

A CRISIS OF LEGITIMACY: TOWARDS STAKEHOLDERS' PERSPECTIVES OF SOCIAL ENTREPRENEURSHIP

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ABSTRACT

This paper considers an anomaly here described as the *accolades-aversion* paradox of social entrepreneurship, a situation where this phenomenon is increasingly hailed as a powerful transformative intervention, yet often remains an orphaned initiative as regards funding. Considered in terms of the corporate sector, their aversion to engaging with these popular endeavours is attributed to how this phenomenon is currently 'marketed', wherein it is suggested that current portrayals (unintentionally) promote the perception that social entrepreneurship is 'legitimacy challenged'. This paper suggests a means of addressing this situation by better attending the neglected feature of 'social impact' through employing tools and techniques accepted by corporates as robust and appropriate for such undertakings.

INTRODUCTION

Social entrepreneurship is widely hailed as an intervention with tremendous potential for improving the plight of many of the world's disaffected and impoverished peoples (Alvord, Brown and Letts 2004). Somewhat colourfully, it has been likened to "the lick of a flame" which, given fuel, can purge and completely reinvigorate an ailing environment. Such was the case with *Muhammad Yunus*, social entrepreneur and recipient of the *Nobel Peace Prize 2006* for his work with *Grameen Bank* in creating economic and social development 'from below'. Through the introduction of microcredit, this social entrepreneur has helped some of society's most marginalised peoples and, in so doing, has inspired others to adapt this model to their own circumstances, thereby spreading this intervention's impact around the world. It is due to this promise of widespread transformation that the notion of social entrepreneurship continues to gain currency, a point emphasised by the *Skoll Foundation* and *FSG (Foundation Strategy Group)* in a jointly sponsored report on 'Measuring Innovation' (refer Kramer (2005)). Indeed, according to Kramer (2005), this 'maverick' phenomenon has captured the imagination of an array of influential parties, key among which are a growing band of educational institutions which, themselves, continue the spread of these innovative ideas. Included in this band are: in the United Kingdom, the '*Skoll Centre for Social Entrepreneurship*' (*Oxford University*); in South Africa, the '*GIBS Colloquium for Social Entrepreneurs*' (*University of Pretoria*); and in the United States, the '*Centre for the Advancement of Social Entrepreneurship*' (*Duke University*).

One, though, cannot eat the view - meaning that to be effective, social entrepreneurship needs more than acclaim. In particular, the fledgling nature of these endeavours (ie the *lick* of a flame) requires sustained resourcing to ensure the development and spread of the intended changes. Yet, despite the accolades so readily given, social entrepreneurship often remains an orphaned initiative. Indeed, with the exception of dedicated funders, such as *Ashoka* and, more recently, the *Schwab Foundation*, attracting supporters (be they foundations, governments or corporations) has proved extremely problematic. This is especially so during the initiative's 'start-up' phase - a point confirmed by Bhawe, Gupta and Jain (2006) who observed that social entrepreneurs tend to find support only after 'proving'

success. The implication of this is that these initiatives are most likely to attract funding when at a 'mature' stage – in other words, when they are no longer 'new'. Such was the case with *Tateni Home Care Services*, founded by *Ashoka Fellow, Veronica Khosa*. Her initiative sought to improve the lives of many chronically and terminally ill South Africans through a revolutionary home-based nursing service. While this initiative now boasts an array of local and international support (with the *World Health Organisation* intending to share this model throughout Asia), this was not the case during its development phase. This now begs the question, what *could* have enticed funders to provide earlier support for such a 'successful' initiative.

Essentially this question asks *why* there is such reluctance on the part of so many to engage with a phenomenon that is otherwise so widely acclaimed. In considering this paradox – *accolades yet aversion* – this discussion is mindful that potential funders are not a homogeneous group, meaning that their reasons for involvement (and so non-involvement) will likely differ. Government, for instance, may hold an interest as those targeted are (usually) their constituents for whom they bear responsibility. Corporates, meanwhile, may be interested as 'redemption' of these peoples may translate into market opportunities (ie 'bottom of the pyramid' situation). In so noting this aspect of funder heterogeneity, two further points become evident. The first is that there exists multiple views of social entrepreneurship – each with their own emphasis and peculiarities. While in and of itself, this point is relatively uncontroversial, it nevertheless is an important one, as this idea of multiple views (ie stakeholder perspectives) is not one yet apparent in contemporary deliberations. Certainly, a multiplicity of *factors* has been identified as relevant to social entrepreneurship (such as 'founder motivation' and the 'financial sustainability' of the model). However, these various factors have not been explicitly considered with differing perspectives in mind. For example, as regards 'social entrepreneur motivation,' current deliberations often focus upon the more 'personal' aspects such as the role of childhood trauma (see for instance Barendsen and Gardner 2004) – a line of enquiry which appears of limited interest for funders from government or the commercial sector. Indeed, these parties are more likely concerned with the connection between 'motivation' and 'risk reduction'. Yet, this is a line of enquiry not currently pursued. It is for such reasons that it is here contended that a 'stakeholder approach' to social entrepreneurship is needed, one wherein a targeted understanding of each group – their interests, their concerns and their perceptions - is crafted.

