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Newth, J., & Woods, C. (2014). Resistance to Social Entrepreneurship: How Context Shapes Innovation. *Journal of Social Entrepreneurship*, 5(2), 192-213.

Nature of contribution by PhD candidate

Lead author

Extent of contribution by PhD candidate (%)

80

CO-AUTHORS

Name	Nature of Contribution
Christine Woods	Conceptual development (building on previous publications); editing

Certification by Co-Authors

The undersigned hereby certify that:

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Name	Signature	Date
Christine Woods		23/11/2015
		Click here

Contextualising Social Entrepreneurship: Innovation, Resistance, and Hybridity

Jamie Ashton Newth

A thesis submitted in fulfilment of the requirements for the degree of Doctor of Philosophy in
Management, the University of Auckland, 2015.

Abstract

This study defines social entrepreneurship as the process of combining resources in innovative ways for the pursuit of opportunities that simultaneously create both social and economic value through initiatives that manifests in new products, services, programmes, or organizations (Mair & Marti, 2006; Peredo & Chrisman, 2006; Swedberg, 2009). Social entrepreneurship emerges from social and historical contexts. These contexts also bring the institutional norms, routines, and conventions that challenge and constrain innovation processes. These contextual forces resist and refine social innovations such that they become the products of the financial, social, cultural, and political expectations of stakeholders of social entrepreneurship ventures. This research explores how those forces influence the innovation process in social entrepreneurship. A deeper understanding of how context shapes social entrepreneurial action will enable theory development that is built on a more complete understanding of social entrepreneurship as a social process. This understanding includes both the positive and negative influences of resistance on the innovation process.

This study empirically and theoretically explores how innovation happens in social entrepreneurship. It is based on a long-term ethnographic investigation of a large international non-governmental organisation (INGO) as it attempts to implement a social entrepreneurship strategy. INGOs are an under-researched context in the study of entrepreneurship given the level of resources they mobilize for social value creation and the strategic threats they are currently facing. This study explores the social entrepreneurship opportunities that these organizations have available as a response to shifting aid policies, evolving donor expectations, the rise of the social enterprise and impact investment, and the changing humanitarian development landscape. However, the established institutional logic of such organizations can inhibit their ability to pursue innovative social entrepreneurship initiatives. The key findings in this regard are that the points of tension in effectively blending institutional logics – hybridizing – lie in the organization’s financial and institutional compliance, risk appetite, business model, value proposition, and governance. Contributions are made through the empirical application of Shepherd and Patzelt’s (2011) framework and its combination with the theory of institutional logics.

Building context based theory requires consideration of the social, historical, and institutional context in which the action is taking place (Davidsson, 2008; Watson, 2013; Welter, 2011). The importance of making sense of the role of context is particularly acute in informal, social, sustainable, or cultural entrepreneurship because of the greater influence it has on entrepreneurial processes such as innovation and resource configuration (Newth & Woods, 2014; Newth, 2015).

How entrepreneurship happens, and why, in these contexts requires research approaches that account for the context in which the activity is happening. Ethnography immerses the researcher into the context of the entrepreneurial action. This allows for an appreciation of the nuances of the purpose of the entrepreneurship and how this, in concert with the context in which it is happening, influences what is done and how. To this end, the researcher was able to closely observe and participate in the development of social entrepreneurship initiatives and to experience first-hand the manifestations and impacts of contextual forces. The rich data this generates was utilised to generate nuanced insight to the challenges of pursuing social entrepreneurship within the particular institutional context of the participant INGO.

The study's research questions seek to understand how context shapes innovation in social entrepreneurship. This requires an examination of the institutional bases of resistance to innovation in social entrepreneurship and an appreciation of the relationship between social entrepreneurship and hybridisation in non-profit organisations. This understanding of the institutionalised contextual forces that are in play enables an exploration of the micro-level processes of negotiation and contestation that social entrepreneurs engage in with key stakeholders.

The findings from this research suggest that social enterprises are the products of the social, cultural, commercial, and political expectations of the innovation's range of stakeholders, not solely the vision of the social entrepreneur(s). The power of stakeholders to influence the development of an innovation is drawn from their salience and the resources, access, and/or legitimacy that their support might provide. In this way, the actions of social entrepreneurs represent the interests of communities and it is through processes of resistance and contestation that the actions of social enterprises become the manifestations of collective social processes. The resulting empirical contributions from the ethnographic fieldwork demonstrate how the effects of context ultimately shaped their design. The case examples serve as an illustrative example of the ways in which differing expectations, beliefs, and logics of stakeholders induces particular decisions to be made about the design, resourcing, and strategy of social entrepreneurship ventures.

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A big thank you and a 'cheers!' to my friends and colleagues Lauren Smith and Tricia Fitzgerald. Thank you so much for your encouragement and for providing feedback on my ideas and manuscripts.

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Newth, J., & Woods, C. (2014). Resistance to Social Entrepreneurship: How Context Shapes Innovation. <i>Journal of Social Entrepreneurship</i> , 5(2), 192-213.	Taylor & Francis Group (Routledge)	Default permission under Author-Publisher Copyright Agreement
Newth, J. (2015) 'Hands-on' versus 'Arm's Length' Entrepreneurship Research: Using Ethnography to Contextualize Social Entrepreneurship. Under review at <i>International Journal of Entrepreneurial Behavior and Research</i>	Emerald	Default permission under Author-Publisher Copyright Agreement
Newth, J. (in press). Social Entrepreneurship in an INGO: Exploring the Challenges of Innovation and Hybridization. In K. Nicolopoulou, M. Karatas-Ozkan, F. Janssen, & J. Jermier (Eds.), <i>Sustainable Entrepreneurship and Social Innovation</i> : Routledge.	Routledge	Default permission under Author-Publisher Copyright Agreement
Newth, J. (2015). Social Enterprise Innovation in Context: Stakeholder Influence through Contestation. <i>Entrepreneurship Research Journal</i> , AOP.	De Gruyter	Purchased via 'Copyright Clearing Center'

A Note on Formatting and Style

The inclusion of publications in this thesis complicates the formatting of the document overall. The University of Auckland PhD statute asks that in cases where publications are included in a thesis, that typeface, font size, sub-heading styles, page layout, page numbers, and referencing format remain consistent throughout the document. The University also asked that the abstracts of each article be removed. This means that the presentation of publications varies from their published format in these ways, but the text and structure is otherwise unchanged. This includes the Americanised (i.e. Americanized) spelling used in the publications. For readers' convenience the reference lists that have been removed and aggregated at the end of the document and tables and figures have been renumbered to relate to the thesis overall, not the individual publications. For stylistic reasons pertaining to the publication itself, some articles identify the host organisation, World Vision New Zealand, while others do not

Chapter One: Setting the Scene

The purpose of this chapter is to introduce the PhD thesis and articulate the research aims, research questions, and provide an overview of the structure of the thesis. As the thesis has been completed 'with papers', it is necessary to outline how the four publications included in this thesis combine, and are supplemented, to comprise a coherent representation of the research project as a whole.

Scholarly interest in social entrepreneurship is derived from its potential as a form of human action to deliver positive social and environmental outcomes. In particular, it shows promise in addressing some of today's intractable or 'wicked' societal problems that endure, often, despite favourable market conditions, explicit government policies to address them, and targeted programmes from the social and citizen sectors (Dorado & Ventresca, 2013; Nicholls, 2006). Whilst there has been a dramatic increase in interest, like all emergent fields it is still establishing its own theoretical foundations and determining where it sits relative to its 'mother' field of entrepreneurship. In particular, we are still theoretically distinguishing the ways in which social entrepreneurship is or is not different to other forms of entrepreneurship (cf. Dacin, Dacin, & Matear, 2010) and how the phenomenon reconciles with or extends existing theories of organisation and entrepreneurship (cf. Short, Moss, & Lumpkin, 2009).

As the field of social entrepreneurship has emerged, one of the problematic aspects of defining and distinguishing the field has been the multiplicity of terms used to categorise the activity. For example, much of the activity that this study is concerned with can variously be called social entrepreneurship, social innovation, or social enterprise. This is because, depending on the theoretical lens and unit and level of analysis, each of these terms could subsume the others. And with the explicit and intentional creation of social value being central to all of these definitions, these terms overlap with notions of sustainable entrepreneurship (e.g. Shepherd & Patzelt, 2011), indigenous entrepreneurship (and enterprise) (cf. Peredo et al., 2004), cultural entrepreneurship (cf. Lounsbury & Glynn, 2001), and institutional entrepreneurship (e.g. Maguire, Hardy, & Lawrence, 2004; Tracey, Phillips, & Jarvis, 2011).

Despite some arguments that social entrepreneurship scholarship has not yet sufficiently engaged with foundational entrepreneurship theorists such as Schumpeter and Kirzner (Shockley & Frank, 2011; Swedberg, 2006; 2009), prevalent definitions are Schumpeterian in nature (e.g. Mair & Marti, 2006; Lumpkin et al., 2013). Schumpeterian entrepreneurship has innovation at its core and emphasises the process of innovation as the combination and recombination of resources to produce novel offerings or a "new way of organising the economic process" (Swedberg, 2009; p.86).

The 'combination and recombination' understanding of innovation is particularly helpful for understanding social innovation as social entrepreneurs frequently are trying reconfigure and mobilise resources to create social value. It is often not that the resources are new, but the way in which they are combined. Innovation in business models or the economic process itself often enables, for example, the provision of goods or services to underserved populations, the construction of less environmentally damaging supply chains, or the creation of greater economic citizenship for marginalised groups. Also, the resources they combine are often intangible, such as social capital, may be under-utilised or may be diverted from their current use based on a superior value proposition (Newth, 2015).

The definition employed for this study considers social entrepreneurship as the process of combining resources in innovative ways for the pursuit of opportunities for the simultaneous creation of both social and economic value that manifests in new initiatives, products, services, programmes, or organizations (Mair & Marti, 2006; Peredo & Chrisman, 2006; Swedberg, 2009). The process of social entrepreneurship happens in non-profit organizations (Haugh, 2007; Le Roux, 2005; Weerawardena & Mort, 2001), in for-profit businesses (Dees & Anderson, 2003; Summers & Dyck, 2011; Yunus, Moingeon, & Lehmann-Ortega, 2010), and in hybrid organizations (Battilana et al., 2012; Cooney, 2006; Peredo & Chrisman, 2006; Tracey & Jarvis, 2007).

Overview of Contributions of Research

This PhD seeks to contribute to a more contextualised understanding of social entrepreneurship. The need for a greater appreciation of context as an antecedent, mitigating variable, and general influencer of entrepreneurial action has gained increasing attention in the literature (Dorado & Ventresca, 2013; Hjorth, Jones, & Gartner, 2008; Wiklund et al., 2011). This research contributes to this movement towards contextualisation in entrepreneurship studies in a number of ways.

First, it contributes empirically through the generation of rich data and findings from a highly relevant, but under-researched, organisational context. With INGOs' dominant organisational logics and models under threat, the imperative to grapple with the challenges of social entrepreneurship are growing. Research into social entrepreneurship in the international development sector is therefore vitally important. As Fowler (2000; p. 637) argues in relation to the role of social entrepreneurship in the development sector;

...there are also many opportunities for NGDOs [non-governmental development organisations] to make a reinvigorated and renewed contribution to creating sustainable,

equitable and just societies... The challenge for NGOs is to grasp the nettle of their own transformation. Part of such a transformation is to critically question whether the old 'redistribution' paradigm of development NGOs typically follow is relevant in a new global scenario.

Second, the challenges of grasping Fowler's 'nettle' form the backdrop for the theoretical contributions from this study. Social entrepreneurship not only challenges the dominant organisational logics of INGOs but also of those of the institutional context in which they operate. To this end, it elucidates and posits theoretical understandings of how and why context specifically influences social entrepreneurship. In line with the study's research questions, this thesis presents two theoretical models of how and why context shapes action in social entrepreneurship (specifically innovation). This includes both the logic tensions the practice of social entrepreneurship causes at an organisational level, and the legitimacy driven contestation process involving key stakeholders.

Third, a contextualised understanding of social entrepreneurship requires research methodologies that account for and make amenable the influence that context has on the actions of entrepreneurs and on the outcomes of their innovation processes. This study presents an argument that to achieve deeper insight into this interplay of context and action that greater use of ethnographic approaches would be beneficial to field. Consistent with this argument, the contributions of this study are generated from a 30-month ethnographic project in the New Zealand office (World Vision New Zealand) of a global INGO (World Vision) where the researcher was intimately and actively involved with the pursuit of social entrepreneurship initiatives.

To make sense of the rich data that the ethnographic approach has accessed this research project has employed a multi-theoretical approach. This enabled meaningful contributions to be made to the theoretical understanding of social entrepreneurship. Clear signposting of where in the thesis these contributions are made, vis-à-vis the publications that comprise its core, is provided in the following section. However, taken as a whole, the conceptual relationships between the context(s) of social entrepreneurship and the outcomes of it as observed and theorised in this project are depicted in Figure 1 below.

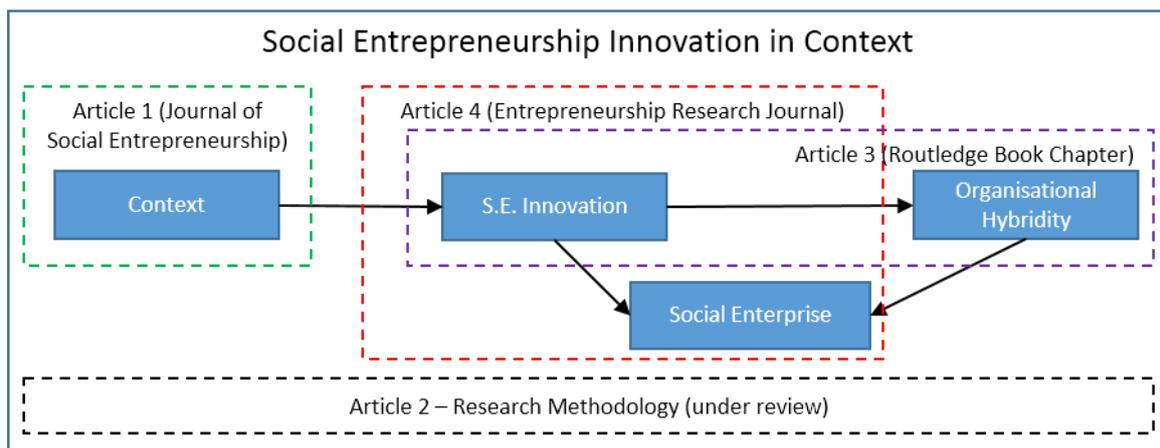


Figure 1: Mapping the Outputs of the Research Project

Aim of the Research

The purpose of this research project is to contribute to a contextualised understanding of how innovation happens in social entrepreneurship. With innovation playing such a central role in the entrepreneurial process, this scope includes much of the action that comprises social entrepreneurship – and in the context of this project the aspects of organisational behaviour that directly pertain to this action – and its interface with its institutional context. This includes how institutional forces manifest at micro and meso levels.

Research Questions

The research questions that underpin this research emerged both from the intentional design of the research project and from the fieldwork. This is a natural aspect of anthropological approaches. The researcher entered the field with a practical and theoretical curiosity as represented by the research aim and the specific research questions that crystallised over time. For this reason, Research Question 1a is relatively broad with each subsequent question becoming more specific. Although the research questions have been addressed directly in the project's findings and discussion, in a sense they have functioned as framing devices for the findings that naturally emerged from the explorative, ethnographic approach to the field.

The table below outlines the various research questions, the theoretical imperative for asking the question, and where in the thesis they are addressed. In each case the theoretical imperative was

born from both the findings as they emerged from the fieldwork and the gaps in the extant literature. As the theoretical discussion that responds to the research questions are spread across a number of publications, it is necessary to indicate where these research questions are addressed.

Research Question	Theoretical Imperative	Relevant Chapter
RQ1a: How does context shape innovation in social entrepreneurship?	<ul style="list-style-type: none"> We require more contextualised theories of entrepreneurship. In particular, social entrepreneurship requires greater appreciation of context given the complex, multiple realities of the landscape in which social entrepreneurship occurs and the dual (social and commercial) bases of legitimacy. The literature is particularly silent on the resistive forces of institutional context and power structures. 	Two* Three Four Five
RQ1b: What are the institutional bases of resistance to innovation in social entrepreneurship?	<ul style="list-style-type: none"> Need to identify and explicate the micro-level effects of formal and informal institutional forces on the creation of novel social entrepreneurship offerings in an established non-profit organisation. 	Two Three Four Five
RQ2: What is the relationship between social entrepreneurship and hybridisation in established non-profit organisations?	<ul style="list-style-type: none"> How does the extant institutional logic of non-profit organisations influence the pursuit of social entrepreneurship strategies and initiatives? The need for blending of institutional logics – hybridizing – to pursue social entrepreneurship is established in the literature. But the specific changes this necessitates in an organisation is not. 	Two Four*
RQ3: How can social entrepreneurs navigate stakeholder expectations when these conflict with an innovation and/or hybridization imperative?	<ul style="list-style-type: none"> How are contextual forces experienced by social entrepreneurs at the micro-level? Need to identify and explicate contestation as the micro-process through which the resistance (based on the institutionalised expectations of stakeholders) is overcome. 	Two Five*

* Denotes chapter of primary relevance

Table 1: Outline of Research Questions

Structure of the Thesis

The core theoretical background, research methodology, findings, and discussion that comprise this thesis is spread across four articles. Table 2 below outlines how these publications contribute to the whole of the thesis and how they collectively provide these essential elements. Each publication is the primary component of a chapter and each is accompanied by a preamble to ensure lineal coherence.

	Literature Review & Theoretical Background	Methodology & Empirical Findings	Analysis	Contribution
Article One <i>Journal of Social Entrepreneurship</i>	✓			✓
Article Two Under review at <i>International Journal of Entrepreneurial Behavior and Research</i>		✓	✓	✓
Article Three <i>Routledge Edited Volume: Sustainable Entrepreneurship & Social Innovation</i>	✓	✓	✓	✓
Article Four <i>Entrepreneurship Research Journal</i>	✓	✓	✓	✓

Table 2: Overview of Thesis Elements

This introductory chapter outlines the aim of the research and the research questions, as well as indicates the structure of the thesis as a whole. Chapter Two: 'Resistance in Context' provides a foundational engagement with the social entrepreneurship literature and a grounding in Schumpeterian entrepreneurship theory. Its purpose is to conceptualise how context shapes innovation in social entrepreneurship through the institutionalised beliefs, values, and norms of key stakeholders. Using the notion of 'resistance' as a starting point, this conceptual article creates a framework for the contextual forces that enable and constrain innovation in social entrepreneurship that originate from within organisations, markets, and informal and formal institutions. Further theoretical contributions of this article lie in the extension of the Schumpeterian notion of resistance

and its application to social entrepreneurship and the argument that social entrepreneurship will be subject to greater contextual influence (including power which emanates from extant social and economic orders). This is due to its dual social and commercial legitimacy imperatives (Nicholls & Cho, 2006), and the contention that resistance, born from context, can ultimately be a positive force in terms of the viability and impact of social innovation. Specifically, the impact of context manifests through the challenge of aligning innovations with socially embedded routines, beliefs, and structures. The scholarly provocation therefore becomes how social entrepreneurship can succeed because of resistance rather than in spite of it. This serves to set up the thesis in terms of exploring how context shapes innovation in social entrepreneurship.

Chapter Three: ‘Hands-on’ Research Methods: Getting Up-close to Social Entrepreneurship’ outlines the research methodology employed in this research project. This chapter commences with an overview of the methodology and establishes the paradigmatic positioning of the research, and the researcher. Then, rather than simply describing the methodology used, the article ‘*Hands-on versus Arms’ Length’ Entrepreneurship Research: Using Ethnography to Contextualise Social Entrepreneurship*’ argues the merits of ethnographic research in entrepreneurship studies. It contends that entrepreneurship, and particularly social entrepreneurship, is a form of human action that is highly contextual and situational. Ethnographic approaches therefore have potential for understanding how and why it happens. Such understanding cannot be truly gained solely through arm’s length research methods and may in fact best be understood through close observation and, where appropriate, participation. The article provides a sample of findings to illustrate both the type of nuanced, contextualised findings that ethnographic approaches can generate, and the deeper layer of insight that researchers can find when they get up-close and ‘hands-on’. While ‘ethnography’ is often a characterisation of the narrative-driven, long-form ‘write-up’ of a researcher’s fieldwork, it also refers to the methods and approach taken to investigate a social context. In this project the research approach (data collection and analysis) was ethnographic, but the ‘with papers’ format of this research output has precluded a singular narrative write-up. Instead, the researcher’s experience of journeying with World Vision New Zealand (WVNZ) is depicted across Chapters Three, Four, and Five, in formats appropriate to those publications.

Chapter Four: ‘Hybridity and Social Entrepreneurship’ frames the shifting macro-context in which WVNZ is operating and which is driving the attempts at a socially entrepreneurial approach to change. This outlines the impetus for action before Shepherd and Patzelt’s (2011) sustainable entrepreneurship framework is applied to frame the social entrepreneurship opportunities that are potentially available to the organisation. The challenges of pursuing such opportunities given the conflict this creates with the extant social institutional logic of the organisation is then discussed.

The ethnographic approach enabled the identification of the specific aspects of the organisation where that logic tension is transpiring and where change would need to happen for hybridisation – the blending of those logics – to occur. These points are discussed in terms of how these aspects would be characterised should hybridisation occur. Overall this chapter builds on the resistance framework from Chapter Two by outlining the micro-bases of tension born from conflicting institutional logics. These contributions are of value not only to the increasingly prevalent hybridity literature in social entrepreneurship, but to research in INGOs broadly. They represent an under-researched organisational context in entrepreneurship studies and the macro-economic and global geopolitical conditions that are driving the social entrepreneurship agenda at WVNZ are relevant to the sector generally. As the prevalence of social entrepreneurship grows, its inherent hybridity challenges the dominant organisational logics of the NGO and international aid sector.

Chapter Five: ‘Contextual Influence in Action – Contestation and Innovation’ extends further on the concepts of resistance and institutional context discussed in the previous chapters by examining how a particular innovation, a social enterprise initiative, at WVNZ was shaped at its formative stages by its context. It particularly looks at how key resource bearing stakeholders imparted influence over the ultimate design of the enterprise. The influence of stakeholders is discussed through the application of stakeholder salience (Mitchell, Agle, & Wood, 1997) and resource dependency (Emerson, 1962; Frooman, 1999; Pfeffer & Salancik, 1978) to the case organisation with consideration for social enterprises generally. The exploration of the processes through which necessary alignment between social entrepreneurs and the institutionalised expectations of resource bearing stakeholder generated a conceptualisation of the contestation process – that being the micro-level manifestation of resistive contextual forces being played out in the entrepreneurship process. This chapter, in concert with Chapter Four, examines how innovation in social entrepreneurship actually happens in terms of actors and action interfacing with institutionally constructed social contexts. In this way it concerns itself with a fundamental aspect of social entrepreneurship that receives too little attention in the literature. Moreover, it begins to form a theoretical basis for the process through which social enterprises can become the expression of collective social processes.

Chapter Six: ‘Concluding and Looking Forward’ concludes the thesis by reiterating the theoretical and empirical contributions of the study and presenting them in single conceptual framework. The limitations of the research are outlined and potential future research stemming from this study, its data, findings, and theoretical contributions, are presented.

Chapter Two: Resistance in Context

The following article, '*Resistance to Social Entrepreneurship: How Context Shapes Innovation*' (Newth & Woods, 2014) provides a theoretical and conceptual backdrop for much of the subsequent empirical and theoretical discussion that comprise this thesis. Importantly, in doing so it establishes the definition employed for the study (stated in Chapter One above). The most pertinent aspects of the definition chosen are that, firstly, it argues for a process based understanding of entrepreneurship which characterises entrepreneurship as an activity, rather than a type of person or firm. And secondly this process involves the combination and recombination of resources. The article draws on a Schumpeterian conceptualisation of entrepreneurship to position innovation as a central element of social entrepreneurship. Furthermore, it utilises Schumpeter's general theory of entrepreneurship (1911; 1934) to establish the theoretical foundations of social entrepreneurship as a field.

The article's key contribution is the explication of the notion of resistance as it applies to social entrepreneurship – a concept not adequately explored in the literature. The resulting discussion establishes the role of institutionalised stakeholder expectations, extant social and economic structures, and the power dynamics therein. The drivers of these forces are explicitly considered at organisational, market, informal institution, and formal institution levels. The insight of this conceptual discourse is that such expectations and structures create resistance which shapes social entrepreneurship action. This resistance can lead to positive outcomes in terms of the innovations that social entrepreneurs take to market. The conceptual model depicts this more contextualised understanding of the innovation process which provides the basis for the subsequent contributions outlined in the following chapters.

The dominant narrative, such as it is, of entrepreneurs succeeding against the active resistance of the status quo only tells us part of the story. It does not explain how social innovation can be successful *because of* this resistance, rather than just in spite of it. And it therefore downplays the social processes that constitute entrepreneurship that involve multiple actors, stakeholders, and institutions (Steyaert & Katz, 2004). We therefore require frameworks, such as the one presented in the article below, that can assist in building theories of context in entrepreneurship.

Resistance to Social Entrepreneurship: How Context Shapes Innovation¹

Introduction

Schumpeterian understandings of entrepreneurship have informed much of the literature on social entrepreneurship (cf. Defourny & Nyssens, 2010; Mair & Marti, 2006; Meyskens et al., 2010; Palmas, 2012; Shockley & Frank, 2011; Swedberg 2006, 2009; Zahra et al., 2009). In particular, Schumpeter's (1934) conception of the entrepreneur as the economic agent of change who innovates by combining resources is beginning to provide a theoretical basis for social entrepreneurship as an academic field. While Schumpeter did not give consideration to social entrepreneurship as it is being understood today, he did consider how entrepreneurs bring creative destruction to non-economic spheres (Schumpeter, 1911). His theory of entrepreneurship is sufficiently general and robust to explain the processes of innovation and change in non-priced environments. It is for this reason that his theory is acting as something of a 'Rosetta Stone' for translating the little understood innovation processes of social entrepreneurs and the social change they create. The understanding of entrepreneurship as a process is finding particular currency within the social entrepreneurship literature because of the increasing arguments for theories of social entrepreneurship that utilize perspectives of social and contextual dynamics to deepen our understanding of the activity (Mair & Marti, 2006; Swedberg, 2009; Dacin, Dacin, & Tracey, 2011; Shockley & Frank, 2011).

One interesting and unexplored aspect of Schumpeter's general theory of entrepreneurship is the notion of 'resistance'. Resistance is understood as being the forces that inhibit, constrain, or restrict the entrepreneurial process. These forces are the resistive effects of norms, customs, and institutional routines that structure our social existence (Swedberg, 2009) and by which we seek to maintain and cultivate our cultural heritage in indigenous contexts (Tapsell & Woods, 2010). Although Schumpeter did not provide an in-depth discussion of resistance, like Swedberg (2009), we believe that this is a potentially important and intriguing part of his theory of entrepreneurship and that it is worthy of further consideration within the context of social entrepreneurship. This article therefore presents a more in-depth and nuanced understanding of resistance and argues that social contexts provide forces that both enable and constrain the social innovation process and that this resistance can often have a positive effect on the outcomes of socially entrepreneurial action.

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The notion of resistance is particularly important for social entrepreneurship and it explicates many of its differences to commercial entrepreneurship. Social entrepreneurship must overcome additional sources of resistance that stem from its alternative, or multiple, institutional logics (Battilana & Dorado, 2010), its greater dependence on stakeholder support, and the inherent ambiguity around the measurement of social entrepreneurship success across the dual objectives of social impact and financial self-sufficiency (Bacq & Janssen, 2011). Underlying all these challenges is the questioned legitimacy of social entrepreneurship as a form of organizing and method of social change (Dart, 2004; Nicholls & Cho, 2006). We suggest these contextual imperatives create an array of forces that both enable and constrain innovation processes to meet the financial, social, cultural, and political expectations of stakeholders of social entrepreneurship ventures. Stakeholders' expectations are based upon their norms, values, and beliefs.

Because the primary mission of social entrepreneurship is the creation of social value and the pursuit of social change, there is an implicit assumption in much of the literature that any forces that limit or constrain the social innovation processes are inherently negative. The perception is that such constraints reduce the impact of a social innovation and therefore are a negative force because they reduce the positive social change that could potentially be achieved. Notwithstanding the contestability of social entrepreneurship as an unequivocal force for good (Roper & Cheney, 2005; Boddice, 2009; Zahra et al., 2009), we feel that this view of resistance is an oversimplification and that a more nuanced understanding of resistance to social entrepreneurship will both strengthen social entrepreneurship theory and inform practice. Resistance to social entrepreneurship undoubtedly does limit the creation and impact of ventures that would have positive social outcomes in many cases. Born from the interest driven behavior of those who would have their resources, power, or comfort disrupted by the innovation, this form of resistance can reasonably be characterized as 'negative resistance' in that it inhibits social value creation. However, there is a case to argue, as this article does, that the challenges of satisfying the various social, economic, cultural, and political demands of stakeholders creates 'positive resistance'. This resistance is ultimately deemed a positive force as it serves to refine social entrepreneurship ventures and their innovations to ensure financial sustainability, appropriateness of legal organizational form and business model, alignment with social values and organizational mission and, particularly in indigenous settings, cultural values and heritage. These more refined outcomes can ultimately have greater social and economic impact. Whether the efforts of social entrepreneurs are sustainably implemented or not is not solely due to the ability to successfully market their concept, but also whether their view of what social change should be attempted, and how it should be changed, fits with the views of those with, or access to, crucial resources. As Vasi (2009; p. 159) argues,

“Understanding why only some social entrepreneurs succeed requires a careful examination of the potentially contentious interactions between various social actors”.

The article is structured in four parts. First, a discussion of resistance to innovation is provided drawing on Schumpeter’s original conception and on Swedberg’s (2006; 2009) and colleagues’ (Becker, Knudsen, & Swedberg, 2011) elaborations. Second, we discuss the role of context in the practice of social innovation, addressing how opportunity and resistance are intertwined constructs that emerge from social contexts. Third, we outline the drivers of resistance that constrain social entrepreneurship as a form of enterprise and innovation as an activity within social ventures. We then conclude the article and discuss the avenues for further research that a ‘resistance perspective’ creates. The article’s central contribution is toward a more critical understanding of social entrepreneurship – specifically to how the social context of innovation shapes its manifestation.

Social Entrepreneurship and Social Innovation

Given the fluid and emergent nature of social entrepreneurship as an academic discipline and the lack of consensus regarding definition and theoretical boundaries, some discussion and delineation of the definitions is necessary here. Of central importance to the growth of social entrepreneurship as a legitimate field of scholarship is the establishment of a research agenda grounded in foundational theory (Shockley & Frank, 2011). Attempts at defining and delimiting the field should therefore take due consideration of how and where theories of social entrepreneurship will grow. Given the positioning by scholars of social entrepreneurship as a practice to achieve social change by drawing on entrepreneurial processes (Austin, Stevenson, & Wei-Skillern, 2006), definitions should reflect the opportunity exploitation and resource combination processes. For this reason, definitions that reflect a Schumpeterian understanding of entrepreneurship are appropriate and helpful for understanding and delineating the field. The definition employed for this article defines social entrepreneurship as the process of combining resources in innovative ways for the pursuit of opportunities for the simultaneous creation of both social and economic value that manifests in new initiatives, products, services, programmes, or organizations (Mair & Marti, 2006; Peredo & Chrisman, 2006; Swedberg, 2009). The process of social entrepreneurship happens in non-profit organizations (Haugh, 2007; Le Roux, 2005; Weerawardena & Mort, 2001), in for-profit businesses (Dees & Anderson, 2003; Summers & Dyck, 2011; Yunus, Moingeon, & Lehmann-Ortega, 2010), and in hybrid organizations (Battilana et al., 2012; Cooney, 2006; Peredo & Chrisman, 2006; Tracey & Jarvis, 2007).

