

Catalyzing Social Innovation:

Leveraging Compassion and Open Strategy in Social Entrepreneurship

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Abstract

We implement an inductive, case study approach to explore the motivations and methods of five successful social entrepreneurs. Our findings show that founders noticed, felt, and responded to someone else's pain, demonstrating compassion as the genesis of the business venture. Successful social innovation, however, was the result of the creation of an organization structured to include diverse stakeholder input and participation in the decision-making process. Thus, compassion motivates entrepreneurs to pursue broad gains as opposed to singular interests and enhances a willingness to incorporate others' ideas through an open-strategy process. Our study suggests that interaction with stakeholders can impact the structure of the firm, the business model it employs, and intended and unintended business consequences.

Keywords: social entrepreneurship; open strategy; compassion; stakeholders; positive externalities

Introduction

Social entrepreneurship has captured the attention of researchers and the public because of the ways in which it harnesses business practices to generate social and environmental value (Haugh, 2007; Mair & Marti, 2006; Peredo & McLean, 2006; Shaw & Carter, 2007). In research, social entrepreneurs are characterized as heroic (Dacin et al., 2011), visionary (Nga & Shamuganathan, 2010), and other-oriented (Dees, 2007). Many of the definitions of social entrepreneurship hinge on these characteristics, suggesting that the distinctive factor is a social entrepreneur's motivation to create value for society rather than capture value for him or herself (Santos, 2012). Miller and colleagues (2012) suggest that compassion predicts the likelihood of engagement in social entrepreneurship because compassion focuses on the alleviation of another's suffering (Kanov et al., 2004). In a debate about the appropriateness of compassion as a motivation for social entrepreneurship (Arend, 2013), these scholars posit that the role of compassion in the opportunity recognition process in social entrepreneurship works in

combination with other institutional factors that sustain social entrepreneurship (Grimes et al., 2013). Consequently, this study aims to explore the relationship between compassion and social entrepreneurship by considering the relationship between the two as suggested in Miller and colleagues' (2012) framework. From their work, we formed the basis of our first research question: how does compassion motivate social entrepreneurship?

Beyond studying the motivation for social entrepreneurship, we are interested in examining the factors that influence the execution of social entrepreneurship (Corner & Ho, 2010; Montgomery et al., 2012), particularly through the lens of strategic openness (Chesbrough and Appleyard, 2007) in sustaining the venture. We find that when compassion motivates social bricoleurs into localized entrepreneurial action (Zahra et al., 2009), cooperation between stakeholders can sustain an open-strategy decision-making platform that can generate positive externalities on a larger social scale (Sarasvathy & Dew, 2008). In addition, we consider the role of a continued dialog with stakeholders in supporting different kinds of value creation, and find evidence that more is not necessarily better when it comes to stakeholder engagement (Greenwood, 2007). This research builds to our second research question: how does engagement with stakeholder groups impact social entrepreneurship?

To investigate these topics, we use an inductive, comparative case study approach, which allows us to compare the narratives of five social entrepreneurial ventures. In so doing, we offer contributions to several streams of literature. First, we answer calls within the social entrepreneurship and compassion literatures related to the motivations of social entrepreneurs to create social value (e.g., Choi & Majumdar, 2014; Miller et al., 2012), particularly as they are related to the actions taken to relieve suffering (Kanov et al., 2004). Additionally, our examination of the open-strategy format and its impact on social entrepreneurship contributes insight to the literature on the effects of interaction and dialog with stakeholders (Chesbrough & Appleyard, 2007; Greenwood, 2007), and the benefits that accrue for compassion-centric

social enterprises that adopt open strategies when they incorporate feedback from a variety of stakeholders. Finally, our comparative case study methodology adds nuance to the literature on social value creation and maintenance (Santos, 2012; Ramus & Vaccaro, 2014).

Theoretical Framework

Social entrepreneurship. Despite the growing popularity of social entrepreneurship as a field of research, it remains a contested concept with competing definitions and no unifying framework (Choi & Majumdar, 2014). This lack of agreement stems, in part, from disparities between the organization of social entrepreneurship and the social entrepreneur himself. In fact, Venkataraman (1997, p. 120) has stated that “consensus on a definition of the field in terms of the entrepreneur is perhaps an impossibility”; consequently, we retain a more process-focused definition of social entrepreneurship in which a prospective social entrepreneur who is motivated by compassion is also predisposed to collective approaches to problem solving (e.g., Grimes et al., 2013).

When motivated by compassion, the social entrepreneur evaluates the costs and benefits of an entrepreneurial venture from a prosocial perspective. In purely rational and economic terms, the personal risks are likely to be too high to generate sufficient momentum to commence a new venture (Miller et al., 2012). A prosocial perspective, conversely, entails calculating costs and benefits with a focus on the “other”, thus attenuating the rational self-focused calculation. With a prosocial perspective catalyzed by compassion, the cost/benefit analysis shifts and the risks associated with the venture become more palatable. Thus, the more that an entrepreneur attenuates personal risk through a prosocial mindset, the more likely he or she is to operate the venture in a genuinely open fashion. Conversely, the less that entrepreneur can shift his or her perspective away from personal risk to a prosocial consideration of risk, the less likely he or she is to relinquish control of the business in order to protect personal security.

