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SOCIAL ENTREPRENEURSHIP AND THE COMMON GOOD

Helen M. Haugh and Bob Doherty

ABSTRACT

The common good refers to contextual conditions that contribute to human wellbeing and flourishing, such as prosperous communities and environmental sustainability. In this paper, we consider how entrepreneurship impacts society by investigating the generalized outcomes of social entrepreneurship on the common good. From a qualitative study of ten large and profitable social enterprises in the United Kingdom, we theorize how social entrepreneurship contributes to the common good in the short and long term. We also conjecture how some commercial practices undermine the common good and further, explain how the common good performs as a conceptual anchor for social entrepreneurship.

Keywords: Social entrepreneurship; common good; environment; community; impact; sustainability

INTRODUCTION

In neoliberal capitalism, individualism and free markets are the assumed base for economic prosperity (Harvey, 2005). Despite the many positive impacts attributed to entrepreneurship, such as innovation (Schumpeter, 1942 [2014]), job creation (Birch, 1979, 1987), empowerment (Jennings, Jennings, & Sharifan, 2016), and emancipation (Rindova, Barry, & Ketchen, 2009), neoliberal capitalism has also been associated with the diminishment of the good of individuals, communities, and the environment (O'Brien, 2009). Societies most fundamental social and environmental problems appear to grow out of a widespread preference for

the pursuit of individual above communal interests (Epstein, 1998; Etzioni, 1999; Jordan, 1989; Marens, 2018).

While entrepreneurship is most commonly associated with the pursuit of commercial success, social entrepreneurship describes business activity in which trading aims to create positive social and environmental impacts (Austin, Stevenson, & Wei-Skillern, 2006; Battilana & Lee, 2014; Hoffman, Gullo, & Haigh, 2012). While creating prosocial value is also the aim of non-profit organizations, the aim of social entrepreneurship is to create such value and be financially sustainable (Battilana & Lee, 2014; Doherty, Haugh, & Lyon, 2014; Hoffman et al., 2012). Distinctive to social entrepreneurship is that social and environmental missions are “embedded into the trading activity” (Teasdale, 2012, p. 518). Consequently, social entrepreneurship impacts extend beyond financial wealth to include social and environmental value creation. Collectively these impacts foster the common good outcomes of human wellbeing and flourishing. Interest in the common good has surfaced in many realms of public life and is manifest in societal appeals to increase access to education, reduce crime and poverty, respond to climate change, and prevent environmental degradation (Jordan, 1989; O’Brien, 2009). The common good is achieved in two ways: individually, through citizenship and participation in politics and public service; and collectively in group and community action (Dupré, 1993; Sison & Fontrodona, 2012; Smith, 1999). Connecting social entrepreneurship and human wellbeing and flourishing, we ask the question, *How does social entrepreneurship impact the common good?*

We respond to the question in a qualitative study of ten social enterprises and employ inductive analysis to theorize the connections between social entrepreneurship and community level outcomes. The paper makes two contributions. To entrepreneurship we advance a framework to connect social entrepreneurship with generalized positive economic, social, and environmental impacts, and theorize three new constructs of making, staking, and taking the common good. To social entrepreneurship we explain how the common good serves as a strategic conceptual anchor.

The conceptual framework is built on concepts from entrepreneurship and society, and the common good and these are reviewed in the next section. This is followed by an explanation of the methodology, data analysis, and presentation of the findings. In the discussion, we develop a conceptual model to explain how the new constructs relate to organization impact, and connect our theorizing to the extant literature on entrepreneurship, and social entrepreneurship. The final section concludes the paper, comments on the limitations, and suggests areas for future research.

CONCEPTUAL FRAMEWORK

Entrepreneurship and Society

Traditional conceptions of entrepreneurship focus on profit, job creation (Birch, 1979, 1987; Parker, 2004), and economic growth (Carree & Thurik, 2005). The long period of neoliberal capitalism, commencing in the twentieth century but

rapidly advancing after the 1970s, reified individualism, free markets, small government, and private wealth accumulation (Harvey, 2005). Accordingly, societal prosperity was assessed in relation to economic performance, primarily organization growth and profit. Yet organizations are embedded in webs of relationships, the most notable being with the communities in which they are located and serve (Lumpkin & Bacq, 2019; Marquis & Battilana, 2009; McKeever, Anderson, & Jack, 2014; Peredo & Chrisman, 2006; Seelos, Mair, Battilana, & Dacin, 2011). Three reasons may explain why community level outcomes receive less attention than economic prosperity and organization growth and profit. First, as the boundaries are more readily drawn for an organization than a community, community outcomes are more ambiguous to assess than organization performance (Sison & Fontrodona, 2012). Second, methods for measuring economic performance are institutionalized, whereas methods for measuring community outcomes are more difficult to verify (Stephan, Patterson, Kelly, & Mair, 2016). Finally, community outcomes may take longer to materialize and be more difficult to causally explain than organization outputs (Ebrahim & Rangan, 2014; Stephan et al., 2016).

By the twenty-first century corporations and entrepreneurs have increasingly been charged with “serving public ends” (Klein, Mahoney, Mc Gahan, & Pitelis, 2010, p. 1). In response, corporations and entrepreneurs have been encouraged to adopt social and environmental initiatives to demonstrate their commitments to society and the environment (Hollensbe, Wookey, Hickey, George, & Nichols, 2014; Marens, 2018). Moreover, performance evaluation techniques have been developed to assess social and environmental outputs, impacts and outcomes (Haugh, 2006, 2007; Wry & Haugh, 2019), for example, social return on investment (Ebrahim & Rangan, 2014; Emerson, 2003; Nicholls, 2009; Rawhauser, Cummings & Newbert, 2019) and sustainability measures (Gray, Duncan, Kirkwood, & Walton, 2014). Despite the array of performance measures and causal mechanism ambiguity, the social role of entrepreneurship is increasingly acknowledged (Acs, Boardman, & McNeely, 2013; Shepherd & Patzelt, 2011; Stephan et al., 2016; Steyaert & Hjorth, 2008; Zahra & Wright, 2016). Social entrepreneurship embodies the movement toward embedding social and environmental purpose in entrepreneurial activity (Doherty et al., 2014; Teasdale, 2012). Social enterprises are not aligned with the organizational conventions of traditional private, public and charitable sectors (Billis, 2010) in that they prioritize the achievement of social and environmental objectives equally, or above, commercial goals, and generate at least part of their income from trading activity (Doherty et al., 2014; Pache & Santos, 2013; Zahra, Gedajlovic, Neubaum, & Shulman, 2009).