An understanding of social entrepreneurship, such as that suggested by the definition above, that seeks integration of social entrepreneurship with general theories of entrepreneurship not only allows insight from established theories of commercial entrepreneurship, but also has potential to stimulate insight or enrich discussion about social value creation in traditional commercial models (Steyaert & Hjorth, 2006; Tapsell & Woods, 2010). Furthermore, a process oriented definition of social entrepreneurship is most useful for the development of the field. A continual focus on the individual entrepreneur, their motivations, and their heroic change-making capabilities will not provide a sufficient understanding of how intention is shaped by context, how socially entrepreneurial action actually creates change, nor how social entrepreneurship is managed by organizations, communities and groups of stakeholders (Haugh, 2007; Mair & Marti, 2006; Nicholls, 2010b; Peredo & Chrisman, 2006). The narrative of the tireless, visionary entrepreneur succeeding against the active resistance of the status quo only tells us part of the story. It does not explain how social innovation is successful *because* of resistance, rather than just *in spite* of it.

The focus of this article is on the innovation processes of social entrepreneurship. Schumpeter (1934) positions innovation as the central activity of entrepreneurship whereby the entrepreneur 'pushes through' the innovation to market. We draw on Swedberg (2009) to depict a Schumpeterian perspective of social innovation.

This view considers social innovation as the creation of novel combinations of resources to address social issues, and social entrepreneurship as bringing (pushing) these novel combinations to market. In reinterpreting Schumpeter's innovation framework toward a social orientation, Swedberg (2009) introduces the idea that social innovation involves the institutionalization of a particular innovation such that it becomes the accepted way of doing things. This perspective is echoed by Zahra et al. (2009; p. 523) when describing a Schumpeterian view of social innovation, "Creation of newer, more effective social systems designed to replace existing ones when they are ill-suited to address significant social needs". This view of social innovation resonates with Nicholls (2010b) where it is argued that the social innovation view of social entrepreneurship potentially provides the space for scholarship to reconcile the competing understandings of what social entrepreneurship is and what it should be. The social innovation view positions social entrepreneurship as change at the systems level where the systems for the provision of public goods and social services are sustainably altered (Nicholls, 2010a).

Resistance to Innovation in Social Entrepreneurship

As stated above, resistance is a particularly pertinent issue in social entrepreneurship because such enterprises are likely to face resistance across multiple fronts – on their efforts to achieve social change and their efforts to launch and achieve sustainable economic operations. In contrast, commercial entrepreneurship must overcome a smaller set of resistive forces. Social entrepreneurs face additional institutional pressures that are particularly challenging because they draw from both for-profit and non-profit logics, which may conflict (Dacin et al., 2011). These institutional pressures require them to be both commercially and socially legitimate (Nicholls & Cho, 2006); with legitimacy being vital for the acquisition of the resources and support required for an innovation to be developed and implemented (cf. Dart, 2004). This dual legitimacy requires such innovations to prove sufficient feasibility both financially and in social impact and therefore requires the support of a greater range of stakeholders. In simple terms, to construct an opportunity in a market economy a commercial entrepreneur needs to convince those with capital of their innovation's ability to profitably (and usually legally and ethically) create and appropriate value from a set of customers. Given social entrepreneurs act in instances of market failure (McMullen, 2011), their case for action is less clear and more contested, particularly when vulnerable communities are involved as customers and/or consumers (Mair & Marti, 2009).

While many argue that social entrepreneurs face greater resource constraints than commercial entrepreneurs, Lumpkin et al. (2013) point out that resource constraints characterize all entrepreneurship, and that it is not a distinctive feature of social entrepreneurship. Rather, it is the lack of *access* to resources that presents additional hurdles that social entrepreneurs must overcome (Austin, et al., 2006; Lumpkin, et al., 2013). In particular, traditional sources of venture capital and funding are generally less accessible for social entrepreneurs (Lumpkin, et al., 2013; Nicholls, 2010b) and they are therefore reliant on a greater range of stakeholders for financial support (Austin, et al., 2006; Nicholls, 2006). This is one of the primary sources of the additional resistance that social entrepreneurs face in the creation and implementation of innovations.

While innovation within commercial settings is widely researched, this literature does not fully explain the processes of social innovation, and in particular how resistance is overcome and how this resistance shapes the innovation. As Goldstein et al. (2010) argue "...novel technologies are one thing and social innovation is another, since whereas the former is spurred on by human curiosity and intelligence as well as highly regarded economic incentives, social innovation must struggle against social and cultural inertia" (p. 102).

Resistance is inherent to Schumpeter's (1911; 1934) theory of entrepreneurship, and indeed is evident in his language where he describes entrepreneurship as the process of 'pushing through' innovations to market. Swedberg (2006; 2009) and colleagues (Becker, Knudsen, & Swedberg, 2011) argues for a deeper treatment of Schumpeter's ideas of resistance and suggests this would be of value to the development of theories of social entrepreneurship. Schumpeter argues that the sources of resistance are, put most simply, other people – more specifically, static people to whom the deviant acts of the entrepreneur are threats to familiarity and normality.

Becker et al. (2011) furnish us with more detail about how resistance may manifest. They contend that resistance comes from the habits, norms, customs and routines that structure our lives and in which we find comfort. We naturally resist those things that would endanger this comfort. The Schumpeterian view on this, although underdeveloped, is that this resistance is born from legal and cultural impediments (i.e. institutional resistance) and the hostility of the social environment towards those who behave differently. Schumpeter (1911) therefore suggests that resistance begins within the minds of entrepreneurs. The social entrepreneur's propensity to pursue their social innovation will in the first instance be moderated by the level of resistance they expect to face in the development and implementation of their innovation. Sources and degrees of anticipated resistance will vary depending of the cognition and psychology of the individual entrepreneur(s) and on the organizational, cultural, and institutional context within which they are trying to innovate. Therefore, future research of entrepreneurs' psychological experience of resistance would need to account and control for other factors such as level of motivation, prior entrepreneurial experience, position in organizational hierarchy, and social standing.

In sum, Schumpeter leaves us to consider three types of resistance: the resistance to doing the task itself given the uncertainty of how to go about doing it, the resistance inherent in the entrepreneur to doing something new because maintaining the status quo is easier, and the resistive effects of the environment in which the innovation is being developed (Knudsen & Swedberg, 2009).

Resistance and Power

We would add to Schumpeter's framework the resistance that is also born from power dynamics that will be disrupted by the social innovation. To this end Becker et al. (2011) also point out that the obstacles in a resistive environment are strengthened when they are coupled with a particular material interest in the status quo remaining unchanged, which we can take to mean, for example, an established competitor, an established model of production, or established economic or social

order and the power dynamics therein. This provides us with two overlapping, drivers of resistance; one that withholds resources (and legitimacy) on the basis that the innovation is misaligned with the expectations, beliefs, and logics of stakeholders, and the dominant institutional logics at meso and macro levels. And another that resists an innovation or enterprise based on the threat it creates for reducing the resources or power of those involved in the system that the innovation would disrupt. The overlap between these two drivers create social and economic orders i.e. the combination of institutionalized expectations (informed by norms, habits, and routines) maintaining the status quo with the active protection of one’s resources and/or source of power.

The forces that resist social innovations are many, varied, often subtle, and are difficult to delineate. Nonetheless, for the purposes of initiating the development of a research agenda that brings a more nuanced understanding of the forces that shape social innovations, we have attempted to categorize them into four interrelated drivers: organizational, societal, market, and institutional. The resistive nature of these drivers is formed by commonly held socio-cultural norms, conventions, and beliefs (Swedberg, 2009). This resistance constrains innovation by withholding support for initiatives that are not aligned with existing organizational practices, societal beliefs, and institutional logics.

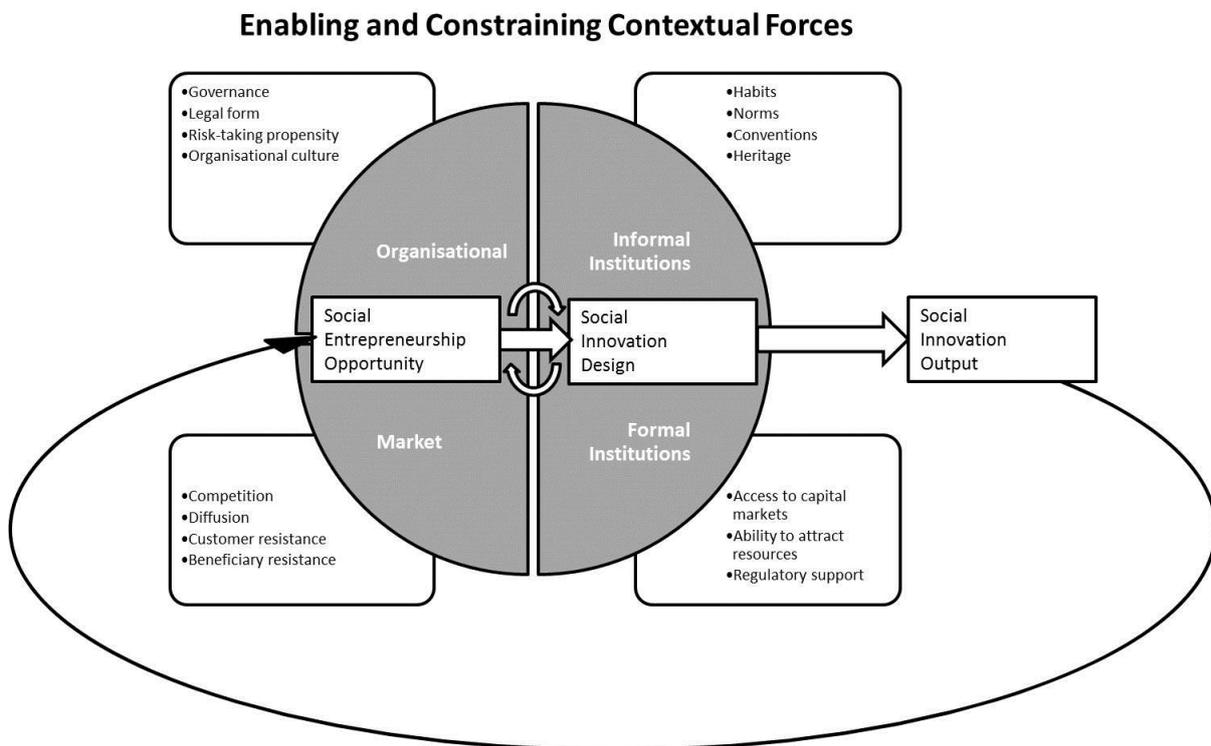


Figure 2: Enabling and Constraining Contextual Forces

Organizational Resistance

Social entrepreneurship that occurs within existing non-profit and for-profit organizations (social intrapreneurship) differs from social entrepreneurship by start-up social enterprises in that an established culture, structure, and strategy is in place which creates the inertia, path dependency (Kistruck & Beamish, 2010), and institutional logics (DiMaggio, 1988) in which the social intrapreneur(s) is embedded and which will resist and/or enable their innovation.

Organizational resistance comprises the forces that constrain social innovation within existing organizations. The nature and level of this resistance will naturally vary greatly between non-profit (Morris, Coombes, Schindehutte, & Allen, 2007; Smith et al., 2010) and for-profit organizations (Kistruck & Beamish, 2010; Summers & Dyck, 2011) based on the degree to which the organization's institutional logic(s) supports or tolerates entrepreneurial approaches to social innovation or whether its stakeholders has afforded it a mandate for explicit social value creation (Yunus et al., 2010).

The primary resistive forces within an organization are embodied in its organizational culture and its governance. The effects of organizational culture on the innovation capabilities of organizations have a well-established body of literature (e.g. Drucker, 1985; Ireland et al., 2003; Kanter, 1985, 2000). Within the social entrepreneurship literature such discussion has, in the main, been limited to the risks of dual institutional logics operating in tension (e.g. Battilana & Dorado, 2010), the challenges of creating blended hybrid logics (Battilana et al., 2012), and the internal tensions of operating across social and commercial organizational fields (Cooney, 2006; Domenico et al., 2009).

Both in non-profit and for-profit organizations the process of attempting to simultaneously create financial and social value poses significant challenges in terms of organizational culture and personnel recruitment and development (Battilana et al., 2012). Particularly within established organizations, the cultural inertia of established norms and routines will inhibit the endogenous development of innovations that endanger the status quo or seem to violate established understandings of how the organization should achieve its mission. This places a particularly heavy burden on the innovation and the innovator to provide a compelling case for the initiative to be pursued.

The strength of that case will depend, in the first instance, on its alignment with the extant operational logic of the organization. Innovations that seek to create both commercial and social value draw together elements of logics that can seem contradictory or produce an unwieldy hybrid (Tracey, Phillips, & Jarvis, 2011). A venture that is 'born hybrid', such as those that were founded as

social enterprises, are inherently driven by dual commercial and social logics. Within such organizations the hybrid logic of the innovation will be less foreign therefore resistance to it will be limited to its anticipated ability to achieve social impact and financial sustainability, not the legitimacy of trying to do both simultaneously. However, within organizations which operate primarily on a commercial logic (e.g. for-profit companies), an innovation which seeks to create both social and commercial value will face resistance based on the appropriateness of pursuing social value creation. Likewise, a socially oriented organization (e.g. non-profit) will have a natural resistance toward such an innovation based on its commercial value creation. Based on this reasoning we can reasonably assume that organisational support for a social innovation would, *prima facie*, be conditional on it creating sufficient commercial value for commercially oriented organizations or sufficient social value for socially oriented organizations, as these operational logics are the primary drivers of organizational routines (e.g. Battilana & Dorado, 2010).

The operating logics, their relative strength, and degree of hybridity will naturally depend on the institutional logic upon which the organization is premised and the organizational form that it takes. However, previous experiences of staff or the organization itself will also inform organizational attitude to social innovation, both favorably and negatively. For instance, companies with well-established corporate social responsibility strategies would find the notion of social innovation less foreign which would enable a particular innovation be evaluated more on its value creation potential, rather than resisted *prima facie* on its misalignment with extant organizational logic. Likewise, some non-profit organizations and/or their staff will find their prior commercial sector experience or experiences of market-generated income leave them with a theory of change that allows them to see innovations with embedded commercial value as not being an inherent violation of their social mission and organizational logic.

Social intrapreneurs, much like institutional entrepreneurs (Tracey et al., 2011), can draw on the macro-level discourse surrounding social innovation to overcome organizational resistance based on institutional logics. Trends in corporate social responsibility, shared value strategies, social enterprise, and public-private-nonprofit partnerships and the increasing awareness and acceptance of these approaches can lend legitimacy to innovations that seek to blend or hybridize logics.

Beyond institutional logic, at operational levels resisting arguments will be principally based around alignment with organizational mission. Concerns about mission drift will lead to a perception of novelty being superfluous to core operations and a risk to organizational efficiency and efficacy. Underlying these bases of resistance, and central to overcoming them, is the anticipated efficacy of

the innovation itself and the organization's capability to deliver it independently or its ability to establish the necessary partnerships to deliver it collaboratively.

Drawing on Nonaka and Takeuchi's (1995) 'Knowledge Conversion Process', Summers and Dyck (2011) propose four phases to explain how an innovation develops as part of their 'Process Model' of social intrapreneurship. The process begins with '*socialization*' whereby an 'eureka' moment is experienced by organizational members, and possibly external collaborators, as the outcome of the sharing of tacit knowledge. The innovation, in the form of an embryonic concept, is based on tacit knowledge at this point and through the process of '*externalizing*' the concept (communicating the insight) and necessarily converting it to explicit knowledge, the concept is further developed or 'fleshed out'. The third phase, '*combination*', involves establishing the innovation as part of the organization's structure and systems, and finally, '*internalization*', sees it institutionalized in organizational routines and the knowledge underpinning it becomes tacit for organizational members.

In considering the process of resistance in light of this knowledge conversion model of social intrapreneurship, it is evident that cultural resistance will most often occur, and be most impactful, during the externalization and combination phases. It is here that the requirement for the innovation to be sufficiently compelling in terms of its potential social impact and alignment with organizational logic will force both modification in terms of the merits of the innovation, and its fit with embedded organizational theories of change. The greater the misalignment with organizational mission and existing practice, the more compelling the case for social impact must be. It is in meeting these imperatives that innovation is refined from an intrapreneur's initial idea to one that is moderated by the culture of the organization to the minimum required to obtain support for the innovation's continued progress towards implementation.

The other side of the resistance equation is that culture, as the context in which the intrapreneur is embedded, will also play a role in stimulating the sharing of tacit knowledge between organization members and provide impetus for developing opportunities for social value creation and innovative initiatives. This will be significantly influenced by the organization's willingness to be responsive to changes in the external environment, such as developments in the field of the organization's targeted social issue (e.g. the urbanization of poverty in sub-Saharan Africa), or changing attitudes and behaviors of supporters (e.g. the digitization of small-scale philanthropy engagement in Western nations). Likewise, culture will play a significant role in enabling the social innovation by tolerating, or even supporting, the continued exploration and development of embryonic innovations.

The attitudes and beliefs of an organization's governance will likewise enable and/or constrain innovation. Lumpkin et al.'s (2013) exploration of the under-researched relationships and inherent conflicts between the elements of entrepreneurial orientation and the antecedents of social entrepreneurship effectively explicates many of the ways in which the governance of an organization resists and enables innovation. Of particular pertinence is the attitude of Boards (or other governance mechanisms) towards risk. A Board's willingness to allow experimentation and innovation will have a strong bearing on the level of resistance social intrapreneurs will face within their organizations and will strongly influence the cultural norms around innovation. A Board's attitude in this regard will be dependent on the organization's funding model and business model. An organization that is strongly dependent on donations from individuals (or families) or foundations and/or government grants may struggle to legitimize a mandate for innovation. Such stakeholders usually demand that the organization use donations to deliver on the promise or value proposition upon which the donations were solicited, leaving little or no slack resources for innovation, nor a mandate to use resources for innovation. This situation is exacerbated by increasing demands for transparency and accountability among social purpose organizations and NGOs that receive donated revenue. At the same time, there is arguably an increasing expectation for such organizations to use innovative business models and interesting new offerings (Morris, Webb, & Franklin, 2011). This creates a dilemma for social sector Boards who may be feeling pressure from declining donation and government grant revenue (LeRoux, 2005), but fear backlash from existing supporters if they pursue innovative new means of generating revenue, such as social enterprise, or experiment with new social change initiatives (Lumpkin, et al., 2013).

The risk associated with that backlash can encumber Board members with a 'not on my watch' mentality – meaning that while they can see value of innovation to more effectively pursue their mission, they are reluctant to support initiatives that put the reputation and social capital of the organization at risk. Similarly, for-profit organizations who can see the potential for commercial value creating outcomes from engaging in social entrepreneurship, will encounter dilemmas over the legitimacy of such actions whilst also encountering increasing societal demands to create value for communities in which they operate, not just for shareholders (Dees & Anderson, 2003; Porter & Kramer, 2011). Morris et al., (2007) argue that active Boards can address or counter resistance of various internal and external stakeholders, and this can be a source of new ideas and opportunities and stimulate innovation through challenging conventional thinking among managers. This can be effectively reinforced by setting entrepreneurial expectations and demanding accountability for change (Morris et al., 2007).

When considered in this light it becomes apparent how the governance and culture of an organization can both enable and constrain innovation processes, often at the same time. While resistance may have a negative effect on organizational performance, it can also prevent wasteful resource deployment, mission drift, or inadvertently unethical or inappropriate initiatives. Furthermore, it can enhance organizational performance by ensuring only innovations of the highest quality and alignment with stakeholder attitudes and organization mission and capability are implemented. The challenge of the social intrapreneur is to navigate these intertwined political influences to ensure appropriate measures of resistance are used to guide and enhance their innovation processes, without allowing it to stifle them entirely.

Formal Institutional Resistance

The pervasive influence of institutions extends throughout organizations (DiMaggio & Powell, 1983) and in the minds of entrepreneurs (Swedberg, 2009) such that the resistive effects of governance and organizational culture are merely their micro-level manifestations. For the purposes of this article we are discussing institutions as macro-level phenomena; “multifaceted, durable social structures, made up of symbolic elements, social activities and material resources” (Scott, 2001; p. 49). Specifically, we are discussing how, in general terms, institutional resistance often forces social entrepreneurs to seek legitimacy ahead of efficacy (Dart, 2004; Nicholls & Cho, 2006). This resistance constrains and/or refines an innovation as social entrepreneurs will seek alignment with socially embedded routines, beliefs, and structures.

As discussed previously, social entrepreneurship does not fit with dominant organizational logics in that it attempts to use the most efficacious blend of both commercial and social logics. This hybridity compromises legitimacy because it no longer fits with either of the accepted organizational logics – it is not purely commercial and profit-maximizing, and it also is not solely non-profit and charity oriented because it may seek profits for financial self-sufficiency or increased scale. At the very least it brings a market orientation and a degree of innovativeness to the pursuit of social value creation (Nicholls & Cho, 2006). The primary implication for entrepreneurs operating without legitimacy is in resource acquisition, because it is legitimacy that enables the flow of resources to the venture (Dart, 2004; Nicholls & Cho, 2006).

This is apparent for social entrepreneurs as operating in this ‘institutional gap’ means social entrepreneurs lack the ability to access venture capital markets to the extent that profit-maximizing businesses can. Although collective social values are arguably shifting to be more aware and

accepting of social entrepreneurial approaches to social change, the development of appropriate financial institutions still lags behind. Leading practitioners advocate for funding models that enable investments to be returned to investors (Yunus et al., 2010), and thought leaders advocate for business models and investment mechanisms that enable returns to be generated for social investors (Emerson, 2003; Nicholls & Pharoah, 2007). However, such practices are still rare (Nicholls, 2010a) and still conflict with normative understandings of organizational funding and business models. The other implication of operating in this institutional gap is that social entrepreneurs may not be able to secure the same donated funds as traditional non-profits, as they lack the same perceived purity of business model, and therefore legitimacy, to elicit donations.

Similarly, the availability of appropriate legal organizational forms for social entrepreneurship ventures also constrains them in terms of the business and investment models they can employ, and the types of capital they can attract. While the creation of organizational forms such as the CIC in the UK and the L3C in the US recognize the demand for organizations that seek to simultaneously create social value and appropriate financial value, such models are not yet widespread globally and do not always afford the levels of flexibility inherently sought by socially entrepreneurial ventures.² Key issues in this regard is the balancing the needs to redistribute profits to equity partners and/or provide tax benefits for donors.

Informal Institutional Resistance

While these financial and legal institutions are formalized and supported by state supported apparatuses, the presence of informal institutions also resist social innovation (Swedberg, 2009). These are the norms, values, and beliefs that in conjunction with formal institutions define social acceptability (Kistruck, Webb, Sutter, & Ireland, 2011). Informal institutions have significant influence over the level of community support social innovation initiatives will receive. This support can manifest as donations from individuals and families, word-of-mouth promotion and endorsement, willingness to consume the new initiative, or simply tolerance of it. This societal resistance to innovations is based on the inherent legitimacy of the innovation and its intrinsic theory of change.

To understand this legitimacy imperative in social enterprise and entrepreneurship, scholars are drawing on and extending Suchman's (1995) typology of organizational legitimacy (Dart, 2004; Nicholls & Cho, 2006; Nicholls, 2008). This approach explicates legitimacy across three levels –

² CIC = Community Interest Company. L3C = Low-Profit Limited Liability Company.

pragmatic, moral, and cognitive – and can be used to understand the rationale for the flow of resources and support to social enterprises as an organizational form (Dart, 2004) or to a particular social initiative.

Pragmatic legitimacy is conferred to an initiative to the degree that it provides value to stakeholders. This can be difficult to prove when there is little or no precedence to support an innovation's business case and/or social value proposition. This difficulty, and therefore the perceived illegitimacy and resistance, increases relative to the radicalness of the initiative or its business model. Moral legitimacy accrues to innovations that fit with society's norms of what is 'proper' (Dart, 2004). Dart (2004) argues that social enterprise garners legitimacy from society's acceptance of pervasive market ideology. Social innovations may or may not manifest as social enterprises and will have varying levels of market orientation or business-like appearance. However, society does have embedded views of what organizational types ought to look like, and as mentioned above, social entrepreneurship, and new things in general, seldom fit with established mental frames. Similarly, cognitive legitimacy is conferred when an organization or initiative aligns with what society is accustomed to, or knows to be appropriate (Dart, 2004). We are accustomed to paying businesses for the value their products and services provide us and accept that they will appropriate financial value from the transaction. We are also accustomed to social purpose organizations creating social value (or financial value for beneficiaries) but not seeking to appropriate that value (cf. Santos, 2009). Organizations or initiatives that attempt to do both potentially violate social norms for proper organizational practice. The more an innovation fits how society believes an initiative should look, matches with what society is accustomed to, and can present a compelling case for the societal value it can provide, the more legitimacy it will accrue and more accessible resources and support will be. This is the primary form in which resistance manifests from societal context.

Social purpose initiatives often emerge within, and from, indigenous and spiritual contexts. The constraining effect of the need for legitimacy from alignment with cultural heritage and religious value systems is also significant. Innovations in these contexts must not only be sufficiently pragmatically and cognitively legitimate, but must also advance (or at least not conflict with) a cultural or spiritual agenda. Key stakeholder support will often be dependent on such alignment, and therefore will strongly determine the shape of initiatives that are created in such organizations and communities. Naturally, the desire to maintain the heritage of an indigenous community, or disseminate the values of a religious group or other ideology-oriented group, also stimulate and enable opportunity construction from embedded social entrepreneurs. Indeed, indigenous entrepreneurship is arguably inherently 'social' by nature because positive social change and social

value creation is central to the entrepreneurial purpose, even in commercially oriented ventures (Tapsell & Woods, 2010).

The recurring theme of context stimulating as well as constraining is again evident when considering the effects of institutional contexts. Opportunities for social innovation also emerge from the shortfalls of existing institutions (e.g. market failure of business and government), the lack of appropriate or necessary institutions to support economic development (e.g. institutional voids) (Mair & Marti, 2009), and the space 'in-between' (Shepherd & Woods, 2012) – between existing institutions, embedded routines, and competing resource configurations.

So while social innovations are shaped from an initial 'pure' entrepreneurial construction to one that confers legitimacy from its ability to be perceived as pragmatically, morally, and cognitively legitimate (Suchman, 1995), there is potential that the freedom from institutional categorization actually creates opportunity for greater innovativeness for the entrepreneur(s) that can overcome the resistance inherent in fighting from such 'illegitimate' positions. That innovativeness lies in the potency of boundary blurring business models, organizational logics, and organizational forms i.e. from radical resource configurations.

Market Resistance

While a new offering from a commercial entrepreneur will face the liability of newness, the pressures of competition, and relevant regulatory restrictions, customers will purchase their offering if they feel that value is commensurate with its cost. Increasingly, these customers will consider the ethics of the product or service and its production, but unlike customers of social ventures, they are unlikely to question the appropriateness of the firm's decision to go to market or consider its theory of social change. Thus we can see that the additional sources of resistance social entrepreneurs face includes those that derive from the market context.

The forces influencing consumption of innovative social initiatives are ultimately the same institutional and societal forces outlined in the section above. However, it is also worthwhile considering them from a consumption perspective in terms of whether markets are more or less willing to consume these initiatives compared to extant social initiatives, or other competing offerings based solely on a commercial logic.

Social entrepreneurs who take an offering into a competitive market face the same barriers to winning customers as their commercial counterparts – is their value proposition sufficiently attractive to justify the price? Like businesses embedding CSR initiatives into their brands, social

entrepreneurs often seek social value creation by embedding that value into their value proposition (e.g. fair trade practices, policy of employment of disadvantaged populations in production). This can lower consumer resistance to new offerings by increasing their overall value proposition i.e. they add a 'feel good' element to the purchase (cf. Marshall, 2011).

Social entrepreneurs pursue revenue from both market and non-market sources. Whether the transaction is in the form of a donation or the purchase of a good or service, the social venture must still provide a sufficiently compelling value proposition to extract the money from the 'customer'. Both market and non-market customers' support will be conditional on their perception of the authenticity of the social aspects of the offering. The perception of authenticity is a construction of the offering's fit with the customer's beliefs about the entrepreneur's cause (Lumpkin et al, 2013) and the method of social change being employed. This authenticity imperative is bound to the pragmatic and moral legitimacy of the venture (Dart, 2004; Nicholls & Cho, 2006).

The value propositions used by social ventures to generate either sales or donations must compete with those of other social and commercial ventures. The market system forces innovations to be developed in such a way to be attractive relative to those propositions it must compete with for resources from the market (sales, grants, or donations). Value propositions of this nature can be compelling for many reasons including the potential impact of the social innovation, the fit with customers' theory of change, and the human, social, cultural, financial, and material capital the venture can bring to bear on the social issue i.e. the capability of the venture to have an impact.

Revenue from such customers can be considered part of the resource acquisition strategy for a social initiative and they are an important stakeholder group whose support is vital for the financial health of the venture. However, new social ventures must also establish relationships with intended beneficiaries that may also be actively or passively resistant to new initiatives. Again this requires that there be some alignment with the beliefs of the target community about the issue that needs to be addressed and the methods for going about doing so (c.f. Mair & Marti, 2009).

Overall, competitive forces shape all innovations that are taken to market, including social innovations that utilize the market for revenue generation. The need for social innovations to generate demand will lead social entrepreneurs to design innovations to fit customer or donor demand and beneficiary need. In this way market forces enable and constrain social innovation in that demand for social value propositions stimulate opportunity construction and provide resources for increased scale via market revenue. However, competition with other social value propositions, including those offered by businesses associating their products with social issues, will force social entrepreneurs to consider the marketability of their initiative, not just its social impact.

Concluding Remarks

This article utilizes, and advocates, a process oriented understanding of social entrepreneurship as this is necessary for the scholarly field to move beyond inspiring case studies of successful individuals to a broader understanding of how the phenomenon emerges from communities and organizations. To this end the article explicates the Schumpeterian notion of 'resistance' by outlining how such resistance manifests and influences the innovation process in social entrepreneurship. We also extend Schumpeter's theory through our contention that contextual resistance is not a uniformly negative force. Some resistance from various stakeholder groups is born from a desire to protect one's own interests at the expense of superior societal outcomes. However, resistance can also be considered a positive societal force as it serves to refine social innovations; informing them with experience, cultural imperatives, and stakeholder priorities. Furthermore, context does not only constrain innovation, it also compels it. Through an understanding of the social issue at hand and an awareness of the resources that can be mobilized (combined and recombined) via a sustainable business model, social contexts give rise to innovations and social entrepreneurs that seek to address that social issue. The shape of that innovation, however, will explicitly and implicitly be shaped by the expectations and demands of the stakeholders whose support is required for the successful implementation of the innovation. While that support will depend on the legitimacy of the innovation relative to the logic underpinning the expectations of each stakeholder group, the legitimacy that the innovation finds upon implementation will determine if it shifts the systems which caused the issue and becomes institutionalized.

