

SOCIAL ENTREPRENEUSHIP

Value creation

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**განათლების, მეცნიერებისა და
ახალგაზრდობის სამინისტრო**



WORLD BANK GROUP





Value Creation

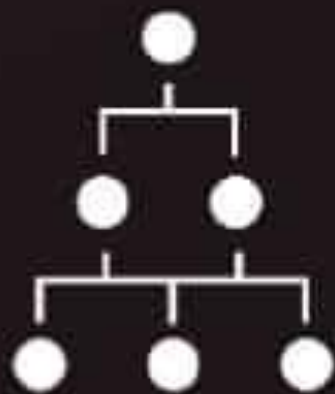
- **The aim of all businesses is to create value.** Value may be determined in both **financial** (e.g. gross income / profit) and **non-financial** terms (e.g. sustainability, social responsibility)
- The **value chain** describes the categories of activities within an organisation which, by working together, create a product or service.
- For an organisation to achieve **competitive advantage** in delivering value to its customers, managers need to know which activities their organization must undertake to create that value.

VRIO

VALUE



IMITABILITY



V**VALUABLE****R****RARE****I****INIMITABLE****O****ORGANIZED****NO****COMPETITIVE DISADVANTAGE****YES****NO****COMPETITIVE PARITY****YES****YES****NO****TEMPORARY COMPETITIVE
ADVANTAGE****YES****YES****YES****NO****UNUSED COMPETITIVE
ADVANTAGE****YES****YES****YES****YES****SUSTAINABLE COMPETITIVE
ADVANTAGE**

