Competitive Research Article

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# Social Enterprise Innovation in Context: Stakeholder Influence through Contestation

**Abstract:** Social enterprises are the products of the social, cultural, commercial, and political expectations of the innovation's range of stakeholders, not solely the vision of the social entrepreneur(s). The power of stakeholders to influence the development of an innovation is drawn from their salience and the resources, access, and/or legitimacy that their support would provide. In this way, the actions of social entrepreneurs represent the interests of communities and it is through processes of resistance, negotiation, and collaboration that the actions of social enterprises become the manifestations of collective social processes. This paper draws on the development of a nascent social enterprise in New Zealand to demonstrate how the effects of its context ultimately shaped its innovative business model. Using an ethnographic methodology, the development of the business model and the partnership through which it formed was examined by the author as a central actor as it unfolded. The case study serves as an illustrative example of the ways in which differing expectations, beliefs, and logics of stakeholders induces particular decisions to be made about the design, resourcing, and strategy of the venture.

**Keywords:** social enterprise, social entrepreneurship, innovation, resistance, contestation

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## 1 Introduction

Social entrepreneurship is the process of combining resources in innovative ways for the pursuit of opportunities for the simultaneous creation of both social

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

To this end, this investigation asks the question, how does innovation happen in social entrepreneurship? And in particular, if social entrepreneurship is a collective activity (e.g. Montgomery, Dacin, and Dacin 2012), how does the collective have input on the design of innovations in pursued by private enterprises? It thereby concerns itself with a fundamental aspect of social entrepreneurship and explores how context influences that aspect. Although we accept that innovation is a central aspect of social entrepreneurship (Nicholls and Cho 2006), we lack a sufficient understanding of how this plays out within entrepreneurial teams, social enterprises, and other established organizations. We also have an insufficient understanding of how the actions of social entrepreneurs become the products of communities and the contexts in which they are embedded (cf. Haugh 2007). This is explored by considering the influence that key stakeholders have over the innovation process as social enterprises are established and grown.

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

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

The enterprise under examination here is called “100Percent.” It was created in response to the market failure that prevents social purpose organizations[1] (SPO) from realizing the value of volunteer time and talent. In short, unless a willing volunteer with the appropriate skills is in the right place at the right time it is typically very difficult for an SPO to make use of them. 100Percent addresses this market failure by creating a marketplace to monetize this volunteer energy by facilitating the search, selection, and transaction processes to connect volunteer service providers with paying customers via a web platform. The value proposition for volunteers is the ability to contribute to the cause of their choice when they are unwilling or unable to use their own money to do so. Customers of this enterprise receive the service on offer at a price determined by the market but with the embedded social value of 100% of the proceeds being distributed to the cause of the service provider’s choice. In monetizing volunteer energy, 100Percent addresses its illiquidity and unlocks this latent resource for SPOs.

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

This paper is structured in three parts. First, the theoretical basis for context-driven understanding of innovation in social entrepreneurship is outlined.

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

Second, the brief outline of the methodology used in this study is provided and an overview of the case study is presented. Finally, a discussion of the findings and some concluding remarks are provided.

## 2 Theoretical Context

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

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

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

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

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

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

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

> primary or secondary stakeholders; as owners and nonowners of the firm; as owners of capital or owners of less tangible assets; as actors or those acted upon; as those existing in

> a voluntary or an involuntary relationship with the firm; as rights-holders, contractors, or moral claimants; as resource providers to or dependents of the firm; as risk-takers or influencers; and as legal principals to whom agent-managers bear a fiduciary duty. (Mitchell et al. 1997, 853–4)

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

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

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

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

The third variable is the urgency of the stakeholder's claim on the venture, i.e. "the degree to which stakeholder claims call for immediate attention" (Mitchell et al. 1997, 864). The time sensitive nature of entrepreneurial opportunity windows attributes salience to holders of key resources for entrepreneurs of all kinds, particularly those in start-up phase. Based on the claim that social entrepreneurs have a greater range of stakeholders to satisfy because of their need to be both socially and commercially legitimate (Lumpkin et al. 2011; Newth and Woods 2014), then this variable is particularly pertinent here for a number of reasons. A start-up context poses the challenges of resource scarcity (Venkataraman 1997). This limits the time that a venture can be sustained without acquiring further resources and/or access, and its liability of newness means the venture lacks the credibility of a successful history to draw on (Ensley, Pearson, and Pearce 2003; Singh, Tucker, and House 1986; Zimmerman and Zeitz 2002).

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

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

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

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

The need for key resources for a venture to progress or succeed speaks to a resource dependency that drives stakeholder salience for social ventures. This, in turn, drives much of the influence that certain stakeholders have over social ventures as the more dependent the venture is on that stakeholder for resources the more power that stakeholder has (Emerson 1962; Frooman 1999). This study explores if and how this played out in a particular start-up social enterprise to see how these theories reconcile with a particular piece of reality, and what insights this provides researchers interested in the processes of social entrepreneurship.

