Introduction

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This volume arose from an initial discussion among the editors to report the state of the art in social innovation and entrepreneurship research from around the world. The reason is the rapid rise in this research, which is still in the formative stages. Theoretical frameworks are still being created, while traditional notions of economic efficiency and social welfare are tested, with new ways of measuring and measurement. As the chapters in this volume illustrate, the philosophical, methodological, and theoretical approaches to studying this issue are myriad.

This volume does not aim to cover all the possible ways innovative research is being conducted around the world. Indeed, the rate of evolution in the practice of social innovation and financing is so high as to have outstripped the efforts by researchers to build generalizable models. Hence, the research that is still emerging is descriptive. This does not prevent attempts at theory building or even approaches to theory building, which we illustrate in this volume; but we expect, as with most observers, that theory development will continue for years to come, as new business approaches are invented, tested, discarded, and evolved.

The field is progressing faster in the domain of measurement and measuring. In part, this has been driven by the new philanthropy, exemplified by the Bill and Melinda Gates Foundation, whose funding decisions are outcomes driven. As such, social innovators, who draw from philanthropy, as well as capital markets, for financial resources, have adopted the model of the lean start-up in their pitches for funding support. In this approach, initial ideas are designed to evolve and pivot in response to what the social innovator learns on the ground. Complete business plans with confident forecasts have given way to contingency plans with measurable outcomes and clear milestones for assessing the achievement of objectives. Such ventures focus on the sustainability of their business models rather than one-size-fits-all approaches to problem-solving social issues.

From the perspective of methodology, because of the descriptive nature of the research, authors continue to rely on field research, qualitative

approaches such as grounded theory, case reports, and primary data collection such as surveys and focus groups. There is an increased volume of larger-scale data, particularly in social venture financing and reporting, and regulatory agency-collected data in public hygiene, infrastructure, clean energy, and climate change. However, data at the fidelity and scale such as those found in Standard and Poors is still sparse, mostly because social ventures continue to be in the private domain. Magazines such as INC have in recent years begun reporting on venture-backed social enterprises, but these data tend to skew to the larger companies, and in spaces that have enjoyed market visibility, such as alternative energy, rather than in emerging domains, such as rare disease drugs.

This volume features research that was initially presented at the Sustainability, Ethics & Entrepreneurship (SEE) Conference. The volume is organized into four parts. The first part reports on theoretical approaches to researching sustainable entrepreneurship that are less familiar. There are three chapters in this section. The first chapter, by Windsor, illustrates how two general scenarios dominate narratives about the future: environmental dystopia due to global catastrophe – *the pessimistic scenario* (“1984”); and sustainable development utopia due to successful solutions avoiding global catastrophe – *the optimistic scenario* (“Brave New World”). The author discusses the content of the pessimistic and optimistic scenarios in terms of five key dimensions: businesses, consumers, institutions – subdivided into governmental policies, domestic and international, and other (non-governmental) social institutions, and technologies. The author concludes that technology solutions are uncertain and a sustainable development utopia seems unlikely on present evidence.

The second chapter, by Zhang, highlights entrepreneurs from transition or emerging economies and how they regard institutional voids as market opportunities and explore and exploit these opportunities to start new ventures and compete with more powerful incumbents. In this chapter, the author further explores the issue of sustainable mobility as an example of the research on sustainability and entrepreneurship. In general, stakeholders concerned with sustainable mobility are providing answers and questions to the challenges of global climate change (Zhang and Yazdani, 2014). As such, sustainable mobility has become a wicked problem which emerges from complex systems with unclear causality (Dentoni et al., 2016). Zhang uses Geely and its founder entrepreneur Li Shufu as a case study to shed light on the research nexus of sustainability and entrepreneurship.

In the third chapter, Joensuu, Mäkelä, and Onkila address the criticisms leveled at sustainability reporting through the lens of social contract theory and asking the question, “What should legitimate sustainability reporting

consist of?” Their aim is to identify how stakeholders construct the principles of legitimate sustainability reporting that influence the shape of social contracts. They investigate if stakeholder interpretations differ concerning sustainability reporting when it comes to meeting the requirements of the social contract. They induce a typology of stakeholder expectations from interviews with two Finnish companies to explore questions of usability, challenges of reporting, and the associated social norms.

Because of its visibility, Part II, which consists of three chapters, deals directly with how social entrepreneurs are addressing climate change, either as constraints on viable business models or opportunities for new businesses. The fourth chapter by Bruner, Harrison, and van der Horst, draws on the political economy literature to broaden our understanding of market factors, which have come to shape the practice of sustainable entrepreneurship in the context of climate change. They use a reflexive auto-ethnography methodology to examine an opportunity presented by climate change for new venture creation, the “Scottish Global Relations Forum (SGRF),” which one of the authors led. This was a multi-stakeholder initiative, designed to capitalize on a perceived market demand for mediation services for both public and private sector clients involved in the energy and state security sectors. This chapter presents a contextualized, personalized account of the process of new social venture creation.