Community level outcomes may be created in the same place as a social enterprise, such as when community-based enterprises work locally to alleviate poverty (Peredo & Chrisman, 2006), increase empowerment (Johnstone & Lionais, 2004; McElwee, Smith, & Somerville, 2018), mitigate environmental damage (Gray et al., 2014), and generate green energy for local consumption (Munday, Bristow, & Cowell, 2011). Social and environmental outcomes may also be generated in other, more remote, communities, such as when the sale of fair trade certified goods in developed economies generates trading income for smallholder producers, and also the payment of the fair trade social premium to fund community

development projects (Child, 2015; Nicholls & Opal, 2005). Such outcomes may be created intentionally (Nicholls & Opal, 2005), or as unintentional outcomes of entrepreneurial activity (Zahra & Wright, 2016).

The concept of civic wealth creation (CWC) has been proposed to describe the generation of community level social, economic, and communal wealth endowments (Lumpkin & Bacq, 2019). The CWC construct is comprised of community, support regimes, and enterprise and these actors collaborate to generate social, economic, communal, and civic wealth creation. Although not directly referred to as the common good, the well-being of a “populace” construct (Lumpkin & Bacq, 2019, p. 384) is closely aligned with the more established concept of the common good.

The Common Good

Rooted in Aristotle’s philosophy and still in use today, the common good describes the “good proper to, and attainable only by, the community, yet individually shared by its members” (Dupré, 1993, p. 687). From this perspective, the common good is communal – no individual can be denied from its benefits (Dupré, 1993; Sison & Fontrodona, 1993). A flourishing common good is thus “equally to everyone’s advantage” (Rawls, 1971, p. 29). Our argument is not that entrepreneurship impedes the common good, indeed prior research has explored the relationship between entrepreneurship and social value creation (Acs et al., 2013), and employed the concepts of other-directed behavior to describe values (Day & Hudson, 2011) and intentions (Marshall, 2011) to promote the welfare of others. Rather, it is because of the “incongruence between profit status and social mission primacy” (Marshall, 2011, p. 183), that we aim to investigate how social entrepreneurship impacts the common good.

In this study, we adopt the view that the common good consists primarily of having the institutions, social systems, and environment function in a manner that benefits all people. Examples of particular common goods, or parts of the common good, are a prosperous local economy, healthy and educated population, and unpolluted environments. Because such conditions impact on human wellbeing and flourishing, many social and environmental challenges can be linked to systemic relations between people, profit, and the planet.

Generating and sustaining the common good requires the individual and cooperative efforts of some, often many, people and these efforts pay off because the common good is accessible to all members of a society (Dupré, 1993). All persons, for example, could enjoy the benefits of social harmony, clean air, and an unpolluted environment. Inherently, something counts as a common good only to the extent that it is a good to which all have access. A “good society” is one in which “People share in a good quality of life and value this association with each other as members of the same community” (O’Brien, 2009, p. 16). To be held in common, the good of the whole is at the same time a good for all individuals, including the least served (Hollensbe et al., 2014; O’Brien, 2009). A good society thus requires systems, institutions, and environments that “promote common interests and encourage association, inclusiveness, and sharing” (Jordan, 1989, p. 17).

In the common good tradition, individuals are understood to be primarily social beings and integrated into a network of social relationships (O'Brien, 2009), namely, a community. A good society thus also comprises people joined together in commercial, social, and political webs who also share moral obligations to each other (Jordan, 1989). Since the common good focuses on the wellbeing of the whole group and less on the welfare of any one individual (O'Brien, 2009), this communitarian perspective (Etzioni, 1988, 1999) contrasts radically with neoliberal capitalist prioritization of individual above communal interests. More critically, corporations and entrepreneurs that exploit people and the environment not only fail to advance the common good, but they may also actively undermine the common good (Hollensbe et al., 2014). As we are only just beginning to examine how entrepreneurship impacts society, our research investigates the question, *How does social entrepreneurship impact the common good?*

METHODOLOGY

The research is explanation oriented (Grant, 2003; Paroutis & Heracleous, 2013), and inductively theory building (Strauss & Corbin, 1990). Explanatory research seeks to understand practices that are in play but not yet understood and labeled and, although interest in social entrepreneurship is increasing rapidly (Battilana & Lee, 2014), few empirical studies have investigated community level impacts (e.g., Haugh, 2006, 2007; Mair, Martí, & Ventresca, 2012; Mair, Wolf, & Seelos, 2016). Yet understanding how social entrepreneurship impacts communities is theoretically and practically valuable for explaining how entrepreneurship impacts society.

Research Context

Social enterprises adopt business models that combine commercial trading with the pursuit of social and environmental mission (Austin et al., 2006; Battilana & Lee, 2014; Hoffman et al., 2012). The principle strategic decisions concern how to build a business model that is both the foundation of commercial success (Austin et al., 2006; Battilana & Lee, 2014; Pache & Santos, 2013; Smith, Gonin, & Besharov, 2013; Wilson & Post, 2013), and that also creates positive social and environmental outputs, impacts, and outcomes (Wry & Haugh, 2019). By coupling together commercial performance with social and environmental mission, business models are designed such that profit is derived from delivering products and services that intrinsically benefit society (Hollensbe et al., 2014). The pursuit of commercial, social, and environmental missions thus makes social entrepreneurship an appropriate setting to investigate the common good because trading and common good outcomes are mutually constitutive.

Data Sources

The last thirty years has seen a significant rise in social entrepreneurship across countries and industries (Battilana, Sengul, Pache, & Model, 2015; Doherty

et al., 2014). Our focus is on investigating impact and outcomes, and we therefore selected senior leaders to interview as they are responsible for organizational mission, goal achievement, and strategic decision making (Child, 1972; Daft & Weick, 1984; Lyles & Schwenk, 1992; Thomas, Clark, & Gioia, 1993). Researcher access to senior leaders is known to be difficult and hence sample size tends to be small (Paroutis & Heracleous, 2013). We also focused on large social enterprises, defined as those with an annual trading income greater than £1 million. Larger social enterprises are unlikely to face the same resource allocation dilemmas as smaller organizations as they have overcome the liability of newness (Stinchcombe, 1965) and established sustainable income stream(s). We gained access to informants from two social enterprise networks: A major social finance organization and a professional association. For each participating organization we interviewed the CEO and at least one other member of the senior executive team. In total, 25 interviews were conducted. The social enterprises are diverse and operate in a range of industries, for example, financial services, leisure, manufacturing, retailing, marketing services, community regeneration, and media.