# 3 The Role of Context in Social Entrepreneurship Opportunities

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

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

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

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

# 4 Method

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

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

Beyond the researcher's deep access to the organization and its stakeholders, 100Percent was an appropriate case to explore how the institutional and stakeholder context influences social enterprise models, because as a nascent enterprise it is particularly vulnerable to such exogenous forces. Also, the digital nature of the enterprise meant that at the time the research commenced, the enterprise was functioning but with few resources, if any, but needed the support of many new stakeholders and to acquire resources in order to grow.

## 4.1 Data Collection

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

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

### 4.2 Data Analysis

The data analysis process involved a number of stages to aggregate data from multiple sources, identify initial concepts, and then synthesize these with theoretical concepts from the literature. The source documents listed above were initially examined to identify initial concepts by coding common concepts from stakeholder perspectives on key events, motivations, opportunities, and challenges. These concepts were then grouped into a smaller number of themes that represent the sources of influence which shaped the innovation over time. A summary of this analysis is outlined in Table 1.

## 5 Case Study: 100Percent

### 5.1 The Opportunity

100Percent is a small, nascent social enterprise operating in New Zealand. Founded in early 2012 by Crystal Diong, a medical school student at the University of Otago in Dunedin, 100Percent is a student-driven fundraising

**Table 1:** Data structure – influences, concepts, and findings.

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

| | |
|---|---|
| **Connecting to macro-level discourse** | |
| The narrative of social innovation around the venture is vital to acquiring venture philanthropy capital | The venture philanthropist espoused a giving philosophy which supported innovation and a belief in using philanthropy to achieve leveraged impact. It therefore proved to be the emphasis on innovation that compelled them to support 100Percent. Of particular importance was the dual streams of positive impact that the venture created. First, the positive social change directly through facilitating youth engagement in social issues and creating new opportunities for young people to engage in educating their peers, and indirectly through the distribution of 100Percent of volunteer generated income to worthy causes. |
| **Regulatory constraint** | |
| The business model had to be altered to avoid creating a tax liability for volunteers | The novel business model employed by 100Percent, enabled by digital technology, created a situation for which the extant tax legislation was not designed. This forced a shift in the business model, and development of robust website Terms of Use, to ensure the income generated by volunteers for charity, which at no point they personally received, did not create an income tax or "Goods and Services Tax" liability. |
| **NGO partner influence** | |
| Volunteer marketplace should be multi-service and multi-charity/cause | From very early on it was clear that 100Percent could and should ultimately enable the support of multiple charitable causes. Although a focus on supporting a single organization (i.e. the partner NGO) may resonate with supporters of that organization and be preferable to the organization itself, a multi-cause marketplace would be more relevant to more people. It would enable volunteers and clients to support the causes that they cared about and/or avoid organizations with which they have some aversion. |
| Brand capital of NGO partner helps to build legitimacy in stakeholders' eyes | The opportunity to pitch to the venture philanthropist was enabled only by their existing relationship with the NGO.<br>Likewise, the strong brand presence of the partner NGO meant 100Percent only had to explain its business model, not the nature of the beneficiary, to initial clientele. |

(*continued*)

**Table 1:** (*Continued*)

| Overarching influences and concept | Representative findings |
|---|---|
| The rationale of the partnership was to bring the resources and reach of the NGO to bear on 100Percent to scale it quickly and dramatically | The partner NGO saw the opportunity to achieve greater engagement and leverage an existing, albeit small, youth movement by investing in it rather than developing its own offering. The belief was that the injection of resources, building of a web platform and opening up of networks would accelerate the growth of the venture. To justify the investment the NGO required ownership of the venture's intellectual property and some control over its governance. |
| The NGO partner pursues innovation through partnership due to organizational constraints on innovation | The NGO has an explicit strategy to support and equip "early adopters" who by virtue of their role, strong advocacy, and/or financial support are able to mobilize others to tackle issues of injustice and poverty. This provides a mandate to form partnerships to harness the innovative potential of its supporters and/or stakeholders at the fringe of the organization. |
| NGO partner has had the biggest direct influence over the shape of the innovation as it exercised a strong degree of control over the venture in return for the promises it made about providing resources and access | The influence of the NGO partner has led the platform to be more tightly controlled than Diong had originally envisaged. While Diong had intended it to become an unregulated marketplace for the fundraising for any charities, this does not fit with the NGO partner's risk appetite and operating model. Therefore, the model now employed requires robust due diligence for any new beneficiary charities and requires the provision of rich content to report on their impact. The influence of the NGO partner and the implementation of a Board has also slowed decision-making with Diong reporting that the organization now feels a little more "corporate and bogged down." |

organization. Its purpose is twofold: to enable students to fundraise for worthy causes and to facilitate a peer-to-peer tutoring services market. In this way it delivers two streams of benefit – improved educational outcomes from its paid-for tutoring services and the fundraising outcomes from allocating 100% of proceeds to charitable causes.

