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Introduction

In 2008, at the World Economic Forum, Microsoft founder Bill Gates famously called for nothing less than an entirely new form of the global economy. This was to be a form of capitalism where the "reach of market forces" would mean "that more people can make a profit, or gain recognition, doing work that eases the world's inequities." He was articulating a vision of a new more caring version of the market where corporations pursue both money and mission. Such a dual emphasis on firms making the world a better place while also making a profit is increasingly common. Multinational corporations achieve this by the adoption of inclusive business models and by the sale of socially beneficial goods. Unilever (2010:3), a global consumer goods conglomerate, proclaims a desire "to develop new ways of doing business which will increase the positive social benefits arising from Unilever's activities." Poverty is to be addressed by market actors: local firms can provide new entrepreneurial and employment opportunities, microfinance can deliver financial services to the economically disadvantaged, and a growing type of financial investor evaluates companies not just for their production of shareholder return but also for their capacity to effect social change.

I term this newer, supposedly kinder vision of the economy "caring capitalism." The idea seems simple enough: companies can pursue social impact and they can make profit in so doing.[1] Firms do well and do good at the same time. Caring capitalism thus represents a departure from how we have traditionally understood the societal division of labor. It upends the recent belief, one that dominated the global economy for much of the late twentieth century, that businesses should focus on shareholder value while nonprofits should work on social value, and government should deliver public value. Now, what are termed "social purpose organizations," – private, nongovernmental entities who claim in all or in part to address social inequities – include not only traditional nonprofits, like CARE, Salvation Army,

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and the United Way, but also "compassionate companies," which seek not only money but also mission.

Caring capitalism contains a world of possibilities and promises but also raises a host of beguiling and potentially troubling questions. Foremost, what happens to the project of social value – actors' concerted efforts to address social inequities – when companies take up this mantle?[2] What is the consequence when social goods are no longer donated by NGOs to the disadvantaged, both here in the United States and in the global South, but now are sold by firms on the market to paying customers? And what happens to our understanding of social good when it is subject to companies' quest for economic profit and investors' desire for shareholder return? Given both commonsense concerns and scholarly expectations over the negative effects of the market on moral action, how does the meaning of social value get modified when the pursuit of mission becomes entangled with the pursuit of money?

Based on an extensive array of data, including interviews, field research, document analysis, and secondary scholarship, this book addresses these questions and concerns. It examines the effect of the rise of caring capitalism for the meaning and measure of social value. Common sense, as well as one strand of academic theory, would make dire predictions. It would lead us to expect that caring capitalism does little else than marketize social value. Money and its pursuit take over, subsuming the very definition of social good to its unwieldy power. But as we will see, what I find is not as simple nor as calamitous in its effects. This book shows that caring capitalism has not resulted in the wholesale marketization of social value. By and large, compassionate corporations are not evaluated by the use of market indicators – to succeed in changing the world has not categorically meant such efforts are monetized and nor are they subject to the criterion of economic profit or shareholder return. And even when these expected outcomes occur, they do not always subjugate the pursuit of social value to that of only monetary gain. To make sense of the unexpectedly limited impact of caring capitalism on social value requires attention to the work of a group of actors I call "value entrepreneurs." We need to understand their attempts to create tools and techniques for measuring social value and the cultural and material constraints that they face in their efforts. Only in this way can we account for the complexities of caring capitalism and its consequences for the meaning and measure of social value in the market.

