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Entrepreneurship as a Platform for Pursuing Multiple Goals: A Special Issue on Sustainability, Ethics, and Entrepreneurship

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ABSTRACT The great challenge of sustainability is addressed by firms with varying levels of social and environmental responsibility and performance. Though traditionally, firms sought a balance, we argue that this is not enough. Rather, we advocate that the natural environment be the foundation on which society resides and the economy operates. Sustainable, ethical, entrepreneurial (SEE) enterprises are moving in this direction, seeking to regenerate the environment and drive positive societal changes rather than only minimizing harm. We also note that sustainability is justified and motivated by ethical considerations and pioneered by entrepreneurial engagement. The eight articles included in this Special Issue draw from cross-disciplinary scholarship to elaborate how SEE enterprises approach sustainability through new organizational forms, business models and innovation, and new governance mechanisms. They also emphasize the roles of institutional forces and logics, government policies and social movements for promoting or impeding sustainable practices. Collectively, they reveal new and compelling insights while spotlighting the great questions for SEE enterprise that await study.

Keywords: entrepreneurship, ethics, sustainability

INTRODUCTION

Sustainability is an urgent, global concern. Humans now consume 50 per cent more resources than the Earth can provide and by 2030, even the carrying capacity of two planets will fail to supply our resource needs (World Wildlife Fund, 2012). The same

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report shows that our footprint is exceeding the Earth's biocapacity – the productive land and ocean areas available to produce renewable resources and absorb CO_2 emissions – by more than 50 per cent. Similarly, each year we dump 8 million tonnes of plastic particles and by-product into rivers, lakes, and oceans; and if this rate continues, by 2050 the oceans will contain more tonnes of plastic than tonnes of fish (World Economic Forum, 2015). Earth has entered a new epoch, the Anthropocene ('New Man'). This transformation is pivotal, because unlike earlier epochs, which were triggered by natural events, the culprit of the Anthropocene is humans (Hoffman and Jennings, 2015; Steffen et al., 2007; Wigginton, 2016). As a result, in addition to environmental concerns, we now consider many social and ethical challenges, such as destitute poverty, slavery, corruption, and overpopulation (to name a few), to be part of the sustainability problem. Because our actions – and inaction – pose a great threat to sustainability, it is this imperative we address it; that's the focal impetus for this Special Issue.

Of course, the issue of sustainability and the effort to bring sustainable development are not new, as the early definition of sustainability from the World Commission on Environment and Development (WCED, 1987) shows: 'the ability to meet the needs of the present without compromising the ability of future generations to meet their own needs'. Even with a heightened awareness of and commitment to Sustainable Development Goals (SDG), 17 goals (and 169 accompanying targets) that the UN expects to achieve by 2030, most corporations prioritize economics first, followed by social and ethical issues, and then the environment. Ongoing research in this area – as well as the growth of social entrepreneurship – brought greater awareness that sustainability requires firms to balance environmental, societal, and economic needs and goals (Aguinis and Glavas, 2012; den Hond et al., 2014; Walsh et al., 2013). For example, many global brands such as FedEx Kinkos, Nike and Tesco, as well as small firms use the *triple bottom line* approach (Elkington, 1998) to measure and balance environmental, social, and economic performance.

Expanded accountability is certainly an important step, but our assessment – based on media reports, published research, and over 120 papers that we reviewed for this Special Issue – is that organizations are struggling to balance these goals. While new construction technology and material science make it possible to erect net-zero buildings,[1] we are unaware of net-zero or fully sustainable firms, so we certainly recognize the challenge that sustainability poses to business operations. We wonder, however, if the traditional approach of seeking to *balance* the needs of the environment, society, and economics goes far enough. After all, the society and its economy are nested, such that the economy is embedded within society, which itself resides within the biophysical environment (Doppelt, 2008; Giddings et al., 2002; Montabon et al., 2016). If the natural environment is the ultimate foundation for everything else (Ehrenfeld and Hoffman, 2013; Gladwin et al., 1995), then balanced approaches are certainly necessary, but might not be sufficient. Instead, sustainability requires organizations to prioritize the environment first, society second, and economics third, as opposed to balancing all three (Markman and Krause, 2016). This prioritization suggests that organizations would need to transition from the customary 'do-less-harm' thinking to more proactive 'do-no-harm' or better yet 'do-good' paradigms that restore and enhance the natural environment. Certain *sustainable, ethical, entrepreneurial* (SEE) enterprises are beginning to prioritize their activities according to this paradigm, and we suspect that this shift will be especially arduous for large and powerful incumbents where switching costs are high and entrenched interests detect few incentives to disrupt the status quo (see Shevchenko et al., 2016).

This Special Issue features diverse studies that debate prioritization, policies, and processes related to the pursuit of environmental, societal, and economic goals. The multi-faceted, trans-disciplinary nature of most sustainability challenges requires us to reach out and engage scholars and practitioners from other disciplines. Of course, this lesson is not entirely new. However, we reiterate it to instil a sense of urgency and to stress that many policies that aim to advance sustainability continue to be filtered through single-disciplinary lenses, and that is one of the reasons why narrow solutions are subject to chronic, almost inevitable failure (Funtowicz and Ravetz, 1993; Hunt and Fund, 2016; Perrow, 2011).

SUSTAINABLE, ETHICAL, ENTREPRENEURIAL (SEE) ENTERPRISES

The eight articles that define this Special Issue explain why the study of SEE enterprises requires scholars to: (i) recognize new organizational forms; (ii) appreciate new business models and innovation; and (iii) understand alternative types of governance. The Special Issue highlights the importance of innovative thinking and creative problem solving, to shape founding conditions and pioneer practices that advance sustainability. The articles also emphasize the key role institutional forces and logics play in promoting or impeding environmental policies and social change, and the prevalence of social movements and other institutional pressures imposed by compelling rhetoric and government policy on advancing the ethical and sustainable behaviour underlying SEE enterprise activity.