INPUTS

Land
Premises
Finance
Labour
Technology
People
Management

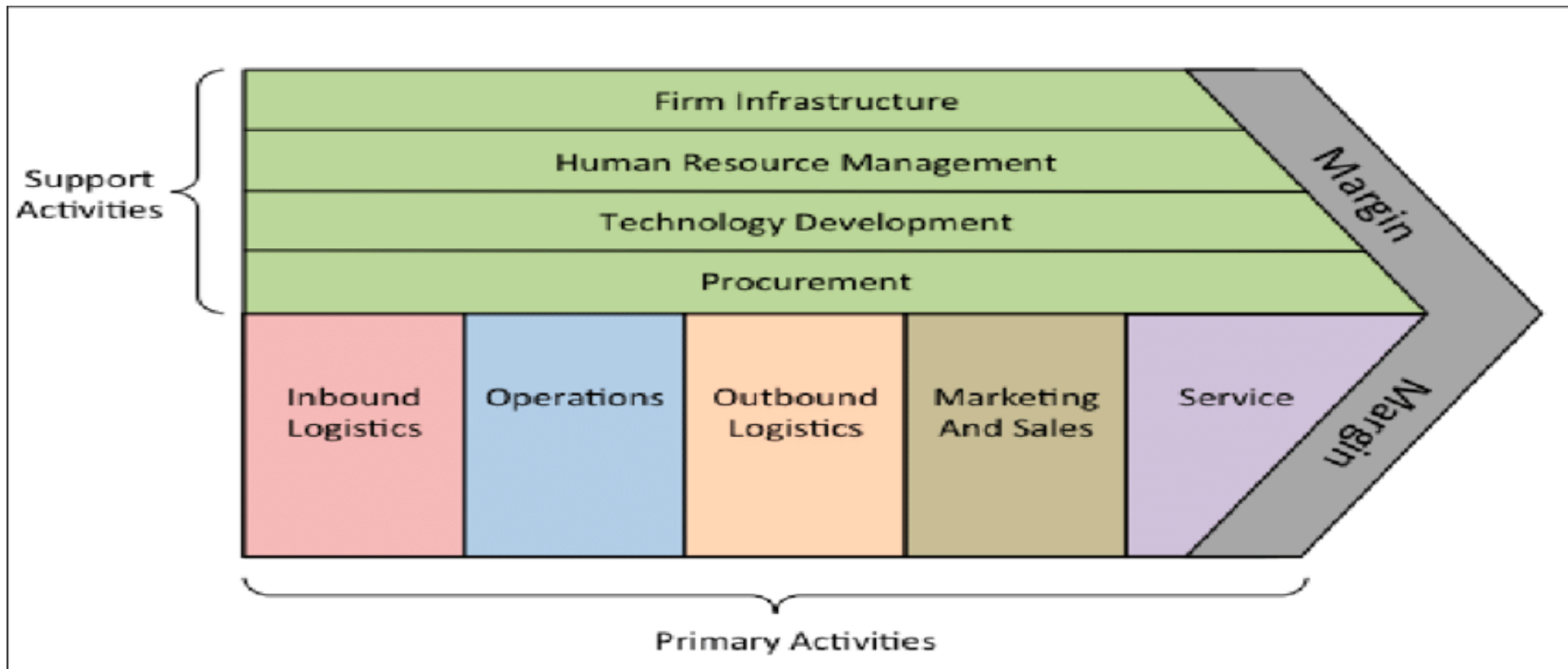
OPERATIONS

Transform
Design
Manufacture

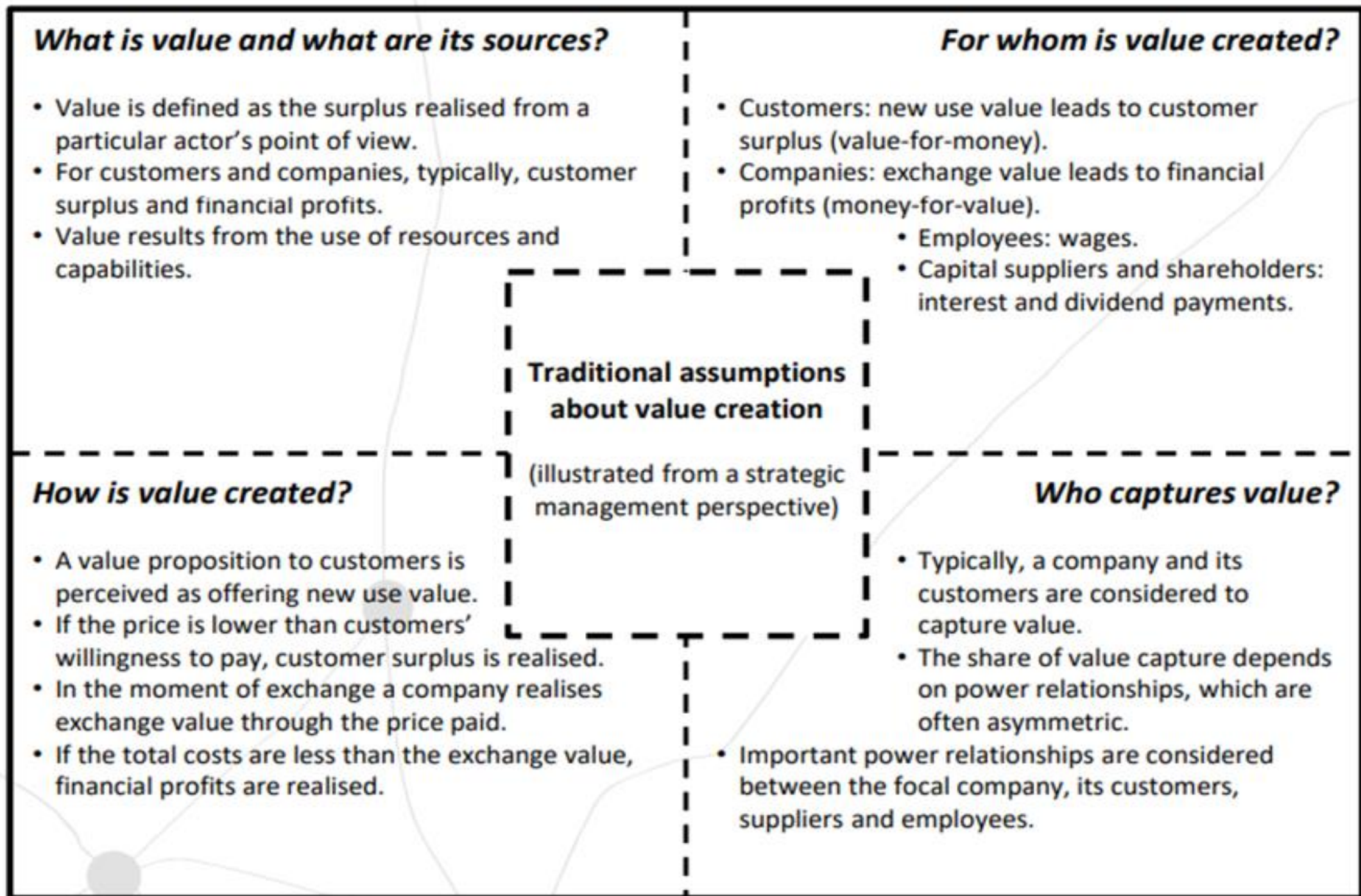
OUTPUTS

Goods
Services
Ideas
Information

Consumer



Porter's Value Chain (Porter 1985)



New ways of thinking about value creation (Lüdeke-Freund et al 2020:81)

