

15.14: Case Study- Social Entrepreneurship at Tom's Shoes

Learning Objectives

- Give examples of corporate social responsibility



While there is no universally accepted definition of *social entrepreneur*, the term is typically applied to an individual who uses market-based ideas and practices to create “social value,” the enhanced well-being of individuals, communities, and the environment. Unlike ordinary business entrepreneurs who base their decisions solely on financial returns, social entrepreneurs incorporate the objective of creating social value into their founding business models.

Social entrepreneurship has become exceedingly popular in recent years and a number of prestigious business schools have created specific academic programs in the field. It is often said that social entrepreneurs are changing the world. They are lauded for their ability to effect far-reaching social change through innovative solutions that disrupt existing patterns of production, distribution, and consumption. Prominent social entrepreneurs are celebrated on magazine covers, praised at the World Economic Forum in Davos, and awarded millions of dollars in seed money from “angel” investors, and applauded as “harbingers of new ways of doing business.”

Social entrepreneurs are thus often hailed as heroes—but are they actually effecting positive social change?

Undeniably, social entrepreneurship can arouse a striking level of enthusiasm among consumers. Blake Mycoskie, social entrepreneur and founder of TOMS Shoes, tells the story of a young woman who accosted him in an airport, pointing at her pair of TOMS while yelling, “This is the most amazing company in the world!” Founded in 2006, TOMS Shoes immediately attracted a devoted following with its innovative use of the so-called One for One business model, in which each purchase of a pair of shoes by a consumer triggers the gift of a free pair of shoes to an impoverished child in a developing country.

The enthusiasm associated with social entrepreneurship is perhaps emblematic of increased global social awareness, which is evidenced by increased charitable giving worldwide. A 2012 study showed that 83 percent of Americans wish brands would support causes; 41 percent have bought a product because it was associated with a cause (a figure that has doubled since 1993); 94 percent said that, given the same price and quality, they were likely to switch brands to one that represented a cause; and more than 90 percent think companies should consider giving in the communities in which they do business.

Despite the eager reception from consumers, critics of social entrepreneurship have raised concerns about the creation of social value in a for-profit context. Thus, TOMS is sometimes mistaken for a charity because it donates shoes to children in developing countries, yet it is also in business to sell shoes. The company earns an estimated \$300 million a year and has made Mr. Mycoskie a wealthy man. While companies are starting to look more like charities, nonprofits are also increasingly relying on business principles to survive an uncertain economy in which donors expect to see tangible results from their charitable contributions.

Our understanding of social entrepreneurship is complicated by the absence of any consensus on ways to measure social outcomes. As a result, there is little concrete statistical data available on the impact of social entrepreneurship. Indeed, there is not much agreement on a precise definition of social entrepreneurship, so it becomes difficult to say to what extent any given company is an example of social entrepreneurship. TOMS’ Chief Giving Officer, Sebastian Fries, recently told the *New York Times* that the company is “not in the business of poverty alleviation.”

Does this mean that increased social value is merely a happy by-product of the business of selling shoes? If so, what makes Blake Mycoskie a social entrepreneur?

Some critics go so far as to suggest that social entrepreneurs are merely using public relations tactics to engage in social or environmental greenwashing—taking advantage of consumers’ desire to do good. In some cases, it has been argued, social

entrepreneurs can even do more harm than good. Lacking a full understanding of the socioeconomic and cultural dynamic of the developing countries in which they intervene, social enterprises can undermine fragile local markets and foster dependence on foreign assistance. But in the end, the individual impact of social entrepreneurial ventures may outweigh some of these concerns.

Contributors and Attributions

CC licensed content, Original

- Revision and adaptation. **Authored by:** Linda Williams and Lumen Learning. **License:** [CC BY-NC-SA: Attribution-NonCommercial-ShareAlike](#)

CC licensed content, Shared previously

- Good Corporation, Bad Corporation: Corporate Social Responsibility in the Global Economy. **Authored by:** Guillermo C. Jimenez and Elizabeth Pulos. **Provided by:** Open SUNY Textbooks. **Located at:** pressbooks.opensuny.org/good-corporation-bad-corporation/chapter/5/. **License:** [CC BY-NC-SA: Attribution-NonCommercial-ShareAlike](#)
- Toms. **Authored by:** Danielle Henry. **Located at:** <https://www.flickr.com/photos/waterandglass/5826939576/>. **License:** [CC BY-SA: Attribution-ShareAlike](#)

All rights reserved content

- TOMS - Gives new shoes to children in need. One for One. **Provided by:** TOMS. **Located at:** <https://youtu.be/7MV3HWQH1s>. **License:** *All Rights Reserved*. **License Terms:** Standard YouTube License
- Thank You Notes From The Field. **Provided by:** TOMS. **Located at:** <https://youtu.be/7b05syjxe2E>. **License:** *All Rights Reserved*. **License Terms:** Standard YouTube License

15.14: Case Study- Social Entrepreneurship at Tom's Shoes is shared under a [not declared](#) license and was authored, remixed, and/or curated by LibreTexts.