The fields of entrepreneurship (Aldrich and Fiol, 1994; Davidsson, 2003; Shane and Venkataraman, 2000) and organizational theory (Scott and Davis, 2016; Thornton et al., 2012) are especially suitable to study three topic areas: the nature of new organizational *forms*; how forms and functions, in combination with capabilities, accelerate *innovation* and allow organizations to scale up their environmental and social innovations; and of course, how SEE organizations *govern* themselves while interfacing with other firms, stakeholders and the wider ecosystem. In conducting research on organizational forms, business model innovation, and governance, the articles in this Special Issue introduce normative and conceptual aspects and developments that are novel and compelling. The articles also resonate with research on social benefits (McWilliams and Siegel, 2000), enrichment of the social and even political order (Friedland et al., 2014), and environmental and societal welfares (Hunt and Fund, 2016; Waldron et al., 2016). We feature detailed summaries of the articles shortly but first, as a prelude, we argue that SEE enterprises seek to improve environmental, social, and economic conditions, and that they do so primarily by exploring new organizational forms, business models and innovation, and new governance mechanisms.

Sustainable, Ethical, and Entrepreneurial Enterprises (SEE) Forms

Organizational forms are novel, ideal, or exemplary types of organizing, which provide strong templates for new entrants and incumbents to follow. Early research defines strategic alliances, R&D partnerships, joint ventures and even licensing as hybrid forms (Borys and Jemison, 1989). Then, by studying coordination and operational tasks, Williamson (1991) regarded franchising, joint ventures, and business groups, as hybrid forms. The notion of SEE organizations might be traced back to the work of the late Greg Dees who advanced the idea that not only *for-profit*, but also *non-profits firms* could, as he put it, be 'enterprising' (Dees, 1994, 1998). The line between different organizational forms was blurrier than researchers assumed, as attested by the trove of subsequent research on this topic and the effort to flesh out the nature of social enterprises as one type of *hybrid organization* (e.g., Battilana and Dorado, 2010; Battilana and Lee, 2014; Mair et al., 2012; Mair and Martí, 2006; Pache and Santos, 2012; Tracey et al., 2011).

Often, a hybrid organization fuses elements and stakeholders, value systems and operational logics, missions and agendas that traditionally were seen as incompatible – e.g., firms that pursue social value and wealth creation with equal vigour (Battilana and Dorado, 2010; Battilana and Lee, 2014). Entrepreneurship research around the opportunity space shows that SEE ventures tend to shepherd and capitalize on social and environmental opportunities, which are rarely the focus of traditional firms (Howard-Grenville et al., 2014; Kornish and Ulrich, 2011; McGrath et al., 1992; Mair et al., 2012; Schindehutte and Morris, 2009; Seelos and Mair, 2016). The confluence of noneconomic opportunities and the coalescence of diverse, even opposing stakeholders who follow divergent logics and pursue conflicting missions, explain why hybrid organizations can face great tensions, and of course, how they manage those tensions determines their impact and longevity (Markman et al., 2016). For example, Pache and Santos (2012) identified competing belief systems of social welfare and commercial logics that were manifested in a number of organizational dimensions. A principle managerial task and major governance challenge, then, is to find and leverage common grounds and to adjudicate remaining tensions that these hybrid organizations face (Mair and Ganly, 2014). By giving weight to exit, voice, and loyalty options of stakeholders other than owners, SEE enterprises learn to manage through and govern this dialectic (Ebrahim et al., 2014).

Of course, organizational forms vary and not every SEE enterprise becomes a fully hybridized organization, as we see below. Still, those that hybridize must recognize and address the philosophical and cultural tensions and operational challenges inherent in hybridization (Smith et al., 2013). Abating environmental degradation and reducing social injustice are obviously important goals and the studies in this Special Issue suggest that efforts to reach these goals have many champions. However, we advance the view that SEE enterprises who wish to transition from survival to significance, should not only reduce their carbon footprint and decrease poverty, but also contribute to environmental renewal and improving social welfare. Interestingly, a hybrid company, by virtue of its environmentally enhancing and socially responsible value proposition, can charge more for its offerings, attract better employees at a given wage or equivalent workers for lower wages (Turban and Greening, 1997; Flammer and Luo, in press). It is also true that hybrids can enjoy customer loyalty by creating products and brands that resonate with the values of their customers (Russo, 2010).

A meta-analysis to assess when it pays to be green shows that environmental performance benefits small firms as much or more than large firms and that U.S. firms benefit more than their international counterparts (Dixon-Fowler et al., 2013). Reducing environmental degradation and social injustice are certainly important, especially for many SEE enterprises, but as we asked earlier, is that enough? A nested paradigm, which prioritizes the environment first, society second and economics third, welcomes such measures, but it urges us still further. It challenges firms that, for example, create social and economic value but adversely impact the environment to pause operation until they develop new modalities in which they can still fulfil their social and economic missions, but without harming the environment. Obviously, it is not uncommon for such operational shifts to require new business models and original governance, which are the topics we turn to next.

Sustainable, Ethical, and Entrepreneurial Business Models and Innovation

Business model innovation is highly important across disciplines (e.g., Brown, 2008; Teece, 2010) but it is particularly of interest in research on sustainability. A business model is defined as 'the content, structure, and governance of transactions designed so as to create value' (Amit and Zott, 2001, p. 511). We noticed that, to maintain their unique value system and to scale up operations that produce environmental and societal benefits, some SEE enterprises do not fully embrace new organizational forms but instead use some business models and clusters of practices in their current forms, or pursue a path to innovation that is in keeping with the goals of SEE enterprises. For instance, many SEE enterprises increasingly engage external stakeholders – especially suppliers, buyers NGOs and even activists – to shape policies (Waldron et al., 2016), and to co-create and co-engage in value producing processes related to innovation and scaling (Crossan and Apaydin, 2010). The gift, contribution, and volunteering (philanthropic) economy introduces social innovations and creates positive externalities when participants and stakeholders engage each other directly and reciprocally rather than remain separated as producers on one side and consumers on the other (Hwang and Powell, 2009). New ventures based on the 'sharing' or 'peer' economy offer the prospect of sizeable reductions of environmental impacts via dramatically more efficient use, reuse, and repurpose of resources and social benefits that can include less expensive access to important services (e.g., Airbnb, Cohealo, Snapgoods, and TaskRabbit).