If compassion identifies a social entrepreneur, then engagement with stakeholders through strategic openness identifies the social entrepreneurial organization. Plainly stated, the organization that includes varied input from diverse stakeholders is more prone to generating social innovation (Alvord et al., 2004; Zahra & Wright, 2016). Engaging with stakeholders through strategic openness can enhance the direct outcomes of social entrepreneurial

ventures in addition to increasing positive externalities (Roper et al., 2013). Positive externalities, another key facet of social entrepreneurship, represent the indirect benefits of work by social entrepreneurs that was not planned for. These positive externalities, or spillover effects, are an important part of distinguishing between social and commercial entrepreneurship endeavors. As an example, consider the value created by a social entrepreneur who develops a mobile application to alert low-income subscribers to expiring produce at grocery stores in order to promote nutritious food choice. The application is indirectly helping to make a dent in the single largest component of U.S. municipal solid waste, which accounts for a large portion of U.S. methane emissions (Gunders, 2012). As the network of a social entrepreneur is enhanced through strategic openness, these positive externalities can increase; for instance, strengthening partner relationships can cause an organization to “think further about...enhancing its scope” (Raufflet & Gurgel do Amaral, 2007, p. 124).

Compassion as a Motivation for Social Entrepreneurship.

Compassion is defined as a multi-stage social process of alleviating someone else’s suffering (Kanov et al., 2004) that starts when someone notices another person’s pain, an event called the pain trigger (Dutton et al., 2006). Following an empathetic feeling that promotes interpersonal relating (Way & Tracy, 2012), personal appraisals (Atkins & Parker, 2012), and courage (Kanov et al., 2016), a reactive response is coordinated. Within organizations, this response is a self-organized effort facilitated by leaders (Dutton et al., 2006) for the benefit of employees (Moon et al., 2016), customers (O’Donohoe & Turley, 2006), organizations (Lilius et al., 2008), and society (George, 2014).

Because of this, scholars suggest a link between compassion and social entrepreneurship (Arend, 2013; Grimes et al., 2013; Miller et al., 2012). Foundational literature streams in social entrepreneurship have helped to define the why, who, and what within the realm of social entrepreneurship. Although these questions are important for anchoring theory, how social entrepreneurs conduct business differently than their counterparts in nonprofit organizations or traditional entrepreneurial ventures is just as important. Miller and colleagues (2012, p. 617) dedicate their work to exploring “how compassion may be responsible for encouraging social entrepreneurship” and specifically highlight within their framework various ways in which compassion triggers

cognitive processes such as integrative thinking that rejects dichotomized solutions and instead promotes a more holistic recognition of problems and potential solutions. This way of thinking leads social entrepreneurs to engage in a unique process of opportunity recognition that begins to answer the question of how they conduct business differently. In particular, Miller and colleagues' (2012, p. 618) framework provides a lens on social entrepreneurial opportunity recognition as prosocially motivated when an "emotional connection to others fosters integrative solutions to seemingly intractable social problems, distorts cost-benefit analysis in other-serving ways, and encourages the commitment needed to undertake demanding and difficult responses." This supports previous theorizing on the virtue of compassion, which is defined as the process of noticing someone else's pain, empathetically understanding it, and responding in some way designed to alleviate it (Frost et al., 2000; Kanov et al., 2004). The impulse to be compassionate is innate (Frost et al., 2006), in that people are intrinsically moved to help when they see other people in pain by a prosocial motivation that produces empathy for a suffering individual or community (Goetz et al., 2010; Nussbaum, 1996). This motivation is key to social entrepreneurship (Miller et al., 2012), because it enhances awareness of vulnerable circumstances and leads to an understanding of the significance of suffering and the issues contributing to it (Nussbaum, 2003).

Compassion can also create personal relevance to the suffering of others that can be generalized broadly to people afflicted by similar circumstances (Ortony et al., 1988). The result is the pursuit of a scalable solution that can be extended to all who suffer from homogenous effects. This makes compassion important to collective social entrepreneurship because it inspires the entrepreneur to focus on ventures directed at solving broad social issues rather than isolated cases. In support of this, compassion has been shown to create "a distinct motivated reasoning process" (Grimes et al., 2013, p. 463) that establishes an "other"-focused evaluation of performance critical for sustaining social entrepreneurship. Furthermore, scholars have shown that compassion plays both a cognitive and affective role in "influencing the way entrepreneurs think, calculate and analyze personal costs, and commit to organizing for a cause" (Miller et al., 2012, p. 617). Given that social entrepreneurship is characterized by a compelling social mission motivated by a desire to address unmet, basic human needs (Brooks, 2009; Nga & Shamuganathan,

2010), a founder's compassion is central to the social entrepreneurial process (Barendsen & Gardner, 2004).

Open Strategy. Compassion motivates entrepreneurs to pursue broad gains as opposed to singular interests and enhances a willingness to incorporate other people's ideas into the organizational decision-making process. The result is the creation of an organization that is more open to capturing diverse information and incorporating varied perspectives during the opportunity recognition process and for-profit alternatives. This openness increases cognitive flexibility, the willingness to take risks, and receptiveness to complexity (Grant & Berry, 2011). In their theorizing, Miller and colleagues (2012) posit that stakeholders impact the likelihood of engagement in social entrepreneurship in several ways. First, compassion acts as a precursor to social entrepreneurship, but the likelihood that the entrepreneur moves beyond his or her other-oriented, prosocial motivation is influenced by several processes, including the extent to which the entrepreneur integrates ideas and information from others to address their problem. Given the pervasiveness of the idea that an entrepreneur's openness to diverse thinking can influence entrepreneurial engagement (e.g., De Dreu et al., 2008), an open-strategy lens can offer additional insight into the role of stakeholders in the process of social entrepreneurship.

