VENTURING FOR OTHERS WITH HEART AND HEAD: HOW COMPASSION ENCOURAGES SOCIAL ENTREPRENEURSHIP

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Social entrepreneurship has emerged as a complex yet promising organizational form in which market-based methods are used to address seemingly intractable social issues, but its motivations remain undertheorized. Research asserts that compassion may supplement traditional self-oriented motivations in encouraging social entrepreneurship. We draw on research on compassion and prosocial motivation to build a model of three mechanisms (integrative thinking, prosocial cost-benefit analysis, and commitment to alleviating others' suffering) that transform compassion into social entrepreneurship, and we identify the institutional conditions under which they are most likely to do so. We conclude by discussing the model's contribution to and implications for the positive organizational scholarship literature, entrepreneurship literature, and social entrepreneurship literature.

Social entrepreneurship has captured the media's attention and the public's imagination. By using market-based methods to solve social problems, social entrepreneurship marries two distinct and ostensibly competing organizational objectives: creating social value and creating economic value (Austin, Stevenson, & Wei Skillern, 2006; Dees, 1996, 1998). Like charitable nonprofits, social enterprises seek to create social value (Peredo & McLean, 2006; Shaw & Carter, 2007), but they employ a market-based organizational form to sustain this value creation (Hartigan, 2006; Hockerts, 2006; Lasprogata & Cotten, 2003; Mair & Marti, 2006; Thompson,

2002). Social enterprises seek to create value for customers, but instead of full remuneration going to investors, as is the case with commercial ventures, the surplus benefits of organizational activity accrue primarily to targeted beneficiaries (Alvord, Brown, & Letts, 2004; Austin et al., 2006; Mair & Marti, 2006). It is this concern for others that makes social entrepreneurship both admirable and theoretically problematic given our current understanding of what motivates entrepreneurship.

To date, investigations by researchers from economics, psychology, and management into the motivations for market-based venture creation have focused primarily on the role of rational self-utility maximization (Licht, 2010) and profit-seeking behavior (Baumol, 1990). Although research in the entrepreneurship literature has consistently suggested that entrepreneurs exhibit a preference for nonpecuniary rewards, such as the need for achievement (McClelland, Winter, & Winter, 1969), autonomy (Amit & Zott, 2001; Hamilton, 2000; Moskowitz & Vissing-

Jorgensen, 2002), or a taste for variety (Åstebro & Elhedhli, 2006) that enables them to bear the risk and uncertainty associated with new venture creation (McMullen & Shepherd, 2006), each of these preferences remains primarily self-interested (i.e., oriented toward maximizing an individual's personal utility). Furthermore, this focus on self-interested and calculative motivators may ignore the role that emotion plays in conditioning entrepreneurial behavior (Baron, 2008; Goss, 2008). In particular, emotions that are prosocial motivate actions that are intended to serve the well-being of a group, even at the expense of the individual actor. This effectively bypasses self-interested calculations and transforms apathy into social concern and action (Bowles & Gintis, 2002; Montada & Schneider, 1989; Thomas, McGarty, & Mavor, 2009).

Indeed, even though social entrepreneurship is likely to be at least partly based in self-interest and a desire for social power (McClelland, 1994), prior research asserts that these motives are insufficient. In early conceptualizations of social entrepreneurship (e.g., Dees, 1998, 2007), scholars argued that the decision to start such ventures is substantially motivated by the other-oriented emotion of compassion. This requires that scholars examine more closely the ways that people systematically incur substantial costs to promote other people's interests (Camerer & Fehr, 2006; Rabin, 2002), employ emotion in their decision making (Cardon, Wincent, Singh, & Drnovsek, 2009), and recognize more explicitly that "the self-utility that may accrue to the actor is affected by the utility accruing to others" (Licht, 2010: 839).

The purpose of this article is to explore how compassion may be responsible for encouraging social entrepreneurship—the process of launching a hybrid organizational form that creates social value through market-based methods. Compassion is characterized by its other-orientation and emotional connection linking an individual to a suffering community (Goetz, Keltner, & Simon-Thomas, 2010; Lazarus, 1991; Nussbaum, 1996, 2001). Compassion serves as a powerful motivator of action, compelling individuals to alleviate others' suffering (Batson & Shaw, 1991; Omoto, Malsch, & Barraza, 2009). Thus, compassion serves as a prosocial motivating emotion (i.e., the desire to benefit others), in contrast to proself motivators (Bierhoff, 2005; De Dreu, Weingart, & Kwon, 2000). Although schol-

ars have suggested that compassion motivates social entrepreneurship (Dees, 1998), the mechanisms by which it does so remain poorly understood (Short, Moss, & Lumpkin, 2009; Zahra, Gedajlovic, Neubaum, & Shulman, 2009). By developing these mechanisms, we address this shortcoming and contribute to three areas of management research.

First, to date, much work has focused on differentiating social entrepreneurship from other organizational forms in order to define the phenomenon (Austin et al., 2006; Dees & Emerson, 2001), but one hitherto overlooked aspect is its motivational antecedents. We examine the antecedents of social entrepreneurship, specifically drawing out the theoretical relationship between social entrepreneurship and compassion (Dees, 1998) to fill a gap in the emerging scholarly literature on social entrepreneurship. By exploring the theoretical antecedents of social entrepreneurship, we offer a more thorough and rigorous exploration of the affective and cognitive mechanisms underlying this relationship and the factors that have influenced the increasing legitimacy of social entrepreneurship.

In addition to the social entrepreneurship literature, we contribute to the entrepreneurship literature by elaborating on how new venture creation can be an expression of prosocial motivations and emotions that are focused on the alleviation of suffering. By focusing on social entrepreneurship as an exemplar of other-oriented entrepreneurial action, we challenge future studies of entrepreneurial motivation to account for the role of prosocial gains, as well as self-oriented factors such as autonomy and status (Ageev, Gratchev, & Hisrich, 1995; Herron & Sapienza, 1992; Kolvereid, 1996; Shane, Kolvereid, & Westhead, 1991). In addition, we contribute to the study of emotions in entrepreneurial action, a topic often ignored in the literature (Cardon et al., 2009; Goss, 2005). In doing so we uncover how compassion, as an other-oriented emotion, plays a cognitive and affective role, influencing the way entrepreneurs think, calculate and analyze personal costs, and commit to organizing for a cause.

Finally, prior research on compassion in positive organizational scholarship (POS) has focused exclusively on the role of compassion *within* existing organizations, such as how individuals display compassion toward suffering colleagues (Dutton, Worline, Frost, & Lilius, 2006;

Frost, Dutton, Worline, & Wilson, 2000) and how compassion can contribute to collective capabilities (Kanov et al., 2004). This work, however, has tended to ignore compassion's possible influence on whether and how an organization is founded in the first place. By considering how compassion might serve to motivate a broader range of activities and responses, including the founding of a new organization intended to address social issues and alleviate others' suffering, we extend prior studies that have begun to examine how decision making is influenced by other-orientation (De Dreu, 2006; Grant & Berry, 2011).