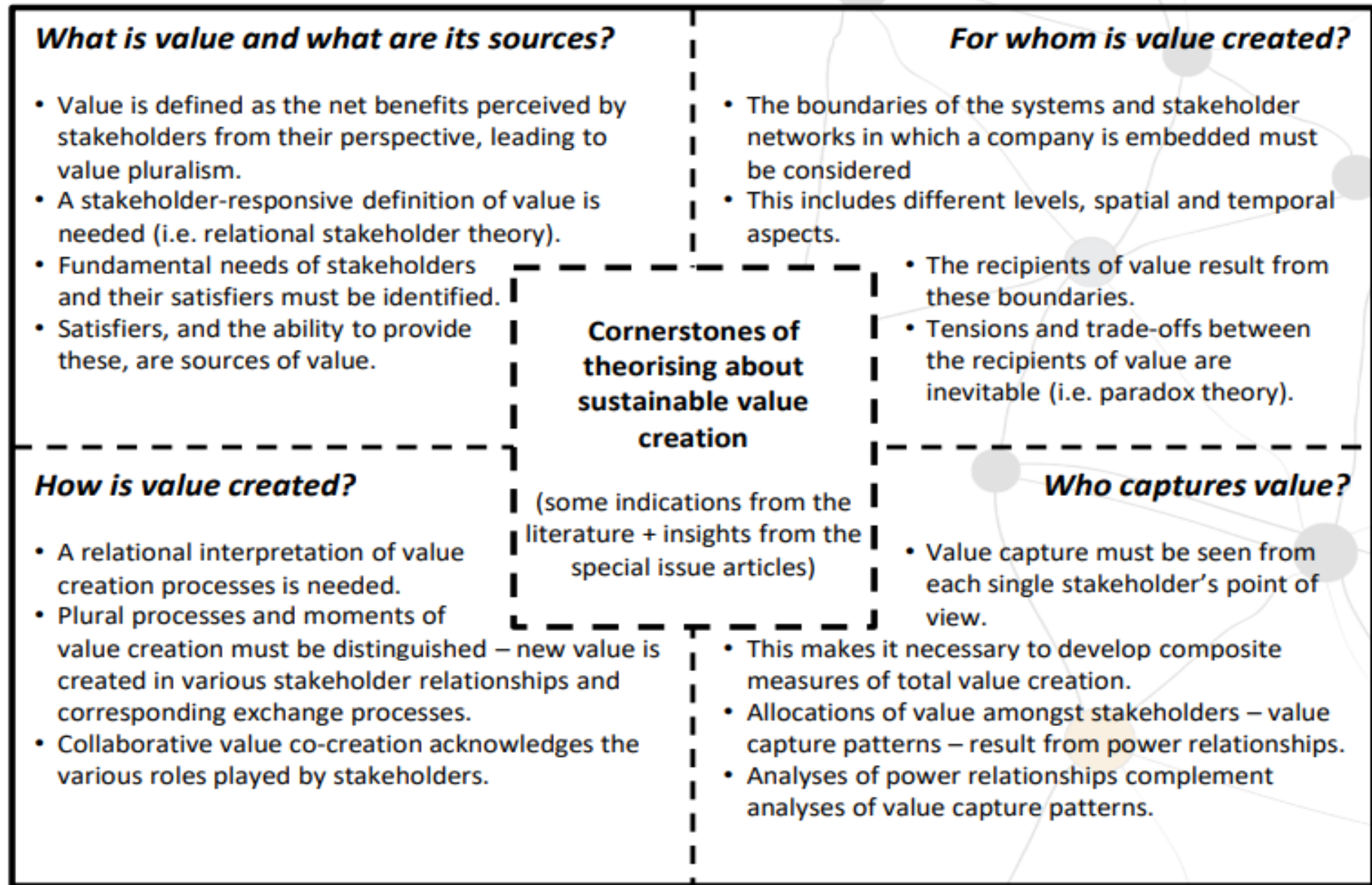
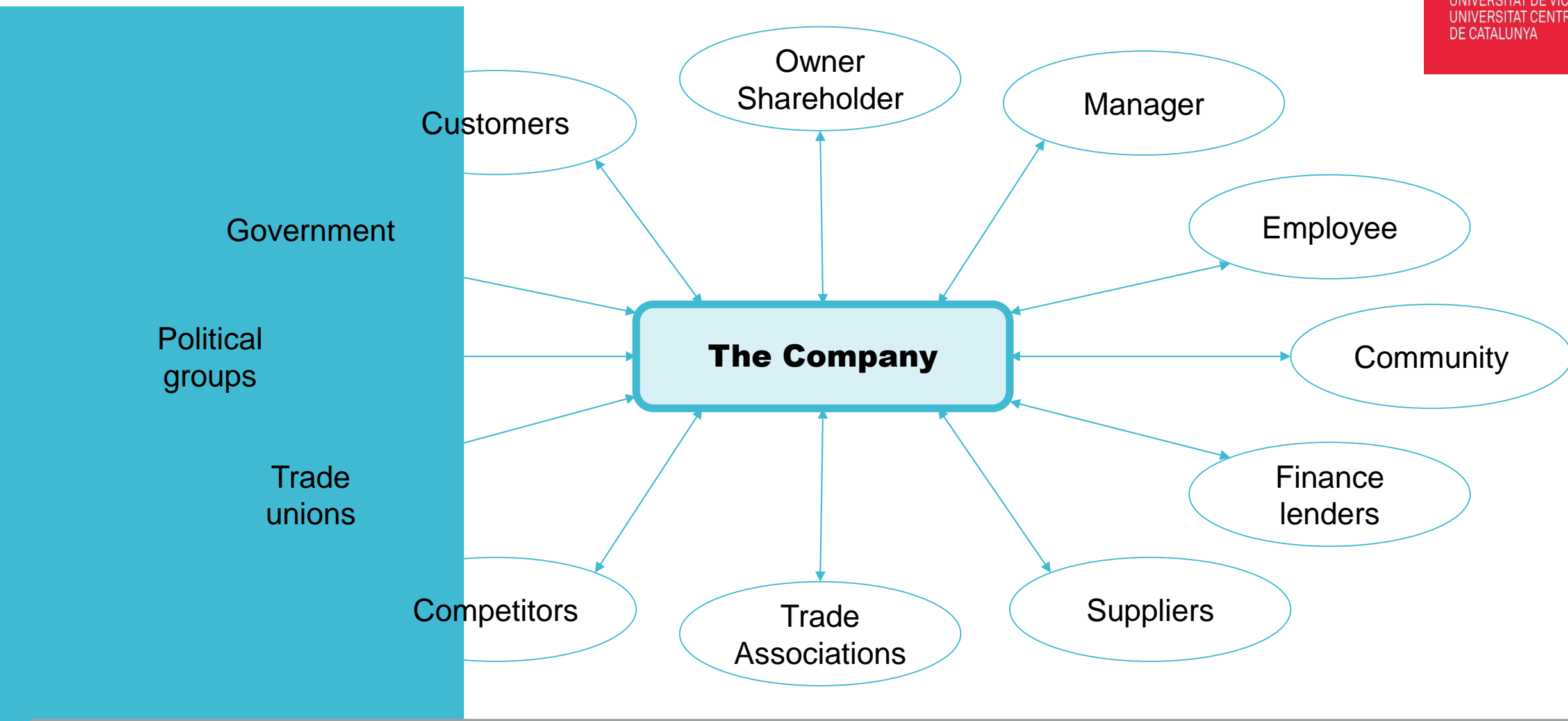