The study of open strategy (Chesbrough & Appleyard, 2007) reflects a recent trend in practice toward greater participation in the strategy process by external and internal stakeholders. The concept follows a long tradition of scholarly attempts to understand the processes of innovation (Schumpeter, 1934) and stands in contrast to conventional notions of competitive strategy that understood knowledge and strategic decision-making as tightly protected heterogeneous intellectual property (Gold & Malhotra, 2001; Grant, 1996; Cohen & Levinthal, 1990). The development of open strategy has paralleled the wider recognition and adoption of open innovation approaches that have yielded promising new entrepreneurial opportunities by diffusing knowledge and inventions across sectors and industries (Pittz & Adler, 2016). As strategy can emerge from practice (Spear et al., 2009), increased stakeholder involvement in the organization can yield better results.

In particular, open strategy can be applied to collective social entrepreneurship where cooperation and interdependence are valued over ownership and control (Chesbrough & Di Minin, 2014). Open strategy

has additional implications for understanding how opportunities are recognized and evaluated by social entrepreneurs, and offers insights into the relational complexities inherent in collective organization for social change (Voorberg et al., 2015). As momentum builds around an innovative solution to a social problem and a stakeholder network begins to grow, a transparent governance structure is adopted in successful ventures that invites input and encourages disparate voices in the strategic decision-making process (Letaifa & Rabeau, 2013), and fundamental alterations of the business model can occur because of the inclusion of outside voices in the decision-making process. This allowance of strategic openness enabled the social entrepreneur to overcome the paradox of contradictory yet interrelated elements of business success and social impact (Michaud, 2014).

Conceptually, the open-strategy approach views strategy as emergent and, as such, it is similar to the effectuation process within entrepreneurship wherein an entrepreneur does not begin with a precise product, service, or venture in mind, but with a set of means to be used to address a good idea (Saravathy, 2001). Effectuation also corroborates the idea of collective social entrepreneurship as it demonstrates an interactive process involving negotiation between the entrepreneur and various stakeholders who collectively determine goals for the entrepreneurial venture (Saravathy & Dew, 2008). Therefore, research regarding open strategy has the potential to shed light on organizational decision-making mechanisms that encourage new information and the development of artful solutions, an attractive proposition for addressing obstreperous social concerns.

In tandem, the previously specified literatures overlap in compelling ways that inform our research. First, theoretical work on social entrepreneurship highlights the individual motivation to create shared value as its defining characteristic (Porter & Kramer, 2011). Research on compassion emphasizes the same initial conditions and motivations to respond to another person's suffering after a pain trigger is noticed (Madden et al., 2012), and even specifies compassion as an encouragement for social entrepreneurship as a way to meet societal needs that have gone unfulfilled (Miller et al., 2012). The alignment of these literature streams informs our first research question: how does compassion motivate social entrepreneurship?

Second, although social entrepreneurship lacks an agreed-upon definition (Choi & Majumdar, 2014), many

current conceptions hinge upon an organizations' use of recognized principles—such as collaboration with stakeholders—to enhance financial sustainability and mission effectiveness (Harding, 2004; Nicholls, 2010). The open-strategy literature likewise highlights the importance of cooperation in generating positive returns for stakeholders (Chesbrough & Appleyard, 2007; Saravathy & Dew, 2008). Our second research question is informed by this theoretical intersection: how does the interaction with internal and external stakeholders impact social entrepreneurship? The case study evidence of the process model is presented in the following section.

Methodology

Given the nascent nature (e.g., Edmondson & McManus, 2007) of research on the intersection of compassion and social entrepreneurship, we engaged in an in-depth, inductive, and comparative case study analysis (e.g., Rasmus & Vaccaro, 2014). We initially identified these cases through a local-area pitch competition in which founders offered a brief snapshot of their ideas to judges in hopes of advancing to state- and national-level competitions. We used a compassionate origin story as a selection criterion for inclusion in this study to ensure comparability across cases. We selected five cases that incorporated compassion as the motivation for the social entrepreneurship form: *CollegePolitics*, *Food4Thought*, *DeltaBooks*, *ImmuNOcancer*, and *Underwater Farms*.

Data Collection. We approached the founders after the competition ended and requested participation in open-ended interviews of thirty to seventy-five minutes each. Where possible, we interviewed multiple founders from each firm and, following interviews with the founders, we interviewed additional members of the organization if available. Finally, we solicited information from a business advisor if the founder(s) indicated that they had one. We collected supplemental archival data on our own and through participation with the founders from business plans, marketing materials, news outlets, and social media. Case descriptions were generated through an integration of these sources and provided to the founder and/or advisor for feedback. In each case, the following descriptions were judged acceptable by a representative of the organization.

Cases. *CollegePolitics* is a mobile application that seeks to educate young people in the political process. The application engages youth through peer-to-peer information sharing on current, relevant political topics

and provides in-depth analysis of current events.

CollegePolitics was founded in 2015 and, through the support of college faculty, the founder was able to form a team, develop the application, and compete at local- and statewide pitch competitions.