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

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

The opportunity, as Diong saw it, was to combine the presence of willing volunteer human capital with existing Internet technology and awareness-raising information about causes in need of funding. The outcome of this innovation is the solution to the illiquidity of this volunteer human capital. Not only does this create more a more effective fundraising mechanism but also creates value through the service provision itself (Figure 1).

## 5.2 Scalability and Business Model

The venture was founded with a model of simply connecting willing volunteer service providers with those seeking the service with the transaction taking

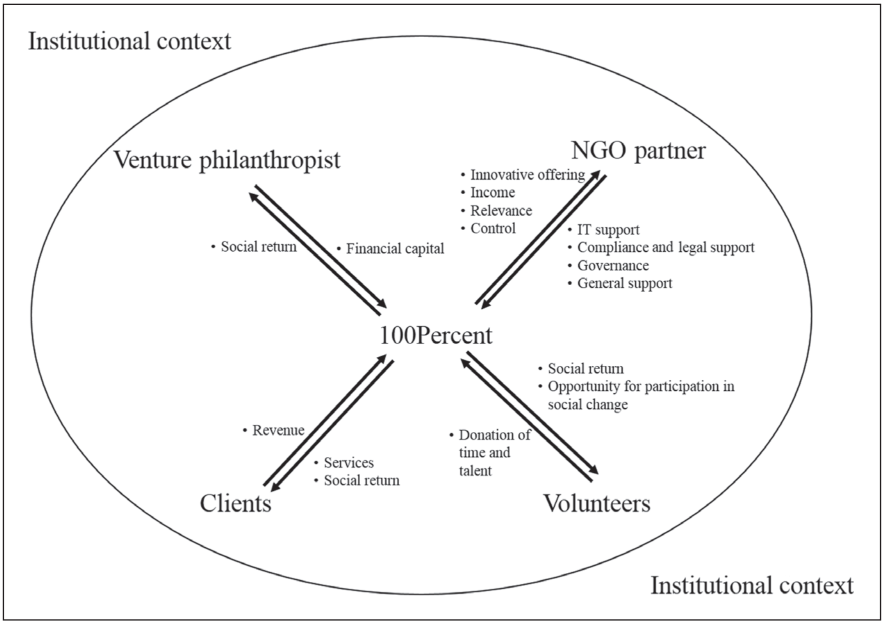


**Figure 1:** 100Percent stakeholder groups.

place in an unregulated fashion between the two parties. The volunteer would then deposit the proceeds into 100Percent's bank account. It would then be aggregated with other deposits and distributed to the chosen charity at the end of each semester. The initial concern with this model was the lack of transparency at the point where money changes hands between the volunteer and the client. Given the 100% donor promise, this situation was unsustainable. Likewise, without a fully automated digital platform the coordination and booking of services required significant manual input which created an unsustainable workload for volunteer staff and made reconciling financial deposits against services delivered a cumbersome process. In early 2013, a joint venture between 100Percent and a large NGO[2] was established. The basis of the partnership was that the NGO would build the necessary web platform for the venture in return for the intellectual property. Subsequently a separate entity has been established to govern the enterprise with joint control between the NGO and the

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

founder. The web platform is to create an automated digital marketplace for volunteer service providers and clients to automate payments directly from clients to the cause of the volunteer's choice. This ensures complete transparency around the transaction such that money never passes through a volunteer's hands and it can be reconciled against the original purchase.

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

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

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

## 5.3 NGO Partnership

When she started 100Percent, Diong chose the partner NGO's West African Food Crisis Appeal as the cause for which the organization would fundraise. In late 2012, 100Percent came to the attention of the NGO, which led to a partnership between the NGO and Diong for the purpose of dramatically scaling the size and scope of the venture from one which facilitated a tutoring service primarily among medical school students at the University of Otago, to one which facilitated a range of services in universities across the country, and ultimately be present beyond the university market. The benefits of the partnership were to be mutual. 100Percent would have support in instituting the legal and governance structures it requires to grow within the parameters of the relevant legislation and would have financial and management support in developing the upgraded digital platform it needed. It would also provide significant capability in marketing, public relations, and access to venture philanthropists. The partner NGO would benefit, ultimately, financially from being a beneficiary SPO of a larger fundraising platform. It also provided the partner NGO with an opportunity to demonstrate leadership in the SPO space by investing in an entity that would improve the fundraising and engagement capability of the SPO sector, not just for itself. The partner NGO also saw formally partnering with 100Percent in this way as a superior avenue to bring this opportunity to market than developing its own offering. This is because 100Percent had the embedded support of a grassroots movement of mobilized young people that had achieved some market validation for the monetization of volunteerism concept, albeit on a very small scale.