The remainder of the article proceeds as follows. First, we contextualize our theorizing by discussing the unique and challenging nature of social entrepreneurship as a solution for addressing social problems. Second, we propose that compassion acts as a prosocial motivator by way of its other-orientation. This emotional connection to others fosters integrative solutions to seemingly intractable social problems, distorts cost-benefit analysis in other-serving ways, and encourages the commitment needed to undertake demanding and difficult responses. Third, we show how the effects of compassion, when combined with the perceived legitimacy of social entrepreneurship, increase the likelihood of launching a social enterprise. In other words, we argue that compassion elicits a set of cognitive and affective processes conducive to social entrepreneurship and, in tandem with the perceived legitimacy of social entrepreneurship, encourages the choice to found a new social enterprise. Finally, we discuss the theoretical and empirical implications of our proposed model.

SOCIAL ENTREPRENEURSHIP

Scholars and practitioners alike are increasingly attending to hybrid organizations that seek to apply market-based solutions to social issues such that benefits accrue primarily to targeted beneficiaries, as opposed to owners (Alvord et al., 2004; Austin et al., 2006; Mair & Marti, 2006). A social issue refers to "a putative condition or situation that is labeled a problem in the arenas of public discourse and action [e.g., poverty, illiteracy, unemployment]" (Hilgartner & Bosk, 1988: 53–54). Scholars increasingly refer to these efforts to address social is-

sues using market-based mechanisms as *social entrepreneurship* and the corresponding new organizations as *social enterprises* (Austin et al., 2006; Dees, 1996, 1998). For example, Piramal Water Private Limited attempts to overcome the significant challenges of getting potable water to the most impoverished communities in India. Piramal Water has organized around the mission of "sarvajal," meaning "water for all," to create a solar-powered, unmanned "water ATM" that dispenses clean water for a very small fee.

Social enterprises like Piramal Water are distinguished by their focus on creating social value, such as getting potable water to impoverished communities (Peredo & McLean, 2006; Shaw & Carter, 2007), through organizations that rely on commercial, market-based approaches (Hartigan, 2006; Hockerts, 2006; Lasprogata & Cotten, 2003; Thompson, 2002)—for example, charging a small fee for the water. Social value creation occurs when an organization "achieves an equivalent social benefit with fewer dollars or creates greater social benefit for comparable cost" (Porter & Kramer, 1999: 126). A social benefit is a solution to a social problem that accrues to society or a targeted segment of the population, as opposed to an individual or specific organization (Thompson, 2002).

The Challenge of Social Entrepreneurship

Despite the increased attention given to social entrepreneurship, the phenomenon remains rare (Light, 2006), perhaps because it presents very distinct and poignant challenges (Chell, 2007; Elkington & Hartigan, 2008; Hemingway, 2005; Leadbeater, 1997). First, social entrepreneurship can be viewed as particularly arduous because it "demands that entrepreneurs fuse together key elements of different logics that may have little in common and may even be in conflict" (Tracey, Phillips, & Jarvis, 2011: 60). Specifically, social entrepreneurship combines *market-based organizing*, where resources are acquired by promising direct financial returns that are achieved by realizing the organizational goal of creating economic value, with *charity-based organizing*, where resources are acquired by promising donors indirect social returns that are achieved by realizing the organizational goal of creating social value (Battilana & Dorado, 2010). The combination of these approaches is clearly evident, for example, in so-

cial enterprises that look to make advanced technologies available to impoverished communities—those at the "base of the pyramid" (Prahalad, 2005). For example, the treadle pump and the drip irrigation technology products offered by IDE India provide impoverished rural farmers with affordable methods for improving their economic position, but using market-based methods rather than charity-based methods. Such a tightly integrated combination of social and economic value creation differentiates social entrepreneurship not only from traditional modes of entrepreneurship (Emerson & Twersky, 1996) but also from traditional modes of responding to suffering (e.g., charities).

Second, social entrepreneurship can be viewed as challenging because of the markets and contexts in which it is implemented (Mair & Marti, 2006). Social entrepreneurship typically emerges in contexts where markets are perceived to have failed (McMullen, 2011) or where there are significant institutional voids (Austin et al., 2006; Dart, 2004; Haugh, 2005; Mair & Marti, 2009; Seelos & Mair, 2005). The social entrepreneur must bear not only the risk involved with launching a new enterprise but also the risk associated with constructing new institutions that might support such an enterprise (Dacin, Dacin, & Matear, 2010). For example, microcredit organizations (e.g., Grameen Bank and BRAC) provide the poor with the working capital needed to start entrepreneurial ventures. In addition to the capital market innovation, the social entrepreneurs who first created microcredit organizations had to do more than just start a venture. They also had to engage in institutional entrepreneurship by altering existing cultural, economic, and regulatory institutions (Dacin et al., 2010; Mair & Marti, 2009; McMullen, 2011). Culturally, microcredit operations had to overcome stereotypes about the poor by demonstrating their ability to repay loans. Economically, microcredit organizations had to develop technologies and distribution systems that could overcome the physical barriers to deliver products and services efficiently to geographically remote rural populations. Finally, to increase stability and lower transaction costs, microcredit organizations had to help establish central monitoring agencies, such as the Microcredit Regulatory Authority in Bangladesh. However, even in environments where the infrastructure exists, social entrepreneurs are often required to engage in institution building for their relevant stakeholders (e.g., educating potential consumers, financiers, governmental agencies, etc.; see Kerlin, 2006). In sum, social entrepreneurship can be viewed as challenging because it requires marrying two ostensibly contradictory organizational goals in environments where even basic institutional infrastructure may not be in place.

Motivating Social Entrepreneurship

Traditional rational and self-oriented explanations of founders' motivations also seem inadequate for explaining why an individual would engage in the process of creating a social enterprise that poses such significant challenges and uncertainty (Carsrud & Brännback, 2011; Grichnik, Smeja, & Welpe, 2010). For example, early entrepreneurship research emphasized that entrepreneurs are motivated by financial returns as compensation for their personal risk taking (Casson, 1982; Kirzner, 1985; Knight, 1921; Schumpeter, 1934). More recent work has criticized this view as overly narrow (Carsrud & Brännback, 2011; Katz & Gartner, 1988), suggesting that motivations for venture creation may reflect individual values and intrinsic satisfactions (Ageev et al., 1995; Herron & Sapienza, 1992), such as increased job security, a more balanced workload, and autonomy (Kolvereid, 1996). Others point to status, prestige, continued learning, and creative control as motives of the choice to create a venture (Shane et al., 1991). Still other work has attended to emotional motivations, such as passion, happiness, joy, anger, and fear, as influencing entrepreneurial action (Cardon et al., 2009; Grichnik et al., 2010; Welpe, Spörrle, Grichnik, Michl, & Audretsch, 2012). However, these motivations are often grounded in meeting (or failing to meet) self- or venture-related objectives (Cardon et al., 2009; Welpe et al., 2012). Despite these substantive contributions to our understanding of the motivations that underpin venture creation, the motivational effects of prosocial emotions remain underexplored.
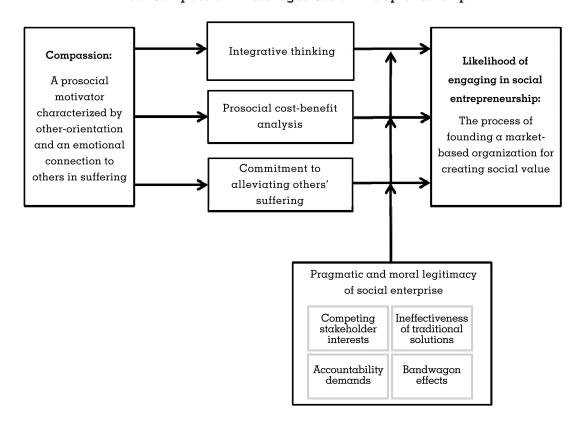
Social entrepreneurship, as noted, comprises a particular subset of entrepreneurial activity, wherein the products and services attempt to address social problems (Mair & Marti, 2006). As such, several scholars have suggested that compassion may act as a prosocial and emotional