To explore new business models or operating procedures, entrepreneurs experiment with diverse modalities including the lean-start-up and proof-of-concept approach (Blank, 2013; Ries, 2011). Such effort is also addressed by the technology literature (Benner and Tushman, 2002; Carlile, 2002; Chesbrough et al., 2006; Tripsas, 2009), and the need to validate operational models or methods for the joint pursuit of environmental, societal, and economic goals (Mair and Ganly, 2014). Here again, SEE enterprises are central to innovation. From the creation of the grass-fed beef market (Weber et al., 2008) to Airbnb, SEE enterprises develop new business models, while helping suppliers and buyers to ascertain that offerings and processes are safe and worthwhile. Beyond the principles of lean start-up and open innovation, in certain cases, establishing credibility – along with tight resources for start-ups – requires an 'all in' approach. Such start-ups make a large wager before they can fully validate their business model. Both Elon Musk of Tesla and Vinod Khosla of Khosla Ventures are well-known examples.

Still, it is important not to overly valorize particular SEE enterprises and their founders, but to recognize that the models and methods themselves frequently require 'value co-creation'. Scholars have pointed to the distinction between the creation and capture of value to assert that social entrepreneurs tend to operate in areas where value can be created but not necessarily captured (Mair and Martí, 2006; Santos, 2012; and Seelos and Mair, 2005). When Tom's Shoes provides a free pair of shoes for each pair it sells, the purchaser is directly contributing to social good. As part of their business models, new ventures may include strategic partners that do not share common goals in the value creation process. In the aforementioned Seelos and Mair article (2007), social enterprises – e.g., Grameen Phone and Wasteconcern in Bangladesh – pursue social and environmental goals by creating joint business models with corporations that clearly pursue economic goals. Indeed, often it is the 'green fringe' from which new ideas emerge and migrate into the mainstream with the help of core investors and entrepreneurs (Hart and Sharma, 2004; Hockerts and Wüstenhagen, 2010; Waldron et al., 2016).

Governing Sustainable, Ethical, and Entrepreneurial Enterprises

Governance refers to the distribution of authority and decision making in organizations, along with the rules for management and operation (Carmeli and Markman, 2011). One issue is how uniquely different SEE enterprises are from standard, for-profit firms. To the extent that SEE enterprises are more privately held or not- for profit, it would seem that there is a large difference. Is it true that the governance of SEE enterprises is different?

Russo (2010) has argued that there is a link between the level of environmental and social performance of a company and whether or not it is privately held – but not simply that private, for-profit ones tend to be more or less virtuous than their publicly held counterparts. Rather, the fundamental difference is that the allowable spread of performance is greater for privately held firms. A key reason for this distinction is that publicly held firms, being in general much larger than privately-held firms, exhibit greater standardization of practices. For example, reporting requirements for public corporations reflect strong institutional pressures for consistency. Even the level of spending on social responsibility is subject to pressures for conformity (Galaskiewicz, 1997; Galaskiewicz and Burt, 1991). As a result, it is likely that SEE enterprises vary much more in their mixture of environmental, social, and economic goals and their means of pursuing them (Markman et al., 2016). Figure 1 shows the implications graphically. In the assumed normal distribution of organizations, within the population of privately held companies we would find both more 'sinners' (on the left) and 'saints' (on the right). Thus, the privately held nature of SEE enterprises facilitates prospects for equally strong environmental, social and economic performance by permitting a wider latitude initiatives firms can pursue. Several are directly connected to the principals and practices of governance.

One strong line of thinking that stretches back to the work on not-for-profits (Dees et al., 2002) and on cooperative type organizations (Rothschild and Witt, 1989) is that strong stakeholder networks and representative boards are critical for better governance.

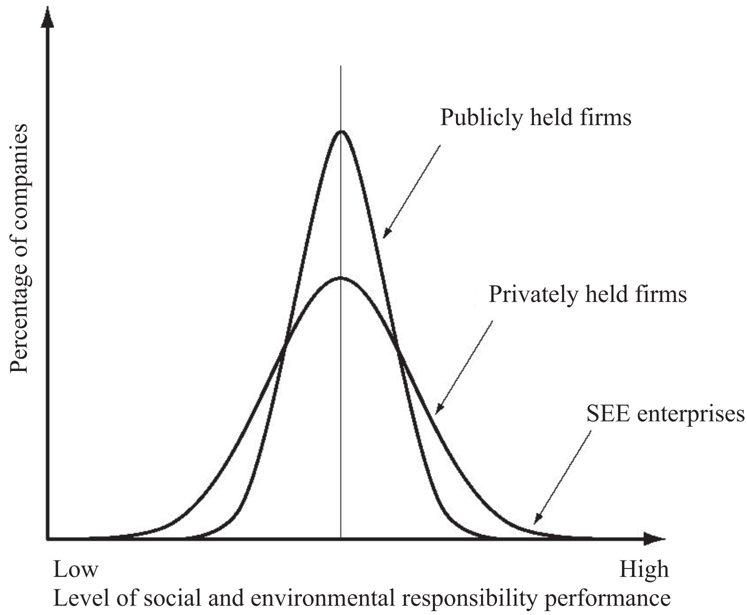

Figure 1. Social and environmental performance and governance

SEE enterprises can secure diverse representation reflecting the stakeholder network and complex environments (Hart and Sharma, 2004; Young and Dhanda, 2013). The SEE board would move beyond advising and coaching (Useem, 1998) to organizations to be co-managing organizations as a working board (Moriarty, 2014).

Another line of thinking is that governance is much more pervasive in better SEE organizations than just with their boards and stakeholder networks, that is, just at the strategic level. Instead, it is also evident at the more operational one, in the different functions, practices and decision making in the organization. One notable example is the B Corp movement, which seeks to be for 'business what Fair Trade certification is to coffee' (B Corp, 2016; Gehman and Grimes, 2014).[2] The product of a private organization, B Corp certification includes as assessment on a survey of questions that spans environmental, social, and economic dimensions. An overall score is produced by adding scores across five categories: environment, workers, customers, community, and governance. Of course, in light of the depth and pervasiveness of these governing practices and the distribution shown in Figure 1, it is not surprising that there are very few publicly traded firms, including educator Laureate, Inc. and ice cream manufacturer Ben & Jerry's (a subsidiary of Unilever), that are B Corp certified.

