V

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Value

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There are different notions of what "value" is and means and this is deeply related to its intrinsic content and meta-disciplinary nature. One of the fundamental characteristics of value is that it presents different facets in relation to different points of view and to different contexts: in a word, its versatility. The concept of value has invested and continues to invest the interest of many scholars from different disciplines, especially for the various connotations that it may take and the complexity of its theoretical settlement. Philosophers, economists and, more recently, sociologists and psychologists have referred to "value" with very different approaches and meanings. This has caused some problems related to their lack of agreement about its meaning. A study of the literature reveals a lot of variations of the value concept, for example, in accounting literature the word "value" is often used with a meaning of "quantity", without giving adequate space to the "quality" aspect of the same concept.

But we cannot forget the important influence of the social disciplines; at least from a historical point of view, accounting has "measured and evaluated" economic resources and this has led to greater overlap with the economics rather than other disciplines. In turn, the economic value is a species of the genus value *tout court*, and as also clarified by Brown [1], "economic measures of value are species of the genus assigned value, which belongs to the family value" [2].

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© Springer International Publishing Switzerland 2015

S.O. Idowu et al. (eds.), *Dictionary of Corporate Social Responsibility*,
CSR, Sustainability, Ethics & Governance, DOI 10.1007/978-3-319-10536-9_22

Therefore, *economic value* can be seen as a measure of the benefit that an economic actor can gain from either a good or service. We need to understand that the underlying that economic value is a different concept than market price.

In relation to the various school of economic theory we can find different value theories which all start from an essential difference between the concepts value in use and value in exchange.

Value in use is the value of a good to a specific user (which is the qualitative aspect of value) while *Exchange-value* is the quantified worth of one good or service expressed in terms of the worth of another (which is the quantitative aspect of value). Even if value is often used as a synonym for exchange-value, it refers *latu* sensu to a concept which incorporates both quantity and quality.

[1] Brown T. C. (1984). The concept of value in resource allocation. *Land Economics, 60*(3), 231–246.
[2] Anderson B. M. (1966). *Social value: A study in economic theory, critical and constructive*. New York: Augustus M. Kelly.

Value Creation

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Value creation can be seen as the primary objective of any business entity. Most successful organisations understand that the purpose of any business is to create value for its customers, employees, investors as well as its shareholders. Because the customers, employees and investors are linked up together, no sustainable value can be created for one unless for all of them. Value creation for customers will help in selling the services provided. This can only be achieved when the right employees are employed, developed and rewarded as well as when investors keep receiving consistent attractive returns. Creating value for shareholders, in the form of increases in stock price, insures the future availability of investment capital to fund operations.

In financial terms value creation means creating revenue (or a return on capital) which exceeds expenses (or the cost of capital) [1]. However, there is no consensus about the parameter that best measures this value creation [2].

Some analysts insist on a broader definition of value creation that can be considered separate from traditional financial measure. Value creation in today's companies is increasingly represented in the intangible drivers like innovation, people, ideas, and brand. The first step in achieving an organization-wide focus on value creation is understanding the sources and drivers of value creation within the industry, company, and marketplace. Understanding what creates value will help managers focus capital and talent on the most profitable opportunities for

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growth. Although the intangible factors that drive value creation differ by industry, some of the major categories of intangible assets include technology, innovation, intellectual property, alliances, management capabilities, employee relations, customer relations, community relations, and brand value. In this way, focusing on value creation forces an organization to adopt a long-term perspective and align all of its resources toward future goals.

[1] Coller, T., Goedhard, M., & Wessels, D. (2010). *Valuation: Measuring and managing the value of companies* (5th ed.). Wiley finance: Mckinsey & Company Inc.
[2] Fernández, P. (2002). *Valuation methods and shareholder value creation*. San Diego, CA: Academic.

Venture Capital

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Venture capital (VC) is a primary source of outside equity financing along with angel investors and corporate investors that entrepreneurs rely on when establishing their new business. The typical VC firm is organized as a limited partnership, with the venture capitalists serving as general partner and the investor as limited partners. General partner VCs act as agents for the limited partner in investing their funds [1]. It is an important source of funding especially for the ongoing operations of start-ups with intangible, intellectual property-based assets. Thus, it is particularly prominent where informational concerns are high and there are higher risks of return rather than more "routine" start-ups (e.g., restaurants, retail outlets) which could be more easily supported by conventional financing options [2]. Along with organized corporate VC programs, there is also a large amount of informal or ad hoc investing in VC market [1].