The second point arising is more pragmatic in that the magnitude of this undertaking (a stakeholder perspective of social entrepreneurship) is considerable and, as such, is well beyond the scope of this paper. Accordingly, this article seeks to contribute to this undertaking by commencing consideration of one particular group - corporates. The reason for this selection is twofold. On the one hand, it is this funder group that appears most challenging (ie given the innate 'commercial-social' conflict). On the other hand, the possibility of corporates becoming active funders (especially if based upon mutual need) gives promise of a sustainable relationship. In this case, corporates become more 'venture socialists' - investing in disaffected communities through building partnerships with local social entrepreneurs (in order to leverage off their good-will), yet with the long term objective of developing new markets. According to Seelos and Mair (2004), the idea is that by using corporate funding (rather than purely philanthropic sources), people with basic needs may be transformed into customers and so, ultimately, the corporate-community relationship can move more towards a *quid pro quo* (and so sustainable) basis.

Reframing now the question of interest, this article seeks to consider the *accolades-aversion* paradox of social entrepreneurship and approaches this in terms of one particular stakeholder group, corporates. To this end, this article commences by considering how social entrepreneurship is currently portrayed (ie 'marketed') in contemporary deliberations, a discussion which identifies an emphasis upon four features: the person, the organisation, the innovation and (to a lesser degree) the social impact. The following section then considers how this portrayal might be perceived by corporates, a discussion which employs the notion of 'legitimacy' as a means of interpreting contemporary deliberations. In contending that the phenomenon of SE appears 'legitimacy- challenged', the final section then considers how this phenomenon's standing might be improved, suggesting (as an interim measure) that attention be directed towards the feature of 'social impact'. This article then closes by considering the challenges awaiting those seeking to better engage corporates in social entrepreneurship – ideally moving them from simple advocates to active supporters of these 'maverick endeavours'.

THE 'MARKETING' OF SE: THE DOMINANT PERSPECTIVE

The phenomenon of social entrepreneurship (SE) is a topic of increasing prominence, a point evidenced at the 2006 *World Economic Forum on Africa* (Cape Town) which hosted the *Schwab Foundation's 'Social Entrepreneur of the Year'* awards. This, though, is but one of a growing array of such awards intended to recognise and promote 'outstanding' social entrepreneurs around the world. In the United States, for instance, there is *The Manhattan Institute Award for Social Entrepreneurship*, the *Satter Social Entrepreneur of the Year Award* (hosted by *NYU Stern School of Business*) and the *Ernst & Young Social Entrepreneur of the Year Award* (bestowed by the *Silverton Foundation*). Further afield there is the *GIBS Social Entrepreneurship Awards* (hosted by the *University of Pretoria* in South Africa), *The Guardian Social Entrepreneurship Awards* in the United Kingdom and, in Australia, there is the *Ernst & Young Social Entrepreneur of the Year*.

However, while SE continues to grow in popularity and is much acclaimed, what is actually meant by this term is less clear. The *Institute for Social Entrepreneurs*, for instance, holds that SE is the art of simultaneously pursuing both a financial and a social return on investment. The *Schwab Foundation*, though, sees it somewhat differently. They hold that SE is about applying practical, innovative and sustainable approaches to benefit society in general with an emphasis on those who are marginalised and poor. Indeed, this disparity as to what constitutes SE is reflected in the diversity of criteria used to select the recipients of the previously cited awards. For instance, the *Manhattan Institute* places great weight upon organisational capability and assesses aspects such as number of 'committed volunteers' and the 'sustainability' of the enterprise. This contrasts with the more person-centred orientation taken by the *Guardian* (UK) where aspects such as '*the individual's enthusiasm*' are deemed important. That there exists such deviation in view is a point noted by Mair and Marti (2004) who observe three such emphasises: one upon the process or behaviour, another on the founder of the initiative and a third on the tangible outcome. However, more than a 'simple' deviation in emphasis, Mair and Marti (2004) contend that the real source of confusion in this area stems from the fact that there are several quite distinct views about what actually constitutes SE (ie the *phenomenon* itself as opposed to simply what is focused upon). In this regard, these authors identify three distinct perspectives: one wherein SE is essentially seen as a not-for-profit initiative aimed at identifying alternative funding strategies (or management schemes) to create social value; a second in which it is viewed as the socially responsible practice of businesses engaged in cross-sector partnerships; and a third which understands it as a means of alleviating social problems and catalysing social transformation. The current difficulty is that no one perspective is dominant and so each continues to compete for currency.

This now raises the critical point that, as a phenomenon, SE is marred by conceptual ambiguity and fragmentation with the result that, currently, there is no one agreed definition specifying its role, construction or the value that it might return (refer Dees 1998 and Mair and Marti (2004) for further discussion). Indeed, agreement is limited to a general acceptance that certain common features combine to distinguish SE as a phenomenon. According to Mair and Noboa (2003), there are several such field-specific and unifying characteristics - the entrepreneur, innovation, uniqueness, growth and value creating outcomes. Somewhat similarly, Austin, Stevenson and Wei-Skillern (2006) hold that all definitions of SE are underpinned by a drive to create social value (rather than personal and shareholder wealth) and that the activity is characterised by innovation (rather than replication). It is, however, Kramer (2005) who appears to best consider these common features of SE and, in this regard, nominates four - the person ('the driven visionary'), the organisation (the delivery vehicle), the innovation (the radical and systemic change) and the social impact (the sustainable result and reason for engaging in SE). This, though, appears the extent of agreement as issues such as how these four features combine, their relative importance and their particular role in manifesting the phenomenon of SE (ie 'theories of change') remain questions to be addressed.