This article contributes to a process understanding of social entrepreneurship and particularly to how context will influence the design of an innovation at all stages of the entrepreneurial process. It provides an initial exploration into the insights a resistance lens can bring – specifically the implications of resistance based on legitimacy and the need for social entrepreneurship to gain legitimacy in both the social and commercial intent of its innovation. While all entrepreneurs are confronted with this need for legitimacy, social entrepreneurs face a greater range of stakeholders whose expectations need to be met for legitimacy, and therefore support and resources, to be acquired.

While previous work has acknowledged the role of context in social entrepreneurship (Austin et al., 2006; Mair & Marti, 2009), we have sought to provide a more sophisticated understanding of how context shapes an innovation by exploring how the expectations of the parties whose support is

required will force modifications in its design. We submit that these contextual forces can be grouped into four main sources;

- a) the organizational context in which the entrepreneur(s) are embedded or that they form around them,
- b) the forces of the market in which they participate including the expectations of the intended beneficiaries,
- c) the informal institutions which create the social inertia which reinforce the status quo, and
- d) the formal institutions which confer formal legitimacy and facilitate access to resources.

Likewise, we seek to prompt a more nuanced discussion of opportunity in social entrepreneurship. We argue that opportunity is about more than the identification of a problem that an entrepreneur wants to do something about. An opportunity exists when the entrepreneur(s) construct a feasible approach to creating positive impact on that social issue via a viable business model and have a vision of the resources that can be mobilized to achieve that impact. This is not to say that the entrepreneur has the resources in hand when deciding to act. Rather, like their commercial counterparts, social entrepreneurs make do with what is at hand (Domenico et al., 2010; Mair & Marti, 2009; Zahra et al., 2009). But it is in their vision of how limited resources can be combined, or previously used resources are recombined, to address a social issue that their opportunity lies.

We contend that greater insight into social entrepreneurship can be gained, particularly its idiosyncratic innovation processes, if greater scholarly attention is directed towards the broader context in which the activity is taking place and if a greater appreciation is given to the role of context in shaping social innovation through resistance.

This article highlights the importance of considering the role resistance plays in social entrepreneurship, but resistance is only the silhouette of power. The role of power in social entrepreneurship discourse and action is severely under-researched. At every level in which resistance plays a role in the shaping of an innovation, the influence of a stakeholder group or the inertia of social structures and norms is derived, in full or in part, from the inherent power of that group or those with a vested interest in alternative structures, including the status quo. At the macro-level we cannot, therefore, separate the discourse of social entrepreneurship from the discourse of the sources and roles of power in legitimizing novel or hybrid forms of venturing. And at the micro-level, how stakeholders' power positions influence the plasticity of their support for a given innovation i.e. how pliable they are based on where and why they have power over the shape of that innovation through, such as withholding access to resources.

Opportunities for Future Research

The consideration of how context informs and shapes innovation provided by this article and others (Kistruck & Beamish, 2010; Desa & Basu, 2013) opens interesting avenues for further research that can further illuminate the connection between entrepreneurial action and social change. While this article seeks to refine our understanding of how context shapes innovation, it does so with the entrepreneur or entrepreneurial team as the unit of analysis. However, the principles that are considered, explicitly and implicitly, allude to the insights that can be gained from considering social entrepreneurship as the micro-level manifestation of meso and macro level phenomena (Tracey et al., 2011). Namely the shift in social values at the meso and macro-levels (Nicholls, 2011) and its relationship with social entrepreneurship. As collective awareness and social attitudes towards enterprise shift, and social entrepreneurship captures the media's attention and the public's imagination (Miller, Grimes, McMullen, & Vogus, 2012) it begs the question as to whether the concurrent rise of socially entrepreneurial action is an outcome or a cause of this attitude shift. In this regard, are social entrepreneurs agents of this macro-social change or are they maverick leaders of it?

While the likely answer to this question is 'both' (to the degree that any causality can be measured), it does compel researchers to consider the higher order sociological processes that are at play in the generation of social innovation. In this regard, we have millennia of sociological history and thought to draw upon as we seek to understand the 'why' and 'how' of social (and economic) change (Swedberg, 2006). To this end there is scope for further insight to be provided by using foundational sociological schools of thought to connect meso and macro-level societal phenomenon to social entrepreneurship i.e. why is it that these social values are producing this type of human action at this time?

Beyond the collective social values that are driving, or to some extent being driven by, social entrepreneurship, we do require greater insight into how these forces are interacting with the intentions, orientations, and motivations of entrepreneurs and organizations to produce innovations. To this end, the use of resistance as a concept when considering the structuration of social entrepreneurship could contribute significantly to the theoretical foundations of the field (Mair & Marti, 2006). This article has explored this by exploring how stakeholder expectations and institutional forces influence social entrepreneurship as a process, but scope remains to extend this process view such as that social entrepreneurial processes are seen as embedded in broader social and economic systems. A complexity science lens, by its very nature, may provide insight into how

small micro-level inputs to a system lead to profound macro-level outcomes and, conversely how micro patterns of entrepreneurial action are influenced by macro-level trends (cf. Goldstein et al., 2010; Swanson & Zhang, 2011). An understanding of the impact of resistance on the interaction of agents in a complex system could provide insight into the relationship between entrepreneurial action and social change.

Furthermore, looking at resistance as a force which shapes innovation would be helpful for researchers who are looking at social entrepreneurship as the outputs of communities (Peredo & Chrisman, 2006), collectives (Montgomery, Dacin & Dacin, 2012), and social movements (Mair & Marti, 2006). The concept of resistance does highlight the collective nature of social entrepreneurship as an activity, regardless of whether this is the intention of the entrepreneurs.

Using resistance as a lens through which to view the forces that act upon social innovations can open particularly interesting avenues for research on innovation processes in indigenous contexts. The enabling and constraining forces in such a context include those outlined in this article, but are also imbued with heritage and tradition. Also, in many cases communities hold a post-colonial wariness of patriarchal intervention from outside parties looking to 'fix' their social issues. Therefore, there are likely further potential sources of resistance in indigenous contexts, which are particularly dependent on the origin of the innovation, and these enabling and constraining forces will be further nuanced by cultural beliefs, priorities, and traditions.

And finally, the drivers of the forces that enable and constrain social entrepreneurship within established organizations with established institutional logics and embedded strategies, cultures, and management and governance systems have only been briefly addressed here. There is tremendous scope for highly relevant further research in this regard as organizations of many types and stages of growth pursue social entrepreneurship strategies. Further research is required to understand how embedded social intrapreneurs navigate the competing, and often conflicting, resistive forces to bring a social innovation to market in a company or a non-profit organization (e.g. Kistruck & Beamish, 2010; Summers & Dyck, 2011). Likewise, we require further insight into how managers and boards can actively manage, or reconcile, the resistive forces their internal and external contexts such that resistance enhances innovation processes and leads to more positively impactful outcomes (e.g. Pache & Santos, 2010). Such research is important if the strategies, business models, and hybrid logics of social entrepreneurship that are showing signs of success tackling some of the world's most intractable social problems are to become accessible to a greater range of organizations and to move closer the mainstream (cf. Austin & Reficco, 2009; Dees & Anderson, 2003; Marshall, 2011).

To summarize, this article open opportunities for further research using resistance to further our understanding of social entrepreneurship in regards to power, complexity science, collective social action, indigenous enterprise, and social change in organizational and social contexts.

Chapter Three: 'Hands-on' Research Methods: Getting Up-close to Social Entrepreneurship

The case for the ethnographic approach employed here and an argument for its greater use in entrepreneurship research is presented in the following article, “‘Hands-on’ versus ‘Arm’s Length’ Entrepreneurship Research” (Article Two). It is also summarised in the two other empirical pieces in Chapters Four and Five respectively. Further justification of the research design and information about the research project more generally is provided to position the research and provide some background.

In determining the research design to most appropriately address the research aim, and the research questions that drive this research project, a number of decisions were made. First was the decision to employ an immersive, anthropological method in which the researcher would participate in the entrepreneurial action. This approach fits particularly well with the research aim of contributing to a contextualised understanding of how innovation happens in social entrepreneurship. An immersive approach allows the close observation of attempts to innovate within the institutional and resource-based constraints of the organisational context. It is also suitable for the explorative nature of the research.

In arguing for greater use of postpositivistic research methods in entrepreneurship, Karatas-Ozkan, et al., (2014; p. 590) reminds us that,

“Entrepreneurship is characterized by complex, dynamic and emergent processes, and the interplay between actors, processes, and contexts. Postpositivistic approaches offer the opportunity to examine subtleties of the phenomenon of entrepreneurship by placing emphasis on a range of its dimensions and the interplays between dimensions (Anderson, Dodd, & Jack, 2012). Such postpositivistic research aims to develop concepts and theory which enhance our grasp of social phenomena in natural settings, with due emphasis on the experiences, views, and understandings of all participants (Patton, 2002) and hence significantly contribute to the advancement of scholarly activity in the field of entrepreneurship. Different epistemologies widen the options for entrepreneurship researchers, allowing them to accommodate greater complexity in their research findings and reflect upon the lived experiences of entrepreneurs (Neergard & Ulhoi, 2007).”

This thinking is especially valuable when considering entrepreneurial action outside of the contexts to which researchers traditionally, or typically, gravitate – namely technology ventures and start-up or early stage enterprises (Wiklund, et al., 2011). It therefore resonates strongly with the approach

taken here, which sought to illuminate social entrepreneurship as a simultaneously sociological and economic (market oriented) process. The intention being, in response to such calls (Hjorth, Jones, & Gartner, 2008; Karatas-Ozkan et al., 2014; Welter, 2011; Wiklund et al., 2011, Zahra, et al., 2014), to build context-sensitive theoretical frameworks which inform and explain the increasing entrepreneurial activity that is occurring for social, environmental, or institutional purposes.

A long-term ethnographic approach was employed to journey with WVNZ – a large INGO – as they explored social entrepreneurship strategies in response to shifting macro-environmental and industry-level trends which both threaten their relevance and viability, and present previously inaccessible opportunities. The opportunity to pursue research in this organisation was taken for a number of reasons. First, notwithstanding work on social entrepreneurship in developing country contexts (e.g. Kistruck & Beamish, 2010; Kistruck et al., 2011; Mair & Marti, 2009), the INGO sector itself continues to be under-researched and under-represented in the social entrepreneurship literature. This is notable given the sheer quantity of financial, human, social, and brand capital, and other resources that are being mobilized by such organizations, and their potential to realize the benefits of social entrepreneurship. The opportunity to act as an active participant-observer with unfettered access to organisational documents as well as senior staff willing to participate in interviews, at a time when the organisation was explicitly seeking social entrepreneurial opportunities, was both consistent with the research aims and compelling to the researcher. As the organisation felt the need to access the understanding of socially entrepreneurial innovation and hybrid organising that the researcher possessed, the relationship was mutually desirable and enabled an ideal research environment for ethnographic work.

While this ethnographic approach leads to the generation of a vast amount of rich, case-based data which is ideal for the intent of this project, such an approach is not without its limitations, nor without criticism. For instance, Short, Moss, and Lumpkin (2009) argue that the development of social entrepreneurship as a field is dependent on it shifting its focus from case studies to large-scale multivariate analyses. One of their criticisms of case study approaches is that the complexity and richness of data that case studies generate, make generalizability inherently difficult. In contrast to this view, this research takes the view that the process(es) of social entrepreneurship are complex and contextual, and with theory in the field being relatively under-developed, approaches that appreciate and absorb such complexity and are contextually understood are still necessary at this time, and will always have an important place in the field. While research methods that adopt multiple comparative case studies, entrepreneur surveys, or analyses of existing quantitative data sets, as examples, may generate more empirically generalizable findings about the innovation processes of social entrepreneurship, they are unlikely to enable the deep contextualised insight into

how social institutions shape innovation processes at the 'coalface' of organisations (Barley, 2008). Such insight requires "a localized understanding of the cultural processes – meaning making – as it occurs from a few vantage points within the organization" (Van Maanen, 2011; p. 221).

The paper included in this chapter (under review at the *International Journal of Entrepreneurial Behavior and Research*) presents an argument for the suitability of an ethnographic research approach to address the aims of this research project, and why entrepreneurship researchers could make greater use of this method to develop a fuller picture of entrepreneurship as a social activity. It also provides an overview of the research design and the advantages of ethnographic immersion for improving the richness of data collected via complementary methods such as interviews. The paper then illustrates the suitability of the method, and the advantages of getting 'hands-on', through a sample of three particular findings. The primary purpose of the paper is to argue the case for ethnographic research as a suitable methodology within the social entrepreneurship field with the findings serving to illustrate this point. As such, more thorough and in-depth data analysis and interpretation are captured in the articles that are presented and explored in Chapters Four and Five.

As the paper below is for written publication, it does not cover a discussion of the fundamental methodological principles of which a researcher needs to demonstrate an understanding and an appreciation. Therefore, such a discussion is presented below with an outline of the paradigmatic positioning of the researcher and the research project. In addition, the data analysis process undertaken in the research project is outlined. Finally, a discussion of some relevant ethical considerations when conducting research in organisations is provided.

Enactive Ethnographic Case Research

It can be argued that 'case study' is not in fact a methodological choice – rather that it is a choice of what is to be studied (Stake, 2008; Flyvberg, 2011). We may study it by any number of means with different approaches, stances and methods, but we are primarily concerned with the case itself. Indeed, case study here refers to the choice to conduct a long-term study within a single organization. This was done via participant observation, interviews, and document analysis as part of an ethnographic method. Nonetheless, a consideration of the appropriateness of the use of a single 'case' approach is of value here.

Case study is most appropriate when a holistic investigation is needed and when the behavior of the participants cannot be manipulated (Feagin, Orum, & Sjoberg, 1991; Yin, 1994). Furthermore, from

Yin's (2003) table below, it is clear that a case study approach is appropriate in the present study as the research focuses on contemporary events as they unfold and, although the researcher did influence the behaviour of the participant organisation, the researcher did not have control over it. The appropriateness of the use of case study relative to the form of research questions also fits. In line with the research aims outlined earlier, this research seeks to answer questions about *how* the participant organization goes about perceiving the macro value shifts in its social environment, *how* it should innovate to position itself in relation to this environmental context, *why* it should seek to provide its offerings in the present form, and *why* it seeks a socially enterprising form for doing so.

The use of case study in exploratory research is widely supported (e.g. Feagin et al., 1991; Yin, 1993; Stake, 2000; Collis & Hussey, 2003). A major reason for this is that the strength of case research lies in its ability to generate rich, thick descriptions of socially constructed phenomena with an understanding of the participants' perspectives (Lincoln & Guba, 1985; Stake, 2000). When an appropriately flexible data collection technique is employed, an exploratory case approach can focus on the pertinent and salient issues as they become apparent and 'colour' the findings with an understanding of the participants' perspectives. This makes this approach appropriate for this research project as it attempts to gain insight into social entrepreneurship, a socially constructed phenomenon (Aldrich & Martinez, 2003; Bergman & Johannisson, 2011).

Strategy	Form of Research Question	Requires Control of Behavioral Events?	Focuses on Contemporary Events
Experiment	How, why?	Yes	Yes
Survey	Who, what, where, how many, how much?	No	Yes
Archival analysis	Who, what, where, how many, how much?	No	Yes/No
History	How, why?	No	No
Case study	How, why?	No	Yes

Table 3: Research Strategies by Situation

(Source: Yin, 2003, p.5)

The use of cases to capture and frame the actions of organizations is an appropriate, if not essential, mode for the enactive style of ethnographic research conducted (Fletcher, 2011; Bergman & Johannisson, 2011; Johannisson, 2011; Steyaert, 2011). In this instance it is an approach to

researching the entrepreneurial acts of a particular organization in which the researcher participates in the entrepreneurial act that they are researching as a phenomenon. In this way they also *enact* the research.

The open-ended nature of the engagement with the participant organisation meant that the initiatives and strategies that were germane to the research did not have finite timeframes for implementation nor indeed whether implementation would be achieved at all. As such, other participative research methods, such as action research, were not suitable methods to adopt. Furthermore, the observant-participant (Moeran, 2009) role the researcher took within the organisation was one where he was quickly considered a full member of the organisation. To organisational members he was a colleague who “was doing his PhD” and his role as a researcher was seen as secondary to his role in the organisation. Nonetheless, all participants were fully aware of his research role and all such research conduct was within the bound of the researcher’s University ethics approval and the access agreement with the organisation. This accepted dual role, combined with the explorative intent of the research, reinforced the suitability of an ethnographic method. Moreover, the decision to go beyond passive participant-observation to active ‘observant-participation’ allowed for more nuanced analysis of the organisation and its experience of the social and economic institutions amongst which it is situated (Moeran, 2009). In this project the researcher had the fortune to hold this multi-faceted position and “positionality” (cf. Madison, 2011; Ybema et al., 2009) from the outset of the engagement.

Moeran (2009) argues that this position, even when more subtly shifted over the course of fieldwork that begins with a more passive stance, has a profound effect on the quality of the information collected and the ability to draw insights from it through analysis. A vital dimension to this increased quality, which is emphasised in the following article, is that this active position enables the ethnographer to “distinguish between what people *say* they do and what they *actually* do. Indeed, this is a problem facing all those in management and organizational studies who make use of interviews to gather primary research material. People are always trying to manage impressions and to put across an image that may in fact be rather different from their ‘real’ selves” (Moeran, 2009; p. 157). Article Two, below, extends this point and contends that informants and interviewees are in fact less likely to present a false impression in the first place because there would a) be little point in doing so to a researcher who is seeing and experiencing the ‘reality’ and b) they no longer consider the researcher an outsider because they are working in the ‘trenches’ alongside them.

Tietze (2012) articulates particularly well the importance of understanding that, like research projects, researchers themselves are also ‘situated’ (see also Fletcher, 2011). It behoves the

researcher, therefore, to ensure reflexivity on the fact that their choice of “research questions, research interests, choice of method and research instruments are interlinked with the researcher herself, with her life experience, and her development, background and values” (Tietze, 2012; p. 54). This is highly relevant to the current project. The researcher has a history of simultaneous practitioner and academic roles so was very familiar to holding both frames of reference and using them to inform each other. Thus this participative fieldwork was a natural fit with the skills and experience of the researcher and appropriate academic supervision was on hand at all times. Indeed, the aims, questions, research site access, and methodology can be seen as a product of the practitioner experience and scholarly journey that the researcher had been on to that point. However, the decision to conduct research in the host organisation was not purely opportunistic. The opportunity to research an organisation of this nature was a natural outcome of the researcher’s background combined with the needs of the scholarly field, and the research method employed is a response to the scholarly imperative for contextualised entrepreneurship research. As is theoretically framed in the previous article, and empirically explored the subsequent three, there is a need for research that builds an understanding of how context influences actors beyond overly generalised assumptions of how innovation happens amid institutional constraints and enablers.

Methodological Framework

There is often a tension when conducting empirical research between the methodology that is considered ‘right’, and the methods that the researcher considers will ‘work’ in the field. Whether the methodology is sound or ‘right’ and whether methods ‘work’ in any study can always be debated; regardless, a researcher should ensure a methodological stance is taken, and then justify and explain it (Crotty, 1998). In particular, it should be made clear what ontological and paradigmatic position is held by the researcher (Cope, 2005). To this end, Table 4 outlines the researcher’s position across a number dimensions and articulates the meaning of these positions relative to the constructivist/interpretivist and participatory paradigms in which the research is situated. The specific implications for the study are also outlined.

A research paradigm refers to the ontological, epistemological, and methodological premises that frame a research project (Denzin & Lincoln, 2000). It outlines the researcher’s “philosophies and assumptions about the world and the nature of knowledge; in this context, about how research should be conducted” (Collis & Hussey, 2003, p 46). Kuhn (1962; p. viii; as cited in Collis & Hussey, 2003) considered them as “universally recognized scientific achievements that for a time provide model problems and solutions to a community of practitioners”. While interpretations of the term

vary widely, for our purposes it is suffice to see a paradigm as “a framework comprising an accepted set of theories, methods and ways of defining data” (Collis & Hussey, 2003; p 47).

The table below maps the researcher’s position across the various dimensions of the research framework and specifies the implications for this project. This outlines the position of the researcher as it pertains to each aspect of the research process *vis a vis* foundational and other relevant methodology literature.

Framework / Research Assumption	Question/Meaning	Meaning in Constructivist / Interpretivist Paradigm	Meaning in Participatory Paradigm	Implication/ Adopted Approach for the Study
Ontological	What is the nature of reality?	Reality is subjective and multiple as seen by participants in a study.	Participative reality: subjective-objective reality, co-created by mind and the surrounding cosmos (Guba & Lincoln, 2005).	Understanding of social entrepreneurship process within organizations requires an understanding of how social entrepreneurs interact with their immediate social environment and the broader economic, social, and institutional context.
Epistemological	What is the relationship of the researcher to the researched?	Researcher interacts with those being researched. "Social reality is a construction based upon the actor's frame of reference within the setting" (Guba & Lincoln, 1985; p. 80)	Critical subjectivity in participatory transaction with cosmos; extended epistemology of experiential propositional, and practical knowing; co-created finding (Guba & Lincoln, 2005).	Interaction and participation during research is used to gain understanding of the organization, its purpose, its perceived role in social change, and its innovation methods. 'Understanding' includes the conditions within and around the organization that enable and constrain social entrepreneurship. Knowledge is co-created between research and participants.
Axiological	What is the role of values?	Value-laden and biased.	What is the purpose for which we create reality? To 'change the world' or 'participation' implies engagement, which implies responsibility. In terms of human flourishing, social practices and institutions need to enhance human associations by integration of these three principles; deciding for others, with others, and for one's self (Heron & Reason, 1997).	A reflexive awareness is required of the researcher's beliefs about social purpose organizations, entrepreneurship, social value creation, and the role of business in society. This influences the researcher's perceptions and actions, and colors the data generated.
Rhetorical	What is the language of research?	<ul style="list-style-type: none"> • Informal • Evolving decisions • Personal voice • Use of accepted qualitative words 	Participant as facilitator of multivoice reconstruction (Guba & Lincoln, 2005).	The language is impersonal but first person is used where appropriate. Observation and dialogue interpreted in terms of their context and analyzed in terms of the research questions. Raw observation data and interview dialogue used where appropriate. The language of the organization and industry is acknowledged and used at times by the author to 'color' the results and analysis.
Research Philosophy	Philosophical stance informing the methodology and thus providing a context for the process and grounding its logic and criteria	A co-constructor of knowledge, of understanding and interpretation of the meaning of lived experiences (Guba & Lincoln, 2005).	Primary voice manifested through aware self-reflective action; secondary voices in illuminating theory and narrative (Guba & Lincoln, 2005).	Explorative approach guided by entrepreneurship and sociological theory. Social researchers help to make social realities, they don't just describe; they 'enact' (Law & Urry, 2004). Researcher utilizes an explicitly enactive approach to participative ethnography (Fletcher, 2011; Bergman & Johannisson, 2011; Johannisson, 2011; Steyaert, 2011).
Methodological	What is the process of research?	<ul style="list-style-type: none"> • Inductive process • Mutual simultaneous shaping of factors • Emerging design – categories identified during research process • Context-bound • Patterns, theories developed for understanding 	Experiential knowing is through face-to-face learning, learning new knowledge through the application of the knowledge. Democratization and co-creation of both content and method. Engage together in democratic dialogue as co-researchers and as co-subjects (Heron & Reason, 1997).	<ul style="list-style-type: none"> • Single case design • Organization as unit of analysis • Iteratively inductive/deductive processes (Orton, 1997; Watson, 2012) • Co-constructed understanding • Entrepreneurship seen as contextualized practice (Steyaert & Landström, 2011) • Researcher as situated actor (Fletcher, 2011) • Performative and participative (Steyaert, 2011)
Method	How will data be obtained?			<ul style="list-style-type: none"> • Participant observation • Open-ended interviews with multiple organizational members and stakeholders • Document analysis

Table 4: Assumptions under the Interpretivist Paradigm with Application to this Study

Adapted from Creswell (1994), Crotty (1998), and Lincoln et al. (2011)

Research Quality

If we are to see greater ethnographic and/or enactive research in entrepreneurship studies, such as that advocated here, by what criteria can we evaluate the quality of research being produced? Discussion of research quality, trust, and trustworthiness usually involves a consideration of validity; *internally* through confirmation of a true causal relationship, and *externally* through the degree to which the results are generalizable to other situations (Yin, 1994). This stance is, however, ostensibly a positivist one. With this study being interpretivist in nature, the differing ontology calls for differing criteria. Interpretivism holds that there is no single objective reality, rather that it is constructed and that there can be as many realities as there are minds involved in the construction (Guba & Lincoln, 1989). In interviews, for example, “the interviewer and interviewee actively construct some version of the world appropriate to what we take to be self-evident about the person to whom we are speaking in the context of the question” (Silverman, 2001; p 86). Within this approach, the search for truth is about gathering constructions that are better informed, more significant, and more useful than others (Guba & Lincoln, 1989). Therefore, the criteria most applicable to this study are aligned with Denzin and Lincoln’s (2011) summary of the constructivist approach which comprises *trustworthiness*, *credibility*, *transferability*, and *confirmability*.

Denzin and Lincoln’s (2011) *trustworthiness* is akin to Guba and Lincoln’s (1989) ‘dependability’ which is explained as being concerned with the stability of the data over time. The inferences gathered in this study are not likely to be stable over time, as when a deeper understanding of the participant organization’s members’ understanding of their context, as an example, is developed, more meaning can be iteratively inferred from the data gathered. Furthermore, the insights generated are representations of phenomena embedded in context. Context that is fluid and temporal. This is symptomatic of the study’s exploratory, ethnographic, and enactive nature. Does this undermine the trustworthiness of explorative organizational ethnography? Not, as is the case here, if the intention of the research is theory building. Such stability is sought in theoretical generalizability, not in empirical generalizability (Watson, 2011).

Credibility is the degree to which the constructed realities of the study’s participants are represented by those of the researcher (Guba & Lincoln, 1989). This is dependent on, in this situation, the ability of the researcher as all ‘moments’ of research (and knowledge co-creation) in the present study are of interaction and relation. Its outcomes, therefore, are a product of social dynamics (Fontana & Frey, 2000; Charmaz, 2011). In this study, as the depiction of this is channelled through the researcher, albeit a reflexive one, the credibility of the research outputs as representative of the participants’ (including the researcher as participant) constructed realities is dependent on the

ability of the researcher to interpret and portray his, and his participants', experiences of social entrepreneurship in a particular organization over a particular time.

Transferability relates to the degree to which the study can be applied to another situation. This requires the researcher to discuss the context of the study in sufficiently rich detail for other researchers to make judgments about its applicability to other situations (Guba & Lincoln, 1989). Although space restrictions prevent presenting such detail here, ethnographies typically are characterized by this level of detail. This study certainly generated 'thick' description (Geertz, 1973), rich with detail however transferability through empirical generalization is not a primary goal. Rather the study seeks to explore and enact the social entrepreneurship practices of a particular organization and to draw inferences from the decisions and outcomes of the entrepreneurial process. This would be seen as a weakness by those who only see value in case study research if there is a degree of generalizability of the knowledge generated to other cases. However, others see value in the study of 'the particular' which non-generalizable case study provides (cf. Stake, 2000). And, as mentioned above, the overall purpose in this regard, which is typical of ethnographic work, is theoretical, rather than empirical, generalizability (Watson, 2011).

Confirmability is the level to which the "data, interpretation, and outcomes of inquiries are rooted in contexts and persons" being researched as opposed to solely residing in the imagination of the researcher (Guba & Lincoln, 1989; p 243). It should be possible to track the findings of the research back to their sources and the logic used to reach those findings should be clear in the case's narrative (Guba & Lincoln, 1989). This concept, coupled with '*credibility*', is echoed in Hindle's (2004) view that "if researchers make their biases and perspectives as clear as their arguments, readers can understand and derive value from the arguments without necessarily sharing the biases and perspectives of the presenters" (p 678). In the current study the fact that the researcher is part of that which is being researched alters such notions significantly. Data is still interpreted by the researcher about a context that they are experiencing, but for ethnographic data the fact that it is the researcher's own context and their enactive self also being researched confirmability is, in a sense, tautological. However, the purpose of the research is to gain insight into the interplay of the social innovation of the participant organization with institutions at meso and macro levels. This requires the researcher to use methods for seeking confirmability and credibility in terms of how the researcher has captured how the organization views its context and its societal role. This knowledge needs to be co-created and therefore confirmability and credibility needs to 'built in' to the research design. Therefore, an open narrative approach was employed whereby the researcher constantly tests their findings with the participant organization to validate, and give input into, the evolving findings.

Data Collection and Analysis

The paper below makes reference to the ‘critical mess’ (Gartner & Birley, 2002) that qualitative entrepreneurship researchers often find themselves in before finding meaningful insight. This phrase is an apt characterisation of aspects of the data collection and analysis processes in this project. The unfettered access to people and information within the organisation, paired with the active role within the organisation not only created myriad potential research foci or initiatives to orient the research around, but it often led to an overwhelming richness of observation, interview, and document data. During the fieldwork it was tempting to gravitate toward and focus attention on the ‘concrete’ – the tangible artefact of the organisation’s current state (e.g. financial data) or trends in the development sector. These artefacts are like overhanging branches to a swimmer caught in a fast moving river – they can be irresistible temptations. However, the ‘drowning’ fieldworker seems best served to use these as valuable waypoints to cling onto temporarily in order to maintain perspective on the research, but ought to surrender to the current if the dynamics of the river are to be truly understood i.e. to hold to the ethnographic method. The interpretation challenge therefore begins with a willingness to embrace the intimidating nature of the explorative ethnographic stance, and to trust that the social dimension of the phenomenon will yield valuable and publishable insights. Only then is Van Maanen’s (2011; p. 219) characterisation of ethnography as an “interpretive craft, focused more on ‘how’ and ‘why’ than on ‘how much’ or ‘how many’” become relevant.

Looking back upstream, those ‘branches’ serve as valuable devices for structuring and understanding the data collection journey – be they quantitative artefacts that demonstrate an imperative for change or other contextual data. And so it is in this project. The ethnographic method provided access to many such opportunities to complement the social experience of the immersive participant-observation. And while an ethnographic method is not always necessary to access these, in this project that was indeed the only way they could be accessed. Moreover, accessing them in this way, as internal organisational documents, meant that they came imbued with the organisation’s perspective on them, which increases their empirical (research) value. These findings are evident and important in the publications that follow, but it is in the interactions, interviews, and observations that the true value of the method is realised. This is also where the greatest analysis challenge lay.

Data took the form of fieldwork notes, interview transcripts, and organisational documents. The data collected from the 16 interviews with the senior leadership team and other personnel were

thematically coded using NVivo 10 qualitative data analysis software (see Appendix A for interview schedule). The interview questions and the coding themes were partially devised based on the research questions held at the outset, and partially devised based on the observations from the early stages of working inside the organisation. This enabled more insightful interviews and meant relevant themes were identified quickly. While participant-observation and document analysis was an ongoing process, interviews were episodic. This meant that formal data analysis involved reconciling the espoused views and reflections of organisation members in formal interviews with the observed reality of individual and group behaviour and informal interactions with personnel in the process of 'doing our job'. This analysis is undertaken against the backdrop of the formal organisational documents which codified the imperatives for the innovation and change initiatives in which the researcher and his colleagues were involved. These documents included formal strategic plans, organisational policy documents, work plans, job descriptions, discussion papers, financial statements, and other internal reports.

