

Corporate Responsibility: A Moral Agent or a Profit Agent?
A TOMS Shoes Case Study

Nicholas and Anna Ricco Ethics Awards Application

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From a man who originally had a dream to donate two hundred and fifty pairs of shoes to children in need, Blake Mycoskie, founder of TOMS Shoes, has now with the support of his customers donated over two million pairs of new shoes to children in underprivileged countries. TOMS Shoes adopted a business model that implements a twist on capitalism. For every pair of shoes sold, the company donates a pair to children in need in over forty countries. Ultimately, TOMS Shoes developed a business model that reflects a genuine desire to do much more than just help others. From an ethical standpoint, TOMS Shoes has proven its stance in the business world as a for-profit company with social responsibility at its core. In the current economic climate, it is fair to argue that many business models incorporate the idea of social responsibility to attract the attention of consumers in hopes of future profits.

For a business to be successful, a company has to do more than just sell a good product. In fact, “according to a recent study, eighty percent of Americans are likely to switch brands, if comparable in price and quality, to one that supports a social cause.” (Bansal, 2012). In response to consumers’ psychological shopping approach, many businesses have changed their practices to be more connected to social issues. For the most part, society has leaned toward becoming one of profit and greed as opposed to genuine goodwill regarding social responsibility. Studies show that “... seventy-five percent of small firms donate to charities each year, averaging a contribution of six percent of their profits.” (Beesley, 2012). Companies may sign checks for thousands of dollars to different non-for-profits for more reasons than just supporting the cause. The donations could be given to enhance the image and prominence of the company, or for tax purposes.

Regardless of a company’s philanthropic intentions, a utilitarian approach appears to be the most commonly used. Utilitarianism is the “...greatest happiness for the greatest number.”

(Mann & Roberts, 2009). Companies may seek to find the greatest net pleasure amongst their customers. If this means making a donation to appear valuable in the eyes of the consumer, then a company may persist in order to maintain or increase the brand loyalty of that customer.

TOMS Shoes, however, appears to have a broader approach.

TOMS Shoes has built an ingenious business model. Moreover, TOMS "...has discovered what religious movements have known for centuries: people yearn to do meaningful work. Any organization scratching that itch will attract adherents. The human desire to give and to help others is nothing new. But attaching it to a shoe company is." (Broughton, 2011). TOMS Shoes has based its entire business model on doing good. At TOMS, management focuses their attention on maintaining sustainable and long-term relationships with their Giving Partners that are contributing to the well-being of those in need. In fact, TOMS also remains in close communication with those making impacts in communities. TOMS shares photos and stories from its Giving Partners who are delivering TOMS shoes and sight services around the world because of their support. Not only that but "every week on TOMS.com, a TOMS customer will be selected to join us on a Shoe or Sight Giving Trip and return forever changed... This is our way of giving back to customers who supports TOMS each and every day." (Carroll, 2012).

The TOMS Shoes business model and its implementation illustrate a commitment to social responsibility. TOMS Shoes not only provides underprivileged children around the world with shoes, but also creates a special business relationship with its customers and employees. TOMS' environment reflects a different ideology regarding social responsibility than adopted by many other mainstream companies. TOMS Shoes may well be a leading example of the direction of future business models. In the future global economy, businesses may find that it is just as important to be a "social entrepreneur" as an "entrepreneur."

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