This now said, it is nevertheless believed that these four features provide a means of better accessing and so better understanding the burgeoning literature on SE. Specifically, through so integrating these various deliberations, a way is provided of seeing general orientations in what is now a 'jumble' of issues and factors. For instance, in considering the feature of 'the person', it becomes apparent that two lines of enquiry have proven particularly popular. One of these (and according to Mair and Marti (2004), an early stream of research) focused on the *personality* of the social entrepreneur. Herein social entrepreneurs are held to be characterised by "very special traits", such as a passion to realise their vision, strong ethical fibre, unbridled imagination and vision, altruism and 'unstoppability' to name but a few (see for instance Bhawe et al (2006)). A second line of enquiry concerns (what is here termed) 'sacrifice' - both as regards what the social entrepreneur has endured (most often in childhood) and for what they *will* endure (eg isolation and lack of recognition) (see for instance Barendsen and Gardner

2004). Such accounts cast the social entrepreneur as the ‘haunted hero’ - impelled by past events (eg childhood abuse) to better their society despite personal cost. As regards the second feature, the organisation, one issue of current prominence is ‘sustainability’ wherein questions as to the appropriateness of the chosen business model (and indeed, the underpinning philosophy - ‘profit v non-profit’) are topics hotly debated (see for instance Guclu, Dees and Anderson 2002 and Simpson (2006)). Also of interest are discussions on succession and governance (see for instance Gillin 2006) – issues complicated by the ‘profound’ influence exerted by the founder of the initiative (ie the social entrepreneur). Regarding the feature of ‘innovation’, Alvord, Brown and Letts (2004) note that most SE discussions emphasise this as key to realising the desired impact. As such, a popular vein of enquiry considers what qualifies as ‘entrepreneurial’ for, as noted by Mair and Noboa (2003), most development work is not ‘new’ in the sense that it typically replicates or expands upon the ‘already tried’. Accompanying this are deliberations into what constitutes an ‘entrepreneurial mindset’ (Simpson (2006)), wherein aspects such as ‘alertness to hitherto unnoticed opportunities’ and ‘the ability to challenge the *status quo*’ have become issues of interest (see also Seelos and Mair (2005) and Roper and Cheney (2005)). Also evident are enquiries into possible ‘patterns of innovation’ (ie might there be a single design for success - or might several forms be associated with different kinds of problems or contexts?). Finally, with regard to the fourth feature, social impact, this is agreed as the reason for pursuing SE with issues of concern centring on its operationalisation - specifically, what it means and how competing needs can be decided between (see for instance Seelos and Mair 2005). Related to this are questions regarding measurement and evaluation as this is deemed one of the greatest challenges for practitioners and researchers in SE. Indeed, according to Mair and Marti (2004), many consider quantifying socio-economic, environmental and social effects as a near ‘impossible’ task – at least with current tools. Yet, without more robust approaches, there is concern that the great transformative promise of SE will often remain simply that.

While acknowledging the foregoing as more indicative than exhaustive, employing this four featured approach has yielded a more ordered view of the varied SE literature. In particular, the general orientation (ie ‘flavour’) of enquiries into each feature has been made more apparent (eg as regards ‘the organisation’, the aspects of sustainability and governance were revealed as popular streams of discussion). Further to this, by so considering this literature, points of difference and synergy between the features have also become more apparent. For instance, as a point of difference, note is taken of how the feature of social impact has been approached. Interestingly, and in contrast to the other three features, issues here tend more towards open questions rather than particular veins of enquiry, which suggests this feature as comparatively less attended. As regards points of synergy between the features, of particular note was the permeation of the ‘personal’ throughout the SE literature (at least as regards three of the four features). For instance, enquiries into the feature of the organisation appear much influenced by the ‘founder syndrome’ while enquiries into innovation often touched upon issues concerning an ‘entrepreneurial mind set’, ‘creativity’ and ‘inspiration’. Indeed, even as regards ‘the person’, the aspects pursued tended more towards ‘traits’ and ‘motivation’ rather than, for instance, the economic standing of the social entrepreneur. This is not to suggest an absence of other topics for these have been noted. Rather, the point is that the SE literature appears to be ‘flavoured’ by an interest in the ‘personal’.

In considering these orientations, an impression now arises that these ostensibly disparate SE deliberations are, in fact, unified to an extent. The assertion is that there is, in fact, a dominant (albeit unacknowledged) perspective of SE - but one not based on a uniform view of the phenomenon, rather one based on a particular stakeholder’s interests. Specifically, the contention here is that contemporary SE deliberations cater to the interests of one particular stakeholder group – namely, dedicated SE funders. In so asserting this ‘bias’, note is again taken of Kramer (2005) whose discussion on ‘Innovation Measurement’ also suggests such an orientation. Specifically, he notes that three (of the four) features are of more concern to those who routinely fund SE (ie dedicated funders): the character of the person; the strength of the organisation, and the innovativeness and scalability of the idea. Notable by its absence is the feature of ‘social impact’ (which this discussion has previously noted as the area of least enquiry). Kramer (2005), though, does not suggest social impact is seen by these dedicated funders as unimportant. Rather, he expresses the view that these funders believe that the aforementioned three features are seen the central criteria for SE success, whereas social impact is ‘simply’ evidence of this. What is of significance then is that the profile of current SE deliberations mirrors this group’s interests – as both have a focus on three of the four features, with social impact being the area of neglect. Further support for this enquiry’s assertion of a dominant perspective comes from the general ‘flavour’ of extant deliberations. In this regard, the emphasis upon the ‘personal’

would seem to be of questionable interest to other SE stakeholders (such as government and corporates), which would likely be more concerned with 'commercial' issues such as risk reduction. Indeed, as noted by Simpson (2006), the current portrayals of SE in terms of an individualistic hero engaging in bitter battle with 'the establishment' would seem a portrayal that would little enthrall the more pragmatically minded corporate sector.