Data Collection

Four data collection methods were employed. First, prior to the interviews we invited informants to provide us with background information about their social enterprise, the strategic challenges they faced, and copies of strategic planning documents. These data were collected in email correspondence between the researchers and the informants and was employed to provide contextual information and refine the interview schedule. Second, we conducted in-depth interviews with informants. To deepen our understanding of how informants understood the common good, we also organized two focus groups during which our informants discussed with each other the strategies they implemented and challenges they faced. Finally, we reviewed public secondary data for each of the participating organizations, for example, financial statements, social impact reports, and other documents. The media reports for each organization were downloaded from Factiva. The case studies are anonymized, and code names employed. (Table 1 presents the data sources.)

Data Analysis

Guided by the principles of grounded theory (Strauss & Corbin, 1990), categories of strategic decisions found in the strategy literature, for example, diversification and internationalization, were set aside and instead, strategic decisions treated as unknown. Accordingly, the transcripts and secondary data were analyzed using inductive qualitative techniques (Paroutis & Heracleous, 2013) that allowed findings to emerge from the data. To begin, both authors analyzed the pre-interview data, secondary data, and interview transcripts independently. This was first carried out manually to stay close to the empirical data during open coding, followed by analysis using the NVivo software package to scrutinize the veracity of our open coding and preliminary theorizing.

Table 1. Participating Social Enterprises and Data Sources.

Organization and Mission	Established and Sector	Interviews	Focus Group	Media Articles
<i>Ability</i> <i>Mission:</i> "To provide the means for disabled people to support themselves through employment." CEO	1854 Disability employment	CEO (1) Marketing (1) Office (1)	X	27
<i>Boating</i> <i>Mission:</i> "Preservation of heritage, environment, leisure, and education activities for the nation in perpetuity." Former director	2015 Leisure and amenity services	Director (1) Trustee (1)		116
<i>Cocoa</i> <i>Mission:</i> "Improve the livelihoods of cocoa farmers by putting them higher up the value chain." CEO	1998 Fair trade confectionery	CEO (1), Chair (2)	X	1,927
<i>Coffee</i> <i>Mission:</i> "We champion the work and passion of smallholder growers, delivering great tasting hot drinks to improve livelihoods, whilst pioneering new and better ways to do business." CEO	1991 Fair trade coffee and tea	CEO (2) Strategic Development Director (1)		1,902
<i>Finance</i> <i>Mission:</i> "To dismantle poverty, dismantle inequality, create opportunity." CEO	2003 Social finance	CEO (1) Manager (1)	X	555
<i>Health</i> <i>Mission:</i> "Intermediate labour market employment support by doing good with bikes." Trustee	2006 Bicycle sales, training, intermediate labor market	Strategy Director (1), Trustee (1)	X	116
<i>Marketing</i> <i>Mission:</i> "Our mission is to benefit the lives of young people by being the best marketing agency in the UK." CEO	2000 Marketing and business services	CEO (1) Director (1)	X	65
<i>Nutrition</i> <i>Mission:</i> "To improve the livelihoods of small holder nut producers, we do that by growing the brand." CEO	2007 Fair trade nuts and seeds	CEO (2) Supply Chain Manager (1)	X	78
<i>Place</i> <i>Mission:</i> "Reducing inequality and supporting people to address the root causes." CEO	2002 Community development	CEO (1) Director (1)	X	200
<i>Sport</i> <i>Mission:</i> "We exist to make community services and spaces better for everyone. That means providing access to quality community leisure and fitness facilities – and more – at a price everyone can afford." CEO	1993 Sport and leisure services	CEO (2) Head of Development (1)	X	1,254

The first round of open coding was conducted by highlighting all references relating to strategy, challenges, and practices, and to inform the questions in the subsequent interviews. In this process, specific attention was given to the major decisions made by informants and *how* they talked about making strategic decisions. After all the transcripts had been analyzed, the highlighted extracts were scrutinized and grouped into empirical themes (first author $n=18$, second author $n=22$). The authors then met to discuss both the open coding and to organize the empirical themes. The first round of discussion produced 18 empirical themes which, after further interrogation of the empirical data and in consultation with the strategy literature, were condensed to 15 empirical themes. The next stage of the analysis involved theorizing conceptual categories from the empirical themes (Strauss & Corbin, 1990). Working closely with the social and environmental impact, and common good literatures, we abstracted five conceptual categories from the data. The aggregate theoretical dimensions capture strategies and practices that enhance the common good in the short term (generalized economic, social, and environmental impact) and in the future (generalized deferred impact). Further analysis uncovered practices described by informants as harming communities and the environment, which we theorized as generalized negative impact (Fig. 1). Below we present the derivation of the aggregate theoretical dimensions and present illustrative quotes from our interviews and secondary sources. Supplementary empirical data are presented in the Appendix (Table A1) at the end of the paper.

FINDINGS

Common Good Making

In our empirical analysis, we theorize how social entrepreneurship explicitly seeks to positively impact local economies, communities, and the environment. Social

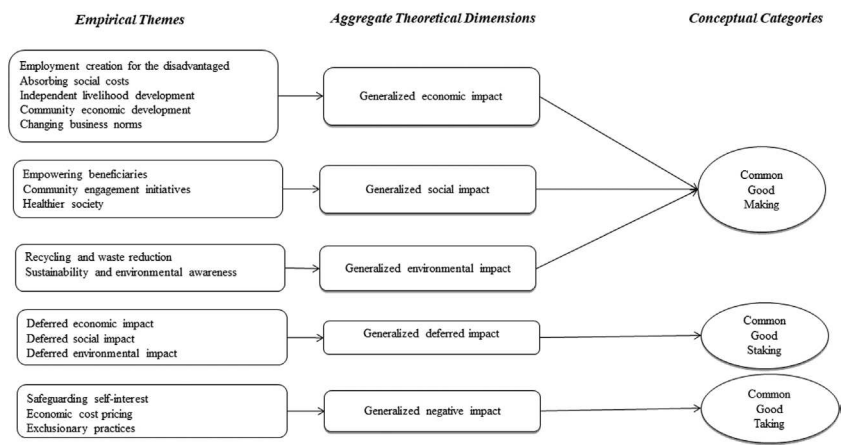


Fig. 1. Data Structure.

enterprise strategies were designed with the benefit of disadvantaged people and the community in mind, and when the organization also benefits, this further enhances community benefit. These community benefits are labeled generalized economic, social, and environmental impact as the positive outcomes are not restricted to beneficiaries – they also impact human wellbeing and flourishing more generally.