motivator of social entrepreneurship (Dees, 1998, 2007; Fowler, 2000), but they have left the mechanisms by which it does so undertheorized. Although we acknowledge that compassion likely motivates social entrepreneurship in concert with other, more self-oriented motives, our purpose in this article is not to highlight the constellation and configuration of individual motivations that distinguish the founding of social enterprises from other organizational forms. Rather, our purpose is to hone in on the role of compassion in encouraging this growing and important subset of entrepreneurial activity that currently lacks a strong theoretical foundation (Short et al., 2009).

Figure 1 depicts our model of how compassion encourages an individual to engage in social entrepreneurship. Note that we refer throughout the article to instances of compassion that are generalized to broad social problems and issues, as well as to suffering communities, as opposed to isolated cases of individuals in pain. Specifically, we argue that compassion, through other-orientation and emotional connection with others, acts as a prosocial motivator of cognitive and affective processes that are considered preconditions for undertaking social entrepreneurship. These processes include (1) increasing integrative thinking, (2) inducing prosocial judgments regarding the costs and benefits of social entrepreneurship, and (3) fostering commitment to alleviate others' suffering. Further, these compassion-triggered processes increase the likelihood of social entrepreneurship by enabling individuals to do something so arduous and challenging. We once again acknowledge that such processes in isolation do not sufficiently predict social entrepreneurship over the choice to found a more traditional nonprofit or for-profit organization. We posit, however, that such processes, when used in institutional settings that are perceived to be conducive to social entrepreneurship, increase its likelihood. In other words, increases in the perceived legitimacy of social entrepreneurship channel the compassion-driven processes toward social entrepreneurship.

FIGURE 1
How Compassion Encourages Social Entrepreneurship

COMPASSION

Compassion is a prosocial emotion that connects an individual with a suffering community (Goetz et al., 2010; Lazarus, 1991; Nussbaum, 1996, 2001) and produces sensitivity to the pain and needs of others (Nussbaum, 1996; Ortony, Clore, & Collins, 1988). Compassion is a specific manifestation of the broader feeling of empathy (Decety & Jackson, 2006; Kanov et al., 2004; Nussbaum, 1996; Solomon, 1998), which, unlike compassion, can be experienced in relation to another's joy as well as another's suffering. Upon noticing the pain and suffering of others, individuals may experience compassion, which elicits suffering along with those in need and a desire to relieve this suffering. This desire is similar to prosocial motivation, which Grant defines as "the desire to expend effort to benefit other people" (2008: 49). Specifically, we posit that compassion acts as a prosocial motivator fundamentally through its other-orientation and emotional connection to others that are suffering (Clark, 1997; Kanov et al., 2004; Nussbaum, 1996, 2001; Solomon, 1998). That said, we also acknowledge the potential for compassionate behaviors to reinforce positive self-directed feelings, which economists have labeled the "warm-glow" effect (Andreoni, 1989).

Compassion and Other-Orientation

Compassion is other-oriented because it directs one's attention from self-concern to concern for others and their suffering (Nussbaum, 2001; Solomon, 1998; White, 1999). First, compassion leads observers to understand what it feels like to experience others' pain as a result of either a vicarious response to affective cues from others (e.g., mimicking the expressions of others; Hoffman, 1981) or intentional role taking (e.g., imaginatively transposing oneself into the feeling and thinking of others; Batson, Early, & Salvarani, 1997). This other-orientation enhances one's awareness of others' vulnerable circumstances and gives a deeper appreciation of their context (Dutton et al., 2006; Frost et al., 2000; Lilius et al., 2008). At the same time compassion increases one's belief in the significance of others' suffering and one's understanding of the issues contributing to it (Nussbaum, 2001). Nussbaum suggests that "in order for compassion to be present, a person must consider the suffering of another as a significant part of his or her own scheme of goals and ends" (2001: 319). As compassion serves to orient one's attention to others, it becomes a prosocial motivator that encourages an effortful response for the benefit of others (Batson, 1987). Specifically, Omoto and colleagues (2009) found that empathic concern generates other-oriented action but does not carry with it a corresponding expectation of reward for oneself. In fact, compassion motivates actions to alleviate others' suffering even at a cost to oneself (Batson & Shaw, 1991).

Compassion can also make individuals particularly attuned to social issues by first making others' suffering personally relevant (Batson & Shaw, 1991; Lewin, 1935) and then by generalizing this concern to others suffering from similar circumstances (Nussbaum, 2001; Ortony et al., 1988). The specific target of compassion—for example, a homeless street child—becomes a symbol or embodiment of a broader social issue, such as homelessness or poverty (Hilgartner & Bosk, 1988). Transfer of compassion occurs when the attention to another's distress promotes a generalized inclination to aid others, including potential recipients who may not have served as the original source of concern (Barnett, Howard, King, & Dino, 1981). This generalizability of compassion links specific suffering to a broader fabric of suffering (Coke, Batson, & McDavis, 1978; Hoffman, 1976). The result is not simply a desire for any solution but for a solution that has the potential to reach such a scale that it may impact the generalized population that is suffering. If compassion extends only to a particular individual and does not generalize to others sharing a similar plight, then social enterprise is likely to be considered a disproportionate and unnecessary response. A strong social issue concern stemming from other-orientation would appear to be a necessary precondition for choosing social enterprise as a compassionate response to others' suffering. Therefore, we focus on instances of compassion that are triggered by and directed toward broader social issues, rather than individual and isolated cases of suffering.

Compassion and Emotional Connection

Compassion is also defined by its emotional connection to others—one suffers with others

and *feels* their pain (Blum, 1980). Emotions are like "a lens that colors thoughts, actions, perceptions, and judgments" (Goodwin, Jasper, & Polletta, 2001: 10), and they become important in the awareness, recall, and analysis of problems and decisions (Baron, 2008; Frijda, 1988; Goss, 2008). Compassion is a longer-term emotion (Goodwin et al., 2001), which, through the distinct feelings of suffering with another, supplies information about one's interests and helps channel action (Ford, 1992; Izard, 1991). The intense feelings that accompany compassion (e.g., sadness, outrage) can signal the depth to which one cares about an issue, jolt any feelings of ambivalence, and override contradictory desires (Ford, 1992; Gould, 2004). The emotion of compassion communicates feelings toward the subject in ways that rational language might not (Ekman, 1993; Gould, 2004).

