To ‘B’ the Change We Wish to See: Hybrid Business Models and the Relationship between Socially Responsible Business and Profitability  
Auja Little

Layperson Summary

The values of today’s society have shifted rapidly over the few decades; our views on family, money, and especially business have encouraged companies to review their primary objectives in hopes of staying in touch with the consumers they serve. The need for social responsibility within business, a trend that has grown in strength over the past five or ten years, drives many of the business models we see today. From Ben & Jerry’s, to King Arthur, and even big corporations like Starbucks, we have seen a rise in socially responsible efforts as a result of consumer interest in something beyond profit.

It is difficult to judge whether a company’s programs or mission statement may be enough to persuade consumers to choose their brand over competitors to the point that such a decision leads to increased profits. Is it possible for a large company such as Whole Foods or Trader Joe’s to grow and survive on the premise of healthy, conscious eating? If a relationship between corporate social responsibility (CSR) and the amount of profit or return on investment exists, companies can harness this in order to more effectively implement or maintain CSR programs and socially responsible business models. As a result, more companies may decide to become involved in socially responsible business practices.

This thesis will investigate, through case studies and the financial data of private and public businesses, whether a relationship is present between different forms of CSR and measures of financial success for companies. After careful analysis, the viability of CSR as a prominent business strategy will also be assessed.

Theoretical models and prior empirical research predict that a positive relationship may exist between CSR and profits; that is, that a company’s dedication to CSR could contribute to increased profitability relative to similar firms that lack a socially responsible focus. Finding a positive relationship
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would provide evidence for the role that CSR can fill as a strategy for supporting the growth and development of businesses today.