Here again, entrepreneurs, particularly those managing privately-held companies, are in a position to adopt such certifications and commit themselves to giving voice to stakeholders other than founders, owners, and shareholders. By confronting and abolishing the mainstream fiduciary requirements that lock companies into profitability as a unitary goal, such modes of governance empower managers to pursue goals associated with environmental and social enhancement. Thus, the governance of SEE enterprises can afford the flexibility necessary to pursue the triple bottom line (for an overview of newly introduced legal forms, see Ebrahim et al., 2014). Relatedly, there is a growing research interest around measurement of effects; as illustrated earlier, organizations that adhere to a triple-bottom-line accounting system are addressing the *wider* cost and benefit of doing business (Eccles and Krzus, 2010; Etzion and Ferraro, 2010). We applaud this effort because, after all, sustainability that cannot be measured is unlikely to be governed effectively.

THE CONTRIBUTIONS OF OUR SPECIAL ISSUE

How then does this Special Issue advance our understanding of sustainability, ethics and entrepreneurship? As our outline shows, we have arranged the articles in a fashion that roughly parallels the three main domains above – and to enhance clarity, Table I offers a bird's eye view of these articles according to three themes. The first set of articles revolves around the various blends of economic, social and environmental ends and

Table I. The special issue articles organized by themes

Authors	*Title*	*Core topic*
Theme 1: Blending sustainability, ethics, and entrepreneurship into organizations		
York, O'Neil and Sarasvathy	Exploring Environmental Entrepreneurship: Identity Coupling, Venture Goals, and Stakeholder Incentives	How to blend sustainability, ethics, and entrepreneurship into organizational identity
Calic and Mosakowski	Kicking Off Social Entrepreneurship: How a Sustainability Orientation Influences Crowdfunding Success	How the blending social and environmental sustainability with economics helps venture funding
Crucke and Knockaert	When Stakeholder Representation Leads to Faultlines. A Study of Board Service Performance in Social Enterprises	Stakeholder diversity and inclusiveness are worthwhile, but they also tax board dynamics
Theme 2: Selling sustainability, ethics and entrepreneurship; compelling firms to become sustainable and ethical		
Alt and Craig	Selling Issues with Solutions: Igniting Social Intrapreneurship in For-profit Organizations	Selling social and environmental sustainability
Waldron, Fisher and Pfarrer	How Social Entrepreneurs Facilitate the Adoption of New Industry Practices	Using rhetoric to push industries to act more sustainability and ethically
Akemu, Whiteman and Kennedy	Social Enterprise Emergence from Social Movement Activism: The Fairphone Case	A case of using entrepreneurial principles for launching a sustainable and ethical product
Theme 3: Pitfall and delays related to becoming sustainable, ethical, and entrepreneurial		
Hunt and Fund	Intergenerational Fairness and the Crowding Out Effects of Well-Intended Environmental Policies	The unintended effects of public policies
Shevchenko, Levesque and Pagell	Why Firms Delay Reaching True Sustainability	Why firms delay becoming more sustainable

means found in SEE enterprises. As such, it speaks primarily to new forms and new business models. The second theme is on practices to create these forms and models, or at least gain their acceptance. The papers are focused more purely around governance issues, but also address some of the issues raised by new forms and business models. The final theme is about problems that arise, intentionally or not, of using SEE approaches within existing organizations.

Theme 1: Blending Sustainable, Ethical, and Entrepreneurial (SEE) Enterprises

The literature on hybrid organizations and social enterprise offers important insights into how entrepreneurs tackle social issues, but it has paid relatively little attention to explicating how hybrid organizations address environmental sustainability. The York, O'Neil, and Sarasvathy article tackles this gap by developing theory to explain why and how individuals engage in environmental entrepreneurship to address environmental degradation through the creation of financially profitable organizations, products, services, and markets.

On the basis of a qualitative study of 25 renewable energy firms, York and colleagues show the importance of the founder's identity for motivating environmental entrepreneurship. Their study suggests that environmental entrepreneurs are motivated not only by a prosocial identity, but also by the opportunity to couple competing identities aligned with commercial and ecological logics. Indeed, this coupling between salient identities associated with each logic explains why individuals become environmental entrepreneurs. Proceeding from this insight, they develop a model suggesting that environmental entrepreneurs prioritize commercial and/or ecological venture goals dependent on the strength and priority of coupling between these two identity types. This prioritization then influenced entrepreneurship to approach stakeholders in a broadly inclusive, exclusive, or co-created manner.

York, et al.'s grounded theorizing contributes to literature streams on hybrid organizing, entrepreneurial identity, and entrepreneurship's potential for resolving environmental degradation. In contrast to extant studies on identity conflict in hybrid organizing, their study finds that environmental entrepreneurs, dependent on their identity coupling, did (or did not) find ways to bring stakeholders from both commercial and ecological perspectives on board. Going beyond the concept of 'social' entrepreneurs, their study expands our understanding of how identities aligned with non-economic logics influence entrepreneurial action beyond initial motivation. Further, they show that when seeking to foster environmentally and socially beneficial outcomes, hybridity can be an advantage, rather than a hindrance.

The Calic and Mosakowski article, the second in this cohort, reports that compared to commercial-only entrepreneurs, social entrepreneurs who rely on crowdfunding are not only more likely to reach their funding targets, but also to raise more capital. Seeking to understand whether a sustainability orientation influences an entrepreneur's ability to raise capital through a crowdfunding platform, their article examines both a social and environmental sustainability orientation of new crowdfunded ventures. Their results show that – in the context of crowdfunding – a social sustainability orientation positively influences an entrepreneur's ability to raise capital. Projects adopting an environmental sustainability orientation also raise more capital, but only in their technology venture subsample, not among videos and films.