Food4Thought seeks to alleviate health problems caused by poor nutrition in low-income communities by providing individuals with a way to purchase fresh produce that is near expiration at a deep discount. A *Food4Thought* user signs up to receive alerts when produce is discounted and grocery stores benefit by moving inventory that would otherwise expire. A team of five high-school students started the company and they have continued to work together through their college careers to pursue this business. *Food4Thought* has won statewide and local start-up competitions.

DeltaBooks wants to redefine the textbook industry by offering an advertising-based model to subsidize or eliminate the cost of the textbook to the student. Similar to the Pandora model for music content, *DeltaBooks* relies on digital copies of textbooks and displays advertisements alongside each page as the user reads. *DeltaBooks* is in the pre-revenue stage but has developed a mobile website through a third-party developer and is negotiating license agreements with publishers and introducing representatives on college campuses.

ImmuNOcancer specializes in immunotherapy for cancer treatment. The company uses an innovative medical technique to fight cancer by stimulating the immune system to attack the cancerous cell, which is the equivalent of vaccinating against that cancer. *ImmuNOcancer* is pre-revenue and has several years before completing clinical trials but the company has received nearly \$3,000,000 in investment capital from founders and investors.

Underwater Farms seeks to recharge declining oyster populations through a new, environmentally safe process in which oysters are seeded onto biodegradable, moveable substrate in tidal flats that is designed to have optimal coverage of oyster spat before they are moved into waters where they do not spawn as easily. The substrate technology was developed through an educationally funded institute and the founder partnered with local oyster growers to develop a solution that would work in the marketplace.

Analysis

Following each interview, detailed notes were taken by the interviewer and distributed to the research team regarding the case's origin story. A second researcher who was not present at the initial interview undertook an in-depth, inductive coding exercise (e.g., Charmaz, 2014) on the basis of the recordings of each interview. Together, the researchers compared coding categories between notes and transcripts, which resulted in the identification of three broad themes that occurred across each case: compassion, stakeholders, and outcomes. These themes were compared to the theoretical literature related to compassion and social entrepreneurship, and then the researchers returned to the data to ensure that the codes matched definitions from the literature. These iterations were repeated several times as more interviews came in. This iterative process resulted in the identification of a fourth coding category: open strategy (e.g., Chesbrough & Appleyard, 2007). Table 1 provides representative details from our cases across each category. Following the identification of the fourth category, the interviews were coded again until the researchers began to see repetition in the themes. Table 2 contains details and sample quotations that show the patterning of thematic responses across interviews. Following this, a synthetic strategy (Langley, 1999) was employed to facilitate comparison across the cases.

Results

Tables 1 and 2 contain the results of our comparative study of social entrepreneurship. In regards to our first question about how compassion motivates social entrepreneurship, we found an interesting dichotomy in our narrative related to the source of the pain trigger (Dutton et al., 2006) for the compassionate event that spurred the founder to social entrepreneurship: social versus personal motivations. For all five of our cases, the founders noticed, felt, and responded to someone else's pain, but three cases mark as their genesis the founder(s)' exposure to a social problem, while the other two cite personal experiences with pain and suffering. For instance, *CollegePolitics*' founder was inspired to action by the events that followed the 2014 shooting of Michael Brown in Ferguson, MO, which evoked in him a profound desire to help the community heal from social woes and advocate for change. In his estimation, much of the problem was owed to the ambivalence and helplessness many young Americans felt toward government and politics. "Instead of whacking at the leaves, why not go ahead and pull the root out?" Likewise,

Table 1. Case Descriptions and Illustrative Quotes

Theme and Frequency	CollegePolitics	Food4Thought	DeltaBooks	ImmuNOcancer	Underwater Farms
Compassion	<i>Social:</i> Inspired by the events in Ferguson, MO, and a desire to help the community heal from social woes and advocate for change.	<i>Social:</i> The genesis was a desire to improve nutrition for low-income families “since unhealthy food is less expensive than healthy alternatives.”	<i>Social:</i> Originally, the founder wanted to facilitate the exchange of textbooks to alleviate the expense. “The bottom line is for students to have access to these textbooks that many students cannot afford.”	<i>Personal:</i> “I was first interested when I heard about the therapy, but it became personal with my wife...and I decided to move on it.”	<i>Personal:</i> The founder witnessed the decimation of the coastal oyster population during his undergraduate career and was motivated to find a solution.
Stakeholder involvement	<i>Medium:</i> The founder actively engages end users in the decision-making process and discusses his first priority currently as “growing the team.”	<i>High:</i> The leadership team integrated members with a social perspective with business-minded members to “leave no stone unturned.”	<i>Medium:</i> According to the founders, “student input has been invaluable to building the model.”	<i>Low:</i> The founder engaged stakeholders as needed to protect and develop the product: “I have interviewed or paid just about every high-priced attorney in town in order to make contacts and develop a team of people who could push this idea further and license the technology.”	<i>Medium:</i> Initially, “we pursued a research grant so that we could include commercial fishermen in the idea and advance the notion of a sustainable and renewable oyster farming solution.” Now, “multiple groups have helped make decisions and we have encouraged outside input.”
Strategic changes as a result of openness	<i>Structure and Business Model:</i> the premise of the venture changed from a debate forum to education based on external input. The original platform was deemed “too confrontational” and morphed into a rich content platform.	<i>Structure and Business Model:</i> The idea changed from a commission-based to a licensing-based revenue model as the result of input from customers and advisors brought in as voting members (non-equity) of the management team.	<i>Structure and Business Model:</i> Conversations with students using the service and a published news article generated new team members and fundamentally changed the model to an advertising-based model.	<i>Structure:</i> “My biggest mistake as CEO was not talking to potential partners years ago...but we are doing that now.”	<i>Mission:</i> The team attempts to engage local and national leaders in discussions of coastal conservation. “We don’t believe [our solution] can be successful without an advocacy component, and that means talking to as many people as possible.”
Positive Externalities	<i>New missions:</i> CollegePolitics’ platform for political education also gets members engaged in ideas such as responsible spending, the importance of education, and other underrepresented life skills for low-income populations.	<i>New mission:</i> In addition to helping provide nutritious food options for low-income families, this application reduces landfill waste from expired produce.	<i>New mission:</i> Reducing textbook costs concurrently reduces student loan debt, a growing concern in U.S macroeconomics.	<i>New markets:</i> The big potential for nanotherapy is to treat cancerous tumors, but it also has the potential to serve as a vaccination against future metastasis. Clinical tests in animals have also shown effectiveness against osteosarcoma.	<i>New markets:</i> The founder believes that this idea has application for other suffering coastal populations.