Generalized Economic Impact

Social entrepreneurship strategies were designed to directly generate organizational income and also create more generalized economic benefits for the communities in which they operate and society. Five strategies lead to generalized economic impact. First, *employment creation for the disadvantaged* describes how strategies were designed to provide paid employment for the disabled, young offenders, young people suffering with mental health and addiction problems, people living in areas of deprivation, and impoverished smallholder farmers in developing countries. Strategies aimed to purposefully work with and support such disadvantaged groups, generate organizational income, and fulfill social and environmental missions. At Ability, a social firm that manufactures soaps and toiletries, the former CEO explained: “We run the Government specialist disability employment programme which is called Work Choice. We provide training and employment opportunities for disabled people.” The overriding goal to support the disadvantaged determined the strategy of the organization: “(Our aim) is to generate as many jobs as possible for disabled people within the financial confines of the business” (Former CEO, Ability).

In recognition of the additional support required to assist the disadvantaged into employment, the business models are designed to *absorb social costs*. For example, internal budgeting includes a cost allocation for providing employee basic skills training, counseling, temporary cover during employee relapses, and additional life skills support. At Finance, a provider of social finance and business support, the director explained how employee support costs are built into the organization’s overheads: “The cost of getting people work-ready, which is what we’re talking about, that’s something that is borne by the social enterprise.” The need for the budget overhead costs for supporting people back into work was elaborated further by the strategy director at Health, a social enterprise that offers employment training and opportunities related to cycling:

You don’t want people to be rewarded for causing trouble and then not being able to come to work, but you also don’t want to penalise people for having mental health problems. So, it’s challenging and resource intensive.

Three of the social enterprises in our study compete in highly competitive and price sensitive markets for fast moving consumer goods (FMCGs). Markets for FMCGs can be lucrative but power tends to be unequally distributed in the supply chain – contracts between FMCG manufacturers and smallholder producers of agricultural commodities are known to be exploitative (Doherty, Davies, & Tranchell, 2013). To facilitate *independent livelihood development* of

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smallholder producers, Coffee, Cocoa, and Nutrition had each secured fair trade certification and thus were committed to paying the “fair trade price” to producers of agricultural commodities. The calculation of a fair trade price is based on providing reasonable and reliable income to smallholder producers and, even if the market price for commodities falls below the fair trade minimum price, fair trade certified organizations commit to paying the fair trade price and the social premium (Doherty et al., 2013; Nicholls & Opal, 2005) – the fair trade price thereby provides income reliability for smallholder producers. The chair of Cocoa described that:

Our original mission had been to improve the livelihoods of cocoa farmers by setting up a dynamic farmer-owned, fair trade chocolate marketing company in the very valuable UK market thus putting farmers higher up the value chain.

According to fair trade governance principles, decisions about how to invest the social premium are made by the community, such as building production and community facilities:

Our producers in Nicaragua are expanding their own processing facility capabilities as we speak and we are very involved in that project, feeding through the expertise so they can build their own peanut processing plant and manufacture peanut butter at origin. We are adding value back down the supply chain via both the fair trade premium and the social premium we pay. (CEO, Nutrition)

Our informants explained how strategies were explicitly intended to generate income and promote *community economic development* – broadly construed to include helping the local community, local businesses, and producers. For example, two strategies to support community economic development are first, contracting with local suppliers (Place), and second, long-term contracting (Coffee, Cocoa, and Nutrition). In all our participating organizations, any surplus is reinvested to further advance social impact. To illustrate, at Place, a community development organization that manages an inner-city property portfolio, all surpluses generated from rental income are reinvested to support employment programs for young offenders and deliver social care services for single mothers. The CEO of Place described how:

We started investing in workspaces for small business. So we knew that there was a demand to keep small business in the area. We also knew we could access income to provide a rental return for Place.

Supporting long-term community regeneration is the explicit aim of Sport, a large sport and leisure facilities management social enterprise. The CEO of Sport comments:

We won the Olympic park contract because of our focus on long-term legacy regeneration of the geographical area If you are going to get a legacy out of the 2012 London Olympics, you cannot just turn around and say, “run these things as cheaply as possible.”

Strategies were also designed to catalyze change in how corporations and entrepreneurs do business by *changing business norms*. For example, a shared aim of Coffee, Cocoa, and Nutrition is to demonstrate to mainstream FMCG

manufacturers that trading fairly with smallholder producers can be commercially viable. Finance adopted an explicitly commercial business model to address homelessness to show mainstream commercial organizations that helping the homeless need not rely on philanthropy: “We were never set up as a charity ... it was a business-like solution to the crisis of homelessness” (CEO, Finance). Boating, a social enterprise created to manage canals, rivers and waterways in England, aimed to demonstrate how to sustainably manage assets that had been devolved from the public sector:

There’s real interest in how you can create a new model which the government can feel, does what it wants, which is basically gets assets and liabilities of its books ... without frightening the public by saying they’re going to privatize it. (Former director, Boating)

The strategic intention to change business norms was also apparent in the evolution of the business models adopted by the social enterprises in our study. For example, the CEO of Marketing, a business services social enterprise that employs and supports young people into work, explained how their business model had advanced from being initially based on cross-subsidization between economic and social mission, to full integration of financial and social missions:

So, there was a time when we would look at some bits of work just to generate income (here), to then fund the social impact over there. But I do not think that is the future. I do not think that is what we as social enterprises are supposed to be doing. I think that is close to just an evolved hybrid of CSR, where a company does what it does and then goes to do so some good elsewhere.

Generalized Social Impact

Social enterprise strategies were also designed to socially benefit employees, communities, and society. Activities to help the disadvantaged find employment would also help them earn income, and *empower beneficiaries* by increasing their confidence and autonomy. Specific practices to empower beneficiaries included involving them in strategy development, sharing brand property rights, and board level participation (Coffee, Cocoa, and Nutrition). Such practices empower beneficiaries by providing a mechanism for their voice to be heard in organizational management and governance. For example, one of the founding objectives of Cocoa is to empower female cocoa farmers in Ghana. This is achieved by requiring 30% female participation in organizational governance via setting a quota at all decision-making levels in the (name of cooperative) in Ghana:

I think the ownership structures and the board are important ... and so the fact that the board has got farmers on it ... to integrate the community of beneficiaries into the ownership of the organization and decision-making structures of the organization. (CEO, Cocoa)

And at Coffee any surplus is gifted to a foundation to invest in projects to empower farmers:

It was set up in 2009, the (name of foundation), which I think then helps us manage the implementation of impact in a way that is more empowering for growers and multiplies up its impact. (CEO, Coffee)

At community level, social entrepreneurship also fosters *community engagement activities*. As explained above, all business opportunities at marketing are evaluated in terms of social impact. At other organizations, more lucrative commercial opportunities are evaluated in relation to the potential to achieve social mission. For example, Sport provides access to “learn to swim” classes for all ages and, collectively, is the largest swimming club in Europe. Sport also manages all ability cycle clubs to encourage diverse groups of people to take up cycling: “We are welcoming to all people young and old. Our competitors are not inclusive when it comes to age” (CEO, Sport). As well as fostering community engagement, social enterprise strategies also seek to encourage more active lifestyles that in turn help to contribute to a *healthier society*. At Place, for example, surplus income has been invested in establishing a healthy living center that delivers courses for the local community on nutrition, physical exercise, and mental health.