Emotions are also important because they can add immediacy to issues, supplying energy to propel an individual forward (Ford, 1992; Frijda, 1988). Compassion involves an emotional energy that is transacted with another during the empathic response (Figley, 1995) and that influences whether and how a person will act (Batson & Shaw, 1991; Frijda, 1988; Lazarus, 1991). Compassion also ties an individual to a prosocial goal by eliciting an emotional feeling of suffering that the individual wants to relieve (Batson & Shaw, 1991; Lewin, 1935). As a result of this distress, people will work to reduce others' suffering as a way to regulate their own emotions. In sum, the emotional connection to others is an important aspect of compassion.

Compassion is also relational in its emotionality, which creates a connection between individuals and suffering communities. As an individual engages in compassion, a deepened bond emerges with those with whom compassion is exchanged—a relationship develops in which the individual is more readily available to appreciate the other's context and to feel the other's experience of suffering in a similar way (Nussbaum, 1996). Emotions such as compassion shape individuals' social identities such that they begin to view their situation as interchangeable with that of a suffering group and even begin to feel that they are a part of that group (Nussbaum, 2001; Thomas et al., 2009). The emotional connection of compassion can result in a moral outrage that facilitates a goal of removing sources of suffering that are judged to

be unfair (Bagozzi & Pieters, 1998), and it motivates commitment until the problem is resolved (Batson & Shaw, 1991; Lewin, 1935). In fact, evolutionary approaches to compassion suggest that its emotional dimension is tied to the need to promote cooperative norms and connection with other nonfamilial ties (Goetz et al., 2010; Nussbaum, 1996, 2001).

Although compassion is not a forward-looking aspiration (Folger & Salvador, 2008), acting compassionately may provide personal benefits (Andreoni, 1989). Because compassion produces a positive and shared identity with a suffering group (Thomas et al., 2009), when individuals act on behalf of the group, they are likely to experience positive feedback, emotional energy, and enthusiasm (Collins, 1993). The intrinsic satisfaction of acting compassionately and helping others may itself be a source of personal utility. Such personal utility may reinforce actors' compassionate efforts, yet this does not discount the notion that compassion serves fundamentally as a prosocial motivator. Rather, it suggests that a second-order warm-glow effect can reinforce compassionate individuals' behaviors (Andreoni, 1989).

COMPASSION-TRIGGERED COGNITIVE AND AFFECTIVE PROCESSES

Through other-orientation and emotional connection to others, compassion produces prosocial motivation that has been tied to a variety of affective and cognitive processes relevant to social enterprise. Below we argue that compassion specifically increases the likelihood of social entrepreneurship by encouraging higher levels of integrative thinking, a more prosocial form of weighing costs and benefits, and commitment to alleviating others' suffering.

Compassion and Integrative Thinking

Research on motivated information processing suggests that the other-oriented nature of compassion will bias the way individuals search for and evaluate information regarding how to solve an issue (De Dreu, Nijstad, & van Knippenberg, 2008; Ford, 1992). Compassion, because of its other-oriented and emotional nature, serves as a prosocial motivator that encourages one to search for solutions that promise collective gains rather than cater to sin-

gular interests. This is consistent with research on how prosocial motives impact whether individuals integrate diverse information from others in their efforts to solve problems (De Dreu et al., 2008) and whether they are more likely to incorporate the ideas of others who are different (Weingart, Bennett, & Brett, 1993). Prosocial motivation can also increase attention to information about others' perspectives such that an individual can better understand the issue from their perspective and identify more ways to help them effectively (De Dreu, Koole, & Steinel, 2000). In turn, this enhanced perspective taking increases cognitive flexibility, willingness to take risks, and openness to complexity, all of which expand the individual's access to ideas and potential solutions (Grant & Berry, 2011). The other-oriented nature of compassion also increases an individual's ability to make broad and creative associations (Polman & Emich, 2011). Higher levels of integrative thinking enable analogical reasoning and facilitate transfer of solutions from one context to another (Thompson, Gentner, & Loewenstein, 2000; Vosniadou & Ortony, 1989).

Compassion may also promote more integration of various perspectives to address a social issue because it results in less advocacy of a single perspective that could create conflict between ostensibly competing goals. Increased prosocial motivation specifically engenders consideration of a wider array of actions to redress others' suffering (Polman & Emich, 2011). Some evidence for this comes from studies that show that other-oriented motivation reduces the tendency to search for self-confirming information. For example, De Dreu and colleagues (2008) suggest that the tendency to bias one side of an issue is enhanced when one has a proself as opposed to a prosocial motivation, and Carnevale and Probst (1997) suggest that proself orientations are more prone to black and white thinking. Furthermore, Beersma and De Dreu (1999) found that prosocially motivated negotiators engage in more integrative problem solving and arrive at more integrative agreements. Taken together, this research suggests that, as a type of prosocial motivation, compassion causes greater receptivity to diverse information, which facilitates recombination of new ideas or approaches for solving problems. This greater openness to different ideas, in turn, allows for more integrative thinking about solutions.

Compassion and Prosocial Cost-Benefit Analysis

Traditionally, decision making has been considered a function of rational cost-benefit analysis, where an individual is motivated by self-interest and calculative assessments of the likelihood of accomplishing goals (Gould, 2004). According to such models, an individual will choose to engage in activities when the personal benefits outweigh the personal costs. We argue that the other-oriented and emotional nature of compassion challenges such a traditional atomistic analysis of the costs and benefits of possible actions. Compassion results in a more prosocial cost-benefit analysis where others' outcomes are valued more highly (Goetz et al., 2010; Nussbaum, 1996, 2001), thereby increasing the perceived benefits of acting to alleviate others' suffering.

Compassion's other-orientation shapes the evaluation of the importance of another's suffering and the need for intervention. For example, compassion emerges from judgments that suffering individuals are undeserving of their lot in life, which Nussbaum (1996) refers to as the "judgment of nondesert." Viewing others' suffering as unfair and unjust leads the compassionate individual to characterize beneficiaries as more needy and worthy of help, increasing the perceived benefits of acting on their behalf (Batson & Shaw, 1991). The increased weight placed on the needs of others encourages a prosocial cost-benefit analysis where the individual views benefits more broadly (i.e., benefits do not need to accrue directly to the individual doing the calculation), reducing the importance of clear individual benefit, which is necessary in more traditional formulations (Quiggin, 1997). Similarly, the weighting of benefits that accrue to others may motivate actions that might otherwise be avoided because of the significant costs incurred by the actor (Batson & Shaw, 1991). In other words, high levels of compassion increase the perceived benefits of acting and the perceived costs of not acting and decrease the relative weight of the costs of acting.