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Table 2. Themes Emerging from the Research *(continued)*

Theme	Frequency	Case Study Evidence
Compassion	5	<i>CollegePolitics</i> : "Instead of whacking at the leaves, why not go ahead and pull the root out? That is how we can best affect social change."
Motivated by witnessing a social phenomenon	3	<i>Food4Thought</i> : "Since unhealthy food is less expensive than healthy alternatives," the genesis of this business came from a desire to improve nutrition for low-income families. <i>DeltaBooks</i> : "The bottom line is for students to have access to these textbooks that many students cannot afford." <i>ImmuNOcancer</i> : "My father passed away in 1998 from liver cancer and my wife was diagnosed with triple negative breast cancer in 2009... Then I started thinking, my wife's not alone, if 15% or 16% of women have triple negative, this is very important... I was first interested when I heard about the therapy, but it became personal with my wife... and I decided to move on it."
Motivated by personal experience	2	<i>Underwater Farms</i> : "In my lifetime, I have watched the decimation of the oyster population."
Integrative Thinking	5	<i>CollegePolitics</i> : "With my mindset and passion to affect change in the local community and desire to branch out nationally, I feel it is a shared passion with the people I meet... and it is not about the money but about connecting with the right people."
Solicitation of internal stakeholder input	5	<i>Food4Thought</i> : To "leave no stone unturned" in regard to growing their business, the leadership team integrated members with a social perspective with business-minded members. <i>DeltaBooks</i> : "Incorporating the opinions of others is important since this business is complex and competitive." <i>ImmuNOcancer</i> : "I reached out to my connections in [country redacted] to seek alternatives for treatment outside of the traditional therapy options in the U.S."
Solicitation of external stakeholder input	3	<i>Underwater Farms</i> : "We pursued a research grant so that we could include commercial fishermen in the idea and advance the notion of a sustainable and renewable oyster farming solution."
Strategic Openness	5	<i>CollegePolitics</i> : "Growing the team" is the founder's first priority. He actively engages external stakeholders and end users in the decision-making process and the premise of the venture changed from a debate forum to education based on external input. The original platform was deemed "too confrontational" and it morphed into a rich content platform.
Transparency	4	<i>Food4Thought</i> : "The idea changed from a commission-based to a licensing-based revenue model" as the result of input from customers and advisors were brought in as voting members (non-equity) of the management team. <i>DeltaBooks</i> : "Student input has been invaluable to building the model" as, originally, DeltaBooks was designed as an exchange for students to transfer used textbooks in an effort to save money.
Inclusiveness	4	Conversations with students using the service and a news article published generated new team members and ideas, however, that fundamentally changed the model to an advertising-based model. <i>ImmuNOcancer</i> : "I have interviewed or paid just about every high-priced attorney in town" in order to make contacts and develop a team of people who could push this idea further and license the [country redacted] technology. "Nanotherapy, by itself will not be able to take it to the next level. Nanotherapy with a partner in this industry will definitely make it an industry standard."
Participation in Decision-Making	5	<i>Underwater Farms</i> : "Multiple groups have helped make decisions and we have encouraged outside input in growing our business model from the start. We don't believe it can be successful without an advocacy component, and that means including as many people as possible."
Prosocial Benefit	5	<i>CollegePolitics</i> : "The goal is to build a big enough team to help continue to fund the venture with money, but more importantly with effort and time to continue to broaden horizons."
Financial Risk Propensity	4	<i>Food4Thought</i> : "We don't want to become a traditional business." Opportunities to monetize the application based on a for-profit revenue model were rejected by management in favor of a more sustainable social model.
Scalability	3	<i>DeltaBooks</i> : "We have eyes on a screen that can generate advertisement revenue so that, ultimately, we can provide textbooks free to students." <i>ImmuNOcancer</i> : "I have spent over \$750k of my own money in this business so far, but it is worth it for the potential legacy of this technology."
Legacy	2	<i>Underwater Farms</i> : "Regardless of money, this will be the last job I ever have because it is so important."