Calic and Mosakowski had anticipated that project *creativity* and *legitimacy* would partially mediate the positive effect of a suitability orientation on funding success. This expectation was born out in the case of creativity: adopting a sustainability orientation may enhance the creativity of resulting projects, and, in turn, funding success. In the case of project legitimacy, however, the results showed only a partial mediation effect. The argument that sustainability projects are highly legitimate because of moral and ideological reasons remains attractive, but the Calic and Mosakowski's study only offers evidence to support this claim for environmental orientations within their technology subsample.

Thus, crowdfunding is a context-specific fund-raising modality: The values and beliefs of those who participate in crowdfunding change across categories, and over time. This is quite different from traditional capital sources, which are influenced by changing legal requirements and other exogenous factors, but they remain relatively unwavering practices based on stable preferences, nonetheless.

The final article in this cohort, by Crucke and Knockaert, notes that accountability to stakeholders is an ethical imperative that is often addressed by appointing representatives from stakeholder groups to organizational governing boards. In environments that entail both strong financial and social imperatives, this can include customers, beneficiaries, volunteers and government representatives, funding bodies and academia, thus making boards highly heterogeneous. Wide stakeholder accommodation, though necessary, may have adverse consequences, such as the creation of fault lines – fractures that at times might sharply divide stakeholders. These fractures can have damaging effects on board productivity, particularly for activities in which the board provides service to the organization: enhancing its reputation, building its network, and advising its executives. The Crucke and Knockaert's study investigates the processes through which fault lines affect board performance – a research area that, thus far, received only limited attention.

Crucke and Knockaert use a unique empirical setting – Work Integration Social Enterprises (WISEs) – which reintegrate disadvantaged people into the job market. WISEs have complex stakeholder configurations, making their boards exemplary for their fault line potential. WISEs also struggle between training and counselling employees and improving product quality and price points, thus rendering board behaviour crucial for organizational success. Using survey data from 79 WISE organizations and 344 total surveys, they identify the relationship between fault lines and board performance. The results show that fault line strength is negatively correlated to board service performance and that shared organizational goals attenuate the detrimental effects of fault lines.

The Crucke and Knockaert study contributes to the social entrepreneurship and governance literatures showing that the effort to be inclusive and engage diverse stakeholders can cause fault lines, thus causing inter-stakeholder friction and board acrimony.

Theme 2: Selling Sustainability, Ethics, and Entrepreneurship

How can those who want to advance social issues engage organizations that are driven primarily by a commercial logic? The Alt and Craig's article addresses this question and brings attention to three areas that received scant attention in previous research: *the role of solutions*, *logic compatibility*, and *targets' norms*. Framing their article around *social issues selling*, their article argues that previous studies have conflated the way in which sellers craft *discourse* about social issues with the way sellers craft *solutions*. They also propose that by developing tentative solutions to social issues, sellers can contextualize initiatives in relation to organizational goals or capabilities.

Offering a renewed interpretation of organizational meaning systems in issue selling, Alt and Craig argue that attention to how organizational logics are enacted can reveal different levels of compatibility between social and commercial meanings. In doing so, Alt and Craig eschew pre-existing assumptions of the illegitimacy of social issues in for-profit contexts. They argue that when the compatibility between the social and the commercial welfare logic is high, sellers who propose win-win solutions will be more successful; whereas when the compatibility is low, integrative solutions will likely find fertile ground.

Alt and Craig then suggest that the way sellers' craft discourse around social issues is more likely to engender support if the targets' level of *adherence* to the social welfare logic is taken into account. If adherence is low, sellers will be more successful by using restricted vocabularies of motive, consisting of instrumental language. In contrast, if adherence is high, sellers are likely to succeed by using elaborated vocabularies of motive, consisting of both normative and instrumental language. Although previous research shows that individuals can appeal to normative aspects when selling issues in for-profit organizations, extant evidence is inconclusive regarding whether using instrumental vs. normative language contributes to social issue selling success. Hence, the novelty of their approach is in proposing when and how doing that can improve the odds of social issue sellers in their initial encounters with targets.

As a useful synopsis of their thinking, Alt and Craig offer four approaches that typify successful social issue selling: a *Cost-Benefit; Enlightened Self-Interest; Trojan Horse;* and *Paradoxical Sell*. Together, these selling approaches show how different types of solutions and vocabularies can be combined to promote social innovations in for-profit organizations, expanding the theoretical toolkit of issue selling theory, as well as the tactical toolkit of social intrapreneurs. These approaches are likely to be of analytic and predictive value for researchers on social issue selling, as well as practitioners.

The objective of the Waldron, Fisher and Pfarrer's article – the second in this cohort – is to develop theory that explains how social entrepreneurs who use rhetoric compel industry members to adopt new practices. They envision social entrepreneurs creating systemic social change by innovating industry practices that address fundamental social needs. Although prior research has focused on social entrepreneurs' efforts to enact new, socially focused, industry practices, it says little about such actors' efforts to facilitate the pervasive adoption of these practices by other industry members.

To address this gap, Waldron and colleagues propose that the nature of social entrepreneurs' rhetoric hinges on their perceptions of industry members they seek to influence. Two cognitive structures with sense making utility – *identity* and *power* – inform these perceptions and, in turn, affect the rhetorical tactics used. They first propose that differences in the self-definitions that social entrepreneurs perceive between themselves and industry members – called *identity differentials* – affect how they frame and persuade firms to adopt new practices. They also advise that the difference between social entrepreneurs' and industry members' power – called *power differentials* – affects how social entrepreneurs tailor messages about new practices. Waldron et al., integrate these insights into a 2 by 2 framework that conveys the joint effects of *identity* and *power differentials* on rhetorical tactics. The framework identifies four combinations of identity and power differentials, recognizes the *rhetorical tactics* associated with each combination, and highlights the *rhetorical strategy* enacted through these tactics.

Waldron et al., advance research in four primary ways. First, their study informs research on how social entrepreneurs compel industry members to adopt new practices. Second, by specifying the mechanisms through which social entrepreneurs motivate firms to adopt more moral, responsible practices, they influence industry to create social value. Third, they enrich prior research that has explained social entrepreneurs' actions to influence industry by highlighting the role of language. Finally, they complement research that has emphasized individual, organizational, and environmental attributes as antecedents of social entrepreneurs' efforts to enact new industry practices. In doing so, they underscore that – even in the face of identity and power differentials – social entrepreneurs play a critical role in shaping industries thus persuading firms to adopt more ethical, social, and environmentally-conscious practices.

