

METHODOLOGY

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Stakeholder theory in social entrepreneurship: a descriptive case study

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Abstract

In this paper, a descriptive case study of a social entrepreneurial firm is used to demonstrate stakeholder salience and stakeholder social issue management valence. The methodology is to use a semi structured interview with a social entrepreneur to identify and map the firm's stakeholders' salience and stakeholders' social issue management valence. The resulting map uses spheres, sized proportionally to social issue management valence, to represent the various stakeholder groups. Each map shows the positioning of stakeholders according to their salience at critical points in the life of the social entrepreneurship. This paper contributes to stakeholder theory through its use of an innovative methodology to combine and view the stakeholders and their importance to the social entrepreneur on a single map. This map incorporates the elements of stakeholder salience with stakeholder social issue management valence. This mapping approach enables us to visualize how salience and valence positions change at critical times. Social entrepreneurs applying this mapping method can balance the allocation of their time and attention to stakeholders while simultaneously keeping with their social mission.

Keywords: Social entrepreneurship, Stakeholder theory, Descriptive case study, Stakeholder salience, Social issue management valence

Background

In the current business environment, one of enhanced social and environmental awareness, firms are expected to be profitable while promoting social responsibility and rewarding their stakeholders (Cooper and Owen, 2007). When an enterprise is formed as a social entrepreneurial firm, a deliberate decision is made to integrate social consciousness into the business model (Dees, 2001). A social entrepreneurship is one that incorporates goals of revenue-generation, social awareness and environmental considerations. Furthermore, within these firms, "the social mission is explicit and central" (Dees, 2001, p. 3).

Social entrepreneurship is an emerging business model (Austin et al., 2006). Murphy and Coombes (2009) suggest that the emergence of the social entrepreneurial model results from an increased public awareness of corporate and environmental social responsibility. Social entrepreneurship has been viewed as a business model exhibiting a continuum of objectives ranging from a purely social mission through combinations of social and profit motives (Bacq and Janssen, 2011; Battilana et al., 2012; Dees and Anderson, 2003; Kerlin, 2006; Lepoutre et al., 2013; Zahra et al., 2009). The common

element among social entrepreneurial firms is their primary concern with social issues (Austin et al., 2006; Dees, 2001; Mair, 2010).

Social entrepreneurship is often studied through the lens of stakeholder theory. A stakeholder is defined as an entity “which either: is harmed by, or benefits from the corporation: or whose rights can be violated, or have to be respected by the corporation” (Crane and Matten, 2010, p. 62). Freeman (1994) describes one of the principles of the stakeholder concept as “the principle of who or what really counts” (p. 411). Donaldson and Preston (1995) define stakeholder considerations as normative (describing why stakeholder interests impact the firm), descriptive (describing the “how” of taking the stakeholder’s interest into account), instrumental (judging the benefits impacting stakeholder interests) and managerial (relationship management and decision-making). Schlange (2009) suggests that stakeholders need not be limited to individuals or groups of individuals but that they may also be inanimate objects (such as the earth) or animate beings such as animals.

Stakeholder theory is “a theory of organizational management and ethics” (Phillips et al., 2003, p.480). The theory involves the consideration of stakeholders and their relationships with the firm as a series of activities leading to end results that are implicitly value and moral-laden (Phillips et al., 2003). In a review of the literature on stakeholder theory, Mainardes and colleagues recognize that “over the years, some academics have criticized the vagueness and ambiguity of this theory” (Mainardes et al., 2011, p. 227). Mainardes et al. (2011) also call for more studies of stakeholder theory as it relates to organizational performance. Parmar et al. (2010) have explained that stakeholder theory is important to firms because of their focus on “ethics and moral theory” (p. 410). Stakeholder theory forms the basis for the stakeholder salience models that will be demonstrated in this descriptive case study. The two stakeholder models that will be described as important to social entrepreneurship are those described by social issue management valences (Kusyk and Lozano, 2007) and stakeholder salience values (Mitchell et al., 1997).

The social issue management valence model

Stakeholder theory accounts for all individuals who are socially impacted or who have a social impact on the firm through social drivers and barriers (Kusyk and Lozano, 2007). Using grounded theory, Kusyk and Lozano (2007) identify drivers and barriers to social issue management. They classify internal and external stakeholders according to their drivers and barriers to social responsibility practices and weigh these drivers and barriers in order to assign them to a category. The stakeholders are placed into categories by Kusyk and Lozano (2007) and ranked with valences of low management of social issues to high involvement and high decision-making in managing social issues. The current study defines this weighing as the stakeholder social issue management valences (SIMVs). Kusyk and Lozano (2007) conceptualize the social issue management valences exhibited by stakeholders in small and medium sized enterprises (SMEs) into a 2x2 matrix of internal and external drivers and barriers to social issue management.

The technique of using drivers and barriers to social issue management is also used within the context of corporate social responsibility (CSR) of large and small businesses by Laudal (2011). Social issues are conceptually discussed by Bhattacharya et al. (2008)

from the perspective of incorporating corporate social responsibility initiatives within the framework of stakeholder salience. Empirical research on social issue management and the relationship with stakeholders in overseeing corporate social performance initiatives is described by Roy (2009). Zyglidopoulos (2002) also uses stakeholder theory to discuss the social issue management challenges that a firm must face when dealing with critical societal conflicts such as how a multinational company copes with an environmental incident.

