will be made to the Company to ensure survival with social and environmental matters in mind. Where does the Company see itself in the future? Geographically, expansion plans....

Appendix 5

List of abbreviations

Abbreviation	Definition
*	Refer to glossary, Appendix 1
<i>B2B</i>	Business to business
<i>BOP</i>	Bottom of pyramid
<i>CBA</i>	Cost benefit analysis
<i>CSR</i>	Corporate social responsibility
<i>CVA</i>	Creating shared value
<i>ESG</i>	Environmental, Social and Governance
<i>FIRA</i>	Furniture Industry Research Association
<i>IPR</i>	Intellectual property
<i>KPI</i>	Key performance indicator
<i>LCA</i>	Life cycle analysis
<i>MCDA</i>	Multi criteria decision analysis
<i>MNC</i>	Multinational companies
<i>MBO</i>	Management buyout
<i>MRA</i>	Multiple regression analysis
<i>NPS</i>	Net provider score
<i>NPD</i>	New product development
<i>PESTLE</i>	Political, economic, social technological, legal and environmental
<i>R&D</i>	Research and development
<i>SE</i>	Social entrepreneurship
<i>SEM</i>	Structural equation modelling
<i>SEO</i>	Search engine optimisation
<i>SMT</i>	Social movement theory
<i>SV</i>	Social Value
<i>SVI</i>	Shared Value Initiatives
<i>SVO</i>	Social Value-based organisation
<i>SVP</i>	Social Value proposition
<i>TBL</i>	Triple bottom line
<i>TNC</i>	Transnational corporations