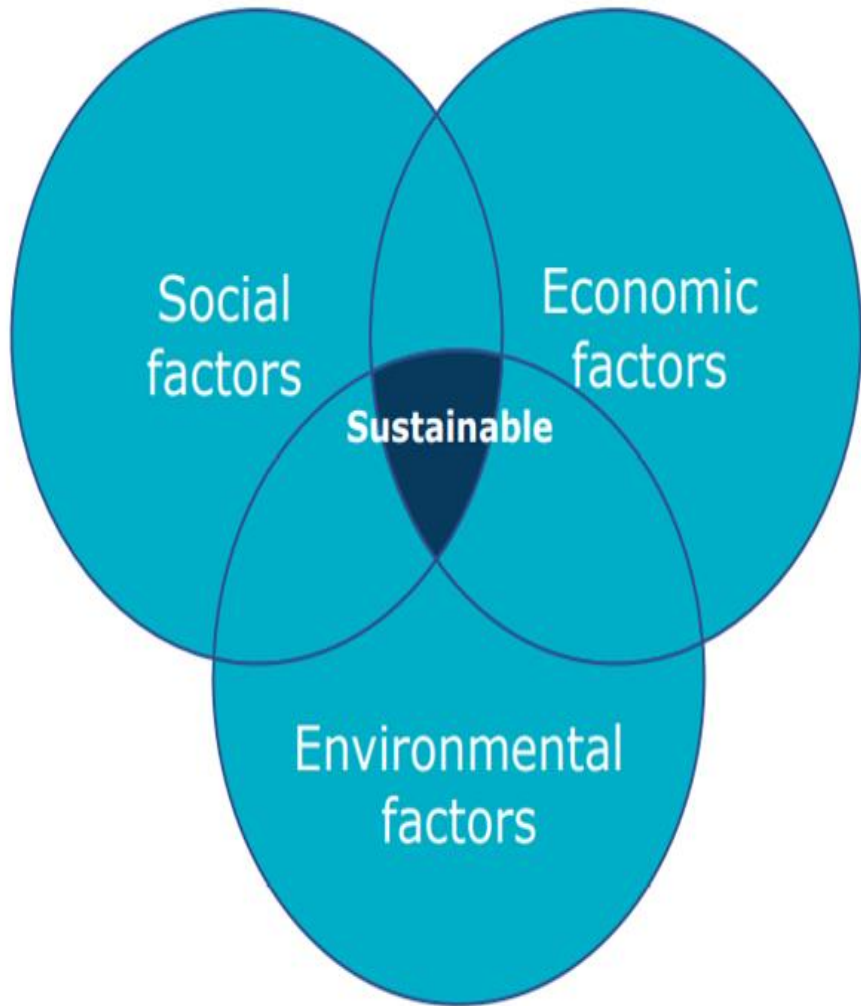