The emotional connection inherent in compassion further increases the perceived benefits associated with alleviating the pain and suffering of others. An emotional connection to others and their suffering creates vivid images (Loewenstein, 1996; Metcalfe & Mischel, 1999) and "moral

shocks" (Jasper, 1998) that lower emotional investment in the current established order, increase indignation toward it, and create the desire to "go the extra mile" to change it (Lawrence & Suddaby, 2006; Voronov & Vince, 2012). Emotional connection to others creates a moral compulsion or genuine concern for others' suffering (De Dreu & Nauta, 2009) such that it triggers motivated information processing, where an individual attends to, encodes, and retrieves information consistent with others' goals and needs (De Dreu, 2006; De Dreu et al., 2008). Thus, compassion leads to a wider search for and consideration of the benefits of acting. At the same time it also generates an "emotional tax," in the form of guilt in not aiding the suffering community, which serves as an additional cost (Elster, 1998). Last, an emotional connection with others' suffering can alter individuals' stances toward risk such that they will undertake risks because those risks are consistent with their compassionate values and emotional appraisals (Kahan, 2008). This may also occur because emotions "help the normal decision-making process by narrowing down the options for action, either by discarding those that are dangerous or by endorsing those that are advantageous. Emotions serve an adaptive role in speeding up the decision-making process" (Shiv, Loewenstein, & Bechara, 2005: 91). In sum, the emotional connection that characterizes compassion overrides a traditional mode of processing costs and benefits and thereby gives way to a prosocial cost-benefit analysis that overcomes the typical individual's reluctance to engage in activities with higher personal risk (Wu & Knott, 2006).

Compassion and the Commitment to Alleviating Suffering

Commitment is defined as a stabilizing force that acts to sustain behavioral direction even when there is no expectation of equitable reward (Scholl, 1981). Compassion, as a prosocial motivator (Bierhoff, 2005), enhances dedication to a cause (Thompson & Bunderson, 2003) or moral principle (Shamir, 1990), commitment to the people who benefit from one's efforts (Grant, 2007), and willingness to continue in the face of negative feedback (Meglino & Korsgaard, 2004). When prosocially motivated through other-orientation and emotional connection, individuals are more likely to see others' goals as more

important and to increase their willingness to invest time and energy in thinking about and acting on ways to help others, as well as to do so consistently over time (Grant, 2008).

An emotional connection to others' suffering affects one's identity, thereby clarifying actions as identity relevant and increasing the emotional energy of acting in accordance with that identity. Prosocially motivated individuals may perceive acting to improve others' lives (e.g., by reducing their suffering) as more congruent with their core values, and, thus, they may commit to having a positive impact because acting on those values reinforces a key identity for them (Grant & Campbell, 2007). That is, compassion and emotional connection to others' suffering can create a prosocial identity—images of the self as helpful, caring, and benevolent—that individuals are motivated to verify and enact (Grant, Dutton, & Rosso, 2008). Incorporating another's suffering into one's identity can increase one's commitment to others (Aquino & Reed, 2002; Flynn & Brockner, 2003; Frost et al., 2000). Individuals become more committed to goals that fulfill the core values of their identity (e.g., alleviating others' suffering; Gagné & Deci, 2005). In addition, acting in a manner that alleviates others' suffering minimizes discrepancies between one's actual self and one's ideal self (Higgins, 1987), which furthers commitment. According to Collins (1993), individuals are motivated to maximize their overall flow of emotional energy, and connections with others are the primary vehicle through which this energy is created. Compassion creates emotional ties that serve as symbols of group membership and encourage one to focus on the goal of alleviating suffering within that group such that the alleviation of suffering produces emotional energy (Goetz et al., 2010; Goss, 2008). In turn, the emotional energy reinforces commitment to those with whom one is connected (Collins, 1993; Goss, 2008; Thomas et al., 2009). In sum, emotional connection to others' suffering has the capacity to reinforce desirable aspects of a prosocial identity that is oriented toward the alleviation of that suffering.

COMPASSION-TRIGGERED COGNITIVE AND AFFECTIVE PROCESSES AND SOCIAL ENTREPRENEURSHIP

We previously described how compassion elicits a set of cognitive and affective processes,

including integrative thinking, prosocial cost-benefit analysis, and commitment to alleviating others' suffering. In this section we build on this foundation to argue how these processes, in turn, facilitate engaging in social entrepreneurship.

Integrative Thinking and Social Entrepreneurship

Compassion contributes to an individual's ability to process information in a more integrative fashion. Integrative thinking entails rejecting framing issues and choices as "either/or," thus allowing for a more flexible and holistic view of problems and potential solutions (Martin, 2007). For example, Plambeck and Weber (2009) found evidence that when CEOs process issues as simultaneously positive and negative, which is to say integratively (Weick, 1998), they are able to promote action that is broader and more flexible. Specifically, integrative thinking consists of an ability, first, to see possibilities beyond the status quo (Boles, Croson, & Murnighan, 2000; Stasser & Titus, 1985) and, second, to envision collective benefit from synthesizing seemingly competing interests (De Dreu & Carnevale, 2003). Each of these effects of integrative thinking makes social entrepreneurship more likely by enabling reconciliation of ostensibly competing organizational objectives (i.e., creating economic value versus creating social value). That is, social entrepreneurship rests on a distinctive version of integrative thinking that results in an organization that simultaneously creates economic and social value. Although social entrepreneurship is a function of a particular form of integrative thinking, it does not mean that other organizational forms do not similarly rely on integrative thinking.

Integrative thinking is a critical antecedent of social entrepreneurship because it enables an individual to combine social and economic goals (Emerson & Twersky, 1996; Tracey et al., 2011). Traditionally, social value creation has been considered inconsistent with or even diametrically opposed to profit maximization (Dart, 2004; Eikenberry & Kluver, 2004), yet integrative thinking suggests the possibility of using one objective (i.e., profit) as a means of furthering the other objective (i.e., social value creation). As a result, economic and social value creation can be viewed as mutually reinforcing, as opposed to mutually exclusive, processes (Cho, 2006; Harding, 2004; Hartigan, 2006; Hibbert, Hogg, & Quinn, 2005; Lasprogata & Cotten, 2003). Thus, integrative thinking enables the reconciliation of seemingly competing objectives in the form of a "double bottom line" that tightly couples and accounts for financial and social objectives (Austin et al., 2006).

Two examples of the implications of holding double bottom line objectives include (1) reframing profit as a means of increasing the sustainability of ambitious organizational solutions to social problems and (2) reframing beneficiaries as customers rather than as recipients of gifts. First, integrative thinking can produce the view that profit is a means of increasing organizational viability and sustainability by stabilizing revenue and risk exposure (Carroll & Stater, 2009; Froelich, 1999; Mair & Marti, 2006). Profits generated from the sale of goods and services may be perceived as evidence of more efficient use of resources (Dees & Emerson, 2001; Gronbjerg, 1992; Massarsky & Beinhacker, 2002) and better continuity, predictability, and controllability of funds than charitable donations (Carroll & Stater, 2009; Gronbjerg, 1992). In offering advice from his social entrepreneurship experience, social entrepreneur Paul Kewene-Hite articulates an example of how integrative thinking might lead an individual to form a social enterprise:

> If you're going to deal with recycling or cleaning up streets or waterways, don't just think in terms of pulling refuse out of the waterways and disposing of it, but puzzle through how you can turn that refuse into something commercially viable. If you're pulling out metals or plastics, recycle them in a way that's good for the environment and for the venture (quoted in Goldsmith, 2010).