The data analysis process involved a number of stages to aggregate data from multiple sources, identify initial concepts, and then synthesize these with theoretical concepts from the literature. The source documents listed above were initially examined to identify initial concepts by coding common concepts from stakeholder perspectives on key events, motivations, opportunities, and challenges. These concepts were then grouped into a smaller number of themes that represent the sources of influence which shaped initiatives over time. Particular insight into the interface of social entrepreneurship action with organisational context lay in identifying the thread between codified intent, espoused belief in formal organisational communications (such as presentations and speeches), interview verbatim, and observation on – and reflections on participating in – action and interaction.

Specifically, insight came from inconsistencies in that thread, discrepancies between espoused and enacted, and personally experiencing the rationale for action and inaction, support and non-support. Interviews therefore became valuable opportunities to formally discuss, with the express purpose of the researcher's findings, what the researcher and colleagues were experiencing. This created a space for discussion with key actors and decision-makers about the causes and meanings of what was observed. These inconsistencies brought to light the reasons why aspects of the organisations external context were compelling innovation and why other aspects were simultaneously constraining it. And likewise, why and how the innovative initiatives the organisation pursued were identified and constructed, but also the ways that these did and did not compel meaningful change in the organisation strategically, culturally, or in operating norms. These findings could then be considered relative to theories that makes sense of such tensions, paradoxes, and complexities. In

this regard a multi-theoretical approach proved invaluable and necessary. With theory development in social entrepreneurship being only at an emergent stage, it is necessary to find ways in which theories developed in related fields apply to social entrepreneurship specifically. This creates opportunity for such theory application to illuminate social entrepreneurship phenomena, and for social entrepreneurship research to contribute back to the development of those theories. In this research context these are manifold as one can make use of theories which apply to non-profit management, entrepreneurship and innovation, and organisation studies and economic sociology more broadly. Of particular value and as applied in the publications contained in this thesis were institutional theory, stakeholder theory, resource dependency theory, and Schumpeterian entrepreneurship and resistance.

As outlined in the Methodological Framework section above, the methodological implications of the researcher's interpretivist paradigmatic position manifest in how data is interpreted and analysed. Although the researcher embarked on exploratory research, it was with the intention of studying social entrepreneurship. The researcher took with him into the fieldwork both a practical and theoretical understanding of this phenomenon and was engaging in performative and participative research (Steyaert, 2011). This meant the research was implicitly, and the data analysis explicitly, iteratively-inductive and inductive (Orton, 1997; Watson, 2012). This approach and the nature of the research site led to an extremely rich collection of data and multiple potential research outcomes. This required discernment to navigate and decipher a coherent thread of findings when multiple opportunities for empirical insight were at hand .i.e. there was a need to identify the most salient and relevant wood from a forest of very interesting trees.

This is evident across the three following articles which depict empirical components of the research. Not only is the rich data and potential for multi-layered findings regarding governance, management, and operational behaviour evident, but particular initiatives present as interesting expressions of this action can be framed as valuable 'sub-cases'. In this way the social enterprise initiative '100Percent' referred to in Article Three, as an outcome of the organisation's social entrepreneurship strategy, is explored in depth in Article Four. Delineating this initiative from the broader organisational findings enabled research and analysis that more deeply explored the influences of the enterprise's stakeholders on its development as a nascent venture. It therefore is able to build, empirically and theoretically, on the ideas of resistance proposed in Article One and provides the 'space' to illustrate the rich data and the explicit links to the findings from which these contributions are drawn. Separating this deeper and narrower exploration from the broader investigation of the parent organisation in Articles Two and Three enables a focus on how the institutionalised contextual forces influence action in a well established non-profit organisation.

Ethical Considerations

Weber (1946) stresses that all research is 'contaminated' by the values of the researcher. Furthermore, conclusions drawn are grounded in the moral and political beliefs of the researcher (Silverman, 2001). This highlights the obligation on the researcher to be aware of both their values *and* their responsibilities. Those responsibilities centre on the need to act ethically throughout the research process.

The research done here has the organisation as its unit of analysis and therefore affords anonymity for individual participants. However, they are still sharing their personal experiences, opinions, and views and therefore risk exposure, embarrassment, loss of standing, employment, and self-esteem if the researcher was to act unethically (Stake, 2000). This is true of research which solely relies on interviews for data collection. But it is of especial concern when the researcher is working alongside participants as a trusted colleague. Moreover, although no aspect of the outcomes of this research project intended to pass judgement on organisational performance or to reveal harmful internal or proprietary information, care must still be taken to avoid that harm to the organisation, its brand or reputation, is not inadvertently caused by the research or its outputs.

Although the study's purpose, design, and relevant documents such as Participant Information Sheets and Consent Forms have been approved by the University of Auckland Human Participants Research Ethics Committee, the onus is still on the researcher to conduct themselves in an ethical manner both in the field and when writing up the research. While there is not currently a code of ethics for business research (Collis & Hussey, 2003), Christians (2000) outlines four main guidelines on which most codes are based.

Informed consent; The ethics of research consent hold as an anchor the right to be fully informed about the research in which they are participating. The subject's participation must also be voluntary, i.e. with no physical or psychological coercion, and "their agreement must be based on full and open information" (Christians, 2000; p 138). There is some discussion around the point that fully disclosing the purpose of the research may negatively impact on or 'contaminate' the research process if the participants are too informed of the specific research questions (Silverman, 2001; see also Punch, 1994; Stake, 2000). In this project the research could be, and was, openly discussed with anyone in the organisation that was interested. Participants' informed understanding was helpful in

building trust but also led organisation members to offer otherwise inaccessible insights, more relevant answers to specific questions, and other valuable informal utterances.

Formal disclosure began with the Chief Executive Officer (CEO). The research, including the methodology and research aims, was discussed thoroughly with the CEO prior to the research commencing and his written consent was required for the University of Auckland Human Participants Research Ethics Committee approval of the project. This provided consent for the research to be undertaken within the organisation – including participant observation, document analysis, and interviews – and for publications to be generated from the findings. Permission to name the organisation in publications was also granted. Informed consent at the individual level was also ensured. This happened through face-to-face verbal explanations and by the provision of Participant Information Sheets and Consent Forms to all participants prior to working with them in a proximity that meant that participant observation was possible. These documents outlined the nature and purpose of the study in terms of how the data would be collected and the areas being investigated. This process was repeated immediately prior to interviews. In both instances participants were also given the opportunity to ask any questions regarding the documents or the research project itself.

Deception; Although Christians (2000) suggests that in designing research it can be difficult to satisfy the requirements of scientific enterprise and of being deception free, in this research there appeared to be no benefit to deceive the participants. In fact, as mentioned above, the more informed the participants were about the research, the more relevant their reflections, responses, and utterances tended to be. Informing them, of course, had to be done in a way to facilitate their reflections rather than to skew them towards what the researcher may or may not have wanted to hear.

Privacy and confidentiality; A primary dimension of ethical codes is the protection of the identity of participants and research locations to protect those involved from unwanted exposure. Agreement on the permission to identify the participant organisation in this study in publications was established prior to the project commencing. However, care has been taken to ensure that this is not done in any context, publications or presentations for example, that would be harmful to the organisation. Likewise, individuals whose utterances or interview responses have been used in publications have been kept anonymous and care has been taken to ensure any quotes are not attributable to any particular individual. The one exception to this is in Article Four, *Social Enterprise Innovation in Context: Stakeholder Influence through Contestation*, where the social entrepreneur is identified and her quotes attributed to her. This was done with explicit permission.

Accuracy; Not only must “fabrications, fraudulent materials, omissions and contrivances” (Christians, 2000; p 140) be avoided, but accuracy must be rigorously pursued. This can become complicated if a publication based on one’s research will cast the participants in a bad light (Collis & Hussey, 2003). While the privacy and confidentiality issues discussed above will protect the organisation from unfavourable exposure, the organisation itself will recognise the findings made about it. This requires the researcher to ensure that the representations made about it are done with sensitivity.

Article Preamble

Having outlined the methodological foundations of the research project the research paper, *“Hands-on’ versus ‘Arm’s Length’ Entrepreneurship Research: Using Ethnography to Contextualize Social Entrepreneurship”* now follows. The purpose of developing this article, rather than simply providing further description of the method employed, is to contribute to the field in terms of the methods that are used to examine entrepreneurial action of all kinds. As researchers in universities and other such institutions, we are typically working at arm’s length from that which we are studying. Be it working with survey data, economic activity data, or even interview transcripts after ‘dipping in’ to the field briefly, we often working to understand what is a highly contextual phenomena without data which accounts for or meaningfully incorporates context. The fieldwork experience made it clear just how much of the social experience of entrepreneurship, in this case social entrepreneurship, is not accessed by researchers when they remain at arm’s length and how incomplete our picture of entrepreneurship as human activity remains as a result. The following article is unable to comprehensively evidence this argument in itself, but across the four articles that are drawn from the fieldwork experience, the value of getting ‘hands-on’ to generate rich data to inform contextualised theory building is evident.

'Hands-on' versus 'Arm's Length' Entrepreneurship Research: Using Ethnography to Contextualize Social Entrepreneurship³

Introduction

Entrepreneurship studies are by most definitions the study of outliers (Gartner & Birley, 2002; Cooney, 2005) and their “deviant” behavior. As researchers we seek to understand how and why they create new things. It stands to reason that deep insight into this activity may not be achievable with the methods we use to research the status quo.

A meaningful understanding of entrepreneurship requires an appreciation of both the action undertaken and the context in which it happens. Entrepreneurship scholars ought therefore to investigate both these dimensions and be open to employing research methods that accommodate this. In this vein researchers in leading entrepreneurship journals (e.g. Wiklund et al., 2011; Welter, 2011; Steyaert & Landstrom, 2011; Watson, 2013a) are increasingly calling for theories which contextualize entrepreneurship and methods which can account for and explicate the role that context plays. These methods are enactive (Johannisson, 2011), interactive (Steyaert, 2011), participative (Steyaert & Landstrom, 2011; Fletcher, 2011) and rare. Such approaches are even more important as the field broadens its gaze to social, sustainable, and cultural entrepreneurship (Wiklund et al., 2001) where context arguably plays an even more influential role (Newth & Woods, 2014; Newth, 2015). Herein lies the gap in the way we form our understanding of entrepreneurship; there is broad agreement on the influence of institutions on entrepreneurial action, but insufficient research on how this manifests at the individual and organizational levels. It is the contention of this article that greater use of ethnographic or anthropological research methods can illuminate the micro-level bases and manifestations of institutional and other contextual forces. Such contextualization has the potential to provide starkly different interpretations and explanations of entrepreneurial phenomena and to truly illuminate the ‘black box’ of entrepreneurship (Zahra, Wright, & Abdelgawaad, 2014).

Proponents variously characterize ethnography as a research output – a narrative driven expression of the researcher’s fieldwork – or as an assortment of data collection methods for the generation of rich insight into a particular social setting. Still others focus on the fact that it is the cultural framework of the group being studied that provides the lens for understanding their behavior. While all of these perspectives are valid and collectively paint a fair picture of the meaning of the

³ Paper under review at: *International Journal of Entrepreneurial Behavior & Research*

term ‘ethnography’, its complex history as a research practice has prevented the establishment of a standard, well defined meaning (Hammersly & Atkinson, 2007). For the purposes of this article, it suffices to say that ethnography is more than just a research method. It is an approach to social science fieldwork and writing which “draws upon the close observation of and involvement with people in a particular social setting and relates the words spoken and the practices observed or experienced to the overall cultural framework within which they occurred” (Watson, 2011; p. 205-206).

Ethnographers are concerned with interpreting meaning – why people do what they do and the interplay of human action, institutional practice, and social context. This is a particularly appropriate approach to understanding social entrepreneurship as a micro-level action embedded in broader meso and macro level institutional contexts. To this end this article presents an argument for greater use of ethnographic research strategies in entrepreneurship studies – especially social entrepreneurship – and provides an example of how this was employed to research social entrepreneurship within a large non-profit organization. It begins with an argument for ethnographic methods as a means for generating more contextualized research and for more research on context, as well as the imperative to produce such research in social entrepreneurship studies. As an illustrative example of such ethnographic research, some findings from a long-term ethnographic research project are then presented. This illustrates two layers of findings – those that would have been generated from ‘arm’s length’ methods which rely heavily on espoused intentions and reflections of the practitioners, and those that were only generated because of the ethnographic approach taken by the researcher. The three examples contextualize some of the specific challenges of hybridizing innovation in a non-profit organization. Overall, the sample of findings presented illustrates the ability for immersive, ethnographic methods to generate more nuanced insight into the social reality of entrepreneurial action.

Researching (Social) Entrepreneurship – Why Ethnographic Research Makes Sense

The conceptualisation of social entrepreneurship employed for this article defines social entrepreneurship as the process of combining resources in innovative ways for the pursuit of opportunities for the simultaneous creation of both social and economic value that manifests in new initiatives, products, services, programmes, or organizations (Mair & Marti, 2006; Peredo & Chrisman, 2006; Swedberg, 2009). The process of social entrepreneurship happens in non-profit organizations (Haugh, 2007; Le Roux, 2005; Weerawardena & Mort, 2001), in for-profit businesses (Dees & Anderson, 2003; Summers & Dyck, 2011; Yunus, Moingeon, & Lehmann-Ortega, 2010), and

in hybrid organizations (Battilana et al., 2012; Cooney, 2006; Peredo & Chrisman, 2006; Tracey & Jarvis, 2007).

Ethnography is a well-accepted research method and should be seen with legitimacy by entrepreneurship researchers (and editors) as an appropriate tool for investigating the inherently social processes of entrepreneurial behavior. This is particularly true of social entrepreneurship as its very definition makes the social context in which it occurs vital to understanding the entrepreneurial act. Hence, ethnography as the study of action in context is highly appropriate as a research strategy. However, ethnography (or ethnographic research broadly defined) is not normal in entrepreneurship studies, a field which has traditionally lacked methodological diversity (cf. Neergaard & Ulhøi, 2007). Hindle (2004) particularly laments the dominance of positivism in entrepreneurship research. His call for greater qualitative research within the field of entrepreneurship is receiving increasing support (Cope, 2005; Gartner & Birley, 2002). The need for greater qualitative research in the field in general is due to the nature of the activity and the actors that are being studied. For instance, it is often that the interesting 'stories' lie in the outliers – beyond what quantitative methods can effectively illuminate (Gartner & Birley, 2002; Cooney, 2005). Gartner and Birley's (2002) further argue that many of the entrepreneurship field's substantive questions can only be addressed via qualitative approaches.

The growing social entrepreneurship and social enterprise literature suggests how entrepreneurship happens within established non-profit organizations is one of those substantive questions (cf. Haugh, 2007; LeRoux, 2005; Morris et al., 2007; Smith et al., 2010; Weerawardena & Mort, 2001). Undoubtedly, the nature of ethnography makes it a powerful means to truly understand the contextualized nuances of organizational life. Entrepreneurship, and particularly social entrepreneurship, is a form of human action that is highly contextual and situational (Hjorth, Jones, & Gartner, 2008). Ethnographic approaches therefore have tremendous potential for understanding how and why it happens. Such understanding cannot, this article contends, be truly gained solely through arm's length research methods. It may best be understood through close observation and, where appropriate, participation. While its origins lay in anthropology, ethnography has become widely used to research human behavior in organizations. Part of the appeal of an ethnographic approach is that more structured and formal data collection methods such as interviews, document analysis, and quantitative data collection can complement the unpredictable and uncertain observational and participative methods to strengthen overall understanding (Watson, 2011). This enables researchers to obtain in-depth, rich data from observations, but are also able to combine multiple research methods and data sources, including quantitative data (Watson, 2012). In particular, it allows researchers to conduct higher quality interviews – the typical qualitative data

collection method of entrepreneurship researchers – as they are able to devise more insightful questions, and identify important interviewees, from their internal understanding of the organization. The subsequent (and ongoing) analysis of the data collected is informed by cultural learning and reflection made possible by the researcher's immersion in the field setting (Watson, 2011). Ethnographic methods therefore reveal nuances in social settings (Johnstone, 2007) enabling subtle insights and contributions to a more contextualized theory of entrepreneurship.

In introducing the *Entrepreneurship: Theory and Practice* special issue on 'The Future of Entrepreneurship Research', Wiklund et al., (2011) reflect upon one of the key developments in entrepreneurship research; the shift from the field focusing on small, young or start-up businesses (i.e. the *context*) to an appreciation that entrepreneurship occurs in an almost unlimited number of contexts, and argue that it is the *phenomenon* that we ought to focus on. Likewise, Watson (2013a, 2013b) calls for a broader understanding of entrepreneurial action than organization foundation or business creation, so that it can be understood more as a feature of how things work in the social world. It could be argued that the privileging of technology ventures and the start-up process in entrepreneurship studies has limited the development of entrepreneurship theory that can explain a broader conceptualization of entrepreneurial action (cf. Koppl & Minniti, 2008; Sarasvathy & Venkataraman, 2011).

Ethnographers, by immersing themselves in the same context as the phenomenon being studied, are methodologically well positioned to achieve this focus on phenomena. As they are *in situ*, they parse both the information they glean from the environment in which the entrepreneurship is taking place and from the entrepreneurs as informants. This enables them to develop a contextualized understanding of the actions that are taken as a result. In situations where the researcher is participating in the entrepreneurial act, they are able to understand and report the influence that context is having over their actions even more acutely and accurately. This arguably leads not only to valuable research outputs, but greater and more relevant contributions to entrepreneurship teaching, policy, and practice (Johnstone, 2007).

In this way ethnographic methods can contribute to a more complete picture of entrepreneuring as a human activity; enabling close observation of how opportunities are perceived, how exploitation strategies are constructed, how resources are coalesced, and how stakeholders are engaged. This will enable a greater understanding of the actual activities of entrepreneurial practice as the foundation of entrepreneurial action (Shepherd, 2015).

In social entrepreneurship in particular, where opportunity and innovation is often simultaneously social and commercial logics (Battilana & Dorado, 2010; Doherty, Haugh & Lyon, 2014; Pache &

Santos, 2013), the dynamics of opportunity perception and entrepreneurial pursuit, as examples, are especially human and nuanced. This subtlety of this is best observed or experienced via ethnographic methods. Take for example entrepreneurial market-oriented opportunities and strategies that emerge within established social purpose organizations, such as international non-governmental organizations (INGOs), where such thinking ostensibly conflicts with their social welfare and development logic. How this thinking survives and thrives or is stifled and starved over time is important to our theoretical and practical understanding of social entrepreneurship and entrepreneurial hybrid organizations generally. Particularly given the struggle to remain relevant facing development NGOs premised on an international financial redistribution model of aid that is becoming a feature of the past (Fowler, 2000).

Ex post interviews can provide some retrospective insight into this process but such a method flattens the narrative – like collapsing a telescope into itself – and risks losing detail as well as the richness of the temporal dimension itself. It is also subject to the risks of interviewees skewing the story, intentionally or otherwise, based on its success, failure, or any retrospective emotive lens that they apply. Not only is the temporal perspective on the entrepreneurial action potentially compromised but simplified findings from ‘cleaner’ research methods risk simplistic theory building or applications of existing theories to social entrepreneurship. Therefore, up-close intimacy with the social entrepreneurship process may be helpful for avoiding simplistic notions of how, for example, institutional theory applies to social entrepreneurial action. To avoid seeing hybridization as a binary shift into a homogenous class of organization that we call hybrid. It is trite to say ethnography begets richness, but in this case such anthropological methods do seem necessary for the field to move beyond over-simplification of such an emerging class of organization, and to allow for the utterly contextualized nature of the human action.

Despite the lack of an ethnographic tradition in entrepreneurship studies, there are examples of their use. For instance, Down and Reveley (2004) challenge the ‘scientific orthodoxy’ of entrepreneurial identity formation using an ethnographic study of owner-managers. Monder Ram (1999a,b,c) used an ethnographic approach to investigate small firms which produced a range of nuanced insights into various social realities which would likely have escaped an arms-length researcher. These include finding greater fluidity and a more contingent nature of employment relations that is otherwise considered to be prevalent in small service firms, and that previous findings on worker autonomy in such firms were overly simplistic (Ram, 1999a). In Ram (1999c) the role of ethnicity in small business management was explored and in Ram (1999b) insight into ‘exchange’ in business studies fieldwork was generated from his ethnographic work. Likewise, Bruni, Gherardi, and Poggio (2004) use ethnographic accounts to more effectively describe how gender and

entrepreneurship are enacted as situated practices. Fadahunsi (2000) argues for greater use of anthropological research methods to study informal entrepreneurship and demonstrates the value participant-observation in gaining insight into informal entrepreneurship practices in sub-Saharan Africa. And more recently Watson (2013a) drew on his 'everyday ethnographic' observations to contextualize entrepreneurial action across multiple levels – individual, organization, and society.

Noteworthy within social entrepreneurship research specifically is the work of Paul Tracey and Nelson Phillips. Through collaborating with the practitioner (Tracey & Jarvis, 2007; Tracey et al., 2011) or taking up a dual participant-observer, practitioner-researcher role (Tracey & Phillips, 2015) this research has provided valuable, in-depth insight and contextualized theoretical contributions that advance the field despite the single organization focus. The former project contributed to our understanding of both social venture franchising and institutional work while the latter illustrates how an ethnographic approach allows for the emergence of unexpected, but valuable, findings to be pursued (in this instance identity and stigmatization emerged from research into combining social and commercial logics). Both research projects demonstrate the value 'hands-on' research for the generation of subtle, contextualized findings that reveal the micro-level outcomes within organizations when social entrepreneurship action interfaces with their institutional contexts.

There is also growing support for extending on the ethnographic approach based on the belief that researchers can gain richer insight into the entrepreneurial process by enacting it themselves (Fletcher, 2011; Steyaert, 2011). This follows a provocation from Bengt Johannisson in 1983 who wondered if researchers could truly understand entrepreneurship without getting involved (hand's-on) in the action (Steyaert & Landström, 2011). Johannisson (1987, 1995) argued that while both objectivist and subjectivist approaches had value in entrepreneurship research, the latter was more 'intriguing'. Steyaert and Landström (2011) praise this pioneering willingness to cast the methodological net wider and to utilize the participatory methods of anthropology and sociology to gain more meaningful insight into entrepreneurial processes. It is in this adventurous methodological spirit that the present study was conducted and in which this approach is advocated for social entrepreneurship researchers (Seymour, 2012).

Getting 'Hands-on' – An Enactive Ethnographic Approach

The author recently conducted a long-term ethnographic research project which drew on the principles prescribed above – namely an ethnographic study in which the researcher is not only 'up-close' and beyond 'arms-length', but is a central actor in the entrepreneurial process within an

organization – an ‘intrapreneur’. The aim of this organizational ethnography was to understand how social entrepreneurship actually happens within a large international non-governmental organization (INGO). Specifically, how the institutional context within and surrounding the organization shapes the entrepreneurial process as it pertains to the innovation of new offerings.

During the project the researcher was not separate from the researched. The researcher had been engaged by the participant organization to play a central role in the creation, development, and implementation of innovative value propositions. The purpose of this initiative is to improve the performance of the organization and to increase the engagement of local stakeholders with its social mission. In short, the participant organization is engaging in social entrepreneurship. The researcher participated in that process and researched that process. The process was, therefore, enactive and ethnographic.

The study presented here was also exploratory in nature. Exploratory research recognizes the presence of the researcher as crucial to understanding the research questions (Weick, 1979). In interpretive exploratory research the researcher believes in a socially constructed reality and as such requires an understanding of both the context and the subject. Truth is interpreted by the researcher through lenses shaped by physiology and culture (Hammersley, 1992). Ethnographic immersion into a particular organizational life world certainly leads to challenges in turning the overload of information from the cluttered and confusing circumstances in which entrepreneurship happens (or not) into valid and useful findings – a state of overload Gartner and Birley (2002) term ‘critical mess’ from which insight often emerges. In working with an organization to implement innovations, one is going to find a ‘mess’ of information, ideas, and opinions from different organization members which is often contradictory and always subjective. Being armed only with a body of under-developed literature can make this situation challenging in terms of deciphering clear, coherent, and useful insights from empirical work.

Research Design

The purpose here is to outline the design for the research and to situate it, briefly, in its broader methodological context. The project utilized an ‘enactive’ (Fletcher, 2011; Bergman & Johannisson, 2011; Johannisson, 2011; Steyaert, 2011) ethnographic approach to build a single in-depth study of an organization and is based on a participatory, interpretive research paradigm (Lincoln, Lynham, & Guba, 2011).

Riemer (1977) argues that social science researchers should make use of their own experiences, life-situations and opportunities brought about by their expertise, as opportunities to undertake ethnographic research. Such opportunities include unique circumstances or timely events, familiar social situations, or special expertise. This is a suitable way to characterize the opportunity that led to this research project. The researcher, due to particular expertise in organizational innovation, had a timely opportunity to participate in the entrepreneurial action of an organization. Not only was the participant organization more than willing to participate in the research, like Watson (2011) argues for, the researcher had skills and knowledge that was useful to the organization which while wasn't 'traded' for research access, did ensure a degree a mutuality of benefit to researcher and participant organization (see also Ram, 1999b). Research access was agreed upon from the outset with the host organization being very supportive of the research being undertaken by the researcher alongside their social intrapreneur role. This is level of access and immersion in the entrepreneurial action echoes Tracey, Phillips, and Jarvis (2011) use of 'opportunistic ethnography' (Riemer, 1977) for their research into institutional entrepreneurship.

The full immersion and participation of the researcher is an intentionally key characteristic of the research approach employed here. This is in order to garner the richness of experience and information required for exploratory study of an instance of social entrepreneurship within it's organizational, economic, institutional, and societal context. The researcher's role as full organisational member was invaluable as it opened channels of trust with informants which was crucial to the development of ethnographic intimacy.

The principal research method was participant observation, a "practice in which the investigator joins the group, community, or organization being studied, as either a full or partial member, and both participates in and observes activities, asks questions, takes part in conversations, and reads relevant documents" (Watson 2011; p. 206). This was complemented with 16 interviews with executive team members, key personnel and stakeholders involved in innovation within and around the organization, and analysis of relevant organizational documents. The researcher was immersed in the organization as an active participant in the entrepreneurial action for two and half years.⁴ Although the project was able to follow multiple innovations as they were ideated, researched, funded, and often taken to market as separate entities, the research was in a single organization and can be considered to follow a single case study design.

To illustrate the value of ethnographic approaches, some of the insights that were only achieved through of the use of ethnographic methods are outlined here. When compared to the traditional

⁴ The study was done with full approval of the researcher's University ethics committee.

'arm's length' research approaches used to investigate entrepreneurship, operating as an observant-participant (Moeran, 2009) meant that the realities, the mistakes, the messiness of organizational life was made accessible to research, observe, and 'live'.

Empirical Observation

The organization that served as the research site is the New Zealand (NZ) national office of an INGO. Working as part of a global federated partnership, the NZ office serves primarily as a fundraising office. Funds are raised from individual donors and via government aid grants to fund programs and projects in developing country contexts that are carried out by the local offices of the global partnership. The NZ office employs approximately 115 full-time equivalent employees and funds and monitors work in 17 countries across Africa, Asia, Central America, and Melanesia.

The global partnership works in over 100 countries, employs 45,000+ people with revenue exceeding US\$2 billion. This work involves emergency relief work and long-term, cross-sector development programs including health, water and sanitation, education, child rights, agriculture and food security, and microfinance.

The author was engaged by the NZ office to assist in the exploration and implementation of innovations that would arrest the decline in revenue the organization is facing. This included the development of new value propositions and/or entirely new business models. This pursuit of social entrepreneurship in an INGO presented an interesting and rare research opportunity as such organizations are under-researched in social entrepreneurship studies. Furthermore, the opportunity was compelling in that it was mutually agreeable situation for the researcher to act as both a researcher and a central actor in the action being investigated i.e. to conduct 'hands-on' research. This was a particularly productive ethnographic stance as the organization was well established (over 40 years ago) with entrenched beliefs, values, and norms which the researcher, being new to the organization, was able to observe and experience first-hand over an extended period of time.

The examples below are an illustrative sample of the tensions between what was espoused by managers and staff in interviews, in organizational documents, and what actually was happening and subsequently happened in the organization. This insight was achieved because of the ethnographic approach and is illustrative of the value of this for researching entrepreneurship – in particular the use of participant observation to complement interviews and document analysis. Each example is comprised of a 'finding' – an espoused intention, attitude, or understanding – that was presented in

interviews and formal organizational documents. A representative quote or document passage is presented to illustrate this finding. This is followed by a more narrative description of the lived reality of that finding as experienced and observed through participant observation. This deeper insight is then supported by a representative observation. This demonstrates the multi-level nature of ethnographic findings, the greater empirical insight this bring to an organizational life world, and provides relevant contribution to the research on social entrepreneurship innovation in established non-profit organizations.

Example A – Intention to Innovate with Organizational ‘Buy-in’ and Appetite

Espoused in Interviews and Documents

- A clear intention to employ new means of supporter and donor engagement and new business models such as social enterprise
- There is support for such approaches at necessary levels and the board has the necessary appetite for risk and innovation

Representative Data

Passage from organization’s strategic plan:

1. How do we generate new sustainable sources of income that are not reliant solely on [dominant legacy fundraising mechanism] to support our work with vulnerable children?

2. How do we become more relevant in an increasingly globalised interconnected world where the old model of [dominant legacy fundraising mechanism] and creating connections is in decline?

3. How do we engage supporters in a life long journey with [us] and better support the transformation they often experience?

4. How do we transform the organisation into one that is relevant, impactful, sustainable and sufficiently agile to respond to the challenges and inevitable changes that face it, whilst remaining faithful to our vision, mission and values?

Documented Organizational Strategy

Interview Quote:

“And I guess we were helped by the fact that at a governance level, the Board wanted to see a

new way. They had convinced themselves that just getting better in what we've always done was not going to crack it, so I think there was a real desire for a whole new way and frame of thinking."

Senior Executive #1

Revealed During Period of Research

The strategic plan quoted above was developed almost entirely by the board with little engagement from the senior executive team. Despite this, it was revealed only through the mix of methods employed under the ethnographic approach that although new sources of income were desirable, the steps required to create new sources of income was not in fact fully supported by the board. Over the four-year period of the strategic plan, the continued decline of the dominant fundraising product narrowed priorities and resourcing to fixing or enhancing the status quo. Therefore, although the senior executive team at times encouraged and led efforts to innovate, the resources and structures required to implement these initiatives effectively were not mobilized. This illustrates a number of factors that were not apparent in organizational documents or initial interviews.

First, the inherent risk aversion of the organization trumps the codified and espoused plans of the organization such that initiatives for innovation were not sufficiently supported. The plans and strategic narrative were a response to the organization's decline in relevance and revenue, but a commensurate appetite for risk to achieve the desired level of change did not grow to support the execution of the strategic plan.

Second, the espoused desire to innovate in value proposition and business model belies an organizational culture and identity that is not suited to the proposed models such as social enterprise and private sector engagement. This issue was not identified or addressed in a concerted fashion but was a constraining force on innovation initiatives of that nature. It was only through working amongst the staff at multiple levels and across departments that this issue became truly apparent.

Third, these factors when combined with the embedded structure that was built to market and administer the dominant, and very traditional, fundraising mechanism, meant that the inertia of the status quo held sway. A superficial examination of the strategy and intentions of the governors and managers would lead to a research finding of an organization that is relatively ready to significantly

innovate its offerings, with the unwritten – and rarely spoken – reality of its readiness remaining hidden.