Table 2. Themes Emerging from the Research

Theme	Frequency	Case Study Evidence
Positive Externalities	5	<i>CollegePolitics</i> : "Not only educates for social change but also gets members engaged in ideas such as responsible spending, the importance of education, and other underrepresented life skills for low-income populations."
Anticipation of Spillovers	3	<i>Food4Thought</i> : "In addition to helping provide nutritious food options for low-income families, our application reduces landfill waste from expired produce." <i>DeltaBooks</i> : "Reducing textbook costs also can reduce student loan debt," a growing concern in U.S. macroeconomics. <i>ImmuNOcancer</i> : "Clinical tests in animals have also shown effectiveness against osteosarcoma.
<u>Unexpected Spillovers</u>	2	The big potential for nanotherapy is to treat cancerous tumors, but it also has the potential to serve as a vaccination against future metastasis." <i>Underwater Farms</i> : "This can also help other suffering coastal populations."

Note: Higher-order factors are boldfaced

Table 3. Data Source Descriptions and Counts

CASE	FOUNDER INTERVIEWS	ADVISOR INTERVIEWS	PRESENTATIONS	NEWS ARTICLES	WEB-BASED PLATFORMS
<i>ImmuNOcancer</i>	2 interviews with CEO; 3 with CFO	3 interviews with lead investor	2 pitch presentations to angel investors; 5 update presentations to investors	0	0
<i>DeltaBooks</i>	2 interviews with each of 2 founders	1 interview with business counselor	4 pitch competition presentations	3	2
<i>Underwater Farms</i>	5 interviews with CEO	2 interviews with lead industry partner	1 grant award presentation	2	2
<i>Food4Thought</i>	2 interviews with one founder	1 interview with business counselor	4 pitch competition presentations	12	5
<i>CollegePolitics</i>	5 interviews with founder	1 interview with each of 2 business counselors	3 pitch competition presentations	1	2

Food4Thought's founders were encouraged to create their venture in response to the injustice of food deserts and *DeltaBooks'* founder responded to the burden imposed on students by the rising cost of supplies in higher education. In each case, the empathy that led the founder to social entrepreneurship was based on exposure to a social issue. In the other two cases, the founders experienced or witnessed the pain trigger themselves. For *Underwater Farms*, the founder witnessed the death and decline of the oyster population during research activities and was inspired to act by the pain and fear that caused him to feel

for the future. For *ImmuNOcancer*, the founder dedicated considerable personal effort and expense to his venture after the founder personally experienced the pain trigger that led to his venture: "My father passed away in 1998 from liver cancer and my wife was diagnosed with triple negative breast cancer in 2009... I started thinking, my wife's not alone... 15% or 16% of women have triple negative, this is very important... it became personal with my wife... and I decided to move on it." The founders' emotional closeness to the pain trigger—in combination with other factors such as stakeholder interaction—impacted the cases profoundly.

We also found differing amounts of stakeholder interaction and integrative thinking that generated open strategy in relation to our second research question. In some of our cases, the founder(s) spoke about soliciting input specifically from stakeholders internal to their organization, even to the extent that they would invite stakeholders into the firm, and in others, the founder(s) specifically chose input from external stakeholder groups. The strategic openness that resulted included subthemes of transparency, inclusiveness, and participation in decision-making, such that several organizations substantively redesigned themselves to take full advantage of stakeholders' feedback.

The *Food4Thought* team sought input from as many stakeholders as they could find, including teachers, parents, customers, suppliers, technology developers, and business experts, in addition to networking through local and national pitch competitions and social entrepreneurship conferences. Their goal was "to leave no stone unturned" in the pursuit of the best solution they could design to address nutrition issues in low-income households. Consequently, the team appointed a board of business advisors as voting, but non-equity, members of their management team. Through repeated interactions with this team, the business morphed from an initial commission-based revenue model to a licensing-based fee structure. In addition, the team opted to reject offers to monetize their application in favor of maintaining a more sustainable social model that meets their goals and objectives. *DeltaBooks* also received feedback from a broad set of stakeholders that produced changes to the leadership team. Originally, *DeltaBooks* was designed as an exchange for students to transfer used textbooks in an effort to save money. After a news article about the idea ran locally, new team members came forward and were brought on board to help the business model better meet the mission. Together, the new team solicited input from students using the service, which fundamentally changed the business to an advertising-based model. According to the founders, "student input has been invaluable to building the model."

Underwater Farms likewise targeted partners to encourage their growth, starting with a grant "so that we could include commercial fishermen in the idea and advance the notion of a sustainable and renewable oyster farming solution." After the idea took root, the process was developed, and when initial tests proved successful,

the founder began growing a network of advisors: "Multiple groups have helped make decisions and we have encouraged outside input in growing our business model from the start. We don't believe it can be successful without an advocacy component, and that means including as many people as possible."

In contrast, *ImmuNOcancer* purposely restricted the circle of trusted stakeholders throughout much of its history. The idea was initially explored with a small number of researchers outside the United States to whom the founder had close connections to ensure that the solution would be novel and proprietary. After the solution was identified, the founder "interviewed or paid just about every high-priced attorney in town" in order to make contacts and develop a team of people who could "push this idea further and license the technology." However, the team of lawyers and scholars could not provide the business push the founder wanted, so he carefully began looking for an interested partner. "Nanotherapy by itself will not be able to take it to the next level. Nanotherapy with a partner in this industry will definitely make it an industry standard." In retrospect, the founder admits: "My biggest mistake as CEO was not talking to potential partners years ago... but we are doing that now."