As Kewene-Hite suggests, the additional and innovative step of converting "waste" into valued products requires a specific form of integrative thinking that entails transforming a social problem into a revenue-generating product or service that can help make an organization self-sustaining.

Second, integrative thinking can result in viewing beneficiaries as customers rather than passive recipients of a gift (Yunus, 2010). Consider, for example, Dignified Mobile Toilets (DMT), a social enterprise that offered the first mobile toilet service in Nigeria. DMT was the result of thinking about how to deliver a necessary service in a manner that was self-sustaining and would simultaneously lift providers out

of poverty. Each toilet serves 100 people per day at a cost of $.10; 60 percent of the revenue goes to the toilet manager and 40 percent returns to the company to sustain operations. This illustration does not suggest that integrative thinking is absent in traditional efforts to provide sanitation to those without it; rather, it highlights a particular form of integrative thinking that balances commercial viability with solving social problems.

Prosocial Cost-Benefit Analysis and Social Entrepreneurship

Social entrepreneurship is exceptionally challenging, since the entrepreneur not only must attempt the founding of an organization but also must work to establish an infrastructure that supports the organization (Austin et al., 2006; Mair & Marti, 2009; Seelos & Mair, 2005). Often, new markets and new distribution channels must be erected, old cultural stereotypes must be challenged, and innovative revenue streams must be uncovered in the context of minimal disposable income (Mair & Marti, 2009; McMullen, 2011). In purely economic terms, the personal risks of such an approach are high and the benefits unknown, rendering the objective plausibility of the associated action quite low. As such, a rational cost-benefit analysis is unlikely to yield sufficient motivation to create a social enterprise. We have argued that a prosocial cost-benefit analysis fundamentally changes this calculation.

The prosocial distortion of cost-benefit analysis means individuals internalize benefits to others, which results in envisioning a broader array of possible benefits (Grant & Berry, 2011). For example, an individual is more likely to view nonexistent markets and institutional voids as opportunities rather than threats (Dutton, 1993). Employing a traditional cost-benefit analysis, an individual would deem such contexts as requiring disproportionate financial investment for minimal financial return, whereas with a prosocial cost-benefit analysis, the individual would recognize the various social benefits that might supplement any financial returns. Along similar lines, the focus on benefits to others would suppress the consideration of the considerable personal risks or costs in terms of time, resources, and emotional energy (Batson & Shaw, 1991; Quiggin, 1997; Shiv et al., 2005). This prosocially oriented form of motivated in-

formation processing is necessary for motivating social entrepreneurship. Reframing daunting conditions as opportunities and possibilities helps to overcome a key barrier to engaging in social entrepreneurship. Although social entrepreneurship often requires substantive societal reforms, an individual's emotional connection with sufferers in desperate need of such reforms may override the associated and considerable personal risks.

In addition, engaging in a prosocial cost-benefit analysis can also make one less responsive to information that challenges beliefs in the feasibility, desirability, or viability of the social enterprise's value proposition. As such, one is less likely to perceive risk. In this way a prosocial cost-benefit analysis may motivate social entrepreneurship by affecting well-known cognitive biases, such as the availability heuristic—predicting the likelihood of an outcome based on how easily an example can be brought to mind (Tversky & Kahneman, 1974). For example, the perceived benefit may be a function of recalling a readily available example like Grameen Bank. Alternatively, the broader consideration of benefits may lead to a biased search for evidence resulting from confirmation bias—seeking and overweighting information that confirms preexisting beliefs (Nickerson, 1998). For example, when considering whether to form a social enterprise, an individual's confirmation bias may lead the individual to only investigate successful organizations (e.g., Ashoka award winners, Grameen Bank) at the expense of a more balanced search that would produce more accurate estimates of the likelihood of success. As a result, a prosocial cost-benefit analysis may be rooted in cognitive biases that make forming a social enterprise likely, even when it may be inappropriate. In sum, we argue that a prosocial cost-benefit analysis serves as a precondition to engaging in the challenging process of social entrepreneurship.

Commitment to Alleviating Suffering and Social Entrepreneurship

Prior research has shown that social entrepreneurs are especially committed to serving society (Austin et al., 2006; Elkington & Hartigan, 2008). Indeed, scholars have asserted that creating a market-based organization to solve social problems requires exceptional commitment in

order to overcome the difficulties of combining ostensibly competing objectives within contexts of institutional voids (Dees, 1998; Mair & Marti, 2009). We posit that commitment to alleviating a social problem operates through two mechanisms that increase the willingness to provide the time and energy needed to respond to this challenge.

First, commitment allows for greater persistence and motivation to act on another's behalf, thereby fostering the search for more creative solutions. Making decisions consistently with regard for others (i.e., commitment to alleviating their suffering) results in more creative and flexible thought processes than does making decisions to benefit the self (Polman & Emich, 2011). Creativity and flexibility are essential for forming a social enterprise because such enterprises entail a novel combination of existing approaches.

Second, commitment to alleviating suffering, identification with the beneficiaries of such efforts, and a self-image as "helper" may result in creating a social enterprise because one delays attending to possible risks (Goss, 2005). Identifying with beneficiaries corresponds with commitment such that inaction becomes attached to shame, guilt, or other negative emotions, and, therefore, inaction becomes implausible (Bowles & Gintis, 2002). In turn, the emotions of commitment distort one's willingness to confront information that indicates potentially greater risks of failure associated with starting a social enterprise. Commitment to alleviating suffering also delays one's willingness or ability to confront the possibility that social entrepreneurship may not be a plausible or desirable way to help those who are suffering (Brockner, 1992; Staw, 1981). In other words, when an individual becomes committed to a course of action or ideal, that individual may avoid or explain away information that refutes the initial choice. Thus, higher levels of commitment to alleviating others' suffering would also make an individual more likely to engage in social entrepreneurship because the individual would be less responsive to information challenging his or her beliefs in the feasibility or viability of the social enterprise.

LEGITIMACY, COGNITIVE AND AFFECTIVE PROCESSES, AND SOCIAL ENTREPRENEURSHIP

The compassion-based cognitive and affective processes described in the prior section comprise necessary preconditions for predicting an individual's choice to engage in social entrepreneurship, but the decision to specifically found a social enterprise also, importantly, depends on the degree to which the individual perceives social entrepreneurship as a legitimate means to achieve his or her desired ends. Once the individual makes the choice to found an organization, he or she must decide what form it should take. More specifically, legitimacy, which refers to the congruence of an idea, organization, or organizational form with social laws, norms, and values (DiMaggio & Powell, 1983; Scott, 2008; Suchman, 1995; Weber, 1978), shapes the decision to adopt an organizational form, such as social enterprise. Tolbert, David, and Sine (2010) argue that institutional theory provides an important theoretical lens for understanding why individuals choose a particular form because it provides a framework for describing the sociocultural processes through which ideas and forms emerge and develop legitimacy (Suchman, 1995).

