

Social enterprises were founded not with the aim of obtaining, let alone maximizing, profits for its shareholders, but rather to solve specific problems faced by the community. But, of course, social enterprises will not be able to keep going and reach the goal of solving the problems if the operation does not bring profit.

The ideal situation for social enterprises, as formulated by Jed Emerson as blended value, is that the greater the social benefits the higher the financial performance. This is really important to be achieved by social enterprises, because the majority of the profits obtained will be invested to solve the problems. Ideally, this situation will create a virtuous cycle.

But can this idealism be realized? The latest book by Alex Edmans, *Grow the Pie: How Great Companies Deliver Both Purpose and Profit* firmly answers 'yes!', as we can read in the title. Even more interesting, Edmans does not base his arguments on social enterprise cases, but rather on commercial ones. If a commercial enterprise can achieve its purpose and profit all together, of course this book contains many important lessons for social enterprises. Some of them are as follows.

First, there are two mentalities related to the relationship between shareholders and other stakeholders that have existed. Every company tends to be on one of them. The first mentality is that the way to increase profits for shareholders is to reduce the benefits for other stakeholders. This is called pie splitting mentality. The second mentality views that increasing the benefits for all stakeholders will make profits for shareholders also increase, or pie growing mentality.

Second, many negative impacts arise because companies apply pie splitting mentality, ranging from paying low salaries to their workers, managing environmental impacts inadequately, to contributing to the climate crisis. Meanwhile, those who have a pie growing mentality will be more concerned with what is the interests of the stakeholders, so that not only has a smaller negative impact, but, and especially, has a far greater positive impact.

Third, companies with pie growing mentality see the central role of purpose. "Purpose is why an enterprise exists - who it serves, its reason for being and the role it plays in the world." Or, in other words purpose is the answer to the question "How is the world a better place by your company being here?" Purpose, therefore, must be clear enough to be able to guide decision makers in the company to increase benefits for stakeholders, including in resolving trade offs that might occur.

Fourth, that clear purpose tends to unite the company's stakeholders, and make them partners in achieving it. The stakeholders who are inspired will put out their best resources to jointly achieve the purpose, because along the way they feel the benefit from the company. The purpose-driven company does not wait to provide benefits until certain level of profits already achieved.

Fifth, two-way communication is essential. Purpose is not merely defined jointly with stakeholders, but must also be communicated extensively back to internal and external stakeholders to create a space for dialogue. Two-way communication will enable integrated thinking, which includes stakeholders' inputs for company's major decisions.

Sixth, scientific evidence of a positive correlation between social performance and financial performance is abundant. Companies that can generate positive social benefits tend to produce higher long-term profit levels. Among the social benefit indicators related to company profits are

customer satisfaction, eco-efficiency, stakeholder-oriented policies, and company performance on material issues.

With these important lessons, social enterprises should be able to be more confident that what they have been fighting for is on the right route. In fact, the road is now also increasingly crowded because good commercial enterprises also choose to take the same route. Social and commercial enterprises that agree to be force for good can already say goodbye to the false dichotomy of purpose or profit, because the truth is purpose and profit.

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