Generalized Environmental Impact

In addition to generalized economic and social impacts, social enterprise strategies also seek to promote environmental sensitivity, respect for the environment, and sustainability-oriented behavior. At Health, for example, the generalized environmental impact of refurbishing broken bicycles is to promote *recycling and waste reduction* by reducing the number of old and damaged bicycles sent to land fill sites. The Health strategy director explained that: “Because we sell so many reused bikes ... we save thousands of tonnes a year of things just being thrown away.” And at Cocoa, all product packaging is designed to use only recyclable materials:

We have looked at how we can do what we do as well as we can do with a lower impact as possible. But we have to deliver products that are attractive and secure because they are food products. So, the idea is that our Easter eggs have never had plastic in them. And our Advent Calendar, we were the first people to use recycled plastic trays. (Chair, Cocoa)

Promoting environmentally responsible behavior extends to embedding *sustainability and environmental awareness* across as many business functions as possible. The commitment to sustainability is a fundamental social enterprise shared value, even when this commitment incurs additional costs when compared to competitors. The organizational level practices to manage the impact of the additional sustainability costs are embedded into administrative procedures, for example, activity-level forecasting and budgeting, regular strategic reviews in consultation with internal and external stakeholders; marketing, service innovation; human resources management, for example, recruiting staff with strong commercial acumen and social mission fit; and governance, for example, frequent executive and board meetings. The chair of Cocoa explained how, in practice, it had been difficult to communicate their sustainability commitments to its distributors. Describing negotiations to import commodities into the United Kingdom, the distributors focused on convenience, whereas Cocoa prioritized environmental impact:

We moved our warehousing to Hull and then asked the shipping company coming from Germany to go into Hull because it is a port. And they kept on saying to us, well it will cost you the same and there are many more options if you go into Dover and then come up by road. And

I am saying, you have not understood, what we are trying to do is not have that bit, and so were not actually asking for cost saving at the moment, although we might come back later. What were actually saying is we want to use Hull because we do not want to use the road.

Common Good Staking

Not all generalized economic, social, and environmental impacts materialized in the short term – some took more time to come about. For example, after completing skills training with a social enterprise, successful graduates are assisted into employment with other organizations. Several months, sometimes years, after starting regular work, graduates voluntarily return to the social enterprise to “tell their story” to trainees about how they had turned their life around, for example, by giving up drugs and finding paid employment. Generalized deferred impact describes how the impacts of social enterprise strategies on human wellbeing and flourishing materialize in the longer term.

Generalized Deferred Impact

Strategies designed to create generalized future impact, such as social investing and distributive wage policies, create *deferred economic impacts*. For example, investors in Finance and Nutrition were willing to forgo short-term commercial returns on their investments, preferring to wait until the social enterprises achieved profitability before expecting any financial return on investment. Referring to prioritizing surplus reinvestment above distribution: “The structure is geared towards reinvesting in the enterprise and the brand, rather than the capital gain aspect of a standard limited liability company” (Finance, 2010, Internal Evaluation Report, personal correspondence, p. 13). In other examples, employees were prepared to accept below market rate remuneration (Nutrition), and defer bonus payments (Cocoa), until social enterprise profit was sufficient to allow pay increases and bonuses to be awarded to employees.

Narratives about support from beneficiaries describe *deferred social impact*. For example, informants from Marketing, Health, and Place explained how, after completing training and securing full time employment, former trainees would return and offer support and mentoring to people enrolled on their programs. Also, at Cocoa the Chair of the board explained how gender initiatives, education classes, and schooling projects had been established to improve the attractiveness of cocoa farming to young people because, for parents, this increased the likelihood that their children would stay in the home rural community and, in addition to becoming cocoa farmers, would be nearby and care for them in the future:

The ... cooperative have done an awareness training programme to bring up the discussion with their members. They have said, you know, this is important, you send your children to school because that is the positive thing to do, then your children will be able to look after you in old age. If you invest in your children then they will be able to look after you. They become cocoa farmers, or something else. So they really emphasise sending your children to school. They invested in building schools so that there are better schools in rural areas. (Chair, Cocoa)

Deferred environmental impacts are derived from strategies to generate create longer term environmental improvements. For example, at Cocoa, 2% of annual turnover is invested in a producer support and development fund that works with cocoa farmers to promote sustainable farming methods, for example, to help adapt farms and farming methods to climate change, such as new approaches to shade management that uses cocoa trees, and using compost to enhance soil structure and fertility (Cocoa, 2018–2019, Impact report, personal correspondence, pp. 5 and 8). The CEO of Coffee also described how the organization had established “centres of excellence” in Kenya and Peru to train young coffee farmers in sustainable agricultural practices so that fewer chemical inputs are required in coffee production, thereby enhancing long-term soil fertility. The deferred environmental impact is produced from the adoption of more sustainable cultivation methods, which leads in turn to positive long-term environmental outcomes such as increases in biodiversity and soil health. In addition, coffee farmers are taught how to better use data to combat the negative impacts of climate change (Coffee, 2020, Annual report, *personal correspondence*).

Common Good Taking

While the data presented above explain how social entrepreneurship impacts positively on the common good, several informants made comparisons between social enterprise shared values and what they consider to be less moral corporate practices. Distinguishing from the economic construct of negative externalities in which third parties suffer the costs of exchange transactions, generalized common good taking theorizes how opportunities to contribute to the common good exist, but are not taken. Common good taking refers to practices that diminish human wellbeing and flourishing.