Here we describe a particular series of institutional changes that have led to the increased legitimacy of the social enterprise form. This increased legitimacy does not fully determine an individual's choice to engage in social entrepreneurship; rather, it increases the social benefits of that choice and the social costs of choosing alternative forms (Zuckerman, 1999). In this section we first describe the conditions that have given rise to the legitimacy of social enterprise. We then describe how an individual's perceptions regarding social enterprise's legitimacy interact with integrative thinking, prosocial cost-benefit analysis, and commitment to alleviating others' suffering.

The Emerging Legitimacy of Social Enterprise

Scholars have offered various typologies of legitimacy (Aldrich & Fiol, 1994; Archibald, 2004; Scott, 2008), yet Dart (2004) argues that a distinction between pragmatic and moral legitimacy is particularly useful for understanding the increased legitimacy of social enterprise. Pragmatic legitimacy is based on effectively serving individual interests and meeting goals (Suchman, 1995). It is strongest when powerful and high-status individuals endorse a form. Moral legitimacy, alternatively, is based on prevailing social norms and values within a larger social

system. It encompasses society's value-based judgments of whether an activity is "the right thing to do" (Suchman, 1995: 579). This differs from pragmatic legitimacy's focus on specific, powerful interests (e.g., funders) that make claims on whether an activity serves their interests (Suchman, 1995).

Specifically, we argue that the pragmatic legitimacy of the social enterprise is increasing owing to (1) the increasing demands of powerful funders and consultants for greater accountability and (2) the growing presence of multiple competing interests that make claims on the "social sector." We also argue that the moral legitimacy of the social enterprise is increasing owing to (1) public disillusionment with governmental and philanthropic interventions and (2) a "bandwagon effect" resulting from high-profile social entrepreneurial successes.

Pragmatic legitimacy of social enterprise. First, philanthropists, venture capitalists, social sector consultants, and other resource providers have begun pushing for increased accountability from organizations that provide solutions to social problems (Bendell, 2006; Grimes, 2010; Nicholls, 2009). This increase stems from a pragmatic interest in encouraging social sector organizations to demonstrate evidence of multifaceted (i.e., social and financial) returns and sustainable operations (i.e., a greater proportion of charitable dollars going toward investments rather than overhead expenses). Many resource providers are no longer satisfied with what they presume to be a charitable one-way transfer of funds (Moody, 2008). These providers prefer to invest in organizations that are capable of delivering proof of effectiveness via performance measures or revenues generated at the point of service delivery (Miller & Wesley, 2010), in comparison with charitable nonprofits, which often rely on informal ways of demonstrating quality (Glaeser & Shleifer, 2001; Grimes, 2010). From the perspective of these stakeholders, market-based methods provide clearer, measurable "proof" of value creation through the sale of goods (Miller & Wesley, 2010; Tracey et al., 2011; Young & Salamon, 2002). In other words, when a customer purchases a good, the organization's approach to creating value is measurably accounted for and validated (Priem, 2007). This adds to the increased legitimacy of market-based solutions to social problems (Young & Salamon, 2002), such as those provided by social entrepreneurs.

Second, the social sector is now composed of an increasingly eclectic group of interests, each with its own pragmatic claims regarding the most effective and efficient means of solving social problems. For individuals and organizations that operate in these organizational environments, these divergent interests may represent an unstable tension between competing modes of organizing, which institutional theorists refer to as "institutional contradictions" (Seo & Creed, 2002). Such tensions often serve as the basis for institutional change and the increased legitimacy of innovative and novel organizational forms, especially those better able to address ostensibly competing interests (Dorado, 2005; Levy & Egan, 2003; Rao, Morrill, & Zald, 2000; Seo & Creed, 2002). The increased "marketization" of the social sector, for example, reflects one of the ways that social sector organizations are attempting to remain responsive to multiple interests that differently prioritize social and financial effectiveness (Salamon, 1993). This marketization includes both growing competition from for-profits looking to win government contracts to address social problems and significant reforms and actions signaling the active embrace of for-profit values, routines, and methods. The social enterprise form has also gained pragmatic legitimacy because it similarly aligns with the divergent interests of the social sector.

Moral legitimacy of social enterprise. Several changes in the social sector are also contributing to the growing moral legitimacy of social enterprise. Within the United States, for example, there is growing public disillusionment with long-term effectiveness of traditional social sector solutions (Lounsbury & Strang, 2009; Zahra et al., 2009). Growing distrust of the U.S. federal government "to do the right thing," for example, is at its highest level in recorded history, where recent polls suggest that nearly 90 percent of the public espouses such views (Zeleny & Thee-Brenan, 2011). Similar sentiments have been expressed by the public toward other traditional solutions to social issues (Clayton, 2006). These shifts in public sentiment toward greater disillusionment do not appear to be tied to any substantive changes in traditional charitable organizations or their services; rather, several scholars have provocatively and publicly suggested that they are tied to changing values and norms within society regarding

the right way to solve social problems (Eiken-berry & Kluver, 2004; Young & Salamon, 2002). Fowler champions this position by stating that current approaches are "clinging to a demonstrably inadequate development model and institutional arrangements to make it happen. A rethinking of the whole nature of NGDOs [non-governmental development organizations] and development, not premised on aid, may help formulate a new way forward" (2000: 638). It is these public cries for rethinking the nature of social sector work, coupled with changing public opinion, that increase the moral legitimacy of social enterprise as a new solution deemed by the broader social system as the right approach for solving social issues.

We also argue that the moral legitimacy of social enterprise results from a contagion or bandwagon effect following the celebration of social entrepreneurs. Both media and foundations have been active in promoting social enterprise success stories, increasing the perception that social enterprise is a "right way" to solve social problems (Short et al., 2009). Newly established social enterprise award programs (e.g., *Fast Company*'s Social Capitalist Awards), new foundations that exclusively support social enterprises (e.g., Skoll Foundation), and new fellowship programs that similarly support social entrepreneurs (e.g., Ashoka) all work to ensure that "social entrepreneurship is legitimated by its hero entrepreneurs and their success stories" (Nicholls, 2010: 622). Similarly, perceived organizational successes attributed to the microfinance industry and particularly to the Grameen Bank—and its Nobel Peace Prize winning founder, Muhammad Yunus—increase the recognition and the perceived normative rightness of the social enterprise form. This growing perception is reinforced by television programs like the Public Broadcasting Service's recent series *The New Heroes*, which focuses on individuals solving social problems with market-based methods. The combination of popular press attention and an infrastructure for spotlighting and celebrating social entrepreneurs increases social entrepreneurship's moral legitimacy and, in turn, can result in bandwagon effects in which normative popularity spurs rapid adoption of a new organizational form (Abrahamson & Rosenkopf, 1993; Dart, 2004).