Representative Observation

This reality was evidenced a number of times where the development of innovations was in line with management's understanding of the organization's strategic plan, the approach for obtaining the board's support for the initiative was another question altogether. The board was considered something that needed to be managed because despite the mandate provided by the strategic plan, it was thought their conservatism would, and ultimately did, prevent the proper resourcing of entrepreneurial initiatives that may deliver on the documented strategic imperatives. This situation was reflected upon in the exchange with a member of the senior executive team below.

Senior Exec.: *So I find that the challenge comes in holding the board to its own strategy and the challenge is to show the umbilical cord between the initiative ... to the original strategy. And that's not always easy.*

Researcher: *Interesting, so in a sense you're saying they've approved the strategy in the sense that they've approved concepts but when the rubber meets the road and we start delivering on that, then they get a little a bit more nervous or a little more cautious about 'is that what we really meant by that? Because there's real implications from this'.*

Senior Exec.: *Yeah and it's not just the Board I think management as well.*

Example B – Urgency to Innovate

Espoused in Interviews and Documents

Sense of urgency to innovate the value proposition and business model(s)

Representative Data

"We have to be bold to make enough investment to make a difference, you know, and that's sometimes just actually selling all of the family silver and not just the teaspoon. Because if we want to turn things around, you know, timid little tinkering isn't going to fix stuff. The bottom line is, in commercial terms, we are losing supporters every day. That's a path to nowhere, you know, so there is a burning platform that we do stuff now."

Senior Executive #2

Revealed During Period of Research

Decisions were not made to enable innovation to happen at the required speed to create momentum for a concept to be fully realized and taken to market. This includes prioritization of incremental changes to existing offerings and delaying investments in innovation opportunities.

Representative Observation

A clear example that the sense of urgency was felt only by interviewees and not throughout decision-makers in the organization was when a low-risk test of a new business model was repeatedly delayed. The organization had the opportunity to provide a small loan to an agricultural social enterprise that was founded and owned by an African office of the same global organization – an office that it already provided significant grants to on an ongoing basis. While the development outcomes would be the same, and the population served would be the same, and the development methodology would be the same, the hesitancy came in the alternative business model. Instead of providing a grant, a loan would be provided – a situation that would be advantageous for an organization under investigation given the declining financial performance of their existing business model. Despite the logic of this opportunity and its alignment to the espoused intention to innovate its business model, it was deferred in favor of resourcing the existing offerings, despite their decline.

Example C – Organized and Resourced to Innovate

Espoused in Interviews and Documents

- Executive team members spoke positively about internal resources and capabilities to exploit social entrepreneurship opportunities and that recent restructuring had left the organization well organized to innovate in a coherent strategic fashion.

Representative Data

“We’ve got our supporters, we’ve got our human resources internally, we’ve got our money and technology platforms, etc. So in terms of social enterprise we’ve got, I mean if people can start NGOs off the things that they do these days and they’re really successful, we’ve got all the resources that we need, we just need to be able to direct the resources to that.”

Senior Manager #3

“We’ve got staff, we’ve got good structures and systems in place that, obviously they still need a lot of work but we’ve got budget which other NGOs don’t have. So I think we’re in a position where we can try some stuff out we can invest some funds as well.”

Senior Exec #3

Revealed During Period of Research

Although the organization's strategic plan provided some mandate for socially entrepreneurial innovation, it was ad hoc and driven by interest and abilities of particular staff rather than a coherent stream of work. This belied the espoused position of the executive team as this activity was not embedded into roles, resourced adequately, or coordinated across organizational functions cohesively.

Representative Observation

On more than one occasion attempts at discontinuous innovation, even when an initiative was well advanced or ready to take to market, remained starved of the support that was required and that was potentially available within the organization. This is because although management supported the development of such opportunities, when brought to fruition, the organization struggled to allocate resources or integrate support for the initiatives into departmental work plans. This was a result of the innovations being developed by isolated pockets of staff without broader organizational support. This resulted in executive management hoping for new revenue from new offerings while remaining organized and allocating resources to reinforce the status quo.

Discussion: The Value of 'Hands-on' Versus 'Arm-length' Research

This more nuanced, contextualized, and real view of the organization's internal activity highlighted many discrepancies between what was espoused in interviews and codified in organizational documents, and what actually manifested in the organization. However, this does not necessarily indicate dishonesty on the part of informants. Rather, the researcher, as an organizational insider, and only as such, was able to see that the representations of informants were fair depictions of their intentions and beliefs, but that implementing espoused intentions is quite a different matter. Specifically, the researcher could see *how and why* it is a different matter. This speaks directly to the value of ethnographic, anthropological, and enactive research in building a more complete picture of entrepreneurship as a human activity that transcends context (Koppl & Minniti, 2008; Sarasvathy & Venkataraman, 2011).

There are also limits to informants' understanding of the dynamic organizational context at any particular time. Through immersive participation, the researcher can obtain a deeper understanding of that context and interpret the fluctuations and changes over time as they relate to the organization's innovation and entrepreneurship activity. This brings a level of insight that would not be achieved through interviews and organizational document analysis alone, i.e. research at arm's length. Interviews at the beginning of the research project produced representation of managers'

plans and intentions for innovation and entrepreneurship within the organization. Interviews during and at the end of the project *without* ongoing participation and/or observation would have produced, it is now clear, post hoc rationalizations of the action that actually manifested. Moreover, this would have left the researcher with a quite limited expression of the reality of the situation and how the action unfolded over time.

Notwithstanding the limitations of interviews as discussed above, the fact that the researcher was also an organizational insider was beneficial for the quality of the interviews. It meant the researcher (interviewer) was a more trusted and relatable person to talk to about organizational life, the intentions for entrepreneurial activity and the expected (and experienced) challenges therein. Also, the researcher's role within the organization meant that informants were less able to, and therefore less likely to, misrepresent the situation or their actions than if the researcher remained at arm's length. There is a further dimension to the researcher – informant relationship which both builds trust and lends the researcher greater ability to interpret the deeper meaning of interview dialogue. That is the understanding and empathy that the researcher builds from working alongside informants 'in the trenches' or "taking close to the same shit [they] take day-in and day-out" (Van Maanen, 2011; p. 220).

The insight that is being referred to cannot be simply reduced to issues of honesty that the interviewees were simply less honest than others would ordinarily be. Nor that more skilled researchers would, through their questions or data analysis techniques, uncover the differences between what is being said and what ultimately happens. Neither would this insight would ordinarily be gained from post hoc interviews that ask interviewees to look retrospectively. Only through participation, observation, document analysis, and interviews could the researcher see the attempts to innovate unfold and reconcile this with the espoused purpose and method that was being formally and informally communicated. It is not reasonable to assume that asking someone about such experience some time after it happened is comparable to interviewing them during it, in terms of gaining an understanding of how they experience the interplay of their action and context. The real time blend of interviews with interaction, participation, and observation offers a far more in-depth and nuanced explanation of causation and the cultural context the phenomenon under investigation.

A researcher that spends considerable time within an organization is also able to use their understanding of its internal dynamics to interpret interview data. For instance, over time an embedded researcher can develop an understanding of the level of competence and influence that particular informants and interviewees have and can consider their responses and opinions

accordingly. Without such an understanding, a researcher would have little choice but to take such data at face value or assume that competence and influence was commensurate to job title or hierarchical position.

The discussion above has highlighted how the ethnographic method can generate a more accurate picture of what is happening inside an organization when data collection is not limited to interviews and document analysis. What this selection of findings also reveals to us that would not have been via more traditional approaches, is an organizational challenge that prevalent social entrepreneurship theories do not adequately explain. Specifically, we see an organization espousing through formal documents and interviews a desire to create new offerings in response to existential threats from market changes and documented macro-level trends in development practice. Despite adopting this strategic imperative, the organization has been unable to successfully develop, resource, and integrate the innovative offerings it has attempted. While the literature around competing institutional logics (Battilana & Dorado, 2010; Doherty, Haugh & Lyon, 2014; Pache & Santos, 2013) goes some way to explaining why such innovation is challenging for non-profit organizations, the experiences of the researcher in enacting the innovations suggest that such explanations are still simplistic. In this case, conceptualizing the move from a 'social' logic to a 'hybrid' social enterprise logic as a binary shift does not do justice to the nuances of the extant hybridity and the organizational journey towards a more hybrid institutional position. Nor does it adequately explain the institutional bases of resistance to such innovation. Also, how legacy offerings constrain social entrepreneurship through embedded structure, process, and stakeholder expectations rather than just internal beliefs, values, and norms remains under-examined. Enactive and ethnographic approaches, while sacrificing empirical generalizability, position the researcher to generate insights which explicate important, contextual aspects of opportunity construction and exploitation (Zahra et al., 2014). Arguably a weakness of entrepreneurship studies to date has been a tendency to gloss over these aspects of entrepreneurial processes and it is time for researchers to take a more adventurous, radical, and entrepreneurial approach to their research – to get hands-on with the action itself.

Concluding Remarks

Entrepreneurship studies risks producing under-contextualized research that lacks subtle and nuanced insights into *how* and *why* entrepreneurship varies across contexts. Social entrepreneurship researchers in particular must therefore remain conscious of the limitations of prevailing research methodologies when employing them to investigate the actions and attitudes of

social entrepreneurs. Qualitative research methods, such as participant-observation, enable researchers to get 'up-close' to the phenomenon they are investigating. Although this approach is challenging and slow, it is valuable in entrepreneurship studies as it makes the micro-institutional bases of influence that enable and constrain innovation directly accessible for observation and analysis. It also allows unfiltered access to the processes of interaction and contestation between entrepreneur(s), their organizational context, and key resource-holding or gate-keeping stakeholders.

For these reasons this article has advocated for greater use of ethnographic research in entrepreneurship and presented a selection of findings that illustrate the difference between findings obtained from arm's-length and those from immersive organizational ethnography. The study produced a more nuanced understanding of how and why innovation and entrepreneurship is pursued and why it proved difficult within a particular organizational context – particularly due to the cultural and structural legacies of the dominant donor offering around which the organization was built. This is illustrative of the importance of considering action in context to draw insights and generate theoretical contributions.

The example depicted here is not intended be a full ethnographic account. Rather these findings are meant only to illustrate the different levels and scope of insight that ethnography can bring to entrepreneurship research. These discrepancies were identified through the understanding the researcher has when interviewing and analyzing transcripts, and in observing and personally experiencing the actions and reactions of staff when the 'rubber met the road' of innovation – the budget allocations, resourcing initiatives, non-performance, mistakes, failures, and the culturally bound organizational behavior.

Ethnography is a messy, up-close, approach to finding out how things work in a particular social setting. It is through such research methods that more contextualized theories of entrepreneurship can emerge, particularly those that explore entrepreneurship in a broad range of contexts, be they social or commercial, community or corporate, indigenous or technology-based. As illustrated in the case presented here, this approach is particularly valuable in hybrid organizations, such as social enterprises, or in organizations that whose innovations are forcing hybridity – for example social entrepreneurship in established non-profits.

Chapter Four: Hybridity and Social Entrepreneurship

The existing social enterprise and social entrepreneurship literatures concerning the combining of social and commercial institutional logics (e.g. Battilana & Dorado, 2010; Pache & Santos, 2013; Doherty, Haugh & Lyon, 2014) is often simplistically interpreted as being a binary shift from a category of 'non-hybrid' to 'hybrid'. It is as if each group is homogenous in its non-combination or combination of logics respectively. While not challenging this particular notion directly, the following work, *'Social Entrepreneurship in an INGO: Exploring the Challenges of Innovation and Hybridization'* (Newth, *in press*), uses the power of ethnographic methods advocated above to illuminate aspects of the hybridisation phenomena that are generally glossed over in the extant literature. Specifically, aspects or points within a non-profit organisation where the hybridisation would occur are under-researched. This work identifies and discusses these organisational 'hinge-points' in terms of how they need to change to enable hybrid(ising) innovation. In doing so, a discussion of institutional logics in social entrepreneurship and the challenges of blending them in established non-profit organisations is provided.

The issue of hybridisation in social entrepreneurship is a timely topic that has attracted growing attention and this work contributes to this sub-domain of social and sustainable entrepreneurship by spelling out the micro-level institutional bases for tension and resistance through an ethnographic case study. Furthermore, contribution is also made through the empirical application of Shepherd and Patzelt's (2011) framework to the case – both the organisation's current state and its opportunities for innovation – and is extended through its combination with an aspect of institutional theory (institutional logics).

The work provides a rich overview of the case context, externally through an outline of the macro-level trends which are changing international development and aid paradigms, and internally with descriptions of the enactment of institutional logics that are governing decision-making. In particular, it outlines the innovation imperatives which drive the phenomena upon which this research project is based.

Social Entrepreneurship in an INGO: Exploring the Challenges of Innovation and Hybridization⁵

Introduction

The emergence of entrepreneurship as an activity which addresses enduring social or environmental challenges has been a source of innovation, promise, and insight for practitioners and scholars alike. While researchers have contributed to understandings of social entrepreneurship and social enterprise in many contexts, it is a curious anomaly of social entrepreneurship scholarship that so little consideration has been given to its application within international humanitarian non-government organizations (INGOs) and aid agencies. The lack of research is notable because these development organizations have tremendous potential to realize the benefits of social entrepreneurship due to their capability and capacity that has been developed through the provision of community and economic development programs in the world's most vulnerable communities. We therefore lack relevant theory to explain and guide action in this sector.

As INGOs pursue or facilitate social entrepreneurship to increase their impact and/or make their activities more financially sustainable, they are forced to contend with the competing logics (social and commercial) of this activity itself, but also with the ways in which this conflicts with their own dominant development (social) logic. These logics are based on the institutional parameters of the category in which the organization operates i.e. private, public, or non-profit sector (Doherty, 2014). Billis (2010) provides us with the following organizational templates to explicate category logics (Table 5). This is a useful framework for illustrating not only how social entrepreneurs and social enterprises combine competing logics but how this can be problematic in terms of governance and resourcing (cf. Doherty, 2014; Newth & Woods, 2014).

International development agencies are being forced to respond to many geopolitical, economic, and technological environment changes. The threats and opportunities these changes create will likely necessitate a degree of hybridization. Hybrid organizations are those that combine institutional logics (Battilana & Dorado, 2010; Pache & Santos, 2013; Doherty, Haugh & Lyon, 2014). Examples of such organizations include social enterprises which combine commercial and social logics (Doherty et al, 2014); microfinance organizations which combine development and banking logics (Battilana et

⁵Book chapter in press in as:

Newth, J. (*In press*). Social Entrepreneurship in an INGO: Exploring the Challenges of Innovation and Hybridization. In K. Nicolopoulou, M. Karatas-Ozkan, F. Janssen, & J. Jermier (Eds.), *Sustainable Entrepreneurship and Social Innovation*. Routledge.

al, 2012), public-private partnerships which combine state, market, and civil society logics (Jay, 2013), and research centers and education institutions which combine scientific or academic with market logics (cf. Pache & Santos, 2013). These organizations also bridge, or blur, institutional fields (Tracey et al., 2011). Institutional logics are understood to be the “taken for granted social prescriptions that represent shared understandings of what constitutes legitimate goals and how they may be pursued” (Battilana & Dorado, 2010; p. 1420). Hybrid organization research in social entrepreneurship is particularly concerned with organizations that combine logics that would otherwise be considered incompatible.

	Institutional Guide	Governorship	Owners	Business Model / Revenue
Private	Market Forces	Share of ownership	Shareholders	Sales
Public	Public Benefit & Collective Choice	Elected representatives	Citizens & State	Taxation
Non-profit	Social & environmental goals	Elected representatives or appointed trustees	Members	Donations, membership fees, & legacies

Table 5: Organizational Templates
(adapted from Billis, 2010)

This chapter uses Shepherd and Patzelt (2011) as an organizing framework to illustrate the opportunities that social entrepreneurship offers INGOs, all of which are relevant to the organization under examination here. The points within an INGO that are challenged by the pursuit of social entrepreneurship are then identified and discussed in terms of how changes at these points force, or require, hybridity. This discussion seeks to contribute to the literature around hybridization in social entrepreneurship and enterprise by drawing out the specific aspects of a particular non-profit that are challenged by the hybrid logic of social entrepreneurship strategies and initiatives. Drawing on Newth and Woods’ (2014) development of Schumpeter’s (1934) notion of resistance as it applies to social entrepreneurship and institutional theory, the micro-level institutional bases for tension and resistance to social entrepreneurship are considered in an ethnographic case study.

This chapter’s empirical application of Shepherd and Patzelt’s (2011) framework and its combination with institutional theory, specifically institutional logics, contributes to social and sustainable entrepreneurship theory. It also provides specific insight into the application of this theory in the international development sector. This represents an initial step in addressing the lack of research into social entrepreneurship in this sector in general, and towards building theory which explains

and informs the contextual bases that enable and constrain entrepreneurial action in established development organizations.

The Social Entrepreneurship Opportunity of the INGO

Shepherd and Patzelt's (2011) sustainable entrepreneurship is a conceptualization of entrepreneurship that draws together the fields of entrepreneurship and sustainable development. It has the potential to spur greater entrepreneurship research amongst the development sector. Their framework gives broad consideration to entrepreneurship for economic, environmental, and community benefit, as well as delineating the activities and processes for sustaining versus developing our planet's states of nature, sources of life support, and communities. It therefore aims to clarify and subsume contested and emerging concepts of entrepreneurship such as ecopreneurship, social entrepreneurship, and corporate social responsibility. In conceptualizing social (sustainable) entrepreneurship in this way, they furnish researchers with a theoretical framework which is directly applicable to the many entrepreneurs and agencies who are working to fight poverty and humanitarian injustices around the world. Importantly, this framework makes this phenomena more amenable to analysis from an entrepreneurship perspective and provides a bridge between the literatures of entrepreneurship and development respectively. This is important for researchers in both camps. Entrepreneurship researchers (of all flavors) could find sophisticated development work in developing country contexts particularly fertile research sites and may discover they have many insightful contributions that explain and inform the innovation and entrepreneurship behavior that occurs there. Likewise, development scholars and practitioners may find entrepreneurship theory, and in particular social entrepreneurship and social enterprise research, useful for explaining what they see 'out in the field' and for advancing the practice of development agencies and NGOs.

Shepherd & Patzelt (2011) argue that sustainable entrepreneurship differs from social entrepreneurship in that it incorporates not only entrepreneurship that *develops*, but also that which *sustains* our social and natural world.

Sustainable entrepreneurship is focused on the preservation of nature, life support, and community in the pursuit of perceived opportunities to bring into existence future products, processes, and services for gain, where gain is broadly construed to include economic and non-economic gains to individuals, the economy, and society (Shepherd & Patzelt, 2011; p. 142).

This chapter contends that, in fact, extant definitions of social entrepreneurship do account for such activity (e.g. de Mendiguren Castresana, 2013; McMullen, 2011; Yunus, 2008; Zahra et al., 2009). Indeed, the breadth of activity that can be included under current definitions of social entrepreneurship is already a source of contention and subsuming it within another broader term is unhelpful. Rather, the more nuanced understanding their framework enables is a significant contribution to social entrepreneurship research, in particular to how it intersects with humanitarian development. This chapter therefore builds upon their framework, but maintains the social entrepreneurship moniker.

When the Shepherd and Patzelt (2011) framework is applied to humanitarian INGOs, it reveals the scale of the opportunity for social entrepreneurship in working in developing nations. For such organizations, social entrepreneurship as an activity which creates economic and non-economic gains for the purposes of sustaining our natural world, securing its life giving properties, and building resilient, thriving communities frames a compelling strategic imperative.

Such NGOs, particularly large INGOs, represent a severely under-researched organizational sector by social entrepreneurship scholars. And despite debate around their efficacy they remain important global players in the efforts to sustain and develop our natural and social world. This is true, at the very least, because of the sheer quantity of financial, human, social, and brand capital, and other resources that are being mobilized by such organizations. To social entrepreneurship researchers this makes such organizations important.

However INGOs are also very relevant to social entrepreneurship researchers because of their mission, their opportunity, and the risk they face. Their mission is to address extreme poverty and social injustice in sustainable ways to achieve enduring change – the purpose aligns with that of many social entrepreneurs and of the field more generally. And indeed they seek revenue generation for social impact and are experimenting with ways to combine these activities into enterprises. They are relevant also because such organizations have a significant opportunity to use social entrepreneurship to achieve this mission, be it as catalysts, advisors, investors, or as entrepreneurs themselves. In the same vein INGOs are at risk of disintermediation or obsolescence from the activities of social entrepreneurs and the rise of the social enterprise sector generally. This will be most acutely felt from the disruption to their funding sources as social enterprises and entrepreneurs attract the resources that has previously been acquired by NGOs. But this speaks to a less tangible shift – that of decreasing relevance to funders, policy-makers, and private donors (and to public discourse) in terms of theory of change and a wavering belief in the efficacy of international aid.

After decades of developing community development methodologies which integrate education, health, food security, and economic development programs, many INGOs are uniquely placed to pursue social entrepreneurship strategies to achieve their goals, or to at least incorporate its principles into program design. In particular, the use of social entrepreneurial approaches, and social enterprises specifically, show potential for complementing traditional NGO delivered community development programs in highly impactful ways. The complementarity also allows these organizations to leverage the personnel, social capital, and organizational capacity that is deployed among the most vulnerable in developing nations and developing markets. This leaves them well positioned to implement and support the business models and organizational structures (and governance) that harness the enterprising potential of local populations. They are also well equipped to facilitate the creation of value-adding market mechanisms to protect and empower vulnerable market participants in instances of institutional voids (Mair & Marti, 2009). This is based on their experience with facilitating the establishment of co-operative enterprise structures, producer groups, and savings and loan schemes. This capability stems from their understanding of the idiosyncratic market machinations and social structures of developing country contexts and the ways in which they result in enduring social problems, and how this systemically ensures that certain populations remain vulnerable. They are also not bound by the strict commercial logic of the private sector that would require higher financial returns from any market-based approach than INGOs and hybrid organizations such as social enterprises. This changes the feasibility profile of social entrepreneurship initiatives and leaves space for ensuring social value creation remains primary.

Notwithstanding the problematics of the involvement of business in the development agenda (Arora & Romijn, 2009; de Mendiguren Castresana, 2013) and the ethical challenges of social entrepreneurship (cf. Zahra et al., 2009), from a humanitarian perspective INGOs arguably are ideal agents to catalyze social entrepreneurship in developing country contexts. This is because their community-led, social mission could provide a degree of surety of the 'social' in social entrepreneurship or the catalyzing of market based approaches that social entrepreneurial individuals and businesses will utilize. Moreover, social entrepreneurship seems to have the potential to create the institutional change in less developed countries required for economic growth but has been largely inaccessible to INGOs (McMullen, 2011).

However, research has outlined the many challenges social entrepreneurship can present for non-profit organizations because of the institutional logics which underpin such organizations. This includes organizational identity (Alvord, Brown, & Letts, 2004; Moss et al., 2011; Smith et al., 2010), legitimacy (Dart, 2004; Nicholls & Cho, 2006), and the appropriateness of entrepreneurial intervention amongst vulnerable populations (Mair & Marti, 2009).

Research Method

The research project was guided by overarching research questions which explored, broadly, how social entrepreneurship innovation happens within INGOs and what forces shape an innovation as it is developed within that context. One of the purposes was to understand the specific aspects of the organization that need to shift to accommodate social entrepreneurship innovations. The ways in which the tensions, resistance, and conflicts manifest are varied and subtle. An ethnographic approach made these manifestations amenable to the researcher as he was able to observe and experience the actions and omissions, the decisions and prevarications, and the attitudes and thinking behind them. The research aims to elaborate upon the application of hybrid organization theory in social entrepreneurship. While the consideration of social enterprises as hybrid organizations has proven fruitful, the consideration of hybridity as opportunity for NGOs – and the aspects of such organizations that are challenged by shifts towards hybridity – has been limited (e.g. Battilana et al., 2014; Greenwood et al., 2011; Pache & Santos, 2012).

Consistent with the organizational ethnographic approach, data was collected primarily through participant-observation to generate rich, subtle insights and was complemented by organizational document analysis and interviews with senior staff and those involved in innovation processes (Watson, 2011; 2012). The author was involved in the construction and evaluation of social entrepreneurship strategies which enabled deep insight into both the opportunities and organizational challenges therein. This enabled the researcher to get beyond arms' length observation to experience and reflect upon the phenomena first-hand to complement that experience with the perspectives of other internal stakeholders. Reconciling the participant-observation data with that collected via interviews and document analysis revealed interesting discrepancies between the espoused intentions of the organization and the lived reality of staff. It highlighted the cultural, identity, and capability challenges of pursuing social entrepreneurship beyond the more easily identified tensions of strategy and structure.

Reflections on observations, interview transcripts, and organizational documents were analyzed and coded thematically using NVivo 10 data analysis software. This led to first order findings around resistance, institutional misalignment with the type of innovation strategies that were espoused in interviews and codified in organizational documents, and the resources that the organization believed to be available fuel innovation processes. With these concepts identified, the data then were parsed for findings that evidenced institutional logic tension, resistance, and instances of hybridity. From this analysis the framework of findings emerged as the themes were crystalized into

aspects of the organization where it was apparent that hybridization would need to occur to implement and embed social entrepreneurship innovations.

This particular organizational context was chosen for investigation for three main reasons. Firstly, the pursuit of social entrepreneurship by INGO's is presently under researched. Secondly, the pursuit of social entrepreneurship by the INGO sector would be significant in terms of the financial, human, and social capital that may be mobilized. This makes understanding social entrepreneurship within and around such organizations important. Thirdly, World Vision NZ (WVNZ) is an established organization with a strongly embedded social logic with corresponding business models and management approaches. Its initial steps into social entrepreneurship represent a clear and significant challenge to this. The projects and innovations which force hybridization therefore force very clear and observable outcomes. This combination of a rich research site with clearly manifesting phenomena present a compelling research context.

Shepherd and Patzelt's (2011) framework aims to encompass a field of activities undertaken by a range of actors. However, as illustrated in Table 7, it also maps across the activities of World Vision, a global humanitarian INGO with operations in over 100 countries, employing 50,000 people, and revenue exceeding US\$2 billion. Outside of its emergency relief work, World Vision runs integrated, long-term development programs with communities comprising 100 million people. These programs comprise health, water and sanitation, education and life skills, child rights and equity, agriculture and food security, economic development, disaster risk reduction and climate change, peacebuilding, and microfinance (<http://www.wvi.org>). This work is funded by 10 million donors as well as various government grants.

This chapter is based on a 24 month ethnographic study in the New Zealand office (WVNZ) of the World Vision International federated partnership. National offices of the partnership are independent entities but are bound to the partnership by a declaration of federation, a brand license, and access to other intellectual property and global support services. WVNZ funds, monitors, and evaluates more than 55 development programs in over 17 countries. As a 'support office', WVNZ's primary responsibility is the engagement of New Zealanders in the plight of those living in extreme poverty overseas. The purpose being two-fold; the raising of funds for development projects and relief initiatives in these countries, and to mobilize New Zealanders through education and advocacy.

Two sets of findings are presented here. The first, outlined in Table 7, was generated from the understanding of the organization's range of development activities that was enabled by the researcher's immersion in organizational life and access to documents and staff, and visits to various

sites of activity around the world. The second set is outlined in Table 8. This outlines the points at which the institutional logics of the organization would hinge, should hybridization occur. These findings in particular were able to be generated through participant-observation and the nuanced understanding of embedded organizational attitudes and norms that would not be accessible through interviews and document analysis alone. Through longitudinal study, this also brought to light the differences between espoused intentions and strategies, and what the organization was willing and able to implement.

The Rationale for Social Entrepreneurship at World Vision New Zealand

The primary driver for innovation at WVNZ, including social entrepreneurship and enterprise, is its declining relevance to its donors. This pertains primarily to its 55,000 child sponsors and other ad hoc donors, but includes the New Zealand government and its international aid policy. This has caused a decline in revenue and threatens future income to a deeply concerning degree. Similarly the rise of the alternative theories of change that social entrepreneurship provides creates a strategic threat as it has the potential to disrupt sources of income in fundamental ways.

One of the perennial innovation challenges of WVNZ, like many non-profits, in terms of innovating its community development programs is the restrictions created by its established funding sources. Specifically, donations solicited on a particular premise, or from a particular marketing construct such as child sponsorship, must be used to fund the corresponding program to fulfil the donor promise. This leaves little resource or mandate for innovation. The global World Vision partnership that it operates within provides the immense 'on-the-ground' capacity that is required to deliver the long-term integrated programs it funds. However, the requirement to operate within this partnership further restricts innovation in program design or use of non-traditional development methodologies or partners. The lack of revenue streams, reserves, or sources of capital over which WVNZ has complete discretion as to their use, prevents the strategic independence necessary to determine where, how, or with whom they work outside of the global World Vision partnership. For these reasons income from social enterprise (or venture philanthropy for social enterprise) presents itself as an attractive alternative to the traditional donation proposition.

Beyond increased income and/or more flexible income from social enterprise which can increase the volume of existing programs that WVNZ could fund or offset the decline in traditional income streams, there is an opportunity to utilize social enterprise models to increase the impact of the organizational capacity deployed in developing country contexts. These opportunities are many and

vary across geographical, economic, political, and social contexts but are generically mapped across Shepherd and Patzelt's (2011) framework in Table 7 below. This illustrates both how the opportunities that the organization faces fit with the framework and how they are a natural extension of their extant capabilities and logic models of impact (cf. Ebrahim & Rangan, 2014), albeit via different business models. Previous programming that drew on an enterprise approach has been limited to micro-finance and economic development programs such as facilitating livelihoods training. The creation or support of enterprises for development had not previously been pursued in earnest.

Social entrepreneurship as a strategy is also given impetus by the organization's understanding of the future role of INGOs amid a shifting geopolitical, economic, and technological environment, as outlined in Table 6. Overall, there is an expectation that the days of rich countries sending money to poor countries as a basis for addressing global poverty are waning.

Macro-level Changes	<ul style="list-style-type: none"> • Urbanization of global poverty with low income countries having very young populations and 90% of population growth occurring in less developed regions. • Increased oil, water, and food scarcity through climate change and competition for resources. • Shifting power structures ('West' to 'East') disrupting multilateral agendas. • Most economic growth occurring in developing nations with increased 'South'-'South' trade and investment • Pervasive penetration of low-cost mobile ICT amongst the poor.
Development Field Level Changes	<ul style="list-style-type: none"> • Direct access to the poor via mobile devices to deliver services (e.g. cash transfers; micro-finance; social welfare; education; market information) • Local citizen sector organizations become more important as partners and delivery agents for INGOs • Development models will need to be less standardized leading to specialization and/or differentiated models based on context • Cross-sector collaboration and integration - social enterprise & investment, public-private-NGO partnerships, trade-aid-investment blends • 'Aid Exit' - Aid programs designed to end the need for further aid and to enhance growth • Increase in emergencies.
Change to the role of INGOs	<ul style="list-style-type: none"> • 'Aid' no longer simply about rich to poor transfers - increased domestic self-sufficiency • INGOs to catalyze capital for positive 'development friendly' outcomes, not just transfer of aid

-
- INGO impact occurs through facilitating blended aid: official development assistance, cross sector partnerships, catalyzing private sector growth and FDI, impact investment and development impact bonds.
-

Table 6: WVNZ interpretation of the future of development
(adapted from World Vision New Zealand internal documents)

These strategic threats, the decline of traditional funding models, and the input of internal actors has compelled the organization to consider, and increasingly pursue, social entrepreneurship strategies. While this is because of the promise they hold, explicit hybridization was not part of the change agenda. Rather it is the source of the difficulty in achieving the desired outcomes.

