# Chapter 77
# Creating Social Value in Societies

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## ABSTRACT

*This chapter critically examines social value creation in societies focusing on the "shared value" theory and stakeholders' "collective responsibility" hinged on social responsibility. The social value creation process is reviewed from the social entrepreneurship perspective considering the essential business/ social inputs required to create social value for the business and the host society. The United Kingdom (UK) is used as a case study, depicting factors shaping the business environment. Other current meaningful developments, which include the Social Value Act 2012 that promotes social value creation in the country, are discussed. An analysis of the UK model of social value creation and why it will be difficult to implement in developing countries is also provided. Constraints such as poor infrastructure, corruption and other limiting factors are considered. Finally, social value creation is a sustainable process and every stakeholder benefits from its outcomes.*

## INTRODUCTION

Modern societies demand and expect high value from social entrepreneurial activities and business outcomes. Businesses exist because of societies and societal needs (Porter, Hills, Pfitzer, Patscheke, & Hawkins, 2012). In this regard, society dictates the business outcomes it values or to which it attaches significant importance (Porter & Kramer, 2006).

Creating social value is a dedicated conscious process incorporating all positive stakeholders commitment and decisions that create great and better societies (Auerswald, 2009; Porter & Kramer, 2011). Social value creation process contains both a tactical and a strategic operational focus, which confidently set in motion the development of desired societies from the present to the perceived future (Porter & Kramer, 2006). It is due to the decision to better societies and to improve business efficiencies that the need for partnership is advocated for in the social value creation process (Porter & Kramer, 2011).

The concept of ''shared value'' that benefits all stakeholders is a great decision to be included in the creation of social value in societies (Porter & Kramer, 2011). The shared value concept is one that ensures business survival and also benefits society (Porter & Kramer, 2011). The creation process should include stakeholders' functions from the social entrepreneur's business model, to government involvement via policies and regulatory frameworks (Kirlin, 1996) and societal expectation and appreciation (Porter & Kramer, 2011). It is important to state that every business or firm has the capacity to be socially responsible (Baron, 2005) based on social capital (Bowles & Gintis, 2002; Russo & Perrini, 2010) or individual and community influences (Rossi, 2001). The current chapter focuses on social entrepreneurship as a valuable and effective tool in creating social value in societies due to social enterprises' unique platform and business model to solve societal problems profitably (Peredo & Mclean, 2006).

The United Kingdom is a reference point in terms of location showing developments and efforts in the social value creation process worth emulating.

The following are the objectives of this chapter:

1.  To provide a comprehensive definition of social values incorporating key stakeholders' perspectives.
2.  To identify and explain the forms and nature of social values.
3.  To identify and state the processes and procedures involved in creating social value in societies by considering the inputs of social entrepreneurs or social enterprises (business and social), government regulatory framework/policies, timing, defined mediums and platforms, society's expectations and expected or actual social value outputs and performance measuring models.
4.  To critically analyse the evolution of social value creation from a theoretical perspective.
5.  To critically identify and analyse stakeholders' involvement in social value creation.
6.  To provide a theoretical framework for the concepts "collective responsibility" and "shared value" in social value creation.
7.  To provide solutions and recommendations to issues associated with the subject while also identifying future research directions.

## Background

Social value characterises value that appeals to the social nature of man and society with the intent to better and to improve man's social standing. The nature of this value allows its impacts to have both a general appeal (societal approval) and also a specific appeal (individual stakeholder approval) (Auerswald, 2009).

It can be stated that social value originated from an aspect of social value orientation (cooperative orientation) as it provides value for all after due consideration of the key stakeholders' needs and assigned benefits (Balliet, Parks & Joireman, 2009). Some influences can be traced to government policies and regulations guiding human and business conduct within a defined society (Kirlin, 1996).

Increasingly, social value has become a concrete and measurable term (Wood & Leighton, 2010) which cuts across economic, environmental and social outcomes amongst other human-related matters. Social value is a dynamic concept. It can change across borders and regions due to cultural influences and social value orientations (Balliet, Parks & Joireman, 2009).

The development of societies is based on conscious consensus efforts. Stakeholders need to envision the society of their dream and team up to actualise it. In modern societies, the significance of social value cannot be over emphasised. When social value as a tool for development is properly utilised, it can

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