Upon reflection, the existence of a dominant perspective of SE (cast in terms of dedicated funders) is not surprising as it is this group which is most active in the area and so it is reasonable that it is their own interests that they pursue. Furthermore, this may go some way to accounting for the reluctance of other parties to actively engage with SE – simply because their interests have not been attended. The implication then is that there is currently an incomplete understanding of other stakeholder interests in SE (eg in what aspects of the 'person' might corporates be most interested? - as it is most likely not their traumatic childhood). For this reason it is here asserted the phenomenon of SE needs to be considered in terms deemed relevant to other stakeholder groups. Further to this, there is a second yet less obvious implication. This concerns the impact of this dominant perspective upon other stakeholders. The point here is that the experience of dedicated SE funders is a particular one, meaning that at their enquires likely emphasise aspects that either may not gel with the experiences of other stakeholders or not be of great concern to them. In so emphasising these particular aspects, there is also the possibility of a detrimental effect upon other stakeholders - most especially those currently unengaged. What is referred to here is akin to the syndrome currently much lamented in Africa regarding international press coverage of this continent (see for instance Mangena, 26 Sep 2006). The criticism here is that there is an (almost) exclusive emphasis upon negative factors (eg HIV/AIDS infection rates) and that other developments remain unreported or underreported. The perceived problem is that this creates an imbalanced and disturbing picture of Africa which, in turn, impacts the decisions of a range of parties regarding their future involvement with Africa (eg tourists, business investors and sporting bodies). With regard to SE, the somewhat similar assertion is that by focusing upon certain aspects (such as the 'haunted hero' or the 'inexperienced maverick') may negatively influence the decisions of other stakeholders – albeit unintentionally. This now raises the point that the way in which SE is currently 'marketed' appears to emphasise certain factors that alarm other stakeholders, thereby reducing the likelihood of their engaging with SE. In view of this assertion, the next section considers how corporates (as a specific stakeholder group) might consider SE in terms of this 'dominant perspective'.

A 'CORPORATE PERSPECTIVE' OF THE 'DOMINANT PERSPECTIVE'

So the contention is that, while appearing diverse, the SE literature is actually dominated by a particular perspective - one catering to dedicated SE funders. This section now considers how corporates (as another and currently less attended stakeholder group) might view the SE phenomenon in terms of the dominant perspective. The reason for this is that a better understanding of how these corporates currently view the situation will assist crafting better approaches to this group and, in the longer term, inform a dedicated 'corporate perspective' of SE. As a starting point for this discussion, it is again noted that the SE phenomenon is widely perceived as 'conceptually ambiguous' with no one definition having secured general agreement (not even amongst dedicated SE funders). As regards how corporates might respond to such ambiguity, this state of affairs would likely not inspire investor confidence for if the concept cannot even be defined, then doubt must surround the associated claims as to its benefits. Yet, it remains the case that the phenomenon of SE has returned significant benefits and is widely acknowledged as having done so, with many advocates being from the corporate sector. This suggests at least a preparedness on the part of some corporates to consider (if not yet engage with) these 'maverick' endeavours.

The challenge now is how to ascertain the views of corporates - for this enquiry remains mindful of the danger of simply distilling an extended list of idiosyncratic 'gripes'. Accordingly, this enquiry seeks a framework to apply to the dominant perspective of SE as captured via the four features. As regards what framework might provide such assistance, note is now taken of the work of Suchman (1995) who holds that when embarking on a new endeavour, particularly one with few precedents, stakeholders are confronted by the notion of 'legitimacy'. This is because, according to Suchman (1995) and Palazzo and Scherer (2006), being deemed 'legitimate' is vital for an endeavour's survival as it is a precondition for the continuous flow of resources and sustained support. In so casting this issue, it becomes evident that ascribing 'legitimacy' to SE is key to stakeholder involvement and so their non-involvement suggests a failure in this regard. As such, this enquiry now probes whether the phenomenon of SE (ie the dominant perspective) is perceived as 'legitimate' by corporates.