THE TURN TO CARING CAPITALISM

In his clarion call for companies to take up the mantle of social welfare, Bill Gates was not alone. His comments illustrated a larger movement in the global economy (Roy 2010; Porter and Kramer 2011; Blowfield and Dolan 2014). Beginning in the late 1990s, a growing number of powerful public and private actors (including multilateral organizations such as the United Nations and the World Bank, charitable foundations like the Bill and Melinda Gates

Foundation and the Omidyar Foundation, and governments in the global North through their development aid agencies) have proposed that market actors, including investors and firms, can produce social value through their business practices as a means to both economic gain and to produce a more just and sustainable society. These proponents of caring capitalism have offered up a number of different envisionings of the project of social value, with each constituting a distinct field.[3] First, like Unilever, PepsiCo, and Dell, multinational corporations can organize their production processes and governance policies to ensure their social and environmental responsibility, including respect for the rights of stakeholders, as a means to shareholder value. Responsible Investment (RI) is an emerging financial industry that views firms' social, environmental, and governance behavior as a strategy to reduce costs, eliminate risks, improve brand appeal, and create new business opportunities for companies (World Economic Forum 2005; Hebb 2012). Alternatively, multinational corporations, often called Inclusive Businesses, purposively can include the poor in the developing world as suppliers, workers, distributors, and include customers in their value chain in ways that both alleviate poverty and increase shareholder return (Prahalad 2004; UN Global Compact 2012). Coca Cola, for example, not only sells its typical products, including Coke and Fanta Orange, to the rural poor in India, but now also sells Vitingo, an orange drink fortified to address the common problem of iron deficiency (Coca Cola India 2014).

In the developing world, novel types of local companies pursue social change by facilitating individuals' access to the market and by growing the regional economy. These market-based solutions to poverty are promoted and funded by actors in the global North. A new financial market called Impact Investing has arisen to facilitate innovative investment in this range of double bottom line–entities (Bugg-Levine and Emerson 2011). These investment opportunities include microfinance vehicles that provide financial services to low-income clients – individuals to whom traditional financial institutions have been unwilling to offer banking services. Customers then invest their loans in an entrepreneurial opportunity and repay it to the bank with interest. Most famously, Muhammad Yunus founded the Grameen Bank in 1983 in order to provide microcredit to the poorest residents of Dhaka, Bangladesh (Yunus 1999; Roy 2010). Similarly, Impact Investing can be directed to "small and medium enterprises" (SMEs) – locally owned firms in developing regions. In the development literature, and as championed by scholars, policy makers, and funders, SMEs are deemed key to a nation's economic growth because they provide entrepreneurial and employment opportunities that can mitigate poverty (Halberg 2000; Ferranti and Ody 2007). One instance of an SME is Escopil International in Mozambique. Formed in 1998, Escopil is a locally owned company that provides industrial maintenance services to the nation's technology market and that employs over 200 people (Escopil 2013).

Together, these different fields that make up caring capitalism constitute a small but significant portion of the global economy. Over 8,000 businesses in 145 countries have signed on to a United Nations pledge to incorporate socially responsible practices as of 2013 (UN Global Compact 2014).[4] In 2012, the last year for which data was available, over 30 trillion investment dollars worldwide were committed to firms with a social purpose and, in the United States, $3.74 trillion in that same year were oriented around investment in companies with a double or triple bottom line of economic, social, and/or environmental return (US SIF 2012). The provision of "good" has become big business.

These market-based solutions to social problems are heralded as innovative precisely because they undermine traditional expectations about the division of labor in society across the public, private, and nonprofit sectors in terms of each space's core responsibility. For much of the last century, government and the voluntary sector have been perceived as the primary deliverers of social goods in the United States, while companies have been largely concerned with the pursuit of economic profit or pursued social betterment outside of their business model through corporate philanthropy. Intensifying in the 1980s and 1990s with the growth of a finance economy, firms were asked to refrain from a concern with social welfare altogether in the pursuit of shareholder value (Davis 2009; Mizruchi 2013).[5] In contrast, government has been viewed either as a caring welfare state that provides public goods to all citizens or as a vehicle serving the interests of competing social interest groups (Alford 1994).[6] And the primary task of the nonprofit sector has been to deliver needed goods and services to clients and communities. Nonprofits are private organizations granted tax-exempt status by the government in exchange for delivering programs that benefit the public interest while withholding the distribution of profits to members (Frumkin 2002).[7]

