Social entrepreneurship, often associated with corporate socially responsible behavior, is the consideration and allocation of technical, financial and/or human resources in a way that a social good is promoted.

Over the past five years, we have seen a marked increase in the number of individuals, companies and institutions, including those sports-related, in the U.S. and around the world that have moved the concept of social entrepreneurship into the practical realm.

Much of social entrepreneurship is deservedly focused on the provision of basic necessities such as food, clean water, housing, and increasingly, access to communication tools (i.e., phones and the Internet). As the concept has developed, sports, which has already proved to be an essential force for individual development, human interaction and social inclusion, has come to be seen as a more than viable method to assist in meeting such important social needs. In addition, access to sports and its benefits has also become an end unto itself.

Efforts by Andre Agassi, the NBA, FC Barcelona, FIFA, Right to Play, Northeastern University, the PGA Tour and other sports industry stakeholders have spread dollars, knowledge, technical assistance and a message of hope for community development, conflict resolution, mutual respect, healthier living and the consideration of those less fortunate.

What should be especially encouraging to those in sports is that agents for change are not exclusively such major entities. A recent program sponsored by Nike and the Ashoka Foundation’s Changemakers initiative spurred almost 400 emerging organizations from 69 countries to compete for monetary prizes to fund their efforts addressing issues ranging from girls’ rights, to gender equity, to clean water access, to conflict resolution, and AIDS prevention education. But maybe more important for the world of sports, it brought to the public’s attention numerous examples of efforts by entrepreneurial men and women, young and old, to use sports to drive change in local and international communities.

Those involved with sports should not underestimate the importance of their impact in the social entrepreneurship world. Nor should they shy away from doing more. Even as relatively cash-strapped leagues, teams and associations, and their corporate and media partners figure out how to operate and succeed in what will ultimately be a different economic landscape in the future,
their socially responsible efforts should increase. That is because socially responsible does not mean being fiscally irresponsible. And because that is where the market is going.

A new movement is afoot that moves social entrepreneurship deeper into the business world. Called social business, this new challenge to the profit and nonprofit paradigm requires a slight but important change in thinking.

Social business efforts employ a business-disciplined approach to actually generate profits, those monetary in nature, and a new definition of profit — social good. Pioneered by 2006 Nobel Peace Prize winner Muhammad Yunus and Grameen Bank, this model of business does expect a profit but explicitly eschews a return on investment beyond the initial principal. The money is reinvested in the business to reach more people and/or offer more products or services.

Historically, most of the programs, charities and foundations in and around sports have been driven by donations and the internal resources of the many great people and institutions in the industry. For example, according to IEG, cause sponsorship has almost doubled since 2002 to $1.5 billion. However, like every other part of our business, the current and near-term business forecast for such socially conscious works could get cloudy. Everyone seems to have less money, and entities dependent on a shifting rather than a creation of new dollars, are likely to suffer.

According to Harrie Bakst, founder of Carnegie Sports Group, a marketing agency that specializes in working with sports properties and socially conscious businesses, and nonprofits, “Adopting strategies and resources already mastered by those in the sports industry to generate new dollars and opportunities can be a viable way to deal with this challenging market and will be that much more applicable when things are improving on a macro level.”

Why do it?

Beyond the incredible social goods that can be promoted, undertaking such initiatives can serve as a testing ground for new products, services, and other ideas. Not inferior in quality, but different. For example, Grameen partnered with the multinational Danone Co. to produce a new yogurt that met specific nutritional needs of young children in Bangladesh.

Such initiatives can also create jobs for a marketplace that is churning out more sports business graduates but not a proportional number of new job opportunities. Give these graduates an
opportunity to gain immediate experience in markets that may not be as inviting as typically found in the U.S. but for which they will be better professionals and people.

Finally, these initiatives are smart from a marketing and PR standpoint. Many in sports are particularly concerned about the younger generation of consumers. Because of that, they should keep in mind that such socially responsible behavior resonates with this group. According to the first survey of its kind, brand strategy and communications agency Cone found in its 2006 Millennial Cause Study that:

- 89 percent of Millennials (born between 1979 and 2001) are likely or very likely to switch from one brand to another (price and quality being equal) if the second brand is associated with a good cause.

- 66 percent of Millennials will consider a company’s social/environmental commitment when deciding whether to recommend its products and services.

- 64 percent of Millennials say their company’s social/environmental activities make them feel loyal to that company.

According to Jens Bang, president and CEO of Cone, “All indications are that there is a growing importance in the role corporate responsibility plays against all target audiences, especially Millennials, and does in fact impact their attitudes and actions towards corporations and brands.”

The economic crisis we are in is scaring a lot of people with a stake in the sports industry, and rightly so, as these are very tough times. However, I believe our response to the crisis must include a movement that entails fresh thinking about what we in the world of sports produce, the purpose behind our production, how we produce it, and for whom such offerings are made available. We will all be better off for it.

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