The stakeholder salience model

The stakeholder salience model as described by Mitchell et al. (1997) identifies salience values as a result of the combination of power, urgency and legitimacy claims that the stakeholder has on a firm. The element of power defines the degree of power that the stakeholder possesses over a firm. The element of urgency is the importance of time that the stakeholder claims over a firm. The element of legitimacy defines the claim that the stakeholder has on the attention of a firm (Mitchell et al., 1997). Agle et al. (1999) use this model to determine the stakeholder attributes of senior management in public firms. Parent and Deephouse (2007) determine the individual effects of each of the stakeholder salience attributes through a mixed-method study of a major sporting event. They describe the relative importance of each of the power, urgency and legitimacy attributes. Currie et al. (2008) use a descriptive case study of stakeholder salience to understand the relationship between stakeholders in the tourism industry and illustrate their relative importance. Eljido-Ten et al. (2010) use the model to empirically study a firm's response to environmental concerns and its importance to stakeholders. This stakeholder salience model is used by Key et al. (2013) to describe the changing saliences of smokers versus non-smokers and as an explanation for institutional changes (Oates, 2013).

The social entrepreneurship context

Even though stakeholder theory is used extensively for explaining who or what is important for a business and for a social enterprise, few descriptive studies of the theory in social entrepreneurship were found. A literature search of peer-reviewed articles encompassing stakeholders, social entrepreneurship and case study methodology using ProQuest's search of academic databases resulted in peer-reviewed articles by Faminow et al. (2009), Kumar (2013), Spitzbeck et al. (2013) and Thompson (2012). None of these articles combined stakeholder attributes of salience with social issue management valences. A descriptive case study of stakeholders and their impact on the operation and social consciousness of any social entrepreneurship is important because it provides insight into how stakeholder theory works in practice.

The research objective of this paper is to use a single case study to develop a mapping methodology that can integrate important aspects of stakeholder theory; those of salience and social issue management.

Methods

Given that the objective is to use the results from a descriptive case study to develop a mapping methodology, the case study method described by Yin (2003) is adopted as the most appropriate research methodology. Yin (2003) describes three types of case

studies; explanatory, exploratory and descriptive. A single descriptive case study was chosen as it is structured to help identify emerging patterns based on a solid theoretical framework (Tobin, 2010). Reliability of the data is enhanced by following Yin's (2003) recommendation to design and follow a strict case study protocol. This protocol includes providing an overview of the case, detailing data collection procedures, detailing the interview format and questions, and formatting the resulting information (Yin, 2003). As with other qualitative research methods, validation of the data is critical (Berg and Lune, 2012). This will be achieved by triangulating the data in the case study with third party external sources.

The case of Fifth Town Artisan Cheese Company (FTACC) is described, which was formed and operated in Prince Edward County, a rural part of Ontario, Canada. This case characterizes a social entrepreneurial company which by definition has a central social mission (Dees and Anderson, 2003) and so needs to effectively manage its stakeholders. A social entrepreneurial firm provides a good empirical case for describing how stakeholder theory works. The context of this social entrepreneurship is used to analyze the entrepreneur's perception of the salience values and social issue management valences of the stakeholders in the firm. A rich body of data on the operation of the firm was uncovered through third party reports and case studies (DesRoches et al., 2009; Donald, 2009). The richness and availability of information fulfills one of Yin's requirements (2003) when discussing the validity of descriptive case study research.

One external data source consists of a working paper published by the University of Toronto's Martin Prosperity Institute (Donald, 2009) which describes FTACC as an innovative and environmentally conscious artisanal cheese factory, as well as its impact on the surrounding community. A second external data source is a case study developed by Queens University's Monieson Centre (DesRoches et al., 2009) that reviewed FTACC's operations from a business viewpoint, detailing critical points in the life of the firm and identifying some of the stakeholders. A peer-reviewed research paper was also reviewed that described the events surrounding one of the identified critical events, the *Listeria* crisis at FTACC (Charlebois, 2015), to validate the events at that critical time.

The protocol of this paper consists of a semi structured interview with FTACC's founding entrepreneur. The opportunity to obtain rich data from a narrative supported by externally sourced information provides relevance to this descriptive case study (Yin, 2003).

The semi structured interview was conducted with the founder of FTACC in a single session. The protocol consisted of questions that were submitted to the founder prior to the interview. However, in keeping with the methodology of a semi structured interview (Berg and Lune, 2012) the authors began the interview with a pre-defined question and then adjusted the subsequent questions according to the flow of the interviewee's narrative. Questions were improvised based on the protocol, helping to elaborate the questions or problems that the founder found important and how she resolved them, her description of the business challenges as a social entrepreneur and the involvement of stakeholders. Some of the questions in the formal protocol are listed in Table 1. The two-hour interview was recorded, resulting in 45 pages of transcribed narrative.