As regards what constitutes legitimacy, in this context it is understood as the conformation with social norms, values and expectations (refer Suchman (1995) and Palazzo and Scherer (2006)). As such, it is a notion that is subjectively perceived and ascribed by social construction. According to Suchman (1995), legitimacy enhances both the stability and the comprehensibility of organisational activities as stakeholders are most likely to supply resources to endeavours that they understand and that they deem to be 'desirable, proper or appropriate'. Furthermore, the greater the 'active' support desired, the greater the need to be ascribed 'legitimacy' for to mobilise 'affirmative commitments', the endeavour must also be deemed to "have value". According to Suchman (1995), there are three types of legitimacy: pragmatic, moral and cognitive. While all three types involve a generalised perception that the endeavour is 'desirable, proper or appropriate', each rests on somewhat different behavioural dynamics. Pragmatic legitimacy, for instance, is held to rest on self-interested calculations of an endeavour's most immediate audiences. Typically this involves scrutinising behaviour to determine the practical consequences of particular activities. As such, it is arguably akin to the commercial principle of *quid pro quo*. As regards SE (ie in terms of the dominant perspective), pragmatic legitimacy would seem greatly influenced by considerations of 'risk' and 'uncertainty'. In this regard, the distinguishing feature of 'innovation' would now appear a double edged sword. Indeed, Suchman (1995) refers to this conundrum as the "liability of newness" – where stakeholders are both propelled and repelled by the promise of the 'untried'. This duality becomes evident in the corporate arena when one compares the rhetoric of pursuing 'the new' (ie the desirability of innovation and entrepreneurship) with the more pragmatic realities of risk management – where the untried is typically not viewed favourably. As such, the 'untried' phenomenon of SE would appear challenged in terms of pragmatic legitimacy – on the one hand receiving public accolades from corporates (as it matches their rhetoric) but not receiving their resourcing as it does not rate well in terms of their risk assessments.

In contrast, the second type of legitimacy, moral, pertains to normative evaluations and rests upon judgements about whether the endeavour is "the right thing to do". These judgements typically reflect beliefs about whether the endeavour effectively promotes societal welfare as defined by the stakeholder's socially constructed value system (although this does not necessarily render moral legitimacy entirely "interest-free"). At first consideration, the phenomenon of SE (according to the dominant perspective) appears to rate well in terms of moral legitimacy due to the popularity of the notions that underpin it. Indeed, the community development aspirations of SE is something most corporations would wish to see as supporting – as would they with the ideal of 'innovation' – a notion which currently has great resonance in the commercial sector. Consider, for example, the following exert from Old Mutual's Corporate Citizenship Report 05:

"While it has been argued that the first duty of the corporate citizen is to build a company that consistently delivers superior returns to shareholders, we must not overlook the other opportunities on offer to corporate South Africa. We have the chance to create a happy state of affairs. We are able to make investments into the rebuilding of our country, to create opportunities for work seekers and, in the case of financial services companies, to offer products that financially empower customers, and enable new horizons for them."

As such, the coupling of innovation with community development (as offered through SE endeavours) would seem greatly appealing. However, moral legitimacy is based upon a judgement regarding "the right thing to do" – and this is a more moveable feast. Consider now another assertion of Old Mutual's: "Creating shareholder value is the Group's overriding business objective, and the Group therefore derives its approach to risk management and control from a shareholder value perspectives. ..."

This now suggests a somewhat different view of the 'right thing to do', one defined in terms of maximising shareholder value. Indeed, a more detailed consideration of moral legitimacy helps clarify this situation. According to Suchman (1995), there are four forms of moral legitimacy which emanate from evaluations of: outputs and consequences; techniques and procedures; categories and structures; and evaluations of leaders. When viewed in these terms, the phenomenon of SE (according to the dominant perspective) appears greatly challenged. Take the category of 'output and consequences'. According to Suchman (1995), consequential legitimacy is based upon judgements of accomplishments. In terms of SE, this goes to the aspect of 'social impact'. The difficulty here is that this is an area in need of development, there currently being no agreed approach to either forecasting SE impacts or evaluating them. As such, this would seem unappealing to the corporate sector – most especially against the backdrop of accepted corporate rhetoric of being 'results driven'. Indeed, according to The Rockefeller Foundation and The Goldman Sachs Foundation (2003, p2) investors are now insisting on greater transparency and accountability as:

“They want to understand the impact that their dollars are having on the world.”

In addition, assessments of moral legitimacy also include evaluations of ‘procedures’ and ‘structures’ – aspects which pertain to the feature of ‘the organisation’ (ie the delivery vehicle). According to Suchman (1995), organisations can garner moral legitimacy by embracing socially accepted techniques and procedures as this gives an impression that the organisation is making a goodfaith effort to achieve valued ends. In a similar vein, structural (moral) legitimacy is ascribed when stakeholders locate the organisation within “a morally favoured taxonomic category” – deeming it “the right organisation for the job”. As regards how SE organisations might be perceived by corporates in terms of procedural and/or structural legitimacy, a critical point is that these are typically start-up organisations, meaning that they are new and so inexperienced and lacking a history. Yet, more than this, SE organisations often are ‘otherwise’ constructed in that they involve trialling new models - going against convention. As such, SE organisations would seem likely challenged as regards moral legitimacy.

The third type of legitimacy is termed cognitive and concerns a fit with one’s ‘mind maps’. According to Suchman (1995), to be deemed ‘legitimate’ in this regard, the scenario must mesh both with one’s larger belief systems and with one’s daily experience of reality. This now brings into play often unarticulated value sets, which can emanate from an array of sources. For example, some may defer primarily to religious doctrine and so might be informed (in relation to SE) by distinctions like the ‘deserving and underserving poor’ (consider, for instance, the Calvinist doctrine). This then may bring into play issues about displeasing God ‘for we are all responsible for our own lot’. In contrast, others may be directed by political beliefs (eg *democracy v monarchy v Islamic Republic*) which involve issues about *where* power should lie and *who* should properly make decisions. Consider, for instance, the differing views on the appropriateness of women to so engage. The point of importance, then, pertains to paradigms and stereotypes with the issue now being which ones are brought into play when considering whether change can, and ‘rightly can’, emanate from SE. In this regard, the feature of the ‘person’ is critical as it raises questions as to whether corporate decision-makers will accept that ‘mavericks’ can and should bring about critical societal change. In terms of the dominant perspective, the emphasis upon the ‘haunted hero’ and ‘maverick individual from the trenches’ may be problematic in terms of securing corporate acceptance.