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

### 5.4 Venture Capital

Despite the early stage of the venture and the ongoing delays in developing the new web platform, the venture was able to leverage the relationship with the partner NGO and its innovative business model to secure the venture philanthropy investment needed to cover the overheads it will incur in scaling the venture. This financial support is necessary in order to maintain the promise it makes to its volunteers that 100% of the income they generate will reach the charity they have chosen. Remarkably, the philanthropic opportunity was sufficiently compelling that 100Percent was able to raise capital, to be paid over 3 years, worth over five times its total income to that point.

## 6 Analysis and Discussion

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

- the vision and action of the founder to construct and exploit the opportunity,
- the expectations of immediate stakeholders such as initial volunteers and clientele,
- the restraints of the institutional infrastructure and regulation around taxation and donations,
- the influence of the current sentiment or macro-level discourse of the market for philanthropic capital, and
- influence of a large NGO that was partnered with to gain access to the resources necessary to achieve dramatic growth.

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

## 6.1 Shaping Innovation: Alignment, Legitimacy, and Resource Acquisition

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

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

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

Social innovations are far more likely to be negotiated in this fashion than commercial innovations because of the greater number of stakeholders and the greater influence they have over the viability of social ventures. In contrast, commercial innovations are designed almost entirely on what will maximize market performance, and resources are acquired on this basis. For this reason commercial innovations do not suffer from the contestability of the appropriateness of a social intervention, the ethics of social entrepreneurship itself (cf. Zahra et al. 2009), or the questionable institutional legitimacy of operating with concurrent logics of social and commercial value creation (Dacin, Dacin, and Tracey 2011). Likewise, there are fewer checks and balances provided by the market for social entrepreneurship and the performance of social entrepreneurial ventures are less likely to be rewarded and punished by the market as readily as for businesses (Austin, Stevenson, and Wei-Skillern 2006; Zahra et al. 2009). Stakeholder resistance can fulfill an important function in this regard in that it tempers the potential for unintended negative consequences of an innovation, the implementation of unethical or culturally inappropriate innovations, or the risks of imposing paternalistic interventions on marginalized, minority, or indigenous populations (Newth and Woods 2014).

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

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

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

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

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

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

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

## 6.2 Theoretical Model – Influence, Interdependence, and Innovation

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

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

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

The process depicted in Figure 2 is an ongoing, dynamic one. As a social enterprise builds legitimacy and acquires resources, for example, it changes the relative salience of stakeholders. Likewise, as its strategy changes the need for venture capital for growth may increase the importance of stakeholders that can provide venture capital, making them more salient.

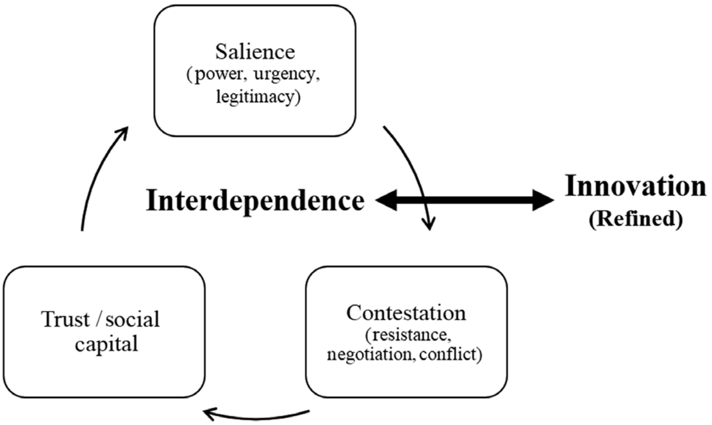


**Figure 2:** Theoretical model of innovation processes with stakeholders in social enterprise.

Figure 2 illustrates how the interplay between social enterprises and their key stakeholders creates an interdependence that ultimately leads to superior innovations. A superior innovation may mean one that is more socially impactful, financially successful, or one that strikes a more appropriate balance between the two logics. The 100Percent case demonstrates how interaction between stakeholders can result in innovations that are better positioned to generate social change which in this case was achieved through partnering with an international NGO with capability and capacity to deliver high-impact programs in deprived communities around the world. This partnership, and the legitimacy it provided, also enhanced its ability to attract venture philanthropy capital and its marketability. The mutual benefit that has been derived from the relationship has built the social capital which has brought a balance in the relationship that has reduced 100Percent's dependence on the NGO partner and increased the interdependence between the two parties. This also applies to its other key stakeholders and leaves 100Percent better equipped to scale and refine its innovation to increase its impact and marketability (Table 2).

# 7 Conclusion

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

**Table 2:** Theoretical model applied to 100Percent case study.

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

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

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