In the final article in this cohort, Akemu, Whiteman, and Kennedy focus on enterprises that are created specifically to solve social problems. One of these, Fairphone, is a social enterprise that seeks to draw attention to the problem of 'conflict minerals' in the Democratic Republic of Congo where militias clash violently in an effort to control the mines that supply valuable minerals (e.g., gold, tin, tanalum and tungsten) needed to manufacture smartphones. Fairphone's prospect of bringing a smartphone to market was slim, but the project caught public attention and drew interest from the mobile phone industry. By the end of 2011, the Fairphone team – with no expertise in the smartphone industry, no prototype, and in fact, no real intention to start a business – had gained significant support for their project. They launched a crowdfunding campaign, offered 5,000 phones for €325 each, and to their astonishment, their future phone were sold out in three weeks. By November 2013, Fairphone had pre-sold 25,000 phones. Still lacking both prototype and technical expertise, the fledgling enterprise delivered all 25,000 phones by early 2014. How, Akemu and colleagues ask, does one theorize – and can learn from – the emergence of social enterprises such as Fairphone?

Using an in-depth case analysis, the authors conducted 47 interviews in and around the Fairphone project, and also relied on field visits, archival data, and publicly-available data. Drawing on social movement, social entrepreneurship and effectuation theories, Akemu et al., offer the following insight on *social enterprise emergence*. First, material artefacts, which were central to the development of effectuation theory but have tended to be ignored in subsequent effectuation-related research, are vital to the creation of an effectual network. The symbolic dimensions of a material artefact – a smartphone in this case – triggered resource pre-commitments from stakeholders because the artefact embodied their moral values and beliefs.

Second, distributed agency was found to be a key co-constitutive of effectual entrepreneurial agency. Agency – intention and purposeful enactment – for social enterprise emergence does not rely solely on venture founders, as is assumed in effectuation theory and, indeed, in much of the social entrepreneurship literature. Effectual entrepreneurial agency was preceded and enabled by the agency of a distributed set of actors – media, corporate actors, government officials – external to the founders. These actors channelled resources and granted legitimacy to the venture, thereby coaxing the reluctant founders toward creating a social enterprise. Third, a material artefact, the smartphone, served as a boundary object because it is comprehensible, possesses emotional power, and enables interactions among members of different social worlds. This insight is a concept that can be extended to include interactions that are not bounded within a single organization, as is the case in current organizational research on boundary objects.

The findings suggest that for a social movement to transform into an entrepreneurial initiative, agents beyond the boundaries of any particular organization are needed to augment the effectual processes that have been set in motion. Through such efforts, social entrepreneurs are able to surmount traditional boundaries and trigger commitments from distributed agents and actors not governed by traditional hierarchical arrangements.

Theme 3: The Pitfalls of Sustainability, Ethics, and Entrepreneurship

Sustainability is often characterized as a commitment to ensure the welfare of future generations as a matter of *intergenerational fairness* (Weiss, 1990). As such, concerns about environmental degradation and the depletion of non-renewable resources have elicited strong sentiments regarding adverse impacts to future populations, including calls for a fundamental reappraisal of capitalism's market-based logics (e.g., Klein, 2015), and the implementation of stringent government policies (e.g., Van den Bergh, 2004). For scholars conducting research in the environmental entrepreneurship, this heightened concern is both a blessing and a curse. On one hand, the appeal of sustainability validates scholarly efforts to develop frameworks that relate environmental entrepreneurship to intergenerational fairness. On the other hand, the relative infancy of the field means that existing frameworks still struggle to address the complex issues that link sustainability, ethics and entrepreneurship. This is particularly true with respect to the most vital dimension of sustainability: time – a facet of sustainability that underlies a call to action, but one that has not been fully modelled in existing frameworks. The Hunt and Fund study seeks to rectify this critical omission.

Their article develops and tests a theoretical framework that describes and predicts the time-varying relationships between sustainability, ethics and entrepreneurship. Employing a cross-disciplinary approach, they bridge economics-based perspectives on environmental degradation and crowding out to innovation management theories on path dependency and business ethics perspectives on intergenerational fairness. To adequately integrate time in a meaningful way, they used a stochastic computational model to simulate entrepreneurial actions over periods of up to 250 years. Using timeframes that extend beyond the decision horizon of policymakers, Hunt and Fund traced the *intended* and *unintended effects* of environmental policy measures long after they are implemented. They were particularly interested in testing two interrelated effects that operationalize the impact of time in the context of entrepreneurial innovation: *crowding out* and *path dependency*.

Their findings reveal that even well-intended environmental policies tend to crowd out entrepreneurial innovation by creating near-term incentives to implement and extend existing, yet often inferior technologies. This incumbency effect, in turn, has an adverse long-term impact on the incentives to develop new displacing solutions. Because the process of technical and organizational innovation is path dependent, policies that place dominant technologies on par with competing breakthroughs forestall, or materially impede, the development of the latter. Indeed, subsidies and taxes tend to buttress oligopolistic industry structures while throttling the quantity, quality and diversity of entrepreneurial innovations.

Hunt and Fund's study makes several contributions. First, their framework brings multi-disciplinary substance to the study of intergenerational fairness, reconciling and integrating efforts to address sustainable existence from less complete, single-discipline perspectives. Second, they demonstrate that sustainability, ethics and entrepreneurship constitute a dynamic nexus whose interrelatedness must be evaluated over extended timeframes. To the best of our knowledge, their study is the first to simultaneously consider the joint of effects of crowding out and path dependence, both of which are shown to have time-varying impacts on the achievement of sustainability aims. By focusing on time, they improve upon prevalent frameworks that conceptualize policy actions and entrepreneurial innovations in static terms. Third, they provide the groundwork for understanding how and why environmental policies impact environmental entrepreneurship. Their work extends extant frameworks by quantifying key trade-offs that are made when subsidies or taxes change fundamental facets of the entrepreneurial environment. Finally, their use of mathematical modelling adds rigor and precision, thus allowing the assessment of complex interactions that occur well into the future while incorporating both intended and unintended consequences of policy choices made long before their outcomes can be fully comprehended.