Generalized Negative Impact

Frequently referred to by informants, organizational strategies that *safeguard self-interest* diminish the common good. To illustrate, consider the practice of failing to uphold commitments to supply chain transparency. While fair trade certification requires complete product source transparency, the CEO of Nutrition explained how organizations could evade supply chain transparency by accepting commodities from unregulated suppliers. Fair trade certification prohibits this practice however, commodity sourcing from unregulated sources persists:

We are niche, and we operate in a niche. I am not playing with the kind of customers, or I am not operating in the kind of areas of business where I might get a chance to supply someone a container load of cashews but do not ask too many questions about where they are from. We are just not in that game. There are very large scale nut producers who are supplying nuts from not particularly traceable supply chains. I am just not in that sphere at all. (CEO, Nutrition)

In a second example, also from fair trade, organizations can elect to adopt fair trade certification for specific products, but not across their full product range. As product specific adoption is cheaper than full product range adoption, organizations reap the benefits of fair trade certification even when only one product

is fair trade certified. While securing fair trade certification for all products is resource intensive, it signals to stakeholder groups a greater level of commitment to fair trade principles when compared to product specific adoption:

I think you look at the commercial enterprises that will use fair trade – they have used it; they have not adopted it. I do not think any of the new organisations have adopted it 100 per cent. I think they have chosen to use it where it makes commercial sense They might argue differently. (CEO, Coffee)

Other practices that diminish the common good include not minimizing packaging waste, under-calculation of project costs, and offering assisted employment opportunities to people with the least challenging disabilities. For example, describing how competitors used *economic cost pricing* (i.e., no allocation for social and environmental costs), the strategic development director of Coffee explained that:

Because we cannot pass on any of these cost reductions onto the producers' side, unlike other companies, who then just shop around and find cheaper tea and coffee. So that raises the game and how we can make that work as a business model.

In a more detailed example, the CEO of Sport described how their trading contracts used the London Living Wage (LLW) to calculate labor costs. The LLW is greater than the National Minimum Wage (NMW), and thus any Sport contract tender would inevitably be higher, and thus less attractive, than a commercial contractor using the NMW. However, if the tender conditions specified the inclusion of social and environmental costs then Sport tenders were competitive and often successful:

Where we win contracts, we pay the London Living Wage, which we fundamentally agree with, and we pay where the local authority have put it into the contract and therefore funded it. Our private sector competitors do not always and so their tender looks more competitive. But, where they specify it, like the Olympic Park, then we will, because we win on quality. Because it is not all down to price.

A third strategy that diminishes the common good concerns adoption of *exclusionary practices* designed to restrict access to services and facilities. Social entrepreneurship ethical values and practices promote access to services and facilities and social inclusion (Chell, Spence, Perrini, & Harris, 2016). For example, the Head of Development at Sport explained how when sports centers were acquired by Sport, they ensured that consumer prices would enable all communities to retain access to sport and leisure facilities. Relatedly, when the privatization of British Waterways was first rumored (1998), there was a credible risk that adjacent high value land would be acquired by private buyers and public access to waterways would cease (Clark, 2005). By transferring assets to a social enterprise however, public access was ensured, and the risk of partial privatization curtailed. The threat to public access was keenly debated when establishing Boating was under consideration:

I would like to say what the Minister should not do, which is to listen to the Adam Smith Institute, which is keen to privatize British waterways and in the process hope to realise £400 million – a rather low price I think, for the centuries of heritage as well as the property assets ... we do not know what would happen were British Waterways to be privatized, in terms of fees, uses and common access, and that sense of heritage. (Hansard, 2010).

The generalized negative impacts presented above were narrated to us by informants and present their perceptions of practices adopted by competitors. With the exception of the Parliamentary debate on privatization of British Waterways (Hansard, 2010), the claims are difficult to verify however, as such comments were made by informants from four organizations, source triangulation lends some credibility to their assertions.

DISCUSSION AND CONTRIBUTIONS

The aggregate theoretical concepts of common good making, staking, and taking were abstracted and theorized from the empirical data. Prior to discussing the findings and contributions to entrepreneurship and social entrepreneurship, we present a conceptual model of how the new constructs interrelate (Fig. 2). As the source of outputs and impacts that either contribute to or diminish the common good, an organization is situated at the center of the model. As presented in the findings, the organizational impacts affect either positively or negatively the economic, social, and environmental constituents of the common good. In addition, the economic, social, and environmental impacts on the common good may materialize in the short term (bold arrows), or be deferred until the future (broken arrows).

In the previous section, we presented empirical data to theorize common good making, staking, and taking. The conceptual model however, goes beyond our data and identifies the prospect of deferred common good taking that would occur when strategies diminish the common good in the longer term. While not found in our empirical data, deferred common good taking may follow from short term common good making, such as when the initial economic and social benefits of microfinance were followed by longer term negative social impacts for borrowers and their communities (Brett, 2006; Hudon & Sandberg, 2013). Alternatively, the seeds of deferred common good taking may arise at foundation,

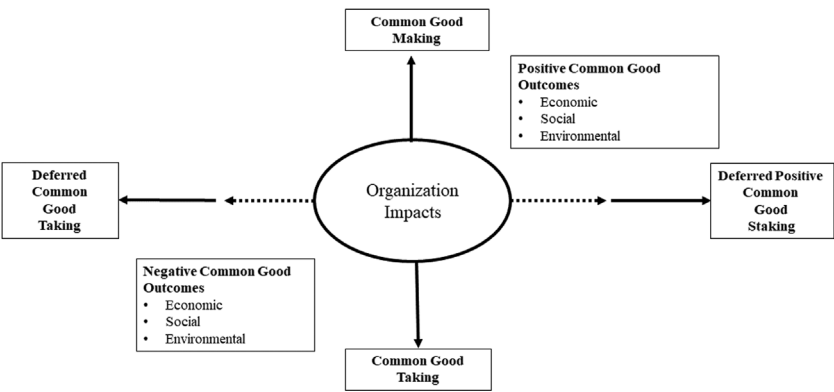


Fig. 2. Common Good Making, Staking, and Taking.

such as when the eligibility criteria for debt counseling services are designed to limit access to services to the least at risk (Dart, 2004), and work integration employment services are tailored to support the least disadvantaged into work (Teasdale, 2010, 2012). While such strategies support disadvantaged groups, in the long run they increase the economic and social exclusion of the most disadvantaged. Two examples from prior research can be leveraged to illustrate deferred negative environmental impacts, namely the (now known) impacts of fossil fuel usage on climate change (Wright, Nyborg, De Cock, & Whiteman, 2013), and improper disposal of plastics on waterways, oceans, fisheries, and aquaculture (Rodrigues et al., 2019).

The model also depicts how a focal organization may create multiple types of impacts on the common good. From our empirical data, we theorized how social enterprise strategies are oriented toward common good making and staking, however, prior research has noted the capacity of social purpose organization to bring about harmful social impacts (Brett, 2006; Hudon & Sandberg, 2013). Further, while our informants narrated instances of common good taking by corporations, such practices are counter balanced when corporations, such as B Corps., adopt strategies that enhance the common good.

The general conception of the common good is that activities and processes contribute to human wellbeing and flourishing (Aristotle, [1941]). The neoliberal capitalist principles of individualism and rational choice (Hendry, 2000) set aside such considerations to focus on the organizational level benefits that accrue from profit maximization. If such non-material considerations can be proven to impact positively on profit maximization then they will, of course, be included in strategic decisions (Friedman, 1970). Despite negative social and environmental impacts however, perpetrators are not disadvantaged since they can free ride on the benefits that flow from the generalized economic, social, and environmental impacts produced by other organizations (Olson, 1965).