The authors used their protocol questions to identify key decision points that were subsequently validated by the founding entrepreneur. Having a variety of alternatives and choosing one of them defines decision-making in a narrative (Schwenk, 1985).

Table 1 Selected interview questions from the interview protocol

| Sequence of questions | Sample interview questions |
|-----------------------|---|
| Question 1: | How did you come to know about social entrepreneurship? |
| Question 2: | Who were the various stakeholders? |
| Question 3: | During the implementation of the model what problems developed and how did you work with the various stakeholders to solve these problems? |
| Question 4: | Can you tell me about a time, a high point story, when you felt that your values and work were intertwined? What was the impact on you and on others? |

Three major decision points were identified by the founding entrepreneur; the epiphany of choosing to run an artisanal cheese company and the subsequent development of a social entrepreneurial firm, a *Listeria* outbreak at the firm and its resolution, and finally the decision to exit the company.

This study's methodological approach integrates how the founding entrepreneur perceives her stakeholders based on two salience models and maps these two models as a single graphical representation. Mapping in the social sciences is a useful method to explore patterns and frameworks (Trochim, 1989). Stakeholder salience positions are mapped based on a modification of the Venn diagrams described by Mitchell et al. (1997) and the social issue management valences according to the typology described by Kusyk and Lozano (2007). Mapping of stakeholders according to their stakeholder salience has been performed previously in the management literature. Mitchell et al. (1997) used Venn diagrams to illustrate possible stakeholder positions. Rowley (1997) used a different type of mapping technique based on principles of network theory to identify salient stakeholders. In her study of stakeholder influences, Bourne (2011) created an integrative mapping technique, "the Stakeholder CircleTM" to determine the salience of stakeholders in the management of projects (Bourne and Walker, 2008; Bourne, 2011).

In the present case, two key stakeholder models are examined: stakeholder saliences based on power, urgency and legitimacy and a stakeholder model based on social issue management valences. Stakeholders based on those models are positioned on a single map that visualizes them at key points in time. Stakeholder salience is mapped using concentric circles identifying the integration of power, urgency and legitimacy (PUL) attributes from the stakeholder salience model (Mitchell et al., 1997). Stakeholders are then identified by spheres sized according to their coded values of social issue management valences (SIMVs) based on the work by Kusyk and Lozano (2007).

Stakeholder salience: methodology of a descriptive view

Mitchell et al. (1997) illustrate the inter-relation of the power, legitimacy and urgency attributes through the use of Venn diagrams. In the present case, the idea of using Venn diagrams is extended by summing the presence or absence of the three PUL salience values, each either having a 0 or 1 value into a single cumulative value ranging from 0-3. This resulted in an orbiting diagram where stakeholders orbit in a space of stakeholder salience. The central clustering is at the nexus of salience where Mitchell et al. (1997) defines the stakeholder salience as definitive (where all three factors have a value of 1 and cumulatively a value of 3), through the next orbit of expectant stakeholders (where two of the factors sum to cumulative values of 2), and the final orbit of

salience (where only one of the factors is valued as 1). Where the stakeholder does not have power, legitimacy or urgency in the stakeholder salience model described by Mitchell et al. (1997), then the stakeholder is not considered and falls out of the orbit. Table 2 lists the stakeholders according to the sum of their power, legitimacy and urgency values. Throughout the stages defined by key “decision points”, stakeholders are positioned by the entrepreneur in the concentric circles of influence.

It is acknowledged that through the coding technique employed in this study, the identification of key stakeholders assumes that each of the stakeholder power, urgency and legitimacy claims has equal importance and that they will each have a value of 0 or 1 only. This assumption has been disputed by Parent and Deephouse (2007) who claim that power has a more important value than urgency and legitimacy. Currie et al. (2008) in the context of the tourism industry, examining the legitimacy component of stakeholder salience, claim a definitional confusion over the term and measurement issues compared to the other stakeholder saliences defined by Mitchell et al. (1997). Nevertheless, Key et al. (2013) and Agle et al. (1999) use the Mitchell et al. (1997) stakeholder model with its assumptions to empirically describe stakeholder salience and identify key stakeholders based on the three attributes of power, urgency and legitimacy.

Table 2 Stakeholder salience values summed at three key decision points

| Stakeholders | Entry | Listeria | Exit |
|--|-------|----------|------|
| P: Founding Entrepreneur | 3 | 3 | 3 |
| S: Spouse | 2 | 2 | 3 |
| C: Child | 1 | 1 | 1 |
| F: Family | 1 | 1 | 1 |
| ED: Economic Development Officer | 1 | 0 | 0 |
| CM: Councilman | 1 | 0 | 0 |
| OCS: Ontario Cheese Society | 3 | 3 | 1 |
| DFO: Dairy Food Ontario | 3 | 3 | 3 |
| AA: Agricultural Adaptation Council | 1 | 1 | 1 |
| O: Ontario Ministry of Agriculture, Food and Rural Affairs | 2 | 2 | 1 |
| AG: Agriculture Canada | 2 | 2 | 1 |
| I: Equity Investors | 3 | 3 | 3 |
| LF: Local Farms | 3 | 3 | 2 |
| LS: Local Services | 3 | 3 | 2 |
| AC: Architect/Contractors. | 3 | 1 | 0 |
| L: Canada Green Building Council | 2 | 1 | 0 |
| CC: Community Council | 2 | 3 | 2 |
| e: Employees | | 3 | 2 |
| W: Wineries | | 3 | 2 |
| CU: Customers | | 3 | 2 |
| HC: Health Canada | | 3 | 3 |
| SR: Scientific Research and Experimental Development | | 3 | 1 |
| B: Investment Banks | | | 3 |