Our final article, by Shevchenko, Lévesque and Pagell, explains that many firms remain unsustainable because eliminating their negative externalities requires radical and thus disruptive changes in how they do business. How, therefore, can we incentivize firms to reach true sustainability? The authors employ a risk management perspective to explore a firm's decision to become sustainable, or instead, take actions that can only compensate for their damages. By juxtaposing the risk a firm will face if it remains unsustainable to the risk of radically changing itself to reach true sustainability, Shevchenko and colleagues provide insights on the moment to switch behaviour. They use mathematics to expand and prove their logical arguments, which is most appropriate in research of forward-looking choices without having to wait for such actions to occur – i.e., firms decision on if and when to become sustainable. This research approach, in turn, informs us on the potential consequences of firm's practices today.

Their study suggest that, as the pressure from media, regulators, NGOs, and other civil society and even political organizations rises, large innovative firms are likely to delay their effort to reach true sustainability. While large firms do not ignore, and in fact enact some well-publicized sustainability-oriented initiatives, they are more likely to thrive if they delay their full commitment to sustainability. The reason is that large innovative firms possess the capabilities to cope with this pressure by incrementally offsetting their ongoing negative impact. On the other hand, small innovative firms are internally driven to change and therefore more predisposed to reach true sustainability. Finally, small or large firms alike, when experiencing a shortage of innovation capability, are unlikely to survive the growing pressure of eliminating their negative impact on the environment and society (Markman and Waldron, 2014).

Shevchenko, Lévesque and Pagell caution us that today's leaders in sustainability favour an incremental offsetting of their damages because our society is still in a transition era where firms are incentivized to reduce, rather than eliminate, environmental and social degradation.

DISCUSSION AND DIRECTIONS FOR FUTURE RESEARCH

Sustainability is a major issue of our age. A core tenet of this Special Issue has been that sustainability is justified and motivated by ethics (moral considerations) and executed by entrepreneurial principles, and for this reason, we examined SEE enterprises (though we acknowledge that other modalities and organizations are clearly important too). Jointly with the contributors to this Special issue we take a first stab in asking '*what are SEE enterprises?*' We defined them as organizations that are often organized as hybrid forms, use novel business models or methods of innovation to advance sustainable practices, and/or rely on governance that incorporates social and environmental stakeholders and operating principles.

The second question – 'how can we create SEE enterprises?' – has been the focus of the articles that comprise this Special Issue. These articles point to the critical role of blending, selling, and highlighting pitfalls for understanding SEE enterprises. Here it suffices to remind readers that for blending, the authors underscored the interplay of various founder identities and how these identities, plus organizational culture and value systems, enhance creativity in SEE enterprises. At the same time, if SEE enterprises are to avoid the pitfalls of fractured governance (often due to their dissimilar stakeholders who follow divergent values and philosophies), they must balance the need for coherence and unity. The selling articles picked up on these points by adding very specific techniques for pitching SEE ideas, practices, and forms to manage boards and other stakeholders. These selling, persuasion, and rhetoric techniques depend on firm logics, norms, and differences between advocates and incumbents. In the Fairphone case it was actually the distribution and confluence of entrepreneurship among stakeholders and the principles of value co-creation that allowed for the novel, environmental-social-economic experiment to succeed.

Finally, at a more macro level, some authors examined how the nature of path dependence and crowding out effects might undermine the SEE enterprises and delay *intergenerational* fairness. Others noted that sustainability requires foundational changes (e.g., in organizational forms, business models, and governance), but such modifications tend to undermine the performance of large firms, at least in the short run.

Our ambition is to further advance the topic of sustainability, ethics, and entrepreneurship beyond this Special Issue. To do so we identify future research opportunities, and prompt a discussion on the effects and implications of SEE enterprises.

Future Research on the Nature of SEE Enterprises and How to Create Them

On the 'What are SEE Enterprises?' question, more work is needed on SEE forms, business models, and governance. Although researchers have described hybrids in health foods (Besharov, 2014), microfinance (Battilana and Dorado, 2010), and other domains, we do not have a catalogue of such forms. For instance, the SEE enterprises in the not-for-profit, NGO, and for-profit sectors appear to be different and to fit and operate in their respective sectors differently. It might be useful for a meta- or overall approach be taken to theorizing these SEE forms. As York et al., and Calic and Mosakowski suggest, identity and audience would have to be part of such a typification. In contrast, it may be, as implied by Cruck and Knockaert and the Akemu et al., that using more of an internal and external configuration or jointly constructed processes (effectuation) among stakeholders and networked organizations would be more helpful for identifying SEE enterprise, even if it meant that *ex ante* such organizations would be hard to recognize. At the very least, it would behove researchers who investigate SEE firms, to hold both ideas of *ex ante*, deductive and *ex poste* inductive criteria and methods in mind, at least as prod for falsification.

The articles discuss several ways by which SEE enterprises *sell* environmental and social issues, ranging from examining venues, looking at different starting points for transforming target firms, and considering the post-sell effect on future selling efforts. We think that looking at different venues and novel starting points seems particularly intriguing. For instance, scholars are beginning to examine cross-national and cross-continent SEE enterprises as a modality to address big environmental and social challenges (Chaudhurya et al., 2016). These more extreme examples illuminate how challenging it is to obtain corporate engagement to regenerate the environment and address social issues, especially in the absence of institutional infrastructure. The examples also hint that future research should examine the deeper causes for and barriers to selling environmental and social issues.

These starting conditions aside, there is a tension around how and when to sell environmental and social issues. On the one hand, SEE enterprises need to customize their pitch and adequately frame their innovation to their target firms through modes that fit with the power differentials; both Alt and Craig and Waldron et al. acknowledge this. On the other hand, the development of many environmental and social innovations exceed the resources and capabilities at SEE enterprises' disposal. Unpacking further the means-ends relationship and the dynamics between SEE enterprises and target firms is consequential both theoretically and normatively. Only by keeping a careful eye on the ethical thread during SEE processes and using techniques to research ethics along with the organization and sustainability dimensions, can we generate a reliable and revelatory body of knowledge.