The concept of generalized impact describes practices that explicitly seek to produce economic, social, and environmental benefits for communities. Building on prior common good research that recognizes that the advantages of the common good “can vary from one period of time to another, and also from one place to another” (Smith, 1995, p. 63), we introduce the temporal perspective of deferred impact to describe strategies, values, and practices that lead to future generalized impacts. Generalized negative impact theorizes strategy practices that diminish the common good. Although the fact that organization strategies may undermine the common good has been noted (George, Howard-Grenville, Joshi, & Tihanyi, 2016; Hollensbe et al., 2014), our analysis sheds light on specific common good taking strategies and practices.

The Impact of Entrepreneurship

Our focus on the common good broadens the focus of organizational impact research to a wider set of stakeholders than usually concerned in organization and management research (Martí, 2018). Organizational local embeddedness ensures that communities absorb the intended and unintended outcomes

of entrepreneurship. Prior research has demonstrated how entrepreneurship impacts gender relations, empowerment, and resource distribution, for example, in Bangladesh (Mair et al., 2012) and India (Mair et al., 2016). Such client-centric evaluation of impact however, overlooks the broader level community impacts that transcend “the focal firm and span its boundaries” (Marti, 2018, p. 967) but that inevitably flow from organizations.

The constructs of common good making, staking, and taking describe the generalized impacts of social entrepreneurship and complement prior research that finds positive relationships between entrepreneurship and societal economic development (Wallace, 1999), societal impact (Mair et al., 2012, 2016), and environmental gains (York, Hargrave, & Pacheco, 2016). Our findings also connect to prior research on the negative impacts of entrepreneurship as, while ostensibly social entrepreneurship seeks to create positive transformational change (Santos, 2012), several examples of negative impacts have emerged in microfinance (Brett, 2006; Hudon & Sandberg, 2013), debt counseling (Dart, 2004), work integration (Teasdale, 2012), and fair trade (Blowfield & Dolan, 2010).

Social Entrepreneurship

The rapid expansion of social entrepreneurship research has generated knowledge in many aspects of opportunity recognition and exploitation, and stimulated research on social enterprise strategic management (Kneiding & Tracey, 2009; Lee, 2015; Liu, Takeda, & Ko, 2014; Moizer & Tracey, 2010; Sabella & Eid, 2016). Our findings extend current knowledge by explicating how social enterprise strategies contribute to human wellbeing and flourishing, specifically to the economic, social, and environmental common good. While elaboration of the common good beyond economic dimensions has recently been noted (Frémeaux & Michelson, 2017), our contribution is to position contributing to the common good as a defining construct of social entrepreneurship.

In addition, by evidencing that social enterprise practices can be designed to advance the common good in the short and longer term, we elucidate the novel construct of deferred impact to explain such temporality. The consideration of non-economic variables on organizations has been assumed to lead to suboptimal economic performance (Friedman, 1970). To counter this view however, scholars have argued that self- and collective interests can be aligned by engaging in “other-directed behavior,” albeit at a personal expense (Van de Ven, Sapienza, & Villanueva, 2007). This is paralleled in social entrepreneurship where conflicting demands lead to trade-offs and tensions between competing demands of economic, social, and environmental missions (e.g., Battilana & Lee, 2014; Battilana et al., 2015; Lounsbury, Steele, Wang, & Toubiana, 2021; Pache & Santos, 2013; Teasdale, 2012). The positive impacts may be across all three outcomes, for example, when economic, social, and environmental performances are closely integrated. In other contexts, economic performance may be suboptimal at the expense of positive social and environmental outcomes.

The findings also support the view that entrepreneurship, specifically social entrepreneurship, can impact positively on society and thus provides a

counter-balance to the neoliberal capitalist assumption that human behavior is motivated by self-interest. Prior research has explicated how social issues are the responsibility of public and non-profit organizations (Friedman, 1970), however, social entrepreneurship demonstrates that blending financially robust business models with prosocial and environmental values and practices may in turn create novel capabilities and competitive advantage – exemplified by building “community legacy” into tenders at Sport.

CONCLUSION

Our study offers new insights into how social entrepreneurship impacts the common good by adopting strategies that promote community interests and encourage association, empowerment, inclusiveness, and environmental sustainability. “Doing good” is the *raison d’être* of social entrepreneurship and the orientation of strategies to advance the common good, spill over into fostering human wellbeing and flourishing (Melé, 2009; Randles & Laasch, 2015). The conceptual model provides a framework to evaluate the impact of entrepreneurship on society, and for practitioners offers a novel way of demonstrating their impacts beyond the organization itself and anticipate future deferred impacts, which can be more difficult to capture in terms of impact reporting.

We identify three limitations in the current study that could be explored in further research. First, we selected senior executives from social enterprises with a minimum turnover of £1 million. The number of UK social enterprises that meet this criterion is small and spread across several industry sectors and thus organization and industry level influences may confound the results. Further research that controlled for industry sector would remove this influence but, since the sample would need to be international, would be likely to introduce another influence in the data. Second, all informants are social enterprise leaders and although they made frequent comparisons to the behavior of competitors, we take on trust their negative comments about competitor strategies. Although the informants’ comments may resonate with readers, further research that investigated corporate common good making, staking, and taking would ascertain the veracity of our informants’ negative perceptions of some corporate strategies. Third, our data do not offer insights into internal tensions, resistance, or conflicts of interest yet these are an inevitable feature of organizational life (Lounsbury et al., 2021). To what extent is social entrepreneurship as positive as portrayed by our informants? From where do internal conflicts originate, and how are they managed? Ethnographic research would be a suitable method to uncover the potential dark side of social entrepreneurship. Finally, proving a causal link between organizational strategies and the common good remains the most significant challenge to linking social entrepreneurship and social change (Stephan et al., 2016). While evidence has emerged in which social entrepreneurship is associated with negative outcomes (Blowfield & Dolan, 2010; Brett, 2006; Dart, 2004; Hudon & Sandberg, 2013), further research could explore the transformation pathways between social entrepreneurship practices and community realities in other contexts.

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APPENDIX

Table A1. Supplementary Empirical Data.