Forays in Social Entrepreneurship at World Vision New Zealand

The social entrepreneurship initiatives that WVNZ is pursuing fall predominantly under a strategic program whereby the organization seeks partnerships with businesses, social entrepreneurs, or other organizations or enterprising young people. The basis for the partnerships is alignment between the vision of the partner and the mission of WVNZ. Ideal outcomes from such partnerships include the generation of funds from new sources, greater public engagement (particularly youth) in issues of poverty and social justice, and enabling novel business models without complicating the organization's central operations. This strategy is a key reason for the tendency towards structural decoupling outlined below.

An example of this is a joint venture social enterprise which provides a marketplace for volunteers to donate their time and talent to fundraise for a worthy cause. In partnership with a university student social entrepreneur, the enterprise monetizes the latent resource that is the volunteer energy of supporters who may be unwilling or unable to donate cash. The enterprise creates an online marketplace where volunteers create a profile outlining the service they are willing to provide and select a cause to which 100% of the funds raised will go. The website connects the volunteers to customers seeking that service and manages the financial transaction and enables feedback on the impact the funds are having.

Another is a spin-out impact investment organization which was co-created with a small group of existing supporters. This venture seeks to attract venture philanthropy and investment capital to invest in social enterprises and other impact investment vehicles globally. This is an attempt to

create a vehicle that can mobilize investment capital towards WVNZ's humanitarian agenda, diversify its revenue streams, and take advantage of the rise of the impact investment movement. The rationale for this diversification is not only the alignment to its humanitarian mission but the potential to utilize the network of complementary capability that has been established in likely markets to facilitate the identification of impact investment opportunities. There is also some potential, as indicated in the Table 7 below, for the creation or curation of investable social enterprises. One example of this involves the creation of a wholly owned enterprise which connects the produce of smallholder farmer co-operatives in East Africa with local markets and those in North Africa, Middle-East, and Europe. This enables the development of improved agricultural techniques and infrastructure and generates higher prices for the otherwise vulnerable small-holder farmers. Notwithstanding the risks of financial investments and appropriateness on an enterprise approach to humanitarianism, an initiative such as this has significant market and engagement potential with New Zealand supporters. There is potential to use the brand capital and legitimacy of WVNZ to legitimize this approach to poverty alleviation while also using the spin-out venture brand to signify the innovation and progressiveness of the approach. This could appeal to existing high net-worth donors looking for an alternative to further traditional donations, or new supporters that would not normally be attracted to WVNZ or traditional aid appeals.

Other social entrepreneurship opportunities outlined in Table 7 draw their appropriateness and strategic rationale from both their complementarity of impact potential and mission, and the ability to utilize both extant resources deployed in the developing country contexts and donor (and investor) market legitimacy. While this rationale and the strategic imperative to innovate compels future social entrepreneurship action, such action in the past has not brought institutional hybridity due to intentional structural decoupling. The decoupling of the microfinance unit (VisionFund) has limited the financial risk for World Vision itself from such activities but it likewise prevented its hybrid logic from embedding in the founding organization. It also prevented microfinance from being as integrated into humanitarian development programming as it otherwise would have been if the global World Vision partnership had continued on a journey of hybridization.

Kistruck and Beamish (2010) found that such structural decoupling mitigated the cultural, network, and cognitive embeddedness of the non-profit form. To this end WVNZ's approach to achieving the initiatives outlined above is by keeping them at the edge of the organization through partnerships or the creation of spinout ventures. This was a way of navigating the opportunity without stifling it within the incompatible logic that governs behavior within the organization, and mitigating the tension between social and commercial dimensions of the organization (Austin, et al., 2006). In many ways this approach de-risks the innovation process in terms of brand association and

decreases the level of resourcing required as it leverages the time, energy, and capital of other parties. It is a useful strategy for bringing innovations to market, creating new value, and leveraging the salient resources and legitimacy the organization does have.

However, this approach limits the value that is captured by WVNZ and may not create the organizational renewal, financial resilience, or strategic independence it seeks. And although the new ventures and joint ventures may ultimately be highly successful, their position outside the core of the organization does limit the support they receive, both in resources (of all kinds) and in strategic patience. This is an outcome of the operating plan and corresponding budget decisions and staff allocations. This approach forces initial steps towards hybridization rather than providing an alternative to it.

Sustainable Entrepreneurship Framework (Shepherd & Patzelt, 2011)		World Vision – Illustration of Relevance	Opportunity through Hybridization
What is to be sustained:			
Nature	Phenomena of the physical world – the earth, biodiversity, and ecosystems– has intrinsic value over and above it as simply a life support system.	<ul style="list-style-type: none"> Farmer Managed Natural Regeneration (FMNR) 	<ul style="list-style-type: none"> Sale of carbon credits (under Clean Development Mechanism of the Kyoto Protocol)
Sources of life Support	The environment as “a source of resources and services for the utilitarian life support of humankind.” “If environmental systems are not sustained, life support for humans can be severely threatened” (P. 139).	<ul style="list-style-type: none"> Climate change advocacy FMNR Sustainable food production, Food security Water and sanitation 	<ul style="list-style-type: none"> Sale of carbon credits
Communities	“Communities refer to a complex web of relationships between a set of individuals who share values, norms, meanings, history, and identity (Etzioni, 1996)... By being able to maintain a culture within the larger society, individuals can secure their personal identity. Families and other groups also provide a sense of personal identity and are believed to be a basis for a well-developed community (Miller, 2001) (p.139)”.	<ul style="list-style-type: none"> Community development programs Social capital building in youth programs and savings and loans schemes Microfinance 	<ul style="list-style-type: none"> Integrated microfinance in community development programs
What is to be developed:			
Economic gain	Financially represented returns for individuals or society with myriad developmental benefits including; “enhancement of the socioeconomic status of people (Oakes & Rossi, 2003) and improved emotional (Gallo & Matthews, 2003), psychological (Twenge & Campbell, 2002), and physical health (Hanson & Chen, 2007) (p. 140)”.	<ul style="list-style-type: none"> Savings and loans programs Microfinance Value chain facilitation Economic citizenship programs Cooperatives and other market institution facilitation 	<ul style="list-style-type: none"> Social enterprise investment & support <ul style="list-style-type: none"> Market access Employment Livelihoods Private sector partnerships Micro-franchising Social enterprise venturing
Non-economic gains to individuals	Aspects that can be developed for the betterment of individuals, such as child survival, life expectancy, education, equity, and equal opportunity.	<ul style="list-style-type: none"> Health programs Education programs Emergency relief 	<ul style="list-style-type: none"> Private sector Joint Ventures/partnerships Development impact bonds
Non-economic gains to society	Gains are available to the majority of societal members. Includes the well-being (life satisfaction and happiness) and security (from other nations and from economic or environmental decline) of national states, regions and institutions. Societies can gain if social ties and interpersonal relationships between individuals are developed.	<ul style="list-style-type: none"> Health programs Education programs Emergency relief 	<ul style="list-style-type: none"> Development impact bonds

Table 7: Applying Sustainable Entrepreneurship to World Vision

Hybrid Organizing in an INGO

Evidence from this research project suggests that the social logic of social entrepreneurship aligns directly with the development logic of WVNZ and can be considered synonymous. However, the commercial logic does conflict and is the source of the challenges in pivoting to such an approach, despite an acceptance of its merits. Furthermore, the ongoing innovation required in such an approach also presents a stumbling block. The conflict between the purely social logic of WVNZ as a traditional charity and the hybrid logic of social enterprise manifests through the challenges of shifting norms around risk, business model innovation, novel value propositions, financial and institutional compliance, and governance. While WVNZ has realized the strategic imperative of utilizing more entrepreneurial approaches in its development work, the development of a commercial logic lags behind. The charity logic still dominates the organization and creates resistance to the entrepreneurial initiatives that are attempted (Newth & Woods, 2014) and jeopardizes the development of a genuinely hybrid organization. This resonates with the findings of Kistruck and Beamish (2010) who found that in organizations that pursued social entrepreneurship, the non-profit identity in non-profit organizations was more resilient than the for-profit identity in for-profits. This provided more opportunity for staff to feel conflicted about the commercial orientation of their activities relative to their social mission.

This resistance to social entrepreneurship, social enterprise, and hybridity is not without merit. There remains a strong need and clear mandate to continue with much of the status quo in terms of where and how the organization achieves its humanitarian ends. Nonetheless, the organization must now make, and continue to make, strategic choices about the paths it will take in the face of antagonistic demands. These demands challenge “the taken-for granted character of institutional arrangements, makes organizational members aware of alternative courses of action, and requires them to make decisions as to what demand to prioritize, satisfy, alter, or neglect in order to secure support and ensure survival. In such situations choice is not only an option; it becomes a necessity because more than one course of action is considered appropriate” (Pache & Santos, 2010; p. 461).

	Established Social/Development Logic	Hybridized Social Entrepreneurship Logic
Finance and institutional compliance	Revenue used as proxy for impact. Cost to revenue ratio seen as proxy for efficiency and stewardship. A focus on maximizing financial throughput.	Focus on maximizing impact. Mobilize capital to be brought to bear on development agenda using World Vision's capability and insight, not just through its 'books'. Prioritize reporting impact over throughput.
Risk Appetite	Little mandate for financial risk and fear of alienating existing donors	Acceptance that failure is a necessary part of innovation.
Business Model	Donations and government grants to deliver development programs.	Relevant to many classes of capital – donations, grants, venture philanthropy, and impact investment – to deliver programs and facilitate social entrepreneurship. Impact is leveraged by social entrepreneurs.
Value Proposition	Trustworthy child-focused humanitarian charity. Development practice communicated via the 'child sponsorship' marketing construct.	Market-leading development agency employing sophisticated impact measurement methods, engages supporters transparently in their work, catalyzing social entrepreneurs as well as delivering humanitarian programs.
Governance	As a support office, fundraising donations is of primary importance. Focus is on marketing and 'sales' to increase efficacy of extant business model and value proposition, while minimizing costs.	Stewardship mandate includes pursuit of innovative business models (improved capital raising), value propositions (relevance to new supporters), and development practices (social entrepreneurship).

Table 8: Comparing Extant/Previous Social Logic to Required Hybridized Social Entrepreneurship Logic

WVNZ is beginning to adopt the hybrid logic required to realize the benefit of a social entrepreneurship approach to humanitarian development. However, the process of embedding the hybrid logic significantly lags behind its attempts to implement entrepreneurial initiatives. This means practice is advancing more quickly than the organization is able to shift (hybridize) its logics. This conflict in logics creates many embedded points of resistance to the initiatives as outlined in Table 8.

Increased and/or diversified revenue was, like for many non-profits, a primary motivator for pursuing social enterprise (Morris, et al., 2007; Smith, et al., 2010). Nonetheless, organizational attitudes towards revenue and expenditure form the basis of a particularly sticky institutional logic and are also the driver of other bases of resistance. Because the primary function of WVNZ is fundraising, the stewardship and efficacy of the organization in doing so is of primary importance. This places a focus on maximizing through-put – maximizing revenue and minimizing expenditure.

However, because the organization is an INGO, its impact on its mission is also central to the organizational consciousness. Revenue therefore becomes a crude proxy for impact in the field and relevance to the donor market. This attitude is driven by a desire to comply with the institutional expectations of stakeholders (Newth & Woods, 2014). It constrains entrepreneurship in two particularly salient ways; first it leaves few resources for experimentation and finding new ways to increase impact, marketability, or financial efficiency. Second, it causes a narrow focus on the type of financial capital that the organization attracts i.e. only donations and only for the purpose of funding World Vision programs. This means other forms of finance, such as various forms of investment capital, are institutionally excluded because the in-field offices (National Offices) of the World Vision partnership are not organized to deploy such capital. Furthermore, because of a lack resources for innovation, the organization has not had a mandate to find a way to become relevant to this form of capital. A focus on complying with the institutionalized attitudes of supporters and the ‘through-put’ understanding of stewardship has meant organizational prioritization of monitoring of income and expenditure, not innovation.

Attracting other forms of capital, however, may not increase income as it would be accounted for as debt or equity, for example, or not pass through the organization at all. In other words, this capital may be catalyzed or mobilized to have an impact in ways complementary to World Vision’s programs, but may not have a positive influence on the finances of WVNZ in ways which fit with the income versus expenditure priorities of the organization. Without a way to capture, or at least communicate, the value of catalyzing complementary forms of financial capital to the field, innovations in non-donation business models will be a challenge and a basis of resistance from a finance and institutional compliance perspective.

The institutional compliance also forces a low appetite for risk as the desire to comply with donor expectations, the through-put attitude towards finance, and the resultant lack of risk capital leaves little mandate for risk-taking. In particular, the fear of failure and the perception that this would be an unacceptable waste of resources ensures the organizational inertia, powered by its social logic, away from the entrepreneurial initiatives that could provide the organizational renewal that is required.

It is in the change or addition of business model(s) that hybridization would be most conspicuous as it would entail an expansion beyond donations to include trading revenue, private sector partnerships, or investment management. An initial challenge in this shift is the understanding and acceptance by key gatekeeper staff of how alternative business models can achieve the social ends that the organization’s mission prescribes. However, this challenge is exacerbated by the

organization's position in the value chain within the World Vision partnership. Not only has the organization's donor market oriented operations and structure developed around the donation business model, its partnership with National Offices of the World Vision partnership, and the 'middle-ware' support provided by World Vision International is built around the donation business model. The development programs that National Offices deliver with funds from Support Offices such as WVNZ are designed, like most INGOs, to make use of grants. They therefore have not needed to develop the capabilities or capacity to provide the 'in-field' structures necessary to make alternative business models, such as impact investment, feasible for WVNZ.

Business models are animated by the value proposition that an organization can provide. And it is in the inertia of their value proposition that makes hybridization and the animation of alternative revenue models pertinent and, seemingly, necessary for organizational vitality. The organization has grown, very successfully, on the basis that it is a trustworthy child-focused humanitarian charity. The success came from the market penetration of its child sponsorship 'product'. In particular, the pledge nature of the product which ensured ongoing income and a high life-time customer (donor) value enabled the growth of WVNZ and the rest of the World Vision global partnership. However, child sponsorship became the marketing construct that communicated the practice of humanitarian development and solicited donor support and its success lay in its simplicity – sponsor a child and save that child's life. However, this oversimplification of how community development is achieved has, to some extent, painted the organization into a corner in terms of its relationship with donors as it does not engage them in the complex, integrated, long-term, community-wide program of activity in which the organization has developed significant capability. This value proposition, therefore, does not adequately communicate its source of competitive advantage (to the extent this term is appropriate in humanitarian endeavors).

The simple, emotional value proposition does not compel the organization to develop sophisticated impact measurement methods to communicate value to donors or to position itself as market leading in its practice. And in particular it does not position it to leverage the rise of alternative methods of achieving impact in less-developed country contexts, such as social entrepreneurship, venture philanthropy, and impact investment.

Concluding Remarks

Drawing on Newth and Woods' (2014) work on resistance, Kistruck and Beamish's (2010) embeddedness, and the rapidly growing body of work on organizational hybridity and novel blends

of institutional logics (Battilana & Dorado, 2010; Doherty et al., 2014; Pache & Santos, 2010), this chapter applies Shepherd and Patzelt's (2011) framework for sustainable entrepreneurship to the present activities and potential innovations of WVNZ, a humanitarian INGO. Their framework provides a useful basis for understanding those entrepreneurship opportunities and the nature of the impact they can have. In order to sustainably undertake social entrepreneurship activities such as the founding or facilitation of social enterprise or the mobilization of social impact investment, the organization must combine institutional logics that would otherwise be considered incompatible – in other words they must, to some extent, hybridize the organization. This involves an intentional shift along the value creation spectrum from a sole focus on social value creation to the simultaneous pursuit of social and financial value.

To remain relevant to changing donor expectations and shifting global humanitarian landscape, and increase income and impact, WVNZ has undertaken a program of innovation that can be characterized as social entrepreneurship. This includes the collaboration on a revenue generating social enterprise, the founding of a spin-out impact investment start-up, and an ongoing program of exploring partnerships with social entrepreneurs. This chapter has discussed the institutional challenges to achieving this at the organizational (micro) level.

In the case presented here, the aspects of the organization in which the logics needed to blend effectively for the desired innovations to be achieved were identified to be finance and institutional compliance, risk appetite, business model, value proposition, and governance. Hybridization of these aspects of the organization would embed principles of innovation and entrepreneurship that are typically eschewed at a deep institutional level and shift governing priorities from fundraising for program delivery to catalyzing capital for development impact. Those principles include an impact orientation rather a financial through-put one. This necessitates an openness to multiple business models based on a more sophisticated value proposition that engages donors and customers more authentically in the organization's theory of change. Embedded innovativeness and a degree of commercial logic will also require a tolerance to failure and a willingness to experiment with new offerings. While the approach thus far has been to structurally decouple social entrepreneurship initiatives, questions remain whether this approach provides the ventures with the freedom from stifling the non-profit logic, or whether this unnecessarily starves them of organizational support. It is also questionable as to whether this limits the value that is captured for WVNZ in terms of finance, brand capital, and organizational renewal.

If we continue to see growth in organizations and policies that break down or transcend industry and/or sector boundaries – between public, private, and civil society sectors – then we will see

greater hybridization of existing organizations, and many that are 'born hybrid'. Researchers will need therefore need a more nuanced understanding of the opportunities and challenges that hybridity creates in organizational contexts, in particular where the hybridity comes from combining institutional logics that were previously considered incompatible (Greenwood et al., 2011; Pache & Santos, 2010). Social innovation and entrepreneurship acts as a crucible for investigating the potential and the consequences of such combinations. Research in this context will not only build our understanding of the field, but may provide insights into the management and governance of organizations that seek to blend other logics in entrepreneurial ways.

This chapter has specifically argued that INGOs represent an under-researched context for social entrepreneurship but one with significant potential for improving our understanding of how social entrepreneurship can play a role in the alleviation of poverty in the world's least developed countries. Moreover the role that INGOs could play in this presents a rich vein of research in terms of how large non-profit organizations approach hybridization in order to innovate both their practice and their funding models.

In providing an empirical application of Shepherd and Patzelt's (2011) framework in concert with institutional theory, an exploration of the micro-level institutional bases of tension and resistance was possible. This proved a fruitful theoretical lens for elucidating the challenges of social entrepreneurship in an INGO and informing our understanding of how innovation of this kind is compelled or constrained by institutional contexts. In particular, financial and institutional compliance, attitudes and perspectives of risk, governance, and the embedded systems associated with existing value propositions and business models are presented as hybridization hinge points within organizations operating solely, or primarily, on social value creation logics. There is significant potential for research that extends on these contributions to unpack and explore the nuanced, micro-institutional bases of resistance to social entrepreneurship and the inherent hybridity this approach brings to organizations.

Chapter Five: Contextual Influence in Action: Contestation and Innovation

The article in Chapter Two, *'Resistance to Social Entrepreneurship'*, makes the theoretical case for how and why context shapes innovation in social entrepreneurship. This article, *'Social Enterprise Innovation in Context: Stakeholder Influence through Contestation'* (Newth, 2015) published in *Entrepreneurship Research Journal*, empirically investigates the ways in which context shaped a particular social entrepreneurship innovation. Specifically, it explores one social enterprise initiative pursued by WVNZ called 100Percent. This involves a full presentation of the '100Percent' enterprise as a case study, albeit one that methodologically falls within the broader fieldwork at WVNZ. The exploration presents an example of how the key stakeholder groups have influenced the shape of the enterprise. This article empirically applies the resistance framework as expounded in *'Resistance to Social Entrepreneurship'*.

This article elucidates, at the micro-level, how social enterprises face both social and commercial dimensions in their stakeholder relationships and proposes a model for the contestation process. Through this process alignment is achieved between the intentions of social entrepreneurs and stakeholder expectations. This is also the process through which the actions of social entrepreneurs or social enterprises can become representative of the interests of communities – an underexplored relationship in existing research. Consideration of the claims that various stakeholders made on the venture, the institutional basis of each claim, and the salience of each stakeholder group are provided. Drawing on stakeholder theory, institutional theory, resource dependency theory, and the notion of resistance, this article brings insight into how, through contestation, context shapes innovation. This research contributes to our knowledge by linking past theoretical work into a frame for considering how context impacts the development of social enterprises.

Social Enterprise Innovation in Context: Stakeholder Influence through Contestation⁶

Introduction

Social entrepreneurship is the process of combining resources in innovative ways for the pursuit of opportunities for the simultaneous creation of both social value and economic value that manifests in new initiatives, products, services, programs, or organizations (Mair & Marti, 2006; Peredo & Chrisman, 2006; Swedberg, 2009; Newth & Woods, 2014). It is a process that can occur within any organizational context, with social enterprises being one of the more distinct vehicles for it as they are businesses that operate with the primary purpose of creating social value. This article addresses how social enterprises become the products of the competing logics of the institutions that comprise their societal and economic environments (Mair & Marti, 2009). It also considers how innovation within social enterprises manifests as the contested products of negotiation and collaboration of salient stakeholders based on their norms, expectations, and theories of change. The level of influence that stakeholder groups have over innovation processes is considered using the frameworks of stakeholder theory (cf. Jawahar & McLaughlin, 2001; Mitchell et al., 1997), resource dependency theory (cf. Pfeffer & Salancik, 1978), and Schumpeter's (1911) notion of resistance. These theories compel us to consider the power, salience, and legitimacy of stakeholders, and how this generates influence over the shape of innovations from social enterprises. This is particularly pertinent in nascent enterprises as they are most susceptible to contextual forces and stakeholder influence as they lack the legitimacy and resources of established enterprises. Furthermore, they have yet to form the interdependent relationships that can reduce power imbalances with key resource-holding stakeholders and gatekeepers.

To this end, this investigation asks the question, how does innovation happen in social entrepreneurship? And in particular, if social entrepreneurship is a collective activity (e.g. Montgomery, Dacin, & Dacin, 2012), how does the collective have input on the design of innovations pursued by private enterprises? It thereby concerns itself with a fundamental aspect of social entrepreneurship and explores how context influences that aspect. Although we accept that innovation is a central aspect of social entrepreneurship (Nicholls & Cho, 2006), we lack a sufficient understanding of how this plays out within entrepreneurial teams, social enterprises, and other

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established organizations. We also have an insufficient understanding of how the actions of social entrepreneurs become the products of communities and the contexts in which they are embedded (cf. Haugh, 2007). This is explored by considering the influence that key stakeholders have over the innovation process as social enterprises are established and grown.

Innovation and entrepreneurship naturally transcend the sector boundaries we use to categorize human action. However, this can confuse definitions that are open to interpretation even when used narrowly. The innovation pursued by social entrepreneurs can range from something identical to what commercial entrepreneurs do – i.e. designing an offering to exploit a market opportunity – to that which gives no attention to constructs such as “market” or “opportunity”, i.e. social movements. Implicit in the consideration of how an innovation is developed in response to a social entrepreneurship opportunity is the construction of the opportunity itself. This is also given explicit consideration here.

To explore how context directly influences an innovation as it is brought to market, a nascent social enterprise was examined ethnographically by the author. This allowed the development of the business model, the formation of a key partnership, the navigation of tax and charity legislation, and the sourcing of philanthropic venture capital to be examined by the author as a central actor. The case study serves as an illustrative example of the ways in which contestation – born from differing expectations, beliefs, and logics of stakeholders, and the formal institutional environment – induces particular decisions to be made about the design, resourcing, and strategy of the venture (Newth & Woods, 2014).

The enterprise under examination here is called “100Percent.” It was created in response to the market failure that prevents social purpose organizations⁷ (SPO) from realizing the value of volunteer time and talent. In short, unless a willing volunteer with the appropriate skills is in the right place at the right time it is typically very difficult for an SPO to make use of them. 100Percent addresses this market failure by creating a marketplace to monetize this volunteer energy by facilitating the search, selection, and transaction processes to connect volunteer service providers with paying customers via a web platform. The value proposition for volunteers is the ability to contribute to the cause of their choice when they are unwilling or unable to use their own money to do so. Customers of this enterprise receive the service on offer at a price determined by the market but with the embedded social value of 100% of the proceeds being distributed to the cause of the

⁷ The term “social purpose organization” is being used here to denote all organizations for whom volunteers would be willing to contribute their time and talent, for example, charities, non-profits, citizen sector organizations, schools, churches, and NGOs.

service provider's choice. In monetizing volunteer energy, 100Percent addresses its illiquidity and unlocks this latent resource for SPOs.

The study highlights the fact that the current design of the venture – its business model, the surrounding narrative, the positioning of its value proposition – while still developing, is the product not solely of the vision of the founding entrepreneur, but of the influences of a number of actors.

This paper is structured in three parts. First, the theoretical basis for context-driven understanding of innovation in social entrepreneurship is outlined. Second, a brief outline of the methodology used in this study is provided and an overview of the case study is presented. Finally, a discussion of the findings and some concluding remarks are provided.

Theoretical Context

This article builds upon contributions of Schumpeter (1911, 1934), Swedberg (2006, 2009), Becker, Knudsen, and Swedberg (2011), and Newth and Woods (2014) to explore how the economic and social context within which a social enterprise is situated will shape how its innovations will manifest. These researchers highlighted the contemporary relevance of Schumpeter's foundational theory of entrepreneurship and its applicability to social entrepreneurship. Schumpeterian entrepreneurship has innovation at its core, with innovation commonly understood in two ways. The first is his seminal list of the types of innovation which manifest as novel products (or product qualities), production methods, industrial organization, markets, or sources of supply (Schumpeter 1934). The second understanding speaks to the process of innovation as combination and recombination of resources to produce a novel good, or as a "new way of organising the economic process" (Swedberg, 2009; p. 86).

The combination and recombination understanding of innovation is particularly helpful for understanding social innovation as social entrepreneurs frequently are trying to reconfigure and mobilize existing resources to create social value. It is often not the resources that are new, but the way in which they are combined. The innovation is therefore often in the business model or the economic process itself that enables them, for example, to provide goods or services to underserved populations, to construct less environmentally damaging supply chains, or to enable greater economic citizenship for marginalized groups. The resources they combine are often intangible, such as social capital, may be under-utilized, or may be diverted from their current use based on a superior value proposition.

Swedberg and colleagues advocated that entrepreneurship scholars would extract real value from using Schumpeter's ideas to find insight into entrepreneurship processes beyond what Schumpeter himself found. In particular, Schumpeter's ideas of resource combination and resistance are proposed as valuable perspectives that could elucidate how innovation happens. To this end Newth and Woods (2014) explicated the notion of resistance and proposed a model for resistance to innovation in social entrepreneurship. The model argues that the formal and informal institutions in which entrepreneurs and their stakeholders are embedded will enable and constrain the innovation process. The key insight being that this resistance may often lead to positive outcomes and that social entrepreneurship may succeed because of the resistance it faces, rather than in spite of it. This is because it will lead to more refined innovations or innovations more likely to gain the support of further stakeholders, thus enabling greater scale to be achieved.

The theory of resistance highlights the role that stakeholders play in shaping the innovations, business models, and organizations of social entrepreneurs. This article builds on this line of thinking to investigate and explicate how the power of stakeholders (born from enterprises' resource dependency), the institutional alignment, and legitimacy of social enterprises interact to produce the outputs of innovation processes. This happens through a process of contestation. Contestation is a process involving, to varying degrees in various contexts, resistance, negotiation, and collaboration. It is through this process that context shapes innovation as valuable stakeholder input is imparted and has influence, leading to superior innovations and impact models. It is also through this process that social innovations can become the product of a social collective or community beyond the entrepreneur, team, or enterprise.

The institutional pressures that constrain and enable the innovation process in social entrepreneurship are born from the institutional logics that naturally come into conflict in such hybrid endeavors (Battilana & Dorado, 2010; Battilana et al., 2012; Pache & Santos, 2010). Of especial relevance to social entrepreneurship and social enterprises are the unique collaborations and inherently more intense negotiations around institutional alignment that emerge from the cross-sector partnerships that characterize the sector. These partnerships are often necessary to access the novel combinations of resources required to innovate solutions to the failures of the market, government intervention, and extant non-governmental organizations (NGOs) and citizen sector organizations. As an enterprise develops, its resource dependency on stakeholders is mitigated by its increase in legitimacy, the increase in the level of resources within the control of the enterprise, and the development of interdependencies with stakeholders that hold key resources.

Such interdependency is a positive outcome of stakeholder salience, contestation, and social capital. It enables growth, embeds new institutions, and creates new orders and power structures to control resources.

Stakeholder theory encompasses a large variety of individuals and groups who may be considered as having a “stake” in a venture’s activities. They are variously categorized as

“primary or secondary stakeholders; as owners and nonowners of the firm; as owners of capital or owners of less tangible assets; as actors or those acted upon; as those existing in a voluntary or an involuntary relationship with the firm; as rights-holders, contractors, or moral claimants; as resource providers to or dependents of the firm; as risk-takers or influencers; and as legal principals to whom agent-managers bear a fiduciary duty” (Mitchell et al., 1997; p. 853-854).

While this may be useful for typological analyses of social entrepreneurship action and impact using a stakeholder perspective, it does not facilitate real insight into how stakeholders’ use of power to influence ventures ultimately shapes the innovative products, services, programs, projects, and business models of social entrepreneurs. We therefore require frameworks that specifically highlight the respective sources of influence that stakeholder groups hold, and how this changes as ventures grow.

Mitchell et al. (1997) argued for stakeholder salience as the defining characteristic for understanding stakeholder prioritization for managers, and which we can apply to social entrepreneurs. The first variable in Mitchell et al.’s (1997) framework is power. The argument being that a stakeholder’s salience will, in part, be determined by their ability to influence the venture, based on their coercive, utilitarian, or normative power (Etzioni, 1964). We can interpret that this power, particularly utilitarian and normative power, would most often manifest in a social enterprise context as the influence derived from the ability to confer or withhold resources from a social enterprise or social entrepreneur (Agle, Mitchell, & Sonnenfeld 1999; Frooman, 1999). Pfeffer and Salancik (1978) also identified that the social context of an organization will bear significant influence over the decisions that it makes. Their resource dependency theory explains how organizations are particularly dependent on and likely to be influenced by actors who hold critical resources. However, power could also apply to the ability to change the legal or regulatory context within which social entrepreneurs operate. Policy makers and government officials, for example, can strengthen or weaken a venture’s legitimacy through the creation or reinterpretation of laws and regulations. These can alter the tax implications of a social venture, the legality of an investment model (e.g.

crowd funding), or enable new legal forms (e.g. community interest companies or low profit limited liability companies).

The second variable is the legitimacy of the stakeholder's relationship with the venture. Drawing on Suchman (1995), this variable attributes salience to the claims of a stakeholder based on the appropriateness of their actions within society's socially constructed system of norms and beliefs. The influence of legitimacy on a stakeholder's salience is also dependent on their power and the urgency of their claim (Mitchell et al., 1997). While all the variables are interdependent in this way, this fact is particularly pertinent for the purpose of understanding legitimacy in innovation processes of social entrepreneurship. As the purpose of social entrepreneurship is to disrupt the status quo, often including extant social systems, the perceived legitimacy of stakeholders may not be sufficient for them to be attributed salience unless they also have the power to advance or impede their cause.