This discussion was prompted by the suggestion that aspects lauded by dedicated SE funders may actually fuel concerns in corporates about engaging with SE. While accepting the possibility that individual initiatives may rate quite differently, it would appear that the phenomenon of SE - as it is currently ‘marketed’ - will typically encounter difficulty in securing judgements of legitimacy by corporates. This is because the focus upon person – an ‘inexperienced maverick’ – raises cognitive concerns about the appropriateness of this individual to undertake changes of such magnitude. In addition, the feature of the organisation – the *new* delivery vehicle – may raise moral concerns about being ‘the right organisation for the job’, while the feature of innovation would appear to raise pragmatic concerns regarding risk and return. Finally, the feature of social impact (principally through its neglect) would appear to raise moral concerns about whether a corporate should invest (ie risk) their shareholders investments. In essence, then, the profile of SE as a phenomenon does not appear to foster judgements of ‘legitimacy’ for the reason that SE is about change (ie non-conformance with social norms) whereas judgements about legitimacy are based upon conformance (ie adherence to the *status quo*). Put in these terms, this may go some way to accounting for the lack of support given to SE despite corporate rhetoric to the contrary.

‘LEGITIMATE’ SOCIAL IMPACT

The discussion so far has sought to unpack an anomaly here described as the *accolades-aversion* paradox of SE, a situation where this phenomenon is widely hailed as an important and powerful intervention, yet it encounters great difficulty in securing funder support. In exploring this anomaly, this enquiry has made two key assertions. First, it was asserted that current depictions of SE, while multifaceted, are essentially cast in terms oriented to one particular group of stakeholders - namely, dedicated SE funders (this being a case of *he who pays the piper calls the tune*). Secondly, it was asserted that this portrayal (ie the dominant perspective) appears to unintentionally promote the perception amongst corporates that the phenomenon of SE is ‘legitimacy challenged’ – and that it is this perception that underpins corporate resistance to SE endeavours.

As regards advancing the situation and so better engaging corporates, it is believed that a dedicated casting of a ‘corporate perspective of SE’ is the lynchpin upon which future strategies can most usefully be built. This, though, remains a significant and future undertaking. Yet, corporates need not

be left unapproached until these efforts are complete. Indeed, inroads are already possible. However, before commencing, it should be noted that the intention is not to alter the nature of the SE phenomenon for while ostensibly unappealing to corporates, these features do combine to return great value. So while, for instance, the maverick and haunted nature of the social entrepreneur may unnerve corporates, to replace this radical with a traditional manager will likely negatively influence the ultimate result. As such, the challenge now confronting those who wish to entice corporates is how to improve the appeal of SE (ie its legitimacy) without fundamentally changing the nature of the phenomenon.

In considering this challenge, note is again taken of the observations made regarding the four features. Of particular interest is the suggested split between, on the one hand, 'the person, the organisation and the innovation' and on the other, 'social impact'. The contention was that the feature of social impact was comparatively less attended for while dedicated SE funders accepted its importance, their mode of engaging with SE endeavours gives less emphasis to an upfront and explicit statement of the eventual format of the intended change (ie social impact). This is because, according to Kramer (2005), these dedicated funders prefer to base their decisions regarding their involvement upon the perceived potential of 'the person, the organisation and the innovation' and once decided upon, they then maintain very close relations with their chosen grantees. In so doing, they are able to set objectives collaboratively and also readjust these in light of unanticipated eventualities. This means that even if the original undertaking 'fails', these parties may continue working together to create alternative solutions.

As such, dedicated funders seem highly tolerant of impact ambiguity - so long as other features are promising (refer Kramer (2005) for further discussion). This, though, appears in direct contrast with the position of corporates. According to Guclu, Dees and Anderson (2002), corporates need first to be convinced of the 'worthiness' of the endeavour as achieving social change is (ostensibly) the reason for their engaging with SE (along with being recognised for so doing). This now requires explicit statements as to the format of the desired change, the likelihood of this occurring and identification of possible undesired and/or unintended consequences (for corporates typically do not wish to be recognised for such 'surprises'). This data then informs decisions as to their possible involvement. As such, it appears that while all four features are critical, it is 'social impact' that is the corporate *deal breaker* – and, so, its current neglect would seem a great disincentive for corporate involvement.

It is of interest, then, that certain corporates do routinely demonstrate great 'outcome ambiguity tolerance' – albeit in different contexts. Consider, for instance, firms engaged in R&D. Here, there is little outcome certainty, most especially with pure research which is valued for its dynamism and its promise of the unanticipated. Yet, these organisations continue to fund such endeavours (which are both costly and extended in terms of timeframe). What appears to differ between these two scenarios (ie social change and R&D) is the esteem in which these activities are held. Corporates, for instance, appear confident in engaging in R&D arguably due to the perceived rigour with which these undertakings are approached and the perceived robustness of the tools and techniques employed. In this regard, the power of positivism (ie the 'scientific' paradigm - refer Chalmers (1994) for further discussion for further discussion) reinforces corporate confidence in the capacity of these approaches and tools to return valued results. So while these results may be uncertain in terms of their specifics, the pathway to them is not.