The fifth chapter, by Kaesehage and Leyshon, studies the challenges small and medium-sized enterprises (SMEs) face in addressing the opportunities presented by climate change. Here, the authors are less focused on whether opportunities exist (they do), and the shape they take, but rather how action can be taken. The authors argue that, while some employ bottom-up, community-led approaches, using peer-to-peer relationships, little is known systematically about these efforts. Such network interactions of entrepreneurs have not been empirically researched in the light of climate change and little is known about the reason for, and impact of, such informal relationships and entrepreneurs’ efforts to mitigate climate change. The authors show that entrepreneurs use citizen interactions to understand climate change through personal experiences and observations, and that such relationships lead to a shared belief system that serves to sidestep the institutional barriers against entrepreneurs’ endeavors to mitigate climate change.

The sixth chapter, by Herko, Fountaine, and Kats, describes how management interest in sustainability issues continues to grow, as does the need for clearer understanding of the relationships between organizations on important sustainability topics such as the governance of water rights. Like Chapter 5, the authors broaden our understanding of organizational

competition and cooperation with regard to key resources by taking a communal action perspective on how change is motivated and realized. Taking the view that everyone is a stakeholder in the natural environment, they discern the extent to which fault lines impact the decision-making processes. The study creates an inclusive economic map of industries, organizations, and individuals impacted by water rights and proposes potential spaces for co-opetition and equilibrium. This study is framed within the state of California that suggests the dynamic nature of resource-constrained decision-making.

The third part, consisting of three chapters, reports on social entrepreneurial processes, and how opportunities are formed and exploited. In Chapter 7, Turell and Earle look at the concept of institutional entrepreneurship, which emerged in the late 1980s (DiMaggio, 1988) and built upon prior theorization of an interdependent relationship between structure and agents (Giddens, 1984). It focuses attention on the struggles that take place over resources, stakes, and access and the way interested actors influence their institutional contexts. Institutional entrepreneurs “break away from scripted patterns of behavior” (Dorado, 2005: 388) and strive “to develop strategies and shape institutions” (Leca and Naccache, 2006: 627). Building on institutional theory’s foundational themes of legitimacy, isomorphism, institutional logics, and organizational fields, a growing body of literature examines when, where, and how institutional entrepreneurs perceive and act on opportunities for institutional change.

Despite sustained interest in institutional entrepreneurship, less understood about non-dominant, peripheral actors, that is, actors with limited power and few resources. Some researchers have studied social entrepreneurs as an illustrative form of non-dominant institutional entrepreneur and called for additional research at the intersection of social entrepreneurship and institutional entrepreneurship (Desa and Basu, 2013). Social entrepreneurship is a growing field but remains a contested concept (Choi and Majumdar, 2014), with varying interpretations of scope and mechanism. Turell and Earle focus on systems changing social entrepreneurship which, adapting Mair and Marti (2006), is defined as “a form of institutional entrepreneurship that uses enterprise as a primary vehicle, both to address social needs and to alter or give birth to norms, institutions, and structure in a related organizational field.”

While individuals can be tempted to externalize outside of organizations their quest for alternative ethical experience, Defiebre-Muller, Viola, Diochon, and Ocampo, in the eighth chapter, suggest that it can also take place inside the workplace. Referring to the ethical subjective

experience of employees who engage in alternative creative spaces in their organizations, their conceptual chapter builds on Levinas' work on alternative subjective ethical discourses and experiences in organizations. More precisely, they depict three ethical discourses, encapsulated as "looking good," "being good," and "being called." This constellation of discourses, while potentially paradoxical, happens to nurture a quest for meaning by implicitly allowing individuals to connect with the utopian dimension of organizations.

A growing number of organizations are addressing social ills through innovative business models. In Chapter 9, Tietz, Abdelgawad, and Pasquini report on a legal entity known as the benefit corporation. They argue that it offers an organizational design that can address the inherent financial imperatives and social objectives of social innovation-driven start-ups. The chapter draws on novel data, practitioners' experiences and interviews to characterize the organizational design challenges encountered in the profitable pursuit of social innovation. They discuss the features of the benefit corporation, in light of these challenges and show how this legal form can help entrepreneurs solve these tensions.

Finally, conversations in social entrepreneurship are pregnant with implied and overt references to ethics and responsibility, and Part IV highlights some of the issues. The tenth chapter, by López Paláu and Rivera-Cruz, researches the gap in explaining the inclination of college students belonging to the Millennial generation to adopt ethical behaviors consistent with sustainable development and its related movements: fair trade, responsible consumption, and food sovereignty. This study contributes to our understanding of the phenomenon by exploring the effect of bioethical principles in the evaluation and intention of ethical behaviors that are consistent with sustainable development. The authors test a proposed model of decision-making that adapts, integrates, and renews Rest (1986), Beauchamp and Childress (2001) and Prochaska and DiClemente (1984). The results of this study suggest that participants understand how the usefulness of the bioethical principles in assessing conflict situations, and the impact they might have in the environment, in individuals and in the peaceful and harmonious coexistence, can be a trigger for beginning a process of behavioral change that will be implemented in several stages.

The final chapter by Cortina-Mercado and Cortina-Cruz, explores how environmental challenges have led organizations to reinvent themselves by introducing innovation into their processes. Specifically, they focus on how businesses and consumers are involved in being socially responsible and contributing to the decrease of trash. Every day in the United States, individuals produce approximately 4.4 pounds of trash, and half of it

is product packaging that does not qualify for recycling (Environmental Protection Agency, 2016). However, 80 percent of North Americans are aware that climate change will have repercussions. Meeting the demand for eco-friendly packaging will also lead to an annual projected growth of 3.9 percent, creating a market value of \$41.7 billion.