Common Good Making	
<i>Definition: Creating conditions that support human wellbeing and flourishing</i>	
<i>Generalized economic impact</i>	
Employment creation for the disadvantaged	<p>If they say, “I have got a drug addiction,” that does not put us off giving them a job. But obviously it does make it more likely that they are not going to turn up to work because they have relapsed into drugs. (Trustee, Health)</p> <p>Place also trains people who have got criminal records to be chefs in the ... restaurant. The restaurant supports the trainee chefs with counselling to cope with their challenges. (Director, Place)</p>
Absorbing social costs	<p>We have had people that we have given jobs to, who have then had mental health episodes, or who have relapsed into drugs. We manage them in a more supportive way than maybe a purely commercial enterprise would. (Director, Health)</p> <p>We both pay the London Living Wage and the National Living Wage in our leisure centres and gymnasiums. We tender using these wage levels. (CEO, Sport)</p>
Independent livelihood development	<p>For our product development we prioritize products that use more cocoa – this way the farmers get more benefit. Hence, developing a range of, say, dark chocolate speciality bars is interesting at the moment in the market because one, it is better for consumers because there is less sugar in it, but two, it is better for farmers because it uses up more cocoa and they receive more fair trade premium. (CEO, Cocoa)</p>
Community economic development	<p>A lot of the smaller trusts cannot get on any public sector procurement shortlists ... We use the Sport brand to help the smaller leisure trusts tender, so they get on to the tender list with the local authority. (CEO, Sport)</p> <p>Creating (name of project) is good – for a social enterprise to create another social enterprise. That (name of project) then gained quite a lot of investment is also good for work. (CEO, Coffee)</p>
Changing business norms	<p>We want the marketplace to change so that the markets get a better approach. (Trustee, Health)</p> <p>The mission used to be only about the livelihood of growers. It now is also about product and business pioneering. (CEO, Coffee)</p>
<i>Generalized social impact</i>	
Empowering beneficiaries	<p>We measure our social impact in terms of days of employment generated for people with a disability. There is also a qualitative assessment of how Ability has changed people's lives. (Former CEO, Ability)</p> <p>We aim to bring people together to create dignified relationships that thereby empower producers and consumers. (CEO, Cocoa)</p>
Community engagement activities	<p>We invest in community assets – having ownership of assets is a way to provide a home for projects like our (name of centre) for the community. We use some of the assets as rented workspace to fund this. (CEO, Place)</p> <p>Our (name of club) is a massive swim school, its turnover is £30 million. It is a huge part of our business. (CEO, Sport)</p>
Healthier society	<p>Our objective this year is to help disadvantaged young people, or help disadvantaged older people, or get obese people, more physically active. (Strategy Director, Health)</p> <p>At Place we tackle health inequalities. The rental income also allows us to bring in match funding to tackle really difficult problems such as health inequalities We do bespoke health and nutrition programmes with disadvantaged groups. (Director, Place)</p>

Table A1. (Continued)

<i>Generalized environmental impact</i>	
Recycling and waste reduction	We sell re-used bikes really to just to save them from scrap because we like it, to offer a low cost solution, but it is not a high profit margin. We save thousands of tonnes a year of things just being thrown away. (Strategy Director, Health)
Sustainability and environmental awareness	Our overarching mission would be that we are trying to create a more diverse cycling community, build mechanical skills, and support greener businesses. (Strategy Director, Health) We are in the middle of re-engineering the gold standard in line with the Sustainable Development Goals. (CEO, Coffee)
Common Good Staking	
<i>Definition: Contributing to future human wellbeing and flourishing</i>	
<i>Generalized deferred impact</i>	
Deferred economic impact	Our investors have aligned values and they are in it for the long run as they provide patient finance. We have found investment partners who are focused on the long term are prepared not to make any gains in some years if it is for the long term benefit of Cocoa and its farmers. (CEO, Cocoa) If any savings were made then that money would be reinvested in the waterways. (Former trustee, Boating)
Deferred social impact	It is really about not going about it like the big brands – doing it differently and taking advantage of our strengths. Our huge strength is the fair trade supporter network ... our strategy is to do more of it to really get those guys on board. ... mobilising them, keeping them updated, and getting them on board as individuals on spreading the word. (CEO, Nutrition) We offer young people an opportunity to train up to be chefs. One of our trainees in the restaurant has now gone to be head chef at the (name of restaurant) but they are committed to return to Place for mentoring and leadership coaching. (CEO, Place)
Deferred environmental impact	Coffee provides 50% of its profits to its farm-owned charity, who in 2018 won funding from the World Bank to deliver a project integrating past, current and future sensor, satellite, and farm-level data to produce comprehensive datasets and farmer-friendly visualisations for smallholders to help combat climate change. In this project, (name of project) works with leading agricultural researchers from CIAT, tech start-up Climate Edge, and 4 producer organisations in East Africa. These data systems benefit them and empower them to strengthen resilience and make climate-smart decisions. (Coffee, 2020, Annual Report, personal correspondence, pp. 5–6) Coffee are working with B Corp Environmental Consultancy, Green Element, to ensure they are a carbon neutral business across their entire supply chain by 2025. (Interview notes)
Common Good Taking	
<i>Definition: Depletion of conditions that support human wellbeing and flourishing</i>	
<i>Generalized negative impact</i>	
Safeguarding self interest	The biggest challenge with the supermarkets is, that there is usually someone we can communicate with in terms of social mission. It is usually someone in, if they have it, a CSR department. We have nice chats with them about our mission, but it means nothing to their commercial colleagues. So, it is the classic thing about social mission stuff being rather side-lined within the supermarkets. (Chair, Nutrition)

Table A1. (Continued)

Economic cost pricing	If I am up against a big retailer that is looking at me versus a rival, and that commercial organisation gives them £100,000 listing fee because they do not have the cost structure that I have, because they do not value the different stakeholders, I find it hard to give them that money, so I can end up losing that business. I have had major retailers say, “do not talk to me about your **** growers; just give me your best price”. (CEO, Coffee)
Exclusionary practices	<p>Defra has asked British Waterways (BW) to undertake a strategic review of the current BW structure and consider how the 1960s legislature under which it was established needs to be updated. One of the options that will be examined is privatisation. I am informed that it is neither BW's nor the Government's policy that BW should be privatised. In my view privatising a national asset such as the canal network would be wrong. Canals need to be effectively managed and promoted. They also need enough money for continuous investment in maintenance and restoration. (London Mayor, 2007)</p> <p>The Inland Waterways Association fears privatisation would give businessmen the chance to buy up the most beautiful stretches of water, sell of valuable land and allow unpopular canals to fall into disrepair. It claims privatisation could result in big charges for boaters and restricted access to waterfronts. (Warrington Guardian, 1998)</p>

AUTHOR QUERIES

- AQ1: Please check the hierarchy of section headings and amend if necessary.
- AQ2: Please check the accessed date for correctness in ref. [London Mayor. (2007)].
- AQ3: Please update ref. [Lounsbury, M., Steele, C. W., Wang, M. S., & Toubiana, M. (2021)].