In considering this situation, it is now contended that corporates might more readily ascribe legitimacy to the phenomenon of SE if the *deal breaker* feature of 'social impact' was better attended and supported by tools and techniques perceived as robust and appropriate. In pursuing this possibility, the first port of call are other fields involved in gauging social impact, for while acknowledging SE as a distinct phenomenon, there is likely some transferability from the efforts of others involved in change endeavours (even if these are not propelled by 'haunted mavericks'). For instance, governments, universities and international development agencies are all involved in anticipating the impact of various events (both ones of their own as well as other's making – eg international conflict, global warming and sanctions). As a result, according to The Rockefeller Foundation *et al* (2003 p4), the 'good news' is that there is now a rich set of conceptual frameworks, analytical tools and management strategies in relation to social impact. Indeed, it is their claim that several individual organisations have brought new levels of rigor to this work, contributing both depth and breadth. However, it is also their claim that these various efforts have secured minimal consensus as to how best to assess social impact. Indeed, the amount of attention recently given to social impact appears a double edged sword in that

now everyone has their own approach, with the result that “measures of impact vary from funder to funder, and organisation to organisation” (The Rockefeller Foundation, *et al* 2003 p2).

While it is understandable that organisations wish to tailor tools to their own circumstances, such variability brings with it a lack of general acceptance. As regards corporates, it is likely that they view this situation unfavourably for if those routinely involved in assessing social impact cannot themselves agree, then doubt must accompany any one approach. In this regard Guclu, Dees and Anderson (2002) along with Austin, Stevenson and Wei-Skillern (2006) note the comparisons drawn with business entrepreneurs who have access to such accepted yardsticks as market share and customer satisfaction to evidence their venture’s attractiveness. Indeed, there is a palpable desire in the wider social development sector for similar common metrics as this would allow decision makers to more readily communicate with their diverse audiences (Guclu, Dees and Anderson (2002)). However, there also is resignation that the possibility of meaningfully ‘boiling down’ social complexities is unrealistic (Kramer 2005). This is because, as noted by Austin, Stevenson and Wei-Skillern (2006), social purpose endeavours are believed exposed to more complexities than are commercial entrepreneurs (eg multicausality and temporal dimensions). As such, the growing belief is that social value (and so impact) should not so much be *measured* as *portrayed*. In this regard, both The Rockefeller Foundation, *et al* (2003) and Kramer (2005) assert the need for a ‘value picture’ of social impact (rather than a common yardstick).

In accepting this need for a more composite portrayal, it remains the case that this value picture must be accepted as legitimate. In this regard, just as with the R&D scenario, the key lies with the confidence that corporates have in the *way* this picture is painted. In considering this challenge, it is contended that much of what is required for constructing such a legitimate ‘value picture’ already exists. The problem is that these elements are not yet assembled and, so, are not packaged in a way accessible to corporates (ie there is no ‘SI (social impact) Product’). Indeed, many corporates are likely unfamiliar with certain of these elements (such as forecasting techniques). This now requires significant effort as regards awareness raising and capacity building in order that corporates might deem this ‘SI Product’ as legitimate and so be open to acting on its result.

As regards what needs to be done to commission such a legitimate ‘SI Product’, four aspects require attention: the techniques to ‘forecast’ the nature and extent of the impact (ie the *how to*); the framework in which these forecasts can be considered as to their desirability (ie according to local values); the packaging of these elements into a ‘product’ appealing to corporates (ie its operationalisation); and the marketing of this product (ie the intentional promotion of its legitimacy). A brief overview of these aspects now follows.

Forecasting Techniques

While acknowledging the distinct nature of SE endeavours, they are not unique in terms of their future imperative. Indeed, other scenarios, often ones not so positive in nature (such as international conflicts and environmental disasters) also require future projections, yet are similarly resistant to linear extrapolation. Accordingly, under the imperative of contingency planning, an array of forecasting techniques have been developed to assist governments, international institutions as well as corporates plan for such ‘eventualities’ (eg conjoint analysis, role playing and judgmental bootstrapping). Furthermore, the advent of associations (such as the *International Institute of Forecasters*) has meant that many of these techniques and the experiences of their application have been documented (see for instance the work of Armstrong (2006)). As such, the development of these forecasting techniques is believed sufficient so that an array of differing scenarios can now be attended. This means that the varied nature of SE endeavours can be catered for - the challenge now lying with the capacity of corporates to correctly select and apply the technique most suited to the particular initiative.