Yet, a number of broader societal changes have disrupted those expectations and paved the way for caring capitalism. For one, a marked decline of public funding of nonprofits in the 1980s led to the formation of new types of mixed, hybrid organizations to pursue the public good. Emerging out of the nonprofit sector in the 1990s, social enterprises employ market methods in order to ensure clients' equitable participation in the economy while relying on sales revenue for income. Typically, social enterprises ensure the fair procurement of supplies, the employment of disadvantaged populations, and/or the sale of socially beneficial products and services to underserved customers (Kerlin 2009). One case of a social enterprise is iCater, a firm run by Pine Street Inn, a nonprofit in Boston with a social mission to end homelessness in the community. As an affiliated catering business, iCater offers job training and employment skills in food service and preparation to its employees and it also provides needed income for the nonprofit's additional programs (Pine Street Inn 2014).

In the private sector, the social responsibility of firms in the United States came under scrutiny in the late 1960s and on. Consumers, investors, civil society actors, and the media criticized corporations for the social harm caused by their business practices and sought to mitigate those ill effects for consumers, employees, and society. In part, a new form of investing arose, called Socially Responsible Investing (SRI), whereby investors were encouraged to direct their investments for both social and stockholder return. Through the tactics of community investment, shareholder activism, and social screening, proponents of SRI viewed financial activity as a means to minimize firms' sale of harmful products (e.g., the sin stocks of cigarettes, alcohol, and firearms), to divest from businesses operating in countries with human rights abuses, and to facilitate corporations' adoption of beneficial personnel policies, beyond those required by government guidelines (Bruyn 1991; Schueth 2003). A second and distinct critique of firms' social responsibility began in the 1990s with the growth of the global economy. The outsourcing of much of American corporations' manufacturing to developing countries resulted in low wages, human rights violations, and unsafe working conditions for migrant workers and workers in the global South. Corporate Social Responsibility (CSR) emerged as a strategy by which civil society actors sought to convince multinational corporations to equitably treat its stakeholders, including employees, customers, and suppliers, in their global value chains, through the threat of media attention and consumer boycotts (Bartley 2007a; Soule 2009).

In striking contrast, the embrace of caring capitalism over the last decade has seen firms increasingly heralded as the best providers of social goods. Drawing from one long-standing strand of economic thought dating back to Adam Smith's (1776/2012) belief in the benefits of the "invisible hand" of the free market for societal well-being, the idea of caring capitalism has been based on the claim that companies are equally effective, if not superior, to charity or government agencies in their ability to deliver needed social goods. The assumption of caring capitalism is that firms will pursue the same benefits as nonprofits and government, just in a more successful manner due to their economic self-sufficiency and greater potential scale of delivery. C.K. Prahalad, the author of the highly influential 2004 book, *The Fortune at the Bottom of the Pyramid*, saw in the market an attractive alternative to nonprofits' efforts to aid the poor. "Charity might feel good," he wrote, "but it rarely solves the problem" (Prahalad 2004:16). The turn to caring capitalism resulted from efforts by a coalition of groups, including market enthusiasts responding to criticisms of the neoliberal agenda in the global economy, actors working to redress the aftermath of the spectacular 2008 crash of the finance market, and those members of the international development arena seeking to end world poverty as part of the United Nation's Millennium Development goals.

Valuing Compassionate Companies

The growing embrace of caring capitalism by powerful global actors raises countless new questions about its possible effects and efficacy; its possibly cynical motivations or incredulous claims. But a crucial set of questions also emerges around the question of meaning and measure. Detractors might and should question whether corporations can ever do the job of "doing good" properly.[8] But even that denunciation rests upon a notion of how to define and gauge "doing good" in the first place. How do we know when companies are not just making profit but also addressing social inequities? To judge whether caring capitalism "can work," we need to be able to measure its impact. And this is precisely what is happening now. In each and all of these different forms and practices both inside and outside of the market – Inclusive Businesses, locally owned firms, double bottom line–investments, social enterprises, and nonprofit organizations – social purpose organizations are being asked to demonstrate their results.