There was a tremendous increase in the amount of commitments to VC funds in the U.S. market in the 1990s. Data indicates that more than 75 % of VC financing over the last decades have been used to finance investment in the information technology, computer software, biotechnology and healthcare sectors [1]. High-technology firms in such sectors usually have low or negative cash flows, which prevent them from borrowing or issuing equity.

It is generally argued that VC represents a different value-added potential more than a strictly financial one for the entrepreneurs. According to this view, as financial intermediaries, venture capitalists have higher efficiency in selecting and monitoring investments and providing value-enhancing services [2]. In fact, venture capitalists can differentiate themselves by the quality of business services, reputational certification and affiliations with high-status partners that they provide.

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They play an active role in the companies in which they invest, providing mentoring, strategic advice, financial assistance, help in bringing innovative products to the marketplace, business referrals and assistance in the recruitment of top managers [1]. The expertise and connections of the venture partner also adds to the value of VC in the eyes of the entrepreneurs.

[1] Denis, D. J. (2004). Entrepreneurial finance: An overview of the issues and evidence. *Journal of Corporate Finance, 10,* 301–326.
[2] Amit, R., Brander, J., & Zott, C. (1998). Why do venture capital firms exist? Theory and Canadian evidence. *Journal of Business Venturing, 13,* 441–466.

Venture Philanthropy

Kanji Tanimoto

Venture Philanthropy, which started mainly on the west coast of the US in the late 1990s, is a new style of philanthropy in which venture capitalists demand efficiency and effectiveness in their philanthropic activities. It was born from skepticism toward the traditional way in which foundations and individual donors have made donations to the nonprofit sector.

It adopts the concept of venture capital seen in the Silicon Valley and utilizes money received from foundations as an investment rather than just as a charitable donation.

Brower (2001) describes the characteristics of venture capitalists as follows [1].

1. They "manage" risk in turn for high reward.
2. They measure and reward performance to achieve long-term growth.
3. They work closely with investees, sit on boards to select CEOs, vet deal flow, and plan strategies.
4. They fund few deals but put real money into chosen ventures and also finance subsequent needs.
5. They stay on board over years of development.
6. They have exit strategies in place at the outset, e.g. mergers and public sales.

The Center for Venture Philanthropy and The Roberts Enterprise Development Fund (REDF), both located in California, are representative organizations. In order to encourage the widespread adoption of the concept of venture philanthropy, REDF developed a unique method: Social Return on Investment (SROI), which is an evaluative method designed to measure the social impact of resources invested by foundations.

Social value can be calculated with the SROI methodology developed by REDF to measure, for example:

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– how many jobs are created by nonprofit organizations which support homeless people,
– how much public expenditure has been saved by creating jobs, and
– how much tax income has been generated accordingly.

Although there are limited issues, such as whose social values are to be calculated, the approach is significant since it urges companies and NPOs to make effective use of limited resources.

[1] Brower B. (2001). *The new philanthropists and the emergence of venture philanthropy*. Center for Strategic & International Studies.

Voluntarity

Massimiliano Di Bitetto and Paolo D'Anselmi

Voluntarity is an essential element of mainstream CSR. In fact corporations are the focus of mainstream CSR and voluntary is supposed to be their compliance with the Global Compact principles or with the European Union definition of CSR. The European Commission defined Corporate Social Responsibility (CSR) as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis". Voluntarity is good because it doesn't imply constraints and it means CSR is moving on the basis of some market interest or some other shift in value perception and managerial culture of the organizations; voluntarity implies CSR is an endogenous phenomenon rather than some behavior forced upon the organization by regulation or other external forces. However it is proven by organizational sociology and micro-economics of organizations that there is inherent potential for irresponsibility in the core business of organizations, i.e. in their economic bottom line, even when laws are abided, it becomes a technical obligation of organizations to give account of their operations and the inherent arbitrariness that is implied by the freedom of choice people in organizations enjoy, above and beyond the financial statements. Thus the need to account for work implies the need of a CSR for all organizations, voluntarity falls and CSR becomes a necessity. This is an economic and organizational necessity; it is still endogenous, parallel to the necessity of financial accounts, which would be kept for the good management of the corporations even if there were no laws to mandate them.

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[1] Di Bitetto, M., Gilardoni, G., D'Anselmi, P. (Eds.). (2013). *SMEs as the unknown stakeholder: Entrepreneurship in the political arena*. New York: Palgrave MacMillan.

[2] European Commission. (2011). Sustainable and responsible business. Corporate Social Responsibility (CSR). Retrieved March 18, 2013, from http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/index_en.htm