The social entrepreneur, with creative destruction of social and economic orders in mind, may not evaluate stakeholders in the same terms as traditional managers. For this reason they may not attribute salience to stakeholders that would traditionally be perceived as legitimate. Rather it is a combination of the legitimacy of the stakeholder and their claim in the light of the ideal future state that the entrepreneur is pursuing and the power this affords the stakeholder in terms of influence over the enterprise. For example, if and when the mission of the social enterprise is the benefit of a beneficiary community, the natural legitimacy of the beneficiary community as a stakeholder should ensure its position as being of primary importance. However, in instances where an entrepreneur or venture acts without attributing primacy to the wishes on the beneficiary community or group, that community may need to use its ability to limit access to the community itself, its leaders, or its resources. In this way, it is their power that affords them ultimate salience, rather than just the natural legitimacy that they hold.

The third variable is the urgency of the stakeholder's claim on the venture, i.e. "the degree to which stakeholder claims call for immediate attention" (Mitchell et al. 1997, p. 864). The time sensitive nature of entrepreneurial opportunity windows attributes salience to holders of key resources for entrepreneurs of all kinds, particularly those in start-up phase. Based on the claim that social entrepreneurs have a greater range of stakeholders to satisfy because of their need to be both socially and commercially legitimate (Lumpkin et al., 2011; Newth & Woods, 2014), then this variable is particularly pertinent here for a number of reasons. A start-up context poses the challenges of resource scarcity (Venkataraman, 1997). This limits the time that a venture can be sustained without acquiring further resources and/or access, and its liability of newness means the venture lacks the

credibility of a successful history to draw on (Ensley, Pearson, & Pearce, 2003; Singh, Tucker, & House, 1986; Zimmerman & Zeitz, 2002).

When applying Mitchell et al.'s (1997) framework to social entrepreneurship, what may cause us to differ from the authors' original intent is in that which drives an entrepreneur's logic in identifying and attributing salience to stakeholders. Mitchell and colleagues argue that salience is determined by the power, legitimacy, and urgency of a stakeholder's claim, whereas for a social entrepreneur salience could be argued to be dependent on those claims to which the entrepreneur must comply. Jawahar and McLaughlin (2001) emphasize this by arguing that certain stakeholders will be favored based on the venture's dependence on them for critical resources – a dependence that is particularly acute at start-up.

Therefore, one can submit that in a social enterprise context, particularly in start-ups, the power of particular stakeholders may well be the most important of Mitchell and colleagues' variables in determining their salience. This seems especially true in situations where an innovation, or social enterprise logic in general, is resisted (Newth & Woods, 2014). The logical extension of this, therefore, is also that a stakeholder's degree of influence on a social enterprise is based on the urgency of their support first, and on the urgency of their claim second.

The support of other stakeholders can also lend legitimacy to a social enterprise (Tracey et al., 2011). An enterprise may employ a strategy of soliciting the support of stakeholders in a particular sequence. This could involve gaining the support of less resistant stakeholders in order to gain the legitimacy needed to acquire the support of other more important and more resistant stakeholders.

The willingness of a stakeholder to support, through the provision of resources or otherwise, a social enterprise is proportionate to the degree of alignment of the beliefs of the two parties – its cognitive social capital (Nahapiet & Ghoshal, 1998). Misalignment is moderated, however, by the willingness of the venture to alter the shape of the organizational model or innovation to align with the beliefs of the stakeholder. Also, the need to make such alterations is mediated by how compelling the constructed opportunity is understood to be by stakeholders who hold key resources. Put simply, the more convinced stakeholders are by the social and commercial propositions of a social entrepreneur, the less likely they are to make their support dependent on it aligning with their theory of change, preferred business model, or ideal-type strategy.

The need for key resources for a venture to progress or succeed speaks to a resource dependency that drives stakeholder salience for social ventures. This, in turn, drives much of the influence that certain stakeholders have over social ventures as the more dependent the venture is on that

stakeholder for resources the more power that stakeholder has (Emerson, 1962; Frooman, 1999). This study explores if and how this played out in a particular start-up social enterprise to see how these theories reconcile with a particular piece of reality, and what insights this provides researchers interested in the processes of social entrepreneurship.

The Role of Context in Social Entrepreneurship Opportunities

The contextual forces that resist and constrain innovation also stimulate and enable it. They stimulate innovation through the facilitation of opportunity construction. It is necessary to specify our particular understanding of opportunity in social entrepreneurship because it is the context-dependent impetus for action in contextually shaped innovation. Rather than conflating social entrepreneurship opportunities with social problems (Austin, Stevenson, & Wei-Skillern, 2006), a social entrepreneurship opportunity can be considered the feasible future configuration of resources for the pursuit of social value creation. This is without regard for whether those resources are under the control of the social entrepreneur(s) (Stevenson, Roberts, & Grousbeck, 1989). Social value is created when societal and/or institutional conditions are improved, resulting in greater public good. This includes beneficial outcomes for the natural world and its life support systems for humans, the sustenance and development of community and culture (Shepherd & Patzelt, 2011), and greater economic equality. Simply put, opportunity exists at the intersection of awareness, motivation, and resource. While the social issue and the appropriate resources to address it may both exist independent of the entrepreneur, the opportunity is constructed by and embodied in the alert entrepreneur who has seen the potential for particular resources to be mobilized and brought to bear on a particular social issue (Kirzner, 1997; Roberts & Woods, 2005).

Both the specific social issue and access to appropriate resources emerge from the organizational, societal, and institutional context in which the entrepreneur is embedded (Kistruck & Beamish, 2010; Mair & Marti, 2009), while the markets in which they attempt to compete provide value signals via the price system (Hayek, 1948). Appropriate resources include the social, human, and financial capital required to exploit an opportunity. In this way, these contextual forces stimulate the identification of opportunities and enable the flow of resources required to exploit them. Resources will coalesce around an innovation in degrees relative to its alignment with stakeholders' social mission, socio-cultural norms, and theories of change. This applies to how the enterprise is seeking to create change, its ability to have an impact, and the resource-holding stakeholder's affective commitment to the cause itself (Lumpkin et al., 2011; Sullivan Mort, Weerawardena, & Carnegie, 2003; Renko 2013).

It is this alignment that affords an innovation its initial legitimacy and determines the nature and degree of resistance that it will face. So not only does context stimulate opportunities for social innovation, but it enables it through the provision of implicit support (by not resisting it) or explicit support (providing approval and resources or access to resources).

An opportunity will likely be initially constructed and conceptualized by the entrepreneur in such a way as to maximize social and commercial value creation with little provision for the resistance that the resulting innovation would face. This is because it is the product of the entrepreneur's motivation to achieve social change, and the contextual forces that have provided the information from which the opportunity is constructed and that has compelled them to act. The innovation has not at this stage been refined, constrained, or enabled by resistive forces so it is at its most unrefined and often most radical state. It is engagement with the market and key stakeholders that will likely temper the novelty of the innovation, and potentially its prosocialness, as evidence suggests both variables reduce the likelihood of new venture success (Renko, 2013).

Method

To explore the notion of innovation being shaped by context in a "live" venture, an ethnographic research project was undertaken to observe, in real time, how context shapes innovation in social entrepreneurship within a large humanitarian NGO. The case study being discussed here is one output of this project. The analysis of a single case is used here for theory-building purposes (Eisenhardt, 1989). Specifically, theoretical contributions were sought to the under-researched processes of innovation in social enterprises – how does it happen, and how do the influences of context specifically shape how an innovation manifests?

100Percent was established by university student Crystal Diong to create a more effective means of fundraising for worthy social causes and to create a way for students to use their time and talent to contribute to positive social change. She was then approached by the NGO that was benefitting from the fundraising and a joint venture partnership was established. The 100Percent organization is an independent entity with decision-making shared between Diong and the NGO partner via a governance board. The NGO can wield disproportionate influence over the governance of 100Percent as it holds a constitutional right to a majority of seats on the board.

Beyond the researcher's deep access to the organization and its stakeholders, 100Percent was an appropriate case to explore how the institutional and stakeholder context influences social enterprise models, because as a nascent enterprise it is particularly vulnerable to such exogenous

forces. Also, the digital nature of the enterprise meant that at the time the research commenced, the enterprise was functioning but with few resources, if any, but needed the support of many new stakeholders and to acquire resources in order to grow. The study occurs within a single geographic context, New Zealand, which creates limitations around transferability of findings. While few of the important findings here are idiosyncratic to New Zealand as a context for social enterprise, every organization faces a unique blend of contextual factors.

Data Collection

The development of this case study emerged from a broader ethnographic research project into the New Zealand branch of an international humanitarian development NGO. From October 2011 to March 2014 the author was embedded in the NGO as a social intrapreneur charged with pursuing social enterprise models and was central to the formation of the partnership. Participant observation was therefore the primary source of data as the author was a first-hand witness to and heavily involved in the forming of the joint venture and its subsequent development. The researcher occupied what could be considered a “complete participant” role (Gold, 1958). The observational data was supplemented with two interviews with the founder, and single interviews with each of the NGO senior leadership team who also became 100Percent Board members, as well as analysis of organizational documents and media publications. The ethnographic examination of the NGO also provided useful background to the NGO’s strategic motivations going into the partnership.

The study occurs within a single geographic context, New Zealand, which creates limitations around transferability of findings. While few of the important findings here are idiosyncratic to New Zealand as a context for social enterprise, every organization faces a unique blend of contextual factors. It is important note that the generalizable contribution of this research is why and how context matters, not that the particular context studied is representative of all social enterprises.

Data Analysis

The data analysis process involved a number of stages to aggregate data from multiple sources, identify initial concepts, and then synthesize these with theoretical concepts from the literature. The source documents listed above were initially examined to identify initial concepts by coding common concepts from stakeholder perspectives on key events, motivations, opportunities, and challenges.

These concepts were then grouped into a smaller number of themes that represent the sources of influence which shaped the innovation over time. A summary of this analysis is outlined in Table 9.

Overarching Influences and Concept	Representative Findings
Entrepreneurial Vision	
Market failure in volunteerism	Diong had always had an interest in addressing poverty and felt that there was more “interesting and impactful ways” of doing so. This stemmed from her upbringing where she was taught to challenge norms to find more efficient ways to do things. She specifically saw typical fundraising methods as frustratingly inefficient. She realized that her ability to fundraise was far greater if she used her talents to generate income explicitly for charity than if she spent time participating in the typical fundraising activities employed.
Combination of digital technology, willing volunteers, pressing social issues, and demand for volunteered services creates opportunity for volunteer service marketplace.	Diong realized a digital platform would make this fundraising activity – monetized volunteerism – accessible to a large number of volunteers and clients. The presence of pressing social issues and willingness of others to volunteer if given an attractive opportunity to do so would compel volunteers to participate and the value of the service provided, with embedded social value, would stimulate demand.
Students will mobilize if the opportunity to do so is sufficiently accessible	Diong’s perspective was that she was “just providing this platform for people to do stuff”, based on a belief that university students would be willing to mobilize to fundraise if they were provided with an easy and relevant way to do so. 100Percent’s approach was to enable non-financial contributions using the students’ skills, in a geographically convenient location i.e. on campus
People should participate to create meaning rather than giving to assuage guilt	Diong felt that fundraising that was premised on guilt or the creation of negative emotions indicated a failure in approach and sought an approach that engages the local community more meaningfully.
Stakeholder (Client and Volunteer) Expectation	
Clients and volunteers have certain expectations of fundraising organizations.	100Percent’s name and operating model grew in part from the normative expectations that the New Zealand public has of fundraising organizations and charities more generally. In particular the discomfort with overheads incurred and concerns about financial transparency.

Connecting to Macro-level Discourse

The narrative of social innovation around the venture is vital to acquiring venture philanthropy capital

The venture philanthropist espoused a giving philosophy which supported innovation and a belief in using philanthropy to achieve leveraged impact. It therefore proved to be the emphasis on innovation that compelled them to support 100Percent. Of particular importance was the dual streams of positive impact that the venture created. Firstly, the positive social change directly through facilitating youth engagement in social issues and creating new opportunities for young people to engage in educating their peers, and indirectly through the distribution of 100Percent of volunteer generated income to worthy causes.

Regulatory Constraint

The business model had to be altered to avoid creating a tax liability for volunteers

The novel business model employed by 100Percent, enabled by digital technology, created a situation for which the extant tax legislation was not designed. This forced a shift in the business model, and development of robust website Terms of Use, to ensure the income generated by volunteers for charity, which at no point they personally received, did not create an income tax or 'Goods and Services Tax' liability.

NGO Partner Influence

Volunteer marketplace should be multi-service and multi-charity/cause

From very early on it was clear that 100Percent could and should ultimately enable the support of multiple charitable causes. Although a focus on supporting a single organization (i.e. the partner NGO) may resonate with supporters of that organization and be preferable to the organization itself, a multi-cause marketplace would be more relevant to more people. It would enable volunteers and clients to support the causes that they cared about and/or avoid organizations with whom they have some aversion.

Brand capital of NGO partner helps to build legitimacy in stakeholders' eyes

The opportunity to pitch to the venture philanthropist was enabled only by their existing relationship with the NGO. Likewise, the strong brand presence of the partner NGO meant 100Percent only had to explain its business model, not the nature of the beneficiary, to initial clientele.

The rationale of the partnership was to bring the resources and reach of the NGO to bear on 100Percent to scale it quickly and dramatically

The NGO partner pursues innovation through partnership due to organizational constraints on innovation

NGO partner has had the biggest direct influence over the shape of the innovation as it exercised a strong degree of control over the venture in return for the promises it made about providing resources and access.

The partner NGO saw the opportunity to achieve greater engagement and leverage an existing, albeit small, youth movement by investing in it rather than developing its own offering. The belief was that the injection of resources, building of a web platform and opening up of networks would accelerate the growth of the venture. To justify the investment the NGO required ownership of the venture's intellectual property and some control over its governance.

The NGO has an explicit strategy to support and equip 'early adopters' who by virtue of their role, strong advocacy and/or financial support are able to mobilise others to tackle issues of injustice and poverty. This provides a mandate to form partnerships to harness the innovative potential of its supporters and/or stakeholders at the fringe of the organization.

The influence of the NGO partner has led the platform to be more tightly controlled than Diong had originally envisaged. While Diong had intended it to become an unregulated marketplace for the fundraising for any charities, this does not fit with the NGO partner's risk appetite and operating model. Therefore the model now employed requires robust due diligence for any new beneficiary charities and requires the provision of rich content to report on their impact. The influence of the NGO partner and the implementation of a Board has also slowed decision-making with Diong reporting that the organization now feels a little more "corporate and bogged down".

Table 9: Data Structure - Influences, Concepts, and Findings

Case Study: 100Percent

The Opportunity

100Percent is a small, nascent social enterprise operating in New Zealand. Founded in early 2012 by Crystal Diong, a medical school student at the University of Otago in Dunedin, 100Percent is a student driven fundraising organization. Its purpose is twofold: to enable students to fundraise for worthy causes and to facilitate a peer-to-peer tutoring services market. In this way it delivers two streams of benefit – improved educational outcomes from its paid-for tutoring services and the fundraising outcomes from allocating 100% of proceeds to charitable causes.

It was created in response to the market failure that prevents SPOs – such as charities, non-profits, NGOs, schools, churches, and citizen sector organizations – from realizing the value of volunteer time and talent. In short, unless a willing volunteer with the appropriate skills is in the right place at the right time it is typically very difficult for an SPO to make use of them. The enterprise addresses this failure by creating a marketplace to monetize this volunteer energy by facilitating the search, selection, and transaction processes to connect volunteer service providers with paying customers via a web platform. The value proposition for volunteers is the ability to contribute to the cause of their choice when they are unwilling or unable to use their own money to do so, i.e. they donate their service. Customers of this enterprise receive the service on offer at a market price but with the embedded social value of 100% of the proceeds being distributed to the cause of the service provider's choice. In monetizing volunteer energy, the enterprise addresses its illiquidity and unlocks this latent resource for SPOs.

100Percent was born from a desire for a more efficient and effective fundraising business model than those typically employed at grassroots levels such as bake sales or cake stalls. While 100Percent was founded primarily as a fundraising initiative that provides opportunities for young people to participate in positive social action, the vision has grown to ultimately include the provision of any service (not just tutoring) by anyone (not just students). The development of the venture is expected to accelerate in 2014 with the launch of a new digital platform which will provide the degree of automation required to dramatically scale the venture in terms of geography, volume, and scope.

The opportunity, as Diong saw it, was to combine the presence of willing volunteer human capital with existing Internet technology and awareness-raising information about causes in need of funding. The outcome of this innovation is the solution to the illiquidity of this volunteer human capital. Not only does this create a more effective fundraising mechanism but also creates value through the service provision itself.

Scalability and the Business Model

The venture was founded with a model of simply connecting willing volunteer services providers with those seeking the service with the transaction taking place in an unregulated fashion between the two parties. The volunteer would then deposit the proceeds into 100Percent's bank account. It would then be aggregated with other deposits and distributed to the chosen charity at the end of each semester. The initial concern with this model was the lack of transparency at the point where money changes hands between the volunteer and the client. Given the 100% donor promise, this situation was unsustainable. Likewise, without a fully automated digital platform the coordination and booking of services required significant manual input which created an unsustainable workload for volunteer staff and made reconciling financial deposits against services delivered a cumbersome process. In early 2013 a joint venture between 100Percent and a large NGO⁸ was established. The basis of the partnership was that the NGO would build the necessary web platform for the venture in return for the intellectual property. Subsequently a separate entity has been established to govern the enterprise with joint control between the NGO and the founder. The web platform is to create an automated digital marketplace for volunteer service providers and clients to automate payments directly from clients to the cause of the volunteer's choice. This ensures complete transparency around the transaction such that money never passes through a volunteer's hands and it can be reconciled against the original purchase.

The establishment of the partnership between 100Percent and the partner NGO led to the establishment of appropriate legal and governance structures. This process identified a significant risk associated with the business model as it currently stood. The previous model where volunteers were donating the income from their services created a potential tax liability on income generated, even though it was generated on the basis that 100% of it was for charity. Not only did this situation further necessitate the development of a digital platform, but it forced a technical change in the business model. To ensure that volunteers are protected from creating both an income tax and a Goods and Services Tax liability on services they provide, volunteers and clients must understand and contractually agree to the fact that the volunteer is donating their service to 100Percent, and that clients are buying that service from 100Percent. If there was a belief from either volunteer or client that an informal supply agreement had been made between them then the transaction could fall foul of New Zealand's tax legislation.

⁸ The NGO partner refers to the New Zealand office of a global humanitarian aid and development organization which seeks to address extreme poverty and social injustice. The New Zealand office is an independent member of the federated partnership that employs over 100 full-time staff, while globally the organization employs approximately 50,000 people.

The NGO partner required a shift in the offering as part of its involvement such that the beneficiary SPOs needed to meet certain standards of transparency and governance and that their position as beneficiaries was dependent on them providing content for the web platform. This shifted the design from the founder's vision of an unregulated marketplace with little content, to a high-content, high-engagement model with strong content curation and oversight. The NGO was able to influence this because at the time the partnership was formed 100Percent was looking to expand from supporting a single NGO (the partner NGO) to allowing volunteers to support a range of SPOs.

The attitude of the universities, and faculties within them, where 100Percent has sought to establish a presence has varied. Some have tolerated it, some have actively opposed it, and others have supported it. The institutional resistance is due to the lack of control over 100Percent's teaching standards and/or because they believe it may detract from their own tutoring services. This has meant that 100Percent has had to remain independent of the institutions and has prevented the establishment of relationships with the institutions which could provide the support structures to help ensure 100Percent's enduring presence on campus. There is currently one university which is considering a formal relationship with 100Percent whereby the institution will endorse and promote the program so long as the income generated flows through its own foundation on its way to 100Percent. Ironically, this university has previously resisted 100Percent to the extent that it threatened to punish a 100Percent volunteer manager (also a student) if they promoted the tutoring service on campus. 100Percent responded by promoting the tuition of high school students by university students.

NGO Partnership

When she started 100Percent, Diong chose the partner NGO's West African Food Crisis Appeal as the cause for which the organization would fundraise. In late 2012, 100Percent came to the attention of the NGO, which led to a partnership between the NGO and Diong for the purpose of dramatically scaling the size and scope of the venture from one which facilitated a tutoring service primarily among medical school students at the University of Otago, to one which facilitated a range of services in universities across the country, and ultimately be present beyond the university market. The benefits of the partnership were to be mutual. 100Percent would have support in instituting the legal and governance structures it requires to grow within the parameters of the relevant legislation and would have financial and management support in developing the upgraded digital platform it needed. It would also provide significant capability in marketing, public relations, and access to venture philanthropists. The partner NGO would benefit, ultimately, financially from being a beneficiary SPO of a larger fundraising platform. It also provided the partner NGO with an opportunity to demonstrate leadership in the SPO space by investing in an entity that would

improve the fundraising and engagement capability of the SPO sector, not just for itself. The partner NGO also saw formally partnering with 100Percent in this way as a superior avenue to bring this opportunity to market than developing its own offering. This is because 100Percent had the embedded support of a grassroots movement of mobilized young people that had achieved some market validation for the monetization of volunteerism concept, albeit on a very small scale.

The partnership and the broader approach to innovation demonstrated by the partner NGO is an outcome of a strategy to invest in visionary individuals and groups outside of the organization to help them to achieve their vision when it aligns with organization's goal of eliminating extreme poverty. The intended outcome of this strategy is the engagement of new stakeholders and the creation of new business models. This partnership approach allows the organization to circumvent many of the internal influences that inhibit innovation and to leverage the resources, capabilities, and drive of individuals and groups outside of the organization to mutual benefit. In the case of 100Percent this approach has realized some of these intended benefits but it has also produced some unintended negative consequences. In simple terms, the increased human capital that 100Percent has access to has brought more knowledge and experience to bear on decision-making and on broader organizational development. However, having ceded a lot of control to the partner NGO, 100Percent did find its agility, and the ability to move quickly to seize opportunities was compromised. This was due to control over what 100Percent was permitted to do under the terms of the partnership agreement, but also the speed at which the partner NGO made decisions or completed activities. While this speed was not slow for an organization of the partner NGO's size (over 100 full-time employees domestically and approximately 50,000 internationally) it was very slow relative to what 100Percent (an organization comprising a couple of volunteers) was accustomed to. Furthermore, as part of the partnership agreement, the partner NGO had made assurances that it would build and support the digital platform needed to automate the 100Percent offering so it could be scaled nationally. In attempting to do this it became apparent that the partner NGO had overestimated its ability to build this platform and the subsequent failure to build the platform adequately or to the required timeframe not only slowed the growth of the venture but directly caused a decline in income. While this provides some insight into the ability of large NGOs to innovate outside of its direct donor mandate and to deploy their resources outside of "business-as-usual," it also illustrates the risks of partnerships between SPOs at such different sizes and stages of development.

Venture Capital

Despite the early stage of the venture and the ongoing delays in developing the new web platform, the venture was able to leverage the relationship with the partner NGO and its innovative business

model to secure the venture philanthropy investment needed to cover the overheads it will incur in scaling the venture. This financial support is necessary in order to maintain the promise it makes to its volunteers that 100% of the income they generate will reach the charity they have chosen. Remarkably, the philanthropic opportunity was sufficiently compelling that 100Percent was able to raise capital, to be paid over 3 years, worth over five times its total income to that point.

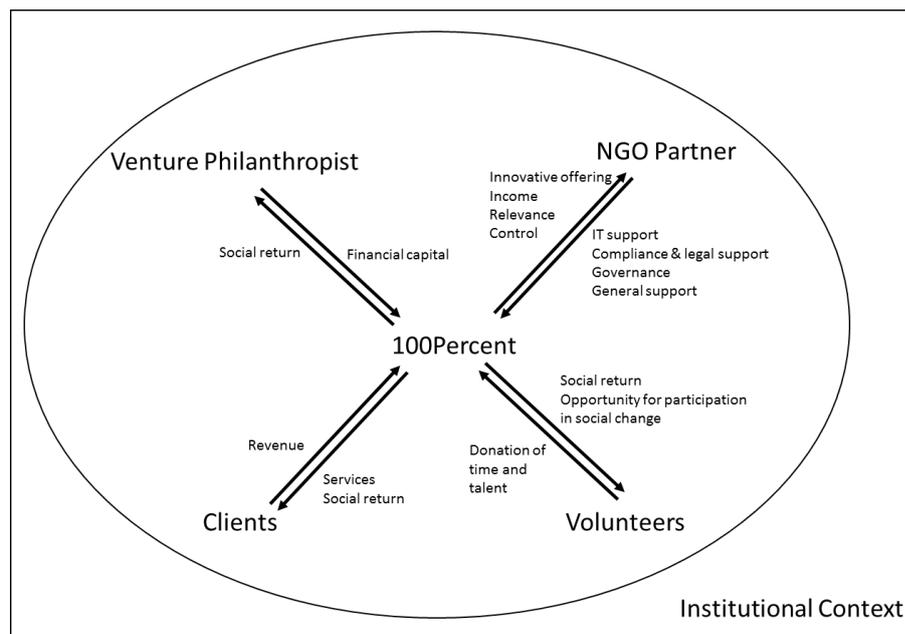


Figure 3: 100Percent Stakeholder Groups

Analysis and Discussion

The purpose of the study presented here was to illustrate how innovation in social entrepreneurship happens by observing the unfolding reality of a social enterprise whose innovative business model is still being established. It is clear that the innovation that is the 100Percent social enterprise today is the product of many interacting influences, which can be understood as the enabling and constraining forces of context. These forces include:

- the vision and action of the founder to construct and exploit the opportunity,
- the expectations of immediate stakeholders such as initial volunteers and clientele,

- the restraints of the institutional infrastructure and regulation around taxation and donations,
- the influence of the current sentiment or macro-level discourse of the market for philanthropic capital, and
- influence of a large NGO that was partnered with to gain access to the resources necessary to achieve dramatic growth.

The founding entrepreneur constructed the opportunity based around her vision of what 100Percent could be, the resources available to her, and what she wanted it to achieve and could see the action required to exploit the initial opportunity. However, even the initial design was conceived in such a way as to engender the support of initial stakeholders – volunteers and clients. In this way it was also the product of their expectations, both those made explicit and those anticipated by the founder. This resonates with Schumpeter's (1934) proposition that resistance to entrepreneurial acts begins within the entrepreneur him/ herself. In this instance, this did not prevent or cause hesitation to act, but rather limited the business models and cost structures that Diong felt would be feasible to gain the support of an initial group of volunteers (and clients) for whom this model of volunteerism and fundraising was novel and foreign. From the outset, the expectations of initial stakeholders had a material influence on the shape of the innovation.

Shaping Innovation: Alignment, Legitimacy, and Resource Acquisition

This case example illustrates that it is through the flow of resources that contextual forces ultimately shape social innovations within existing non-profit and for-profit organizations, and as social entrepreneurial start-ups (Desa & Basu, 2013). The entrepreneur as the driver of the social innovation will receive many signals of unconditional support, conditional support, or non-support prior to the acquisition of resources. It is in response to these signals that social entrepreneurs refine their innovations to make them sufficiently attractive to new institutional investors and other donors, sufficiently palatable to existing donors and other supporters of the status quo, and sufficiently decrease levels of uncertainty for those who see the innovation as high risk. In this way the innovation is refined in order to attract the resources and organizational support for it to progress toward implementation. This refining process will naturally shift the innovation from being the product of an initial entrepreneur or entrepreneurial team to that of the stakeholders whose support is required for the innovation to move from idea to reality. This necessitates the prioritization of stakeholder alignment over the creative designs of social entrepreneurs. It is refined

from an initial conceptual design that is based on potential resource combination for maximal social impact, toward a design that attracts sufficient resources for it to be brought to fruition while minimizing the loss of social impact of the conceptual design.

This is especially relevant to social entrepreneurship because often the very purpose of the activity is to address some type of resource deprivation in a particular community (Peredo & Chrisman, 2006). The innovation in social entrepreneurship is therefore often in the creation of novel relationships between organizations and across sectors to provide access to new resources as part of novel business models. Alternatively it can be through the use of existing resources in novel configurations. Innovative resource configurations through collaboration provide clear examples of how social innovations are invariably the negotiated products of the differing missions, strategies, and logics of the multiple stakeholders that provide implicit or explicit support for the innovation. Understanding that the access and utilization of resources in this context is conditional on such stakeholder alignment adds further insight to the bricolage approaches that social entrepreneurs are invariably required to adopt (Zahra et al., 2009; Di Domenico et al., 2010; Gundry et al., 2011).

A central argument of this article is that this “trading-off” of initial design to engender stakeholder support does not necessarily diminish the ultimate impact of the innovation. Neither does it preclude the implementation of significant innovations in the social sector. It does, however, mean that social innovations will ultimately be negotiated manifestations of the interests, beliefs, and expectations of multiple stakeholders. This process can in fact lead to more impactful innovations both because their alignment with stakeholder beliefs allows for greater scalability and because stakeholders will hold insights, knowledge, and culturally specific wisdom that can enhance an innovation. In this sense compromising an innovation’s design to “appease” the wishes of stakeholders is not a case of “sacrificing” impact in order to gain support. Rather it refines the innovation, resulting in improvements that can range from the cosmetic – such as changes of narrative – to the fundamental, i.e. by revealing to the entrepreneur the true causes of the social issue they are seeking to address, and how their innovation may or may not actually have an impact. In this sense we can consider such forces as “positive resistance.”

Social innovations are far more likely to be negotiated in this fashion than commercial innovations because of the greater number of stakeholders and the greater influence they have over the viability of social ventures. In contrast, commercial innovations are designed almost entirely on what will maximize market performance, and resources are acquired on this basis. For this reason commercial innovations do not suffer from the contestability of the appropriateness of a social intervention, the ethics of social entrepreneurship itself (cf. Zahra et al. 2009), or the questionable institutional

legitimacy of operating with concurrent logics of social and commercial value creation (Dacin, Dacin, & Tracey 2011). Likewise, there are fewer checks and balances provided by the market for social entrepreneurship and the performance of social entrepreneurial ventures are less likely to be rewarded and punished by the market as readily as for businesses (Austin, Stevenson, & Wei-Skillern, 2006; Zahra et al., 2009). Stakeholder resistance can fulfil an important function in this regard in that it tempers the potential for unintended negative consequences of an innovation, the implementation of unethical or culturally inappropriate innovations, or the risks of imposing paternalistic interventions on marginalized, minority, or indigenous populations (Newth & Woods, 2014).

Thus far the discussion has emphasized the social entrepreneur's dependence on others for resources, and their innovation's resultant malleability, because of a dependence advantage that the resource bearing stakeholder has over the needy entrepreneur (cf. Jawahar & McLaughlin, 2001). Naturally, social entrepreneurship is motivated at its core by a desire to help others, the public good, or the natural environment. However, this is typically not the motivating force of those with resources, and in many cases, the disruptive nature of social entrepreneurship can create active resistance from those who would be disrupted (Newth & Woods, 2014). However, we must be careful not to imply that this interaction is driven purely by self-interest. While entrepreneurship theory is typically premised on self-interested actors making rational decisions, it is emphasized less when specifically considering resource mobilization as it requires an appreciation of how entrepreneurs can create value for others (Lounsbury & Glynn, 2001; Van de Ven, Sapienza, & Villanueva, 2007; Zott & Huy, 2007). Van de Ven, Sapienza, and Villanueva (2007, p. 361) extend on this to argue that "successful resource mobilization does not follow a resource dependence exchange logic that only satisfies the self-interests of parties; instead it should be framed as a joint sensemaking process of interaction, meaning making and social construction that motivates both opportunities and actions for the parties involved." This suggests that social entrepreneurial ventures can lower the dependency on key resource-holding stakeholders if they can create interdependencies with them.