The outcomes in these cases include expected and unexpected prosocial benefits and positive externalities, and we identified several subthemes related to an organization's improved financial risk propensity, scalability, and legacy, as well as spillover effects with benefits for unexpected groups. For example, *CollegePolitics* expanded its scope of services after defining their primary product as a peer-based educational platform. Although the initial goal was to educate millennials about politics in order to facilitate social change, additional conversations related to responsible spending, educational issues, and other life-skills training products have been developed from the platform. *Underwater Farms* discovered parallel benefits of their product for other endangered coastal animals. In addition, the process of soliciting feedback from stakeholders engaged the organization in conservation discussions at a higher level, and the primary role occupied by the founder now is as an advocate for sustainable oyster farming and the protection and growth of other coastal species populations.

Discussion

This research has explored the impact of compassion and open strategy on the social entrepreneurship process. In so doing, we have answered several calls for research. First, we have adopted a cluster concept view of social entrepreneurship and considered the interplay of several of its sub-concepts, including social value creation, the social entrepreneur, and the social entrepreneurial organization (Choi & Majumdar, 2014; Zahra et al., 2009). Additionally, we have examined compassion as a key prosocial motivator for social entrepreneurship, which speaks to an ongoing debate about the origins of social entrepreneurship (Arend, 2013; Grimes et al., 2013; Miller et al., 2012). Finally, we consider the impact of stakeholder interactions on the generation of open strategy in the social entrepreneurial organization. The findings of our inquiry offer several implications for theory and practice.

Research implications. First, our findings speak to the literature on social entrepreneurs' motivations for using traditional business models to address social issues (Dees, 2007). We carefully considered the argument that a prosocial motivation to alleviate other people's pain lies at the heart of the social entrepreneur's reasoning for founding a social venture (Miller et al., 2012). In the five cases we compare, we found a fundamental difference in the compassion at the naissance of the venture between social and personal pain triggers. The compassion literature has noted the varied sources of pain triggers (Dutton et al., 2014; Lilius et al., 2011) as well as acknowledging the uniqueness of an individual's response to a pain trigger (Cassell, 1999), but our study adds an interesting nuance in that the cases had different initiation sequences. This also speaks to Arend (2013), who worries that compassion is too fleeting a feeling to truly motivate the process of social entrepreneurship. Grimes and colleagues (2013) point out that prosocial motivations in combination with other institutional factors can generate social entrepreneurship, which our study supports. In addition, the dichotomy of our finding related to compassion suggests that different forms of compassion may exist that are specific to social entrepreneurship and that they may have different outcomes. For example, *ImmuNOcancer's* founder initially eschewed help from outside sources, perhaps because of his close personal ties to the pain triggers that started the organization. In contrast, *Food4Thought* welcomed feedback and even altered their organization form to incorporate advisory roles in an effort to consider all possible solutions, perhaps because the goal was always to alleviate a group's suffering. The positive externalities of each firm reflect these effects.

Also, the comparison of our cases highlights an insight for the open-strategy literature. Our cases show a variety of stakeholder interaction patterns and impacts to each firm's strategy. Three of our cases purposefully bounded the stakeholder groups from whom they sourced feedback to begin with—*Underwater Farms* found a commercial partner, and *DeltaBooks* and *CollegePolitics* each focused on feedback from end users—while the other two, as noted above, purposely opted for all the feedback they could find or as much secrecy as they could enforce. These had interesting impacts on the firms' structures and business models, as well as the positive externalities of their missions. Each of our cases altered their leadership structure to encourage beneficial aspects of openness. *Food4Thought* and *Underwater Farms* created advisory boards and *DeltaBooks* and *CollegePolitics* brought in new team members to help to expand the pool of resources. Through those new partners, each also experienced the benefit that opened *ImmuNOcancer's* doors as well: added business acumen and market reach. For three of the cases—*DeltaBooks*, *CollegePolitics*, and *Food4Thought*—stakeholder input resulted in major changes to the business model. Finally, the incorporation of strategic openness generated positive externalities and led to the realization of new mission- and market-based impacts. Both *Underwater Farms* and *ImmuNOcancer* are exploring the possibilities that their products could be applied to different populations to alleviate their pain; *DeltaBooks*, *CollegePolitics*, and *Food4Thought* have discovered that developing their firms as intended had positive, unintentional impacts on other social issues that they now include in their mission.

Together, these contribute to both social entrepreneurship and open-strategy research. The benefits of stakeholder interaction in for-profit firms are well noted (Berman et al., 1999), but the benefits of co-creation (Frow et al., 2015)—especially in social entrepreneurship—are less agreed upon (e.g., Shams & Kaufmann, 2016; Voorberg et al., 2015). Our study suggests that interaction with stakeholders can impact the structure of the firm, the business model it employs, and the intended and unintended consequences it has. This adds new insight to the value creation component of social entrepreneurship, which has struggled to clarify its boundaries (Kroeger & Weber, 2014). In particular, this suggests that the sustainability of a social enterprise is not solely a question of timing (e.g., Belz & Binder, 2017), but also of stakeholder engagement, and further adds to our understanding of the benefits of external knowledge (Garriga et al., 2013).