Social issue management valences: methodology of a descriptive view

In keeping with the intention to view the Venn diagram and the social issue management valences typology model in one graphical representation, spheres were created to identify the stakeholder and their social issue management valences. The size of the spheres that define the stakeholders is determined by the perception of the founding entrepreneur. This perception is categorized into one of the ordinal values on the four position grid in Fig. 1. Kusykh and Lozano (2007) use this grid categorization technique to record the social issue management valence (SIMV) of stakeholders. This report contributes to this type of stakeholder evaluation by assigning ordinal values to each quadrant of the typology as shown in Fig. 1 based on the social entrepreneur’s perception. On the orbiting diagrams, the size of the spheres corresponds to their SIMVs. Quadrants are ordered from 0 to 3. An ordinal value of 0 corresponds to a stakeholder non-participant status; a value of 1 corresponds to an observer status; a value of 2 corresponds to a moral dependence status; and a value of 3 corresponds to a moral leadership status. This categorization aligns with the typology suggested by Kusykh and Lozano (2007). In this way, changes in stakeholder SIMVs can be assessed from one critical decision point to another. Table 3 provides a complete description of the stakeholders and their weighting according to the Kusykh and Lozano (2007) SIMVs at key decision points based on the founding entrepreneur’s perception.

Results and discussion

A descriptive case study requires focus and depth (Yin, 2003). This section details through a narrative the founding entrepreneur’s perception of stakeholder PUL salience values and SIMVs at each decision point of the firm’s life. Three critical decision points were identified by the founding entrepreneur of FTACC.

1. The creation of FTACC and its development as a social entrepreneurial firm.
2. The handling of a Listeria crisis.
3. The decision to exit the social entrepreneurship.

Narrative background

In 2003, the founding entrepreneur (P), was at a crossroads and was considering the transition from a corporate environment to an entrepreneurial environment. The entrepreneur believed that for family reasons she would relocate to the Prince Edward County region of Ontario, Canada. At this stage, the stakeholders in this narrative are

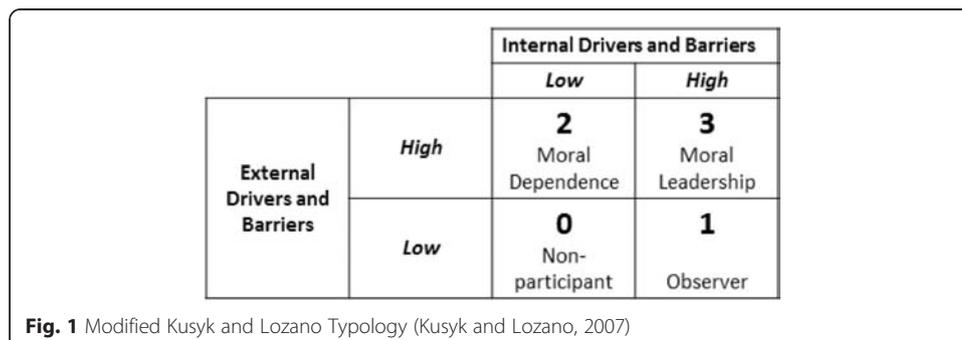


Table 3 Social issue management valences of stakeholders at three key decision points

| Stakeholders | Entry | Listeria | Exit |
|--|-------|----------|------|
| P: Founding Entrepreneur | 3 | 3 | 2 |
| S: Spouse | 2 | 1 | 1 |
| C: Child | 0 | 0 | 0 |
| F: Family | 1 | 1 | 1 |
| ED: Economic Development Officer | 3 | | |
| CM: Councilman | 2 | | |
| OCS: Ontario Cheese Society | 3 | 3 | 3 |
| DFO: Dairy Farmers Ontario | 2 | 2 | 2 |
| AA: Agricultural Adaptation Council | 3 | 3 | 3 |
| O: Ontario Ministry of Agriculture, Food and Rural Affairs | 3 | 3 | 3 |
| AG: Agriculture Canada | 2 | 2 | 2 |
| I: Equity Investors | 3 | 1 | 1 |
| LF: Local Farms | 1 | 1 | 1 |
| LS: Local Services | 0 | 0 | 0 |
| AC: Architect/Contractors | 2 | 2 | |
| L: Canada Green Building Council | 3 | 3 | |
| CC: Community Council | 1 | 1 | 1 |
| e: Employees | | 1 | 0 |
| W: Wineries | | 1 | 1 |
| CU: Customers | | 0 | 0 |
| HC: Health Canada | | 1 | 1 |
| SR: Scientific Research and Experimental Development | | 0 | 0 |
| B: Investment Banks | | | 0 |

limited to the immediate individuals who both affect and are affected by the decision. This includes a supportive family group already residing in the geographical area of Prince Edward County, Ontario, Canada, where she believes she will relocate with her spouse (S) and her child (C).