Figure 2: Theoretical framework of sustainable value creation.



Extending the notion of value creation through the triple bottom line (TBL)

“The TBL approach adds additional performance dimensions to traditional financial accounting and emphasises which types of value are created (the what), while the stakeholder theory approach focuses on for whom value is created (the who), which affects the ways in which value is created (the how) the notion of value creation is not limited to customer surplus or financial profits, but includes ecological, social and other types of nonfinancial value” (Lüdeke-Freund et al 2020:69).



The Triple Bottom Line

Managing a 21st century business involves consideration of:

Impact on financial measures (profit)

Impact on society (people)

Impact on environment (planet)

Social (people) Environment (planet) Economic (profit)

- The UN Sustainable Development Goals (SDGs) are global goals that cover three major dimensions namely, social (56%), economic (20%) and the environment (24%), and have specific targets (Zainal, Mustaffa, & Othman, 2019).
- SDGs provide a bold aspiration for a sustainable, prosperous and equitable future.

(Daud, 2020:421)

Financial (economic) value

- Turnover/sales revenue
- Profits
- Return on investment – capital gains/dividends

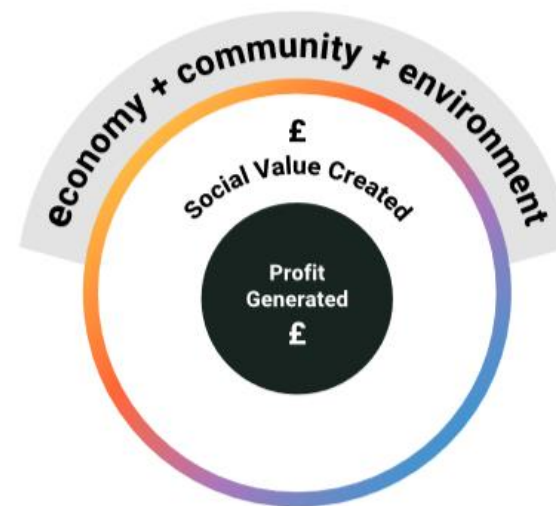
Example of non-financial value creation - environmental

- Eco-efficiency, for example, less production of waste in the production of goods or a more efficient use of resources.
- Eco-effectiveness - contribute to alleviating environmental challenges or problems positive net effect (benefit) on the natural environment such as saving endangered species, developing wildlife habitats, or preserving open spaces.

(Lopez et al, 2019:415)

Other non-financial measures of value - social

- Job creation
- Poverty reduction
- Increased life expectancy
- Education
- Wellbeing

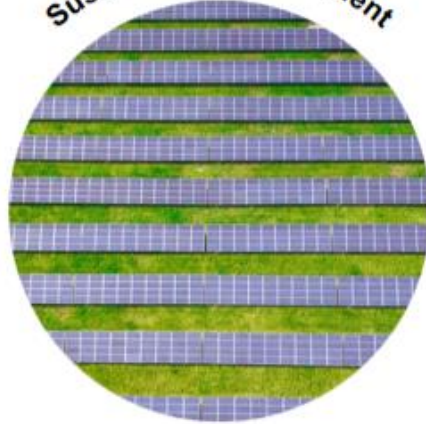


Social value is the value an organisation contributes to society beyond a reported profit. Profit is measured in accounting terms, but social value is measured by action.

Sources of social value

Social value is the collaboration of an organisation with society to improve the community, economy and environment around it.

Sustainable procurement



Training & apprenticeships



Buying locally



Reducing carbon emissions



Volunteering



Employing locally





Auticon

We help companies become a destination for neurodivergent talent

<https://auticon.com/uk/about-us/>

As a social enterprise, we are on a mission to improve the employment prospects of neurodivergent people by:

- Providing high-quality technology careers to autistic adults
- Shifting perceptions of autistic people in the workplace
- Acting as a catalyst for change by bringing neurodiversity education to client workforces

Examples of
social value
creation

East Midlands Wood Recycling CIC is a social enterprise collecting and reusing waste wood in the most environmentally beneficial way while creating jobs and training for disadvantaged people.

<https://www.eastmidlandswoodrecycling.org.uk/>

Aims:

- Social: to support those trying to get back into work and to reduce social isolation through the provision of volunteering opportunities
- Economic: to provide wood to the community at an affordable price
- Environmental: to reclaim and recycle wood in an environmentally friendly way, this will include the production of reclaimed wood items for the home and garden

Example of
social,
economic &
environmental
impact

| | Themes | Outcomes | Measures |
|---|---|---|--|
|  | Work Opportunity for all | Creating local employment opportunities | # of ex-offenders employed |
|  | Economy Inclusive growth | Promoting a diverse and resilient business community | # hours of expert support to VCSEs and SMEs |
|  | Community Empowering communities | Building resilient communities | # hours of support for local community projects through volunteering |
|  | Planet Safeguarding and restoring our world | Restoring our climate and improving air quality through transport | # miles driven using Zero Emission Vehicles |

Measuring social value

Source:
<https://www.socialvalueportal.com/news-and-insights/what-is-social-value-definitions-examples-and-how-to-create-it>

References / Further

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