The hybridity of social enterprises potentially puts them in an advantageous position as they are able to utilize the narrative of collective interest to mobilize resources from those stakeholders who are primarily interested in the creation of unappropriated social value (cf. Santos, 2012) such as venture philanthropists, customers, volunteers, and beneficiaries. And drawing on Van de Ven et al.'s (Van de Ven, Sapienza, & Villanueva, 2007) argument, the collective interest which underpins the logic of social enterprise may strengthen their ability to mobilize the resources of commercial stakeholders provided an appropriate commercial proposition exists.

This relates strongly to a practice we see illustrated in this case – relating the plight of the enterprise to the macro-level discourse of social entrepreneurship and social enterprise to legitimate the venture (Tracey et al., 2011) and create resonance with stakeholders. This was most clearly illustrated by the interaction with the venture philanthropist who has supported the growth of 100Percent financially. The narrative of collective interest and an enterprise approach to catalyzing social change proved instrumental in mobilizing financial resources.

In this case study in the first instance the involvement of the NGO partner significantly altered the design of the offering to ensure it was more inline with its own model of supporter engagement. This meant making the platform available to a limited number of charities which meet certain standards of transparency and governance, each of which would provide rich feedback to supporters on the impact that has been achieved with the funds received. This was a significant departure from the unregulated, low-content marketplace of volunteers and charities that the founder had envisaged for the second phase of the venture. This means that 100Percent will have a significantly altered offering from early 2014 which is a direct result of the partner NGO imposing its norms and routines around supporter engagement on the 100Percent venture. In other words, the venture was only investable for the NGO when its model more closely aligned with its own marketing and engagement logics.

The partnership also led to the creation of a more formalized organization at an earlier stage than would otherwise have been the case, as prior to the forming of the partnership 100Percent was an informal group of volunteers without legal incorporation. This locked in a particular organizational form and governance structure that the organization may not have otherwise chosen. These changes or “compromises” can be considered part of the price of the partnership and the resources, support, and legitimacy that came with it. Whether these changes will have a positive net effect remains to be seen, but it does illustrate the fact that the innovation has been shaped by a key stakeholder in these ways because the access to resources and legitimacy was conditional on, or an unavoidable outcome of, those changes.

The actions of the NGO during the formation of the partnership to legally incorporate the organization, establish governance structures, and to ensure legal compliance not only led to the implementation of these formal structures, but altered the business model – at least in how it is legally articulated – to ensure compliance with New Zealand’s tax legislation. This illustrates how the unintended consequences of the extant regulatory framework shaped the innovation. It is also demonstrative of how such legislation and other formal institutions have not kept pace with the innovative, cross-sector business models of social entrepreneurs and their social enterprises.

The relationship with the partner NGO had a dramatic impact on 100Percent's access to venture philanthropy capital. In becoming a partnership or joint venture, 100Percent was imbued with the legitimacy of their NGO partner. They were able to draw on this legitimacy to acquire a significant amount of philanthropic venture capital from someone within the NGO's broader supporter network. The joint venture is able to combine the trustworthiness of the large NGO with 100Percent's narrative of innovation and its ability to use the language of venture philanthropy, i.e. a philanthropy opportunity with potential for leveraged impact and ability to scale. Likewise, using the NGO partner as an avenue to acquire resources was instrumental in acquiring vital pro bono legal service from a leading law firm which helped the venture navigate the narrow regulatory constraints within which it must operate.

Theoretical Model – Influence, Interdependence, and Innovation

The contestation process between a social enterprise and a particular stakeholder is informed by the salience of that stakeholder. The outcome of a successful contestation process is greater social capital, interdependence, and ultimately more refined innovations.

The creation of interdependence results from the building of social capital – particularly cognitive capital (Nahapiet & Ghoshal, 1998) and relational capital (Granovetter, 1992) – between stakeholders which is built through the contestation process and strengthened (or weakened) over time. The contestation process is animated by the potential for the creation of mutual value, with stakeholder salience (Mitchell et al., 1997) determining the relative importance and power dynamics therein. The intensity of the contestation process is determined by variances in institutional alignment between the parties involved.

Also, as norms, economic structures, and institutions shift over time, the contestation process will be altered as it shifts the bases of resistance and the need for negotiation. This is particularly relevant to social enterprise as it gains prominence and acceptance as it will likely generate resistance to this form of enterprise and its hybrid nature. As institutions shift, and as an enterprise develops over time, this will change the relative institutional alignment of the parties involved. Also the development of the social capital and legitimacy of an enterprise will change the dynamics of the contestation process. In some cases the success of a social enterprise may increase the resistance to it if it begins to threaten legitimacy of other stakeholders or their ability to attract resources. There is potential for this in the 100Percent case. If 100Percent begins to cannibalize the charity offerings

of the NGO partner, or destabilize its more traditional charity position, it may cause conflict as the mutual benefit of the partnership will become more questionable.

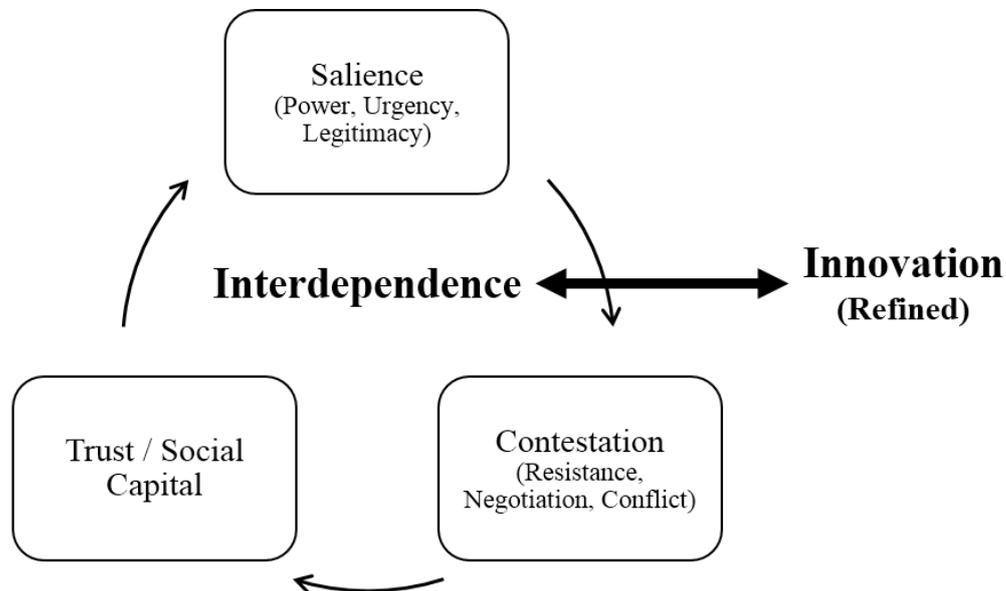


Figure 4: Theoretical Model of Innovation Processes with Stakeholders in Social Enterprise

The process depicted in Figure 4 is an ongoing, dynamic one. As a social enterprise builds legitimacy and acquires resources, for example, it changes the relative salience of stakeholders. Likewise, as its strategy changes the need for venture capital for growth may increase the importance of stakeholders that can provide venture capital, making them more salient.

Figure 4 illustrates how the interplay between social enterprises and their key stakeholders creates an interdependence that ultimately leads to superior innovations. A superior innovation may mean one that is more socially impactful, financially successful, or one that strikes a more appropriate balance between the two logics. The 100Percent case demonstrates how interaction between stakeholders can result in innovations that are better positioned to generate social change which in this case was achieved through partnering with an international NGO with capability and capacity to deliver high-impact programs in deprived communities around the world. This partnership, and the legitimacy it provided, also enhanced its ability to attract venture philanthropy capital and its marketability. The mutual benefit that has been derived from the relationship has built the social capital which has brought a balance in the relationship that has reduced 100Percent's dependence on the NGO partner and increased the interdependence between the two parties. This also applies

to its other key stakeholders and leaves 100Percent better equipped to scale and refine its innovation to increase its impact and marketability.

	Salience	Contestation	Social Capital	Interdependence
NGO Partner	Power from resources and ability to assist in scaling the venture. Legitimacy from position as original beneficiary and long history in humanitarian work.	Vision for platform/model design is altered from 'open' to 'controlled' platform. NGO assumes intellectual property and governance role.	Trust built around shared objectives and personal relationships, and formalized in shared governance.	Provides access to greater resources and reach into communities. 100Percent provides innovative engagement tool for new stakeholders.
Venture Philanthropist	Power from venture philanthropy capital.	100Percent employs narrative of social entrepreneurship and scalability rather than 'charity' and 'fundraising'.	Social capital built over time as relationship matures and affinity to venture develops.	Venture philanthropist derives value from association with 100Percent and its impact.
Clients	Power through revenue derived from their custom. Urgency from 100Percent's need for clients and volunteers to be viable and legitimate.	Platform and brand values are a blend of entrepreneur's vision and what is necessary to align with the expectations of those paying for services (clients).	Trust in 100Percent builds over time as satisfactory service is provided, and belief in causes and impact is reinforced.	Demand is sustained due to dual value proposition – connection to service providers and social impact. 100Percent relies on clientele for revenue and legitimacy.
Volunteers	Power from resources – donated services required for 100Percent to have an 'offer'. Urgency from 100Percent's need for clients and volunteers to be viable and legitimate.	Platform and brand are a blend of ideal design and what is necessary to align with the expectations of those donating services (volunteers) i.e. causes, impact reporting, platform usability.	Trust in 100Percent builds over time as satisfactory service is provided, belief in causes and impact is reinforced.	100Percent relies on volunteers to donate services. Volunteers derive value from the more accessible opportunity to participate in positive social change.

Table 10: Theoretical model applied to 100Percent case study

Conclusion

The venture under consideration here is at an early stage and its continued investigation over time will generate further insight. The overview of a selection of influences on the design of the venture provided suggests that the lens employed here is useful for explaining how context shapes innovation in social enterprises. In particular, the institutional environment guides the routines and beliefs of stakeholders such that their behavior toward social enterprises will influence its innovative products, services, and programs. The impact of this behavior by stakeholders is important because it determines the viability of a particular innovation and thereby causes changes to it. While their ability to influence the innovation is determined by their power, legitimacy, and the urgency of their claims – their salience (Mitchell et al., 1997) – the influence occurs through a process of contestation. Although driven by a desire to form a relationship for some form of mutual benefit, it is wrought by the differences in institutional logics, theories of change, and control of resources (Newth & Woods, 2014). To the extent that some relationship is formed from this process, social capital will be generated (Mair & Marti, 2009). The resultant interdependence reduces the social enterprises dependence on a particular stakeholder and enhances its own agency for contestation with all stakeholders. It also creates new value through new or enhanced partnerships. Further research and theoretical consideration will likely provide further explanation as to the drivers of resistive behavior by individuals and organizations, and a more nuanced understanding of the negotiations and decision-making processes around collaboration, and, by extension, innovation (e.g. Chalmers & Balan-Vnuk, 2013).

The article draws on resource dependency, institutional, and entrepreneurship theories to explain how external social and institutional context exerts influence over social entrepreneurs' decision-making and therefore the shape of their innovations. By drawing on established theoretical frameworks through which to view the development of an innovation, this research contributes to our understanding of how the forces of context influences the design of products, services, programs, strategies, and business models of social entrepreneurs. Such contributions will enable researchers to find deeper understandings of the ways in which institutional contexts stimulate and constrain social entrepreneurial action through the attitudes and behaviors of stakeholders. Specifically, we require a clearer understanding of how innovation actually happens in social enterprises – what causes an innovation to take the shape it does? How exactly does the institutional environment influence the design of business models and strategies of these hybrid organizations? How does the interests of stakeholders force changes in the approach of

organizations with dual – social and commercial – value propositions? Furthermore, through a more nuanced understanding of the interplay between entrepreneurship and context, we will be better placed to find more explicit links between social entrepreneurship and social change.

Chapter Six: Concluding and Looking Forward

This chapter summarises and reiterates the various components of the research project, from the empirical approach, to its findings and contributions. Despite the body of this thesis being comprised of individual publications, each adds to a coherent set of contributions generated from the fieldwork and critical engagement with relevant literature. As a whole this discussion provides theoretical, empirical, and at times practical contributions to social entrepreneurship as a scholarly and applied field. Its purpose is to shed some light on the everyday reality of social entrepreneurship – a field that is rapidly growing in its scholarly and public interest, but of which our theoretical understanding is relatively underdeveloped. By seeking an understanding of how the context in which social entrepreneurship happens, influences its entrepreneurship processes and shapes its innovative outcomes, this research provides some insight into the so called ‘black box’ of entrepreneurship (Zhara et al., 2014).

Chapter Two presents a conceptual framework for understanding how and why context plays such an influential role in shaping innovation in social entrepreneurship. It also strengthens the theoretical connection from emerging theoretical work on social entrepreneurship with some of the foundational theory of entrepreneurship – namely Schumpeter’s general theory (1911; 1934) – through the explication of the notion of resistance and how this relates to the institutional context in which social entrepreneurship happens.

Given this imperative for a greater understanding of how context shapes innovation, Chapter Three outlines the rationale for the explorative, immersive research methodology employed. By using an enactive, ethnographic method based on an interpretivist epistemological position, the researcher was able to access the micro-level reality of the influences of context. Being able to see the micro-level manifestation of the institutional forces that are too often left abstract or simplistically applied in the literature, enabled some contribution to reconciling these theories with the reality of a large non-profit organisation as it grappled with the challenges of innovation. Working alongside those that are enacting the phenomenon for an extended period of time was a rare and invaluable research opportunity. Although such research approaches are challenging for researchers to find, fund, and publish from, this project illustrates that our theories of entrepreneurship still have some way to go to explain the multi-layered reality of social entrepreneurship. Typical research approaches that are at arm’s length at best do not fully explain the social reality of this form of human action. To this end, this chapter goes beyond explaining and justifying the research method undertaken and calls for its greater use in the field. Despite the challenges associated with

qualitative fieldwork or hands-on approaches – access, time, methodological politics, empirical generalizability – they do bring insight that traditional methods in the field do not. For example, as demonstrated in Chapters Four and Five, although we position innovation as central to entrepreneurship, and accept that social entrepreneurship in established non-profits or corporates causes or requires hybridity, little research looks at the detail of what this actually means as a micro-level reality. We are left with a number of questions. What does social entrepreneurship innovation actually entail given the greater range of stakeholders whose support is required? How does the creation of the hybrid innovations of social entrepreneurship align with stakeholders whose support is based on traditional non-profit logics? What actually changes in an organisation when it hybridises? It is questions such these which emerged from the fieldwork and from critical engagement with the literature and drove the research project. The outcomes of this are evident across Chapters Two, Four, and Five.

Chapter Four presents the salient aspects of the overall social entrepreneurship story at WVNZ. As an organisation it is grappling with the challenges of an environment that is changing faster than it is, and in fundamental ways. In simple terms, macro-economic and geopolitical trends are changing the development needs of low-income countries, donor market attitudes toward international aid is challenging the relevance of INGOs as intermediaries, and the nature of official aid in New Zealand is compelling INGOs to partner with the private sector. Furthermore, traditional sector boundaries are blurring such that INGOs are at risk of being crowded-out by organisations and models that can mobilise capital faster, at larger quantities, and value propositions with which INGOs struggle to compete. This is despite their brand credibility, established global infrastructure, and reach into deprived communities and developing markets. This includes the rise of public-private-nonprofit partnerships and social/development impact bonds and other impact investment models. For these reasons, like many INGOs (Fowler, 2010), WVNZ is looking into social entrepreneurship to reclaim its waning relevance to the development agenda and the social justice public discourse.

The organisational implications of this strategy are explored in terms of the requisite hybridity for, or resultant hybridity from, implementing such initiatives. As alluded to above, the discussion in Chapter Four considers hybridisation challenge at WVNZ. Using Shepherd and Patzelt's (2011) framework as both a structuring and a theoretical device, the social entrepreneurship opportunities that are available to World Vision globally as natural extensions of its current work are outlined. In considering those opportunities, and those already enacted, the challenges therein are discussed in the context of their conflict with the established institutional logic of the organisation. This discussion extends Shepherd and Patzelt's (2011) framework with this empirical application and its integration with the theory of institutional logics. This work also draws on the ethnographic

intimacy of the fieldwork to identify the aspects of the organisation that are presently inhibiting, with legitimate reasons, its ability to enact its espoused intention to innovate in socially entrepreneurial ways. These were the organisation's financial and institutional compliance, risk appetite, business model, value proposition, and governance. While an ethnographic approach may not be necessary to identify such variables, its value was in observing first hand where the logic conflict manifested most acutely, and what the current logic and potential future hybrid logic actually means in the context of WVNZ and INGOs more broadly.

Chapter Five took the empirical research deep into the practice of social entrepreneurship via an analysis of a particular social enterprise venture that WVNZ undertook. This 'deep dive' in the fieldwork was to examine, in real time, the micro level manifestation of the processes by which context specifically shapes innovative offerings. The chapter analyses the data to consider how innovation within social enterprises manifest as the contested products of negotiation and collaboration of salient stakeholders based on their norms, expectations, and theories of change. Moreover, it reflects upon power dynamics in these relationships based on the purpose and nature of the stakeholder interaction. This process is proposed to be 'contestation' and represents a theoretical extension on the conceptual framework proposed in Chapter Two. Contestation is a process involving, to varying degrees in various contexts, resistance, negotiation, and collaboration. It is through this process that context shapes innovation as valuable stakeholder input is imparted and has influence, leading to potentially superior innovations and impact models. This case effectively illustrates that it is through the flow of resources that contextual forces ultimately shape social innovations within existing non-profit and for-profit organizations, and as social entrepreneurial start-ups (Desa & Basu, 2013).

The nascent enterprise was especially useful for exploring these dynamics because they are particularly susceptible to stakeholder influence as they lack the legitimacy and resources of established enterprises. They also are just beginning to develop the interdependent relationships which can reduce power imbalances with key resource-holding stakeholders and gatekeepers. The influence that stakeholder groups have over innovation processes is considered using the frameworks of stakeholder theory (cf. Jawahar & McLaughlin, 2001; Mitchell et al., 1997), resource dependency theory (cf. Pfeffer & Salancik, 1978), and Schumpeter's (1911) notion of resistance. These theories compel us to consider the power, salience, and legitimacy of stakeholders, and how this generates influence over the shape of innovations from social enterprises. The application of these theories, and the conceptualization of the contestation proposed, provides insight into how the actions of social entrepreneurs represent the interests of communities, collectives, or social

movements, and how social enterprises could be conceived of as community enterprise or community-led whilst being privately held (Montgomery et al., 2012).

Overall, this study has made empirical, theoretical, and methodological contributions to the field of social entrepreneurship. These contributions, and how they collectively inform a contextual understanding of innovation is outlined in Figure 11.

Contextualised Innovation in Social Entrepreneurship in an INGO				
Publications	<i>'Resistance to Social Entrepreneurship'</i>	<i>'Hands-on vs Arms-Length Research'</i>	<i>'Social Entrepreneurship in an INGO'</i>	<i>'Contextual Influence in Action'</i>
Contributions	<ul style="list-style-type: none"> • Social entrepreneurship opportunities are the constructed outcomes of entrepreneurial process <i>and</i> the organisational, societal, institutional, and market context in which the entrepreneur is situated. • Social contexts provide forces that both enable and constrain the social innovation process and that this resistance can often have a positive effect on the outcomes of socially entrepreneurial action. 	<ul style="list-style-type: none"> • Traditional 'arms-length' entrepreneurship research methods to not lead to a complete picture of entrepreneurship as social process. • Its contestable conceptualizations, priorities, models, purposes, and approaches, it arguably defies researchers' ability to understand, from arm's length, how the activity is truly undertaken for theory building purposes. 	<ul style="list-style-type: none"> • Insight into under-researched organisational context. • Hybridisation is prevalent in the literature but usually only discussed at the logic level. Explicates where logic blending will need to happen in an organisation. The points of tension in effectively blending institutional logics lay in the organization's financial and institutional compliance, risk appetite, business model, value proposition, and governance. 	<ul style="list-style-type: none"> • Social enterprises are the products of the social, cultural, commercial, and political expectations of the innovation's range of stakeholders, not solely the vision of the social entrepreneur(s). • Power of stakeholders to influence the development of an innovation is drawn from their salience and the resources, access, and/or legitimacy that their support would provide. • It is through processes of resistance, negotiation, and collaboration that the actions of social enterprises become the manifestations of collective social processes.
Empirical Basis	<ul style="list-style-type: none"> • Conceptual 	<ul style="list-style-type: none"> • Espoused 'data' versus enacted 'data' in WVNZ fieldwork. • Ethnographic fieldwork enables deep, nuanced insight into the how contextual forces are experienced in social entrepreneurship processes 	<ul style="list-style-type: none"> • Ethnographic fieldwork in WVNZ during pursuit of social entrepreneurship strategies. • Empirical application of Shepherd and Patzelt's (2011) framework and its combination with the theory of institutional logics. 	<ul style="list-style-type: none"> • Ethnographic fieldwork in 100Percent social enterprise – a WVNZ socially entrepreneurial initiative. • Illustrative example of the ways in which differing expectations, beliefs, and logics of stakeholders induces particular decisions to be made about the design, resourcing, and strategy of the venture.
Theoretical Concepts	<ul style="list-style-type: none"> • Resistance • Legitimacy • Institutional logics 	<ul style="list-style-type: none"> • Organisational hybridity • Ethnographic and enactive methodology • Contextualised research 	<ul style="list-style-type: none"> • Institutional logics • Organisational hybridity • Opportunity 	<ul style="list-style-type: none"> • Resistance • Institutional logics • Resource dependence • Stakeholder salience • Contestation

Table 11: Overview of Thesis Contributions

Limitations and Further Research

All research projects have limitations, and acknowledging them is important for ensuring an appropriate perspective is maintained on the value, and limits, of a given project. Moreover, identification of limitations can often highlight valuable further research opportunities. For this reason, this section will combine a discussion of both the limitations of this study and potential further research.

The primary limitations of this project stem from the methodology, the structure of this written artefact, and the researcher. The value of ethnographic research relative to the aims of this research has been argued above. The corollary to this deep, exploratory, immersive research journey with a single organisation for an extended period of time is, as mentioned previously, the lack of empirical generalizability of the findings. A full evaluation of the arguments about this particular limitation would be of limited value here (cf. Hammersley & Atkinson, 2007; Van Maanen, 1988). It suffices to say the findings from this study directly pertain to the organisational context in which they were generated. Care must therefore be taken when claiming relevance or equivalence to other organisational contexts within similar conditions or indeed organisations pursuing similar strategies. However, it is worth reiterating that a lack of empirical generalizability does not preclude theoretical generalizability (Watson, 2011), and theorising from a single ethnographic study is as valid as theorising from a single case study (Myers, 2013; Yin, 2003).

To this end, this study has developed a valuable and interesting line of theoretical reasoning with its use of resistance, hybridity, and contestation frameworks that justify further research with a larger sample size. The single case, ethnographic approach employed in this study has provided rich, contextualised understanding of how innovation in social entrepreneurship may be enacted in an established non-profit organisation. This understanding could be used to inform a multi-case approach that builds theoretically upon this work. By collecting data that allows greater cross-case comparisons, further research could explore similarities and differences across contexts, be they geographic, sector, stage of growth, or organisational form.

Another limitation of this study is its broad conceptualisation of the innovation process. Although this was necessary given the desire to examine 'how things happen' in general, in terms of identifying and exploiting an innovation opportunity, it meant that there was not a narrow focus on any particular aspect of the process. For example, although the researcher participated in many processes that in themselves make for scholarly interesting elements of innovation – i.e. ideation processes and the technical discussions therein, strategic planning for scale and dissemination, marketing and engagement, digital engagement, business model innovation, community

development programme design – these experiences were used to build an understanding of this action as a whole through a contextual lens. This meant that these individual and team level processes and sub-topics of innovation have not been an explicit focus in this thesis. There is, however, potential for these aspects of the experience to be explored further in the future, or for particular aspects of the innovation process to be the focus of further research projects.

A further limitation related to the methodology is the way its output is presented here. The decision to complete this thesis with papers meant that the findings and narrative that depicts the action and nature of organisational life at the research site necessarily sits across multiple publications. While the methodological approach used to generate the data was still ethnographic, an ethnography traditionally is the single narrative write-up of an organisation or culture (cf. Van Maanen, 1988). Although this output therefore is not in a traditional format, a single field project is depicted across the thesis as a whole. While this “carving up” of the findings for journal publication is seemingly necessary in business disciplines (Myers, 1999), a degree of the ethnographic and aesthetic richness certainly is lost this way.

One of the theoretical limitations of the contributions made here pertains to the notion of resistance. As the concept holds relevance to many contexts where two or more parties interact where power or resource dependency is relevant, there is a risk that it can be used too broadly such that it begins to lose its meaning, or attempts to become a ‘theory of everything’. Although this risk remains, the articles in Chapters Four and Five built on the initial conceptualisation in Chapter Two with requisite specificity to ensure its meaningful application to the data. Given the researcher’s desire to pursue this concept further, care must be taken to ensure clarity and specificity is brought to the concept, rather than broadening it further for risk of it becoming too vague to provide insight and gain traction in the literature.

Despite its recent emergence in scholarly literature social entrepreneurship as a phenomenon is, of course, not new. But its increasing prevalence, public interest and discourse, and scholarly interest is no less exciting for this. It is gaining interest across various levels of analysis: at the micro-level as specific new ventures, the meso-level as legitimising organisational forms which explicitly pursue social and commercial value, and macro level as societal values change, institutional change, or potential alternative economic system (Nicholls, 2011). If we are to see growth in social entrepreneurship as a specific activity or the permeation of its principles into other forms of organising, then it behoves researchers to contribute to a more critically informed understanding of the activity. This is because, as with all forms of entrepreneurship, it brings about change and change is not without risk. This risk comes in many forms across all levels of action and analysis. The

potential for unintended negative consequences has always been a risk for social purpose organisations, and the vehicles of social entrepreneurs are not immune to this, particularly when working with vulnerable populations. In fact, as new actors are drawn to the practice these risks are even greater as prior knowledge from the social sector can be eschewed by the narrative of social enterprise as panacea. Furthermore, this increasing excitement and prevalence does risk delegitimising or disrupting other forms of organisation and human action in their role in positive social change (cf. Dart, 2004). This includes diverting public funding from incumbent agencies or influencing public policy.

Part of our research imperative therefore ought to ensure we develop nuanced understandings of the variations of this activity from commercial forms of entrepreneurship and non-profit management not only as an organisational practice but as vehicles for value creation. Presently, as alluded to in this thesis, there seems to be an oversimplification of the blending of such logics and a de-emphasising of the inherent social-commercial hybridity of 'traditional' business and non-profit organisations. This study has contributed to this through its contextual lens and ethnographic approach. For this researcher it has also raised questions about how clearly we understand how ventures, when considered across a spectrum of their primary value creation purpose – spanning from social to commercial – contribute to social wellbeing. This is not to say that there are not unique phenomena in social entrepreneurship, but rather that our distinctions risk being arbitrary or convenient (Dacin, et al., 2010).

At various points in this thesis, reference has been made to the calls for research, to which this study responds, that contextualises entrepreneurship theory and theorises entrepreneurship context (Wiklund et al., 2011). This is to enable researchers to consider how entrepreneurship happens in diverse organisational and sector contexts with social entrepreneurship being a prime example. At the conceptual level, at least, there is potential to also explore what is *social* about all entrepreneurship such that we can delimit social entrepreneurship and social enterprise hybridity with more integrity. In this way we could theorise about conditions under which entrepreneurship is social, non-social, or anti-social based on the net social value created. For example, if social value creation advances the common welfare (Dewey, 1939) through activities that better society as a whole (Lumpkin et al., 2011), we could posit that anti-social entrepreneurship is the exploitation of market or non-market opportunities that result in a negative net societal outcome, in that they harm society as a whole and detract from common welfare. Just as all entrepreneurial activity can have a positive social element – for instance profit maximising enterprise without an explicit social mission will still create tax revenue and employment (Mair, 2006) – it can also have negative elements such as environmental degradation, harmful health effects on consumers, or other forms of social

erosion. Where the negative impact outweighs the benefit, could we say the venture, and therefore the entrepreneurial outcome, is 'anti-social'? This would require researchers to grapple with the inherent tautology of present social entrepreneurship definitions that are based around addressing social problems or creating social value. This would build on the work of Santos (2012) and Newbert and Hill (2014) in integrating economic understandings of value creation and externalities with notions of social change, social impact, and social mission.

Building context based theory requires consideration of the social, historical, and institutional context in which the action is taking place (Davidsson, 2008; Watson, 2013; Welter, 2011). The importance of accounting for the role of context is particularly acute in informal, social, sustainable, or cultural entrepreneurship because of the greater influence it has on entrepreneurial processes such as innovation and resource configuration (Newth & Woods, 2014; Newth, 2015). How entrepreneurship happens, and why, in these contexts requires research approaches that account for the context in which the phenomenon is happening. Ethnography immerses the researcher into the context of the entrepreneurial action and allows for an appreciation of the nuances of the purpose of the entrepreneurship and how this, in concert with the context in which it is happening, influences what is done and how. By closely observing and participating in entrepreneurship in diverse contexts, researchers will also be better able to explore the wider set of issues that entrepreneurship may address. While such approaches limit transferability and generalizability of research findings, these same approaches increase their insight and fidelity. This provides greater insight that can build theory about the processes and behaviours of entrepreneurship that transcend context.

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Appendix A – Interview Questions

The interviews conducted were semi-structured and flexible in format to allow points of interest to be explored with participants. This involved asking further follow-up questions, asking for clarification or elaboration, and allowing for general conversation. Individualised questions pertaining to each participant's role, expertise, and perspective were also asked. Interviews ranged from 60 to 90 minutes in length.

The questions listed below are indicative of the questions asked of participants. However, many others were asked, and questions were worded to ensure that the participants were not led to give particular answers.

Participant Background:

- How did you come to work for World Vision (WVNZ)? What is your prior professional background? What did you want to work for the organisation?
- Describe your role and responsibilities at WVNZ. How long have you worked there?

Social Mission and Opportunity:

- How do you understand the mission of WVNZ?
- How does WVNZ try to achieve that?
- In what ways does the organisation need to change? Is there need for innovation?
- What are the immediate objectives of your innovation efforts?
- What are the long-term objectives of your innovation efforts?
- Do you envisage your innovation efforts to be continuous or episodic?
- What is the opportunity you are looking to pursue in general, and specifically with this innovation?
- How did you conceive of this opportunity?

Context:

- What is driving the change processes that are happening in the organisation?
- What is happening in 'the field' that requires you, as an organisation, to innovate?

- What is happening in the market that requires you, as an organisation, to innovate?
- What resistance are you facing in pursuing this innovation?
- What resistance do you anticipate facing in pursuing this innovation? Why?

Team:

- Which personnel are directly involved in the innovation process?
- Is their involvement based specifically on their capabilities or more generally on their position?
- To what extent has a team been formalised around the innovation process?
- How is leadership, control, and accountability implemented in the innovation processes relative to 'business as usual'?

Resources:

- What would you describe as the key resources that the WVNZ has as the basis for its innovation processes?
- How do you perceive the brand capital of the WVNZ?
 - In what ways does this enable and/or inhibit the organization?
- How can the existing base of supporters be used in the innovation process?
- What other in-house capabilities and capacity form part of the logic of the innovation process?