After making the decision to become an entrepreneur and then deciding where to locate her business, the entrepreneur needed to decide on the type of business to establish. In this case, the choice was made after thorough research into the needs of the local market where they were physically moving in Ontario, Canada. The entrepreneur contacted information sources within the region to determine the needs of the region. Stakeholders in the local area such as the local councilman (CM) and the local economic development officer (ED) were influential in highlighting the needs of the region. The selection of the type of business to establish happened through what the entrepreneur described as an epiphany. This paradigm change was described by the entrepreneur as occurring in her car soon after moving, during a conversation with a key stakeholder, her spouse. The entrepreneurial 'idea' at this point was to establish an artisanal cheese-making farm in Prince Edward County, governed by principles of environmental sustainability. The entrepreneur described her own personal value system as a culmination of being a new parent and her personal belief that goods should be made by following environmentally sustainable practices and principles.

With supportive peers from a cheese-making class at a local university, the entrepreneur created the Ontario Cheese Society (OCS) to promote knowledge creation and transfer in the area of artisanal cheese-making. Through a process of lobbying government contacts at the Agricultural Adaptation Council (AA) and the Ontario Ministry of Agriculture, Food, and Rural Affairs (O), she was able to spark an interest in her entrepreneurial idea. Furthermore, she was able to obtain financial backing to complete a feasibility study of the artisanal cheese market potential in Ontario. She also met with the Dairy Farmers of Ontario (DFO) (the provincial milk marketing board) to investigate the logistics of her supply chain.

The narrative illustrates stakeholder theory (Freeman, 1994) in the life of the social entrepreneurial firm. Another lens which frames this narrative is that of contingency theory (Van de Ven and Drazin, 1985). The founding entrepreneur's decisions about organizational structure were contingent on environmental conditions. She adjusted her decisions according to changing conditions to optimize her operations. However, the focus of this narrative is on the process of selecting and prioritizing the important stakeholders for the social entrepreneurial firm. Consequently, stakeholder theory is used in this research to frame the methodology of prioritizing stakeholders.

First decision point

What type of infrastructure should govern the creation of this artisanal cheese social entrepreneurship? The entrepreneur incorporated her new social entrepreneurship as the Fifth Town Artisan Cheese Company. She arrived at a critical decision point, realizing that existing stakeholder needs should be balanced with the identification and addition of new stakeholders. According to the founding entrepreneur's narrative, existing stakeholders such as her child (C), the local councilman (CM), the economic development officer (ED), her local family (F), and the Agricultural Adaptation Council (AA) had low power and urgency claims but retained legitimacy. Other new stakeholders providing the knowledge and expertise required to create a sustainable firm were introduced; the architect and contractors (AC) who designed the geothermal caves, the solar panels, and the wind turbines; the Canada Green Building Council (L) who administered the certifications for environmental sustainability; the local farms (LF) who provided the goat milk; the local services (LS) who provided infrastructure support; the additional institutional investors (I) who provided the funding and interest in promoting sustainability; and the Ontario Cheese Society (OCS) who continued to provide knowledge transfer to enable the realization of artisanal cheese-making.

The stakeholders described here have varying degrees of interest in social issues. Using the valences identified through the Kusyk and Lozano (2007) grid of social drivers and barriers, most of the stakeholders identified within the highest circle of salience for FTACC are also the most socially conscious stakeholders identified. The institutional stakeholders such as the DFO or focused organizations like the Canada Green Building Council (L) have stable social issue management valences while some of the emerging stakeholders such as the contractors, the local farms and the local services begin this stage with a level of social consciousness that they (the contractors) acquire from FTACC or that they (local farms) enhance by exposure to FTACC.

The situation is mapped according to the founding entrepreneur’s perception. In this case, the stakeholders with the highest PUL salience values have a high SIMV. This map illustrates an environment where a social entrepreneurship can function within the locus of social consciousness, environmental sustainability and economic convergence. The relationships described by the founding entrepreneur are dyadic between the stakeholders and herself but it is also understood that the relationships may also involve multiple linkages and networking among the stakeholders (Bhattacharya and Korschun, 2008; Rowley, 1997). Figure 2 describes each of the stakeholder’s salience and stakeholder’s social issue management valence at this decision point.

Second decision point

Another critical decision point occurred during a Listeria outbreak at FTACC. At this decision point, there was a shift in the salience values among stakeholders. A Listeria outbreak is not uncommon in the dairy food industry (Carpentier and Cerf, 2011) and the specific manner in which this particular outbreak at FTACC was handled has been documented (Charlebois, 2015). Nonetheless, the founding entrepreneur stated that “common opinion was that we would not survive this crisis” (founding entrepreneur, personal communication). Various stakeholders needed to be addressed and their concerns assuaged in order to return the company to profitability; “we didn’t lose any sales, in fact they increased...we never lost a customer because we were so tied in with the community that we could talk about it openly” (founding entrepreneur, personal communication). The satisfying of stakeholder claims and the SIMVs at this point was not perceived to be as important as satisfying the concerns of Health Canada (HC) and returning the company to operating and marketing capacity. Figure 3 shows the fluctuating positions of the stakeholders during this crisis.