In facing this growing pressure to value their efforts, social purpose organizations are not alone; actors, objects, and activities of all types increasingly are being subject to valuation through formal tools and techniques (Power 1994; Porter 1995; Espeland and Stevens 2008). In the case of baseball, for instance, the use of statistics has replaced scouts' judgments of a player's ability (Lewis 2004). Think "Moneyball." Similarly, in the field of education, standardized testing, as spurred on by the Common Core requirements, has superseded teachers' subjective estimation of a student's capacity (Elmore 2007). This wider turn to performance measurement is commonly understood to result from the dominance of neoliberalism in the private sector and the doctrine of New Public Management in the public sector (Espeland and Sauder 2007; Lamont 2012).

Similarly, compassionate companies, as well as other types of social purpose organizations, have been held to a growing and widespread requirement to show the results of their efforts, often by reference to the term of "social value." Even though this effort is seen as particularly challenging if not impossible given that social value is deemed ambiguous to define and slippery to measure, this move to valuation for social purpose organizations has definitely occurred, as evidenced by the growth of multiple and competing measuring devices of such beguiling and seemingly technical nature as "Outcome Measurement," the "B Impact Ratings System," the "Global Impact Investment Ratings System (GIIRS)," the "Global Reporting Initiative (GRI)," and "Social Return on Investment (SROI)," among others.[9] In all, over one hundred and fifty different types of tools, techniques, and technologies were available to any organization seeking to assess its social value in 2014.[10]

The Book's Purpose

So, what does it mean to "do well at doing good"? Given the complexity of setting the meaning of social value and the recognized difficulty of appraising it, the first purpose of this book is to identify the types of measuring devices present for social purpose organizations as a lens to understand the question of social value. How is the concept of social value defined and gauged by a field's prevailing tools, tests, and techniques? Secondly, employing a comparative and historical perspective, this book seeks to determine how the rise of caring capitalism has affected the valuation of social good. What happens to the meaning and measure of social value when it is no longer produced just by nonprofit organizations but now also by a range of hybrid or for-profit actors committed to market-based solutions to social problems? Finally, this book seeks to explain when and why different measuring devices – varying in their use of market indicators such as money and shareholder return – come to prevail across this assortment of social purpose organizations. What factors determine whether and when the pursuit of social value gets subsumed to the pursuit of economic value?

ON SOCIAL VALUE

To date, we know markedly little about how compassionate companies, or indeed other types of social purpose organizations, seek to demonstrate their social value. In order to investigate this topic, it will be helpful to further explore the meaning of the concept of social value. The concept "social value" brings together two terms, each with a long-standing history in the social sciences. The term "social" has been used to refer to a distinct societal space or to a particular orientation of action. And the term "value" has been employed to reference either the possession of a criterion of worth or the assessment of an entity's merit. More recently, the idea of social value has been employed to describe the distinctive contributions of social purpose organizations to society. Crucially, scholars disagree as to how to define social value, despite its increasingly widespread usage in scholarly discourse and in popular culture.

Take the term "social" first. This term has several different, albeit related, meanings, in the social sciences (Calhoun 1998; Mansbridge 1998; Krause 2014). To begin, the concept of social refers to a specific societal space, contingent upon both the horizontal and the vertical partitioning of society. One definition of the term social, emerging in the early nineteenth century, conceives of society as composed of three different realms: the economy, the government, and the social, with the last defined as a realm of autonomous, voluntary interactions among individuals and groups – what also is called "civil society" (Steinmetz 1993). In this view, as in the example of the "social sciences," the social also invokes the notion of a collectivity that stands distinct from and analytically above its constituent members. The social refers to the properties of this third space. It does not constitute an aggregation of individuals' interests or values but rather possesses autonomous qualities and characteristics of its own (Durkheim 1895/2014; Etzioni 1999).