Impact Frameworks

Once possible future views have been distilled (ie forecast), the second, and often overlooked step involves specifically considering their desirability. What is needed is a comprehensive framework comprising generic categories (that span the ‘social condition’) which can be populated by domestic values (ie local desired end-states). This is important for while the peoples of Australia, Nigeria and Ukraine will all share ‘the human condition’, their expressions of what is desirable will likely differ. As such, distilling a more holistic yet contextualised depiction is a significant departure from the approaches of most change initiatives as these are usually considered principally in terms of their own objectives (which leaves unattended possible unintended and undesired impacts). Consider, for instance, the unintended and undesired impact of stigmatising TB which occurred as a result of a

‘successful’ health project in South Africa which coupled TB with HIV/AIDS. As such, the critical challenge here pertains to the selection of the framework to be employed, for this carries with it the dual burden of capturing ‘the social condition’ and its local manifestation as well as securing ‘general acceptance’. Accordingly, this aspect warrants significant discussion which, unfortunately, cannot now be undertaken due to the limitations of this paper. For this reason, it is simply noted that there are emerging frameworks that do offer this combination of coverage and acceptability - one of which is based upon the notion of ‘wellbeing’ (see for instance the work of the *OECD* (2006)). Of particular importance here is the source of such a framework (ie international institutions and national governments) which is believed useful in gaining corporate acceptance. This issue is now flagged as one requiring immediate attention.

Packaging of Product

While the aforementioned components of this ‘legitimate’ approach to social impact are (largely) already in existence, this is not sufficient for their adoption by corporates, an assertion supported by the fact that thus far they have not been so employed. What is now required is for these individual components to be purposively assembled with a ‘how to’ and (possibly) a ‘who to’ guide as to their employment. The result of so assembling these disparate components is an identifiable ‘SI Product’ – a development which, in and of itself, may help promote positive corporate perceptions. However, it is acknowledged that guidelines alone may not be sufficient to gain acceptance of this product, most especially as the misuse of these often complex tools will yield misleading results and so undermine its credibility. As such, it is suggested that part of this offering should include access to a suite of support services – perhaps delivered or orchestrated by dedicated funders (and/or those wishing greater corporate engagement). In this way, the credibility of these approaches will be better assured.

Marketing of Product

It is, though, not sufficient to simply have a better mouse trap – the world must know about it in order to beat a path to your doorstep. Indeed, the key premise of this discussion has been that in order to be embraced, the offering in question must be deemed ‘legitimate’. For this reason, dedicated efforts must be made in order to so render this SI Product in the eyes of corporates. In this regard, assistance is forthcoming from Suchman (1995) who offers advice on legitimacy building and management. In essence, Suchman (1995) holds that the key to legitimacy management relies upon communication which goes beyond traditional discourse to include a wide range of meaning-laden actions and nonverbal displays. Suchman (1995) then proceeds to identify and discuss issues pertaining to overcoming the ‘liability of newness’ (which will likely effect this product) and also identifies specific strategies for gaining legitimacy. However, given the constraints of this paper, a more detailed discussion is not currently feasible and, so, this is also marked as a topic in need of future attention.

So, while it is believed there is great merit in this potential ‘SI Product’, it is recognised that significant challenges await its ‘legitimation’. First and foremost is its construction for while most elements currently exist, they need to be better refined to suit the SE phenomenon and then purposively combined to yield a complete offering. A second source of concern is the capacity of corporates (as well as social entrepreneurs and dedicated funders) to properly employ these quite complex tools for their misuse will undermine the credibility of this offering. Finally, corporates (along with their opinion leaders) will need to be intentionally targeted so that these groups are aware of and receptive to this new offering. In this way, the possibility of engaging corporates in SE may be transformed into actual opportunities.

CONCLUSION

This article addresses what was here termed the *accolades-aversion* paradox of SE – a situation wherein this phenomenon is widely claimed as a powerful means of transforming social ills, yet is largely neglected in terms of support. In choosing corporates as the group in which to consider this anomaly, it was asserted that central to their aversion was the way in which the phenomenon of SE is ‘marketed’, as this has resulted in most deliberations being cast in terms pertinent to dedicated SE funders, meaning there is a focus upon the features of ‘the person, the organisation and the innovation’. However, in emphasising these features (most especially the haunted maverick), these dedicated funders inadvertently cast SE as a questionable corporate undertaking – a point made more apparent when considered in terms of ‘legitimacy’. Indeed, this current casting appears to both emphasise aspects that alarm corporates as well as neglect ones that they consider critical (ie social impact). As such, the phenomenon of SE appears ‘illegitimate’ in the eyes of corporates - and it is this that is

believed to be the core of their reluctance to engage (despite both the success stories and their own rhetoric to the contrary).

It was then suggested that corporates might more readily ascribe legitimacy to the SE phenomenon if the *deal breaker* feature of ‘social impact’ was better attended and supported by tools and techniques perceived as robust and appropriate. To give form to this suggestion, a ‘SI Product’ was suggested wherein four aspects were nominated as imperative: forecasting techniques, impact framework, packaging and promotion. While many elements of this SI Product are already in existence, there remains, however, significant work to be done in order that corporates might accept and be able to competently employ this tool (most especially, immediate attention is required in terms of the impact framework).

In essence, then, this article explored the tension arising from a conflict between corporate conformance (ie their desire for legitimacy) and social entrepreneurship which is essentially about non-conformance (ie contesting the social norms). The measures suggested above seek to reconcile these two opposing positions by creating a bridge between the two (manifesting in the form of accepted tools and techniques that allow these initiatives to be translated into terms more understandable to corporates). In so doing, it is hoped a way is opening wherein SE initiatives are not perceived as synonymous with illegitimacy - yet they still retain their potency for testing corporate and societal ‘comfort’ zones.

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