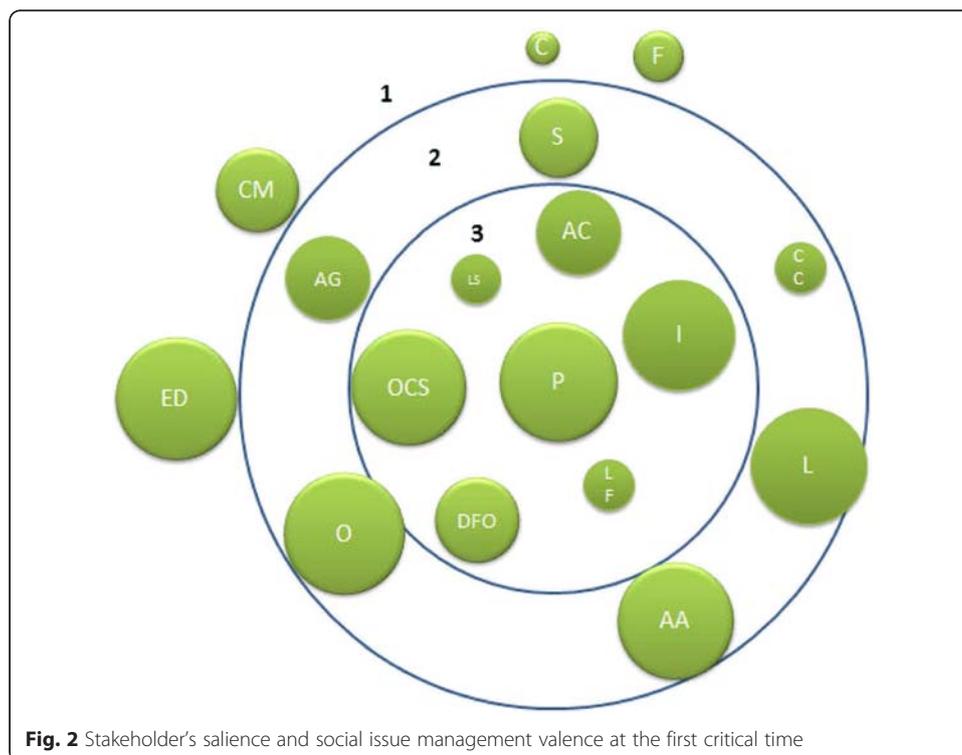
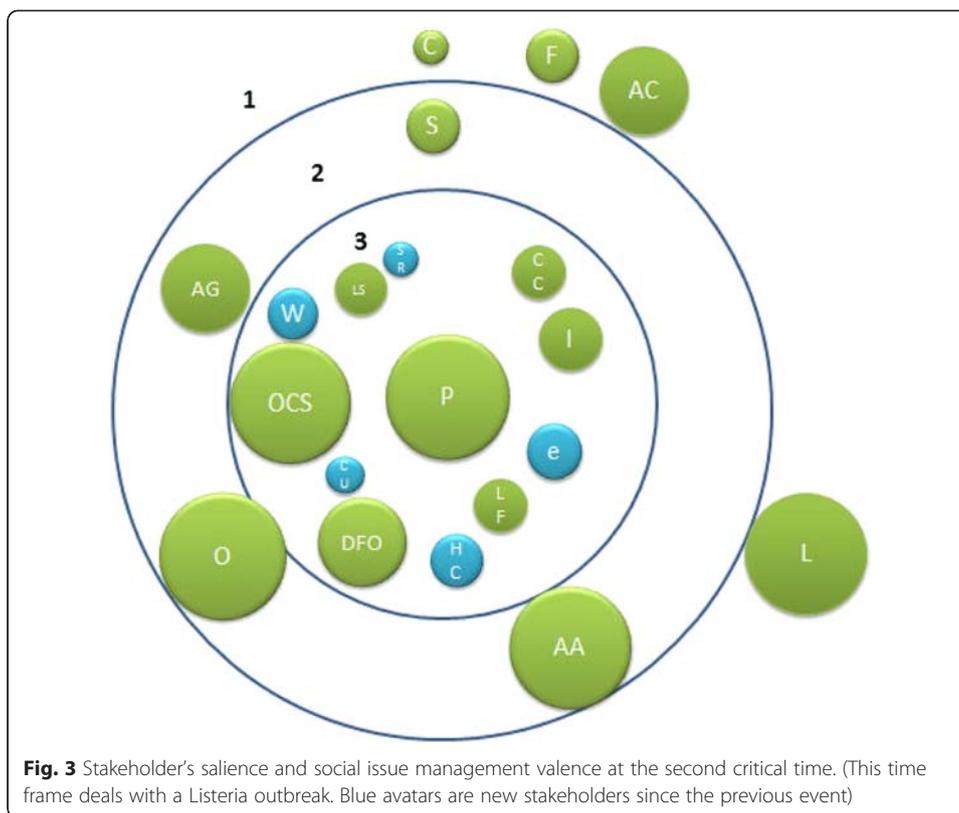