In particular, our findings support and extend the theory about the governance structures (Felin & Zenger, 2014) and knowledge-sourcing activities (Chatterji & Fabrizio, 2014) that facilitate open strategy by finding that the motivation to engage and incorporate stakeholders as partners can be prosocial. For the cases in our study, the compassion at the origin of each firm was fed by the advantages of strategic openness to the potential benefit of many new stakeholders.

Practical Implications. Our study has implications for practice as well. To start, budding social entrepreneurs should note that compassion can be a valid starting point, but it is not the sole sustenance of a social enterprise (Dacin et al., 2011; Grimes et al., 2013). Each of the founders in our study told a story of the cause they were drawn to and the reasons for that, but their ability to address those issues and others was heavily influenced by a variety of other factors. Active engagement with stakeholders was a vital component of their ability to meet their mission, which supports advice about collaboration from other social entrepreneurship researchers (Sagawa & Segal, 2000). In addition, the cases in this study demonstrated strategic openness that allowed them to shift their enterprises in ways initially unexpected. Thus, despite the image of the social entrepreneur as the frame-bending, visionary source of social change (Bacq & Janssen, 2011), a consensus-based form of leadership may have benefits as well. Finally, for active social entrepreneurs, our study serves as a reminder that the engagement of a variety of stakeholder groups can help to reveal unanticipated positive impacts.

Boundary Conditions and Future Research. Our study of social entrepreneurship and open strategy necessitated boundary conditions that highlight new research questions. First, we restricted our search to social ventures that incorporated compassion as the foundation of their interest in this business form. Our study encourages compassion researchers and social entrepreneurship researchers to consider the impact of the pain trigger on the entrepreneur and their venture. The cases in this research indicate that social entrepreneurs are motivated by compassion caused by exposure to an issue as well as exposure to a tragedy. Future research may want to consider whether this difference stimulates unique outcomes in terms of the speed or scope of the venture. As well, we purposely bounded our exploration by employing a case study methodology because of the nascence of the state of social entrepreneurship literature. This improves the richness of our exploration at the cost of the generalizability of our findings (e.g., Edmondson & McManus,

2007). As the social entrepreneurship literature reaches consensus on the boundaries of its domain, future researchers should consider the benefits of mixed-methods research to test those boundaries. Moreover, any examination of social entrepreneurship ideally considers the sustainability of social enterprises, and we encourage future research to consider the open decision-making model and compassionate motivations as potential contributing factors. Finally, our research encourages a holistic view of the outcomes of social entrepreneurship as intended and unintended as well as coordinated across stakeholders, which highlights the importance of multi-source data in this field. None of our cases anticipated the positive externalities of their ventures, which has fascinating implications both for the future of research and of society.

In addition, we found that these stakeholders often held multiple roles during the organization's history. Although the initial phase of engagement in social entrepreneurship was often marked by the soliciting of information and diverse ways of thinking about how traditional business forms could address social needs, those same stakeholders—who initially offered support and input—were often invited to continue having that impact in a more formal role as business advisers in an open-strategy environment adopted by the entrepreneurs. Thus, people who interacted at first as stakeholders influenced the adoption of open strategy because of their valuable input, and by so doing, became part of the governance of the firm. Where and how this shift happened—and which factors influenced it—was less clear from our research, and we encourage future researchers to consider interviewing entrepreneurs and advisers many times between the idea stage through the first years of operation to tease apart the nuances of this transition. Such investigation is likely to contribute to theory on governance and stakeholder roles alike.

Conclusion

Scholars have called for more of a focus on collective action when studying social entrepreneurship (Peredo & McLean, 2006; Shaw & Carter, 2007) as the knowledge required to address complex and dynamic social problems is not found in a single individual but dispersed across multiple actors (Sautet, 2002). Furthermore, in their inductive analysis of social entrepreneurship in a cooperative setting, Corner and Ho (2010, p. 652) found a pattern of collective action within the process of opportunity recognition and development that was sufficiently evident to propose that “dispersed knowledge had to coalesce in order for a viable innovation to manifest”, suggesting that the “treasured notion of the individual entrepreneur as the sole developer

of opportunities needs to be questioned seriously in future entrepreneurship research." Prior literature has identified the need to partner with diverse stakeholders to accomplish social objectives in cooperatives (e.g., Spear, 2004), advocacy (e.g., Beletsky et al., 2008; Rao et al., 2000), and cross-sector social partnerships (e.g., Pittz & Intindola, 2015; Selsky & Parker, 2005; Vurro et al., 2010). To wit, Montgomery and colleagues (2012, p. 376) highlight the importance of collective social entrepreneurship as collaboration "serves to leverage existing resources, build new resources, and impact the emergence and reshaping of institutional arrangements to support scalable efforts for change."

The locally embedded nature of social enterprises requires that researchers explore the interactions between social entrepreneurship and their constituents, particularly when used to inform the design of policies and interventions.

Exploring the phenomenon of broad participation in the strategy process attends to scholars who suggest that entrepreneurial agency is embedded within a larger social context (Granovetter, 1985). We have followed the suggestion by Grimes and colleagues (2013) to pursue research that focuses on the socio-cognitive processes that structure perceptions and interpretations of opportunities. Our research demonstrates that social entrepreneurship activity—and the chosen mode of problem solution—depends upon strategic openness and contextualizes the motivations of the social entrepreneur. Thus, while the explanatory variable of compassion may encourage someone to explore the causes of suffering, it is through open dialogue and participation of others that he or she achieves the outcomes of social entrepreneurship opportunities.

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