Relatedly, the term social is often used, as in the instances of "social security" or "social welfare," to refer to an orientation of action. Drawing from a view of the social as the presence of relationships among individuals (e.g., "social networks"), the social can reference action with positive intent toward and/or beneficial consequences for the well being of others, as opposed to the expectation of individuals' rational and self-interested behavior in the market. The concept of "social capital" refers to the composition and strength of networks among actors that positively affect individuals' and groups' capacities (Coleman 1990; Putnam 2000). Similarly, the social is frequently used to describe the quality of an actor's relationship with others, as with the example of labeling someone as "anti-social" when they do not enjoy others' company (Owens 2013).

Finally, the notion of the social also can refer to organized efforts, historically by government but also (and predominantly in the United States) by private actors like nonprofits or corporations, to improve the lives of individuals, communities, and/or society. Examples include the concepts of "social welfare" and the "social state," the latter a term synonymous with the welfare state in Europe. Here, the assumption is that individuals' material well being is not determined by their own biography or characteristics (e.g., their religious beliefs or moral character) but rather shaped by structural, macro-level conditions, such as the absence of sanitation or education, that cause wide-scale troubles for a community's residents and so require organized intervention to address (Steinmetz 1993; Foucault 1994).

As the second dimension of the concept of "social value," the term "value" comes with its own genealogy in the social sciences. Value encapsulates both a decision about quality and an act of assessment (Dewey 1939; Stark 2011). In their appraisal of the world around them, actors must make a choice about what criteria is of salience for an entity in a specific situation. This is the question of "what counts." To make a claim about what is of value, actors can select from a range of different qualities available to them. Broadly speaking, an order of worth (also called an "institutional logic" or "regime of justification") constitutes a claim about the quality by which the merit of the entity should be assessed. Multiple orders of worth exist and each specifies what criterion is of fundamental worth. An emphasis on market value, for example, stresses the primacy of monetary gain, while an aesthetic order of worth underscores the quality of physical beauty, and a concern for religious value is based on faith and spirituality (Lamont 1992; Stark 2011; Boltanski and Thévenot 2006)

Given these options, actors must determine what type of order of worth is salient for the object in question. Contra economics and its attention to the utility function, economic sociology has emphasized that the choice of a salient order of worth is not fixed, but rather shaped by societal context and the process is not always straightforward. Often the selection of the relevant quality results from dialogue or even contestation between actors with different social positions, moral values, and material interests (Stark 2011; Boltanski and Thévenot 2006). Take the simple example of the family heirloom: a piece of jewelry or furniture perhaps. While some members of a family may view the inherited item solely in terms of its economic worth on the market, others may view it as priceless and gauge its merit solely in regard to its sentimental value. Market value confronts sentimental value – and the two may or may not marry happily.

To complicate matters further, "value" refers not just to the issue of what counts but also the act of *how* to count. Any order of worth contains within it a claim about the criterion of value and also a claim about how to gauge entities according to that criterion. To assess the worth of an entity, actors can either engage in their own personal estimation or they can employ or create a measuring device – a test, tool, or instrument – that contains within it an objective claim about the prevailing order of worth and the appropriate type of information to be used as proof. Measuring devices, such as rankings, ratings, and ratios, perform the act of calculation by assigning a value to an entity on behalf of the actor employing the instrument (Callon 1998; Boltanski and Thévenot 2006; Espeland and Sauder 2007; Karpik 2010).[11] Any new car, for example, is subject to multiple assessments of its worth: it is not only allocated a price by the car company, but it is also ranked numerically in its segment by JD Powers and Associates, and rated on a scale from one to a hundred in its class by Consumer Reports.

These are helpful ways for thinking about the nature of the social and the question of value but they are limited for addressing the question of *social value*. The literature on the concept of the social explores how "the social" gets defined and enacted in society but tells us little about it as an order of worth for social purpose organizations. For its part, social science research on the concept of value has been largely discussed in terms of how and why economic value gets assigned to goods in the marketplace and has overlooked how the organized pursuit of social good is defined and assessed.[12]

So what about *social value?* Existing scholarship tells us little, even as the discourse of social value proliferates in organizational practice and popular memes. On the one hand, as shown in Figure 1.1, the term "social value" is increasingly employed by scholars to describe a particular type of quality of worth in society. On the other hand, despite the growing popularity of this term, there is strikingly little theorization of the term. When it is discussed, there is marked semantic and conceptual disagreement and little attention to its actual use by those engaged in the production of social value (Auerswald 2009; Mulgan 2010).