Fig. 2 Stakeholder’s salience and social issue management valence at the first critical time



Third decision point

The final decision point in this case study was the divestment of the firm by the founding entrepreneur. The decision to exit the social entrepreneurship developed due to differences of opinion between the key investors (I) and (S), and the entrepreneur. Although the social entrepreneurial firm was operating successfully, half of the investors were willing to continue funding and operating the firm while the other half desired an exit strategy and to “cash in their chips” (founding entrepreneur, personal communication). The stakeholder salience model (Mitchell et al., 1997) describes how a manager’s consideration of shifting saliences determines decision-making based on paying attention to definitive stakeholders. The investors (I), spouse (S), and the entrepreneur (P) remain as key stakeholders but only the founding entrepreneur retains her high level of social issue concern. An additional stakeholder, an investment bank (B) was brought in to run the business while the company looked for an acquiring firm. The bank became a key definitive stakeholder with high power, urgency and legitimacy salience but little concern about social issues. All suppliers (LF), (LS) and even customers (CU) lost their sense of urgency as priorities were shifted by the bank acting as the decision maker in lieu of the founding entrepreneur. The bank made certain decisions about other stakeholders along economic imperatives rather than considering the social principles of environmental sustainability, social impact, and economic impact upon which the founding entrepreneur had created the firm. When it came down to the exit strategies, the social entrepreneurship’s founding principles and social mission were put aside as these could not be legally enforced through the current legislative regulations. In Ontario,

Canada there are no provisions for protecting social and environmental provisions described in an incorporated firm after the firm has been sold. Figure 4 describes each of the stakeholder’s PUL values and SIMV values at this critical time.

In the end, the social entrepreneurship was successfully sold to a company that retained its name and operations in Prince Edward County and continues to leverage its brand but does not strictly function within the framework of social entrepreneurship discussed in this paper.

Conclusion

The objective of this study was to use a descriptive case study of stakeholder theory in the context of social entrepreneurship to demonstrate the application of the stakeholder salience model and the stakeholder social issue management model. A mapping methodology was designed to describe the application of this theory within a social entrepreneurial firm, FTACC. Key stakeholders were identified and positioned in the first circle of concentric orbits, characterized by their integrated power, urgency and legitimacy (PUL) values. As defined by Mitchell et al. (1997), these were “definitive stakeholders” (p. 878). The integration of the Kusyk and Lozano (2007) typology model identified the founding entrepreneur’s perception of the social issue management valences (SIMVs) towards these key stakeholders. Since the founding entrepreneur’s attention to her stakeholders influences her managing and planning of tasks, it is important and convenient for the entrepreneur to reflect on her positioning of stakeholder salience and social issue management valences on a map to see who is receiving more attention. Mapping and the management of stakeholders based on these factors can directly relate to the operation and performance of a social entrepreneurial firm.