Future Research on Organizational Implications of SEE Enterprises

The articles in the Pitfalls theme shed light on the larger picture and broader dynamics involved with creating SEE enterprises: path dependence, crowding out effects, policy knock-ons, the difficulty of incorporating externalities, and the likelihood of slow change versus the importance of radical transformation for sustainability. Future research should expand this line of research and we challenge scholars and firms to also experiment with 'future-back' framing techniques – e.g., starting by envisioning a sustainable world; then carefully analysing the gap between the envisioned future and current reality, and finally developing the resources and capabilities needed for actually creating that hoped-for reality. This type of thinking is not entirely new to sustainability research (e.g., Gladwin et al., 1995; Schumacher, 1973), but more is certainly needed.

If most organizations were some variant of SEE enterprise in the left tail described by Russo (2010), what would that distribution itself look like and how would crowding effects there work? On the one hand, highly adaptive and innovative firms would likely have advantages to the extent that the prevalence of environmental concerns were a source of new business opportunities. As such, those who embraced the primacy of environmental stewardship and societal needs, particularly as they are reflected in economic dimensions (for example, full-cost pricing) could ascend in importance. On the other hand, some business models, even highly innovative ones, may fail in the face of such a fundamental paradigm shift. For example, the nested model perspective would likely subordinate the world of trade-offs that is central to economics to a world based on a hierarchical prioritization, thus taking many commercial possibilities off the table. These ending conditions as a start might be fruitfully examined then by researchers using models such as those discussed by Hunt and Fund (2016) or by Shevchenko et al. (2016).

Another fruitful area for research would not be so much in the longitudinal dynamics just discussed, but in the cross-level ones. As the articles on distributed entrepreneurship (Akemu et al., 2016) and on stakeholders (Crucke and Knockaert, 2016; Waldron et al., 2016) showed, researchers need to take an inside-out-outside-in perspective on SEE enterprises. It is important to further examine the lineages between resources, legitimacy, reputation, and fitting uncertain environments. Particularly useful in this respect are perspectives that adopt a cluster (Chesbrough et al., 2006) and/or ecosystem (Adner and Kapoor, 2010) approach. The success of SEE enterprises may depend on the density and clustering of similar supporting firms (Hwang and Powell, 2009), which allows for capabilities and relational ties to develop, but also implies enhanced capacity or the cluster overall. In addition, the specific configuration of ties within the cluster or within the local supporting environment are likely to be essential for the small network evolution and survival, as demonstrated in earlier research on childcare facilities (Baum and Oliver, 1991) and Kibbutzim (Simons and Ingram, 1997). In ecosystem terms, it might be that more horizontal rather than vertical ties in the system will be key for survival (Adner and Kapoor, 2010), given the dependence on supporting good will, voluntarism, fungible programmes, and sector identification that occurs among SEE organizations.

Future Research on Sustainability and Ethical Implications of SEE Enterprises

All the articles in the Special Issue are about sustainability, and yet the focus on the outcomes of the SEE processes varies. Even when scholars look at the longer run implications of SEE enterprise creation, they rarely examine and measure either the extent of environmental regeneration and social justice improvement or the degree of sustainability created. We do not consider this a weakness but an opportunity for future research to unpack the causal links between the 'What are SEE Enterprises?', 'How to create SEE Enterprises?' and of course, 'What are SEE Enterprise Effects?' We also invite more open-ended research. For example, what is the role of non-economic goals in animating the creation, form, business models, and governance of social enterprises with sustainability missions? Whereas the economic incentives to launch a business and manage it according to economic principles are quite clear, non-economic goals seem more contested and diffuse, and the incentives and processes to pursue them less clear. And what are some distinct entrepreneurial processes, when goals are environmental and societal, instead of economic? For example, how do such goals affect the discovery, evaluation and exploitation of opportunities, if at all? How might the challenges associated with overcoming liabilities of newness differ? The Akemu et al. paper suggests distributed agency is a core antecedent in effectual processes; what other forces – involving a wider ecosystem of stakeholders and collaborative networks – might be critical for launching SEE enterprises?

One evident linkage is between the creation of the new SEE forms and business models and whether they can be seen to have a measureable effect on sustainability. There is already a strong stream of research on certification and instruments in sustainability (see Dowell et al., 2015; etc.). SEE scholars could draw directly on that thinking and then tailor the instruments and means of certification to particular types of SEE firms. For instance, it would seem that the different pitches advocated by Alt and Craig might entail different types of measurement of success, for the 'Trojan Horse' sell might require downplaying triple bottom line in place of stakeholder surveys that more indirectly capture such changes.

Related to this effect on sustainability future research can further clarify different categories or dimensions of outcomes. As documented earlier environmental and social dimensions might be at odds with each other and in conflict with the economic dimension. A more comprehensive understanding of sustainability as a desired outcome needs to take into consideration these tensions and the intended and unintended consequences of prioritizing one dimension over the other (Hunt and Fund, 2016).

All in all, our hope is to ignite excitement for more penetrating research on SSE enterprises. We do believe that the time is ripe for management scholars to take on a leadership role on these topics and fully embrace the possibilities offered by new disciplinary insights and emerging organizational practices. Indeed, we invite scholars to be courageous, not only to challenge assumptions but also to subvert paradigms of balance and gradualism.

NOTES

[1] A net-zero building is a structure where the total amount of energy consumed by the building is equal to (or less than) the amount of renewable energy created on the site or by renewable energy sources elsewhere.

[2] B Corp certification is not to be confused with Benefit Corporations (Kim, 2014; Storper, 2015). The Benefit Corporation, now available in 27 of the USA, allows a company to organize and operate in a way that protects 'requirements of higher purpose, accountability, and transparency' (Storper, 2015). While a Benefit Corporation is a permanent designation and structure, a B Corp is a voluntary certification that must be earned but also can be dropped at any time.

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