As with the concept value more broadly, social value is understood as both a noun and a verb.[13] Take social value as a noun. Here scholars offer two main ways to define the concept of social value, each of which draws from existing definitions of the idea of the social. In one case, social value is based on the identity and social location of the organizations that produce it. Social value occurs when nonprofit organizations, located in a "third" sector distinct from the public actions of government and from the market's production of private benefits for individuals, seek to address social inequities. (Auerswald 2009). Here, social value has been defined as the "value that

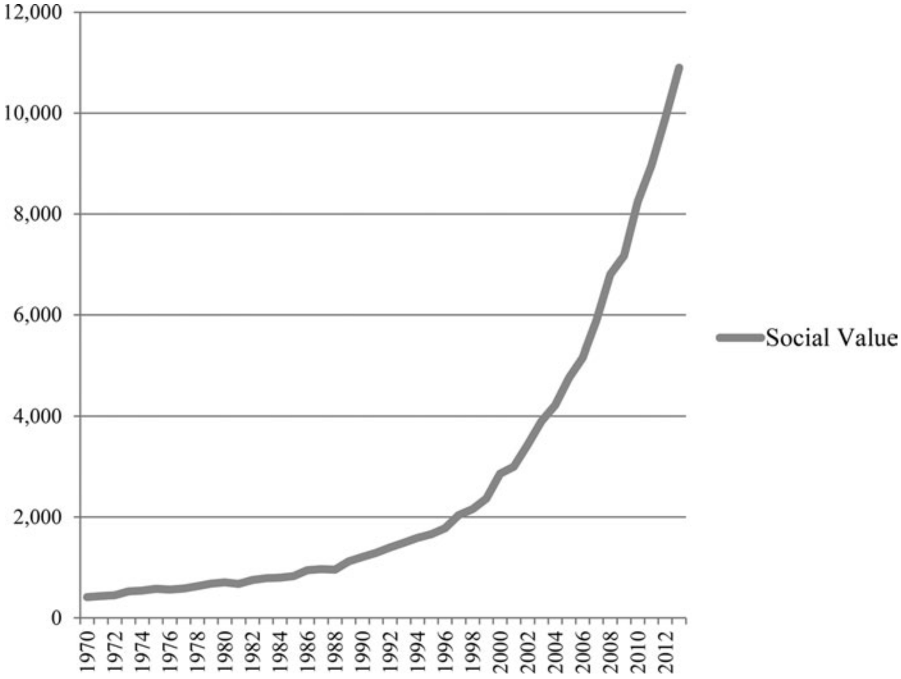

FIGURE 1.1 Google scholar count of "social value," 1970–2013

nongovernmental organizations (NGOs), social enterprises, social ventures, and social programs create" (Mulgan 2010:38).

Another approach to social value as a noun views social value as consisting of different types of benefits and recipients than that of economic or public value, regardless of the location of the actors who produce it. Most centrally, in this literature, the pursuit of social value is opposed to the pursuit of economic value.[14] Social value concerns actors' purposeful production of collective well being for others. In contrast, economic value is derived from action intended to generate utility for the individual supplier or consumer of a good (Anderson and Dees 2006; Martin and Osberg 2007). And, social value also is often contrasted with "public value" – governmental actors' efforts to identify and pursue the preferences of the collectivity in order to meet the needs of the median voter (Moore 1995).[15]

If disagreement exists about how to define social value, even more uncertainty surrounds the question of how to measure it. Here we come to social value as a verb. Defined in terms of action, social value is perceived of as an inherently challenging task, due to the problems of measurement. The frequently cited challenge is how to assess organizations, situations, or goods in terms of their social worth. One observer has described the goal of assessing a nonprofit's social value as one of "measuring the unmeasurable"