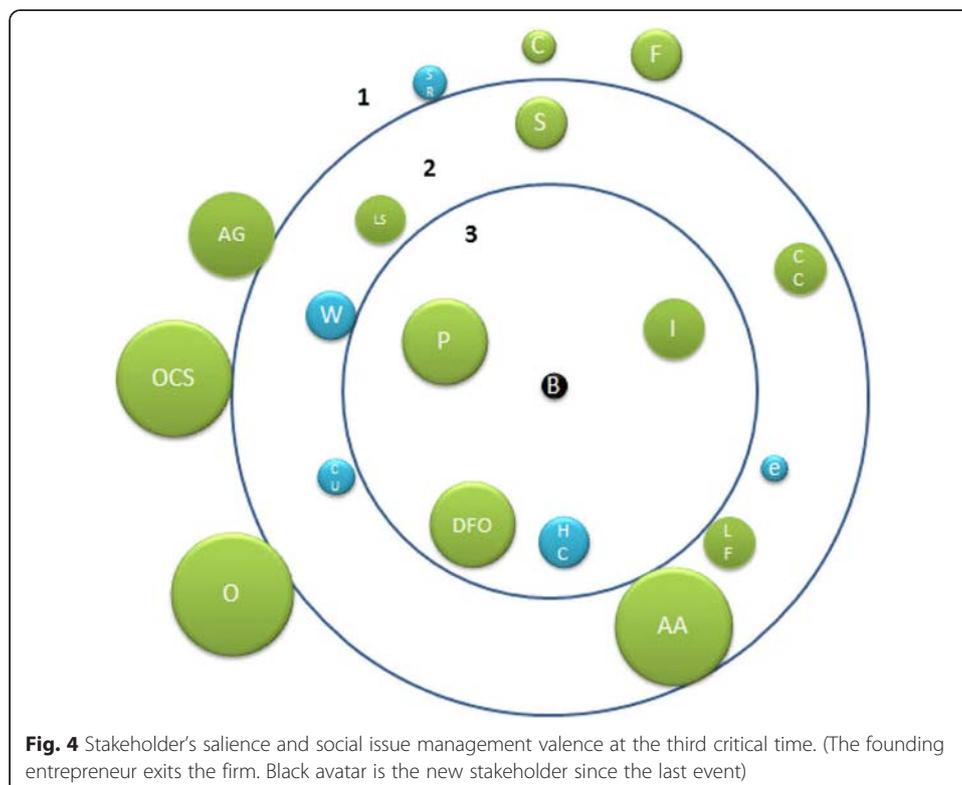


Fig. 4 Stakeholder’s salience and social issue management valence at the third critical time. (The founding entrepreneur exits the firm. Black avatar is the new stakeholder since the last event)

The mapping and integration of these two stakeholder salience models into a single graphical representation is a methodological contribution to stakeholder theory. The map represents the perceptual location of stakeholders according to their PUL values and SIMVs and identifies key stakeholders (those with highest PUL values or highest SIMVs). Ideally stakeholders should occupy PUL positions and SIMVs based on their importance to both the social and commercial mission of the firm. Independently, each stakeholder model depicts the importance of a stakeholder, but mapping both models in one figure allows a richer depiction of salience derived from Mitchell et al.'s (1997) model of power, urgency and legitimacy attributes and the social issue management model described by Kusyk and Lozano (2007).

This mapping method also allows the integration of the founding entrepreneur's perception of her stakeholders at various points in time described by her as critical decision points. It was shown that throughout three critical decision points in the life of FTACC that the founding entrepreneur's perception of her stakeholders changed. This was demonstrated by depicting changes in the graphical representations of PUL values (their movement within the concentric circles) and SIMV (size of the spheres). Therefore, additional evidence was provided, indicating that stakeholder salience is dynamic (Mitchell et al., 1997; Windsor, 2010). The ability to view the shift in both stakeholder PUL values and SIMVs at different critical points in time is an important contribution to stakeholder theory.

Applied implications

The mapping methodology employed here enables the social entrepreneur to visualize their own current perception of stakeholder PUL values and SIMVs and compare it to an ideal map based on the social entrepreneurship's mission. As an entrepreneur's attention is a limited resource, the mapping exercise enables the social entrepreneur to visualize their stakeholders' positioning from the viewpoint of stakeholder saliences and decide how to balance the attention that should be paid to them to attain the firm's mission.

Viewing the deviation between stakeholder salience values against an ideal model can cause discomfort for the social entrepreneur. Viewing what should be with what actually is can be described as an example of self-discrepancy theory (Higgins, 1987). Aligning the positioning of stakeholders with the social entrepreneur's perception of ideal values can help the social entrepreneurs manage this discrepancy (Clarke and Holt, 2010). If the primary goal of the social entrepreneurship is achievement of its social mission, then this map can be used to signal to social entrepreneurs the need to balance the attention they pay to their stakeholders. When misalignment occurs, social entrepreneurs can implement training, engagement or other necessary action to reach the social entrepreneur's desired mission.

As a temporal mapping technique, this paper's methodology illustrates the dynamic nature of a social entrepreneur's perceptions during critical events. It also serves as a visual reflection of the importance of stakeholders at these times. Reflexive thinking by the entrepreneur is important for maintaining an alignment of social values (Clarke and Holt, 2010). The methodology allows social entrepreneurs to visually understand and acknowledge that shifting perceptions of stakeholder PUL values and SIMVs can impact the decision-making of the social entrepreneur and hence her efforts at managing the business.

Limitations and future research directions

This research showed that in this particular case, the methodology of mapping stakeholder salience as described by Mitchell et al. (1997) combined with a modified typology of Kusyk and Lozano (2007) for categorizing social issue management valences, is a useful way to describe stakeholder theory in a social entrepreneurship. An innovative methodology is provided that integrates two stakeholder models and shows dynamic changes in those values as perceived by the founding social entrepreneur throughout critical decision points. The mapping of the two stakeholder models as a holistic view offers an innovative way of applying stakeholder theory to improve the management and planning activities in a social entrepreneurship. We highlight that social entrepreneurs can benefit from the use of this methodology to identify key stakeholders, why they matter to the firm and manage their social concerns within a commercial business model and still maintain their primary social mission.

Future research could explore other social entrepreneurial firms in different settings or markets and replicate the descriptive case study and the mapping exercise. For example, FTACC evolved in a rural setting and so it would be interesting to map the PUL values and SIMVs for any similar social entrepreneurship in an urban setting. FTACC was a for-profit social entrepreneurial firm. It would be interesting to compare the shifts in PUL values and SIMVs with a social entrepreneurial firm that was established as a non-profit venture.

The mapping methodology described in this paper illustrates a useful visualization technique to integrate stakeholder salience values with stakeholder social issue management valences.

Competing interests

The authors declare that they have no competing interests.

Authors' contributions

RB is the first author and drafted the manuscript. Both authors carried out the research and analyzed the results. All correspondence should be directed to RB. Both authors read and approved the final manuscript.



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