Perceived Legitimacy As a Moderator of the Compassion-Triggered Cognitive and Affective Processes and Social Entrepreneurship

Together, the increased relative pragmatic and moral legitimacy of social entrepreneurship create the conditions that will further channel the cognitive and affective processes we have identified to compel individuals to engage in social entrepreneurship (Dart, 2004; Nicholls, 2010). The more legitimate that social entrepreneurship becomes, the more likely it is that individuals will be exposed to it and view it as a plausible remedy to social issues (Mair & Marti, 2006). Rather than determining an individual's choice of appropriate form, legitimacy works to exert certain pressures on the individual that increase the perceived social costs and benefits of choosing a form that might be likely to attract resources (Brown, 1998). Moreover, the degree to which the legitimacy of a particular organizational form (such as social enterprise) will exert pressure on an individual's choice is contingent on individual perception (Nicholls, 2010; Scott & Lane, 2000).

Therefore, we posit that increases in individual awareness of the growing pragmatic and moral legitimacy of the social enterprise as an appropriate organizational form will strengthen the likelihood that each of the compassion-triggered cognitive and affective processes will yield the choice to engage in social entrepreneurship. First, although integrative thinking makes unifying approaches to social problems more likely, social entrepreneurship becomes the integrative solution given its perceived legitimacy. For instance, increased perceived moral legitimacy can result from residing in a community where there is growing disillusionment with traditional efforts to solve social problems and a rise in the popularity of social enterprises. This will moderate the effect of integrative thinking on the likelihood of forming a social enterprise by increasing the likelihood that individuals will transcend traditional approaches in their search for novel solutions like social enterprises that are capable of integrating competing demands (Battilana & Dorado, 2010; Ratcheva, 2009). Similarly, increased pressure from multiple stakeholders for greater accountability from organizations that address social problems is likely to direct integrative thinking toward organizational solutions with

mechanisms capable of accounting for a double bottom line (Grimes, 2010). Demonstrating both financial and social returns allows individuals to satisfy a greater variety of pragmatic interests. In sum, factors that increase moral and pragmatic legitimacy enable individuals to envision possibilities for integrating the competing interests of social and economic value specifically in the form of a social enterprise.

Second, prosocial cost-benefit analysis leads individuals to weight more heavily the benefits associated with working to alleviate the suffering of others and the costs of failing to act on others' behalf. Similarly, increased perceptions of the pragmatic legitimacy of social entrepreneurship cause individuals to associate greater social benefits with social enterprise relative to other, more traditional organizational forms. For instance, greater pressure from powerful stakeholders for accountability heightens an individual's attention to the prosocial benefits of social enterprise that might satisfy those stakeholders' concerns by simultaneously providing market-based accountability and a focus on solving social problems. At the same time it also increases the perceived costliness of forms that fail to account for their effectiveness in addressing social issues. New methods of "blended value accounting" used by social entrepreneurs, for example, provide increasingly legitimate ways of accounting for prosocial gains (Grimes, 2010; Nicholls, 2009). Thus, despite the difficulty inherent in social entrepreneurship and the potential costs to the entrepreneur, perceptions of social enterprise's increased legitimacy enhance the perceived prosocial benefits of founding a social enterprise. Therefore, the effects of a prosocial cost-benefit analysis on the decision to create a social enterprise are amplified by perceived pragmatic and moral legitimacy.

Third, commitment to alleviating others' suffering provides the motivation to undertake creating a social enterprise. The increasing moral legitimacy of social enterprise strengthens commitment (by reinforcing the image of ineffective existing solutions) and directs commitment to increasingly legitimate solutions. For example, the emotional connection to beneficiaries makes the commitment to alleviating suffering especially likely to be shaped by perceived moral legitimacy. That is, one's exposure to growing public disillusionment with government and nonprofit approaches and/or solutions, as well

as the promotion of novel solutions like social entrepreneurship, means one will view social entrepreneurship as the "right" solution and pursue it. Commitment to alleviating suffering also means that an individual is especially likely to respond to cues from powerful actors (i.e., pragmatic legitimacy). For example, as more external pressures for accountability build, an individual will search for working models that emphasize the gathering and documenting of such evidence (i.e., social enterprises). Taken together, both perceived pragmatic and moral legitimacy are likely to channel one's commitment to social entrepreneurship.

DISCUSSION

Our proposed model offers three contributions. First, scholars have asserted that social entrepreneurship is a compassionate response to unmet needs within a society (Dees, 1998; Fowler, 2000), but there has been little theoretical development of this argument. Our work fills this gap by providing a conceptual framework for understanding *how* compassion encourages social entrepreneurship. This effort is facilitated by a recent proliferation of work on the wide-ranging effects of prosocial motivation (Grant, 2009; Grant & Berg, 2010; Grant & Berry, 2011) and emotion in entrepreneurship (Cardon, Foo, Shepherd, & Wiklund, 2012; Cardon et al., 2009; Goss, 2008). We argue that by serving as a prosocial motivator, compassion influences cognitive and affective processes (integrative thinking, prosocial cost-benefit analysis, and commitment) that, when combined with increased perceptions regarding the legitimacy of social enterprise, render it more likely one will pursue social entrepreneurship. Thus, we explain the mechanisms by which compassion encourages an individual's choice to found a social enterprise and offer theoretical rigor to a field where enthusiasm has outpaced conceptual development and refinement (Dacin et al., 2010).

Second, by acknowledging that compassion can motivate the creation of a market-based organization, our model calls into question the comprehensiveness of rational and self-interested explanations for venture creation. Shane, Locke, and Collins (2003: 258) argue that motivations influence individuals' decisions to "play the game" of entrepreneurship. Although econ-

omists have long suggested that entrepreneurs are profit seeking (Baumol, 1990), early entrepreneurship theorists (Knight, 1921; Schumpeter, 1928) pointed out that because entrepreneurship requires bearing uncertainty, motivations beyond financial incentives are needed to explain why some people are more likely than others to engage in entrepreneurship (Licht, 2010; McMullen & Shepherd, 2006; Schumpeter, 1934). Along these lines, a host of possible motives have been offered, including a person's need for achievement, the desire for independence or autonomy, and more basic survival-oriented motivations (Carland, Hoy, Boulton, & Carland, 1984; Carsrud & Olm, 1986; Hart, Stasson, Mahoney, & Story, 2007). Thus, whether seeking to maximize economic gains or personal utility, the decision to found a new firm has largely been cast as an attempt to realize the private accumulation of wealth as either an end in itself (Baumol, 1990) or a means to a self-oriented end (Carsrud, Brännback, Elfving, & Brandt, 2009).

Social enterprise creation cannot rely solely on self- or family-oriented motives because of the fact that the organizational form rarely leads to the direct accumulation of private wealth. Therefore, the very existence of social enterprises as an organizational form requires recognition that the motives for venture creation not only may be more complex than originally thought but also may include some hitherto overlooked emotions like compassion. Because social issues and social concern are often fused with emotion, the founding of a social enterprise calls into question the sufficiency of calculative-based explanations regarding the entrepreneurial decision-making process (Bowles & Gintis, 2002). As a result, we have argued that compassion can help individuals realize the accomplishment of other-oriented, albeit personally relevant, goals (i.e., reducing the suffering of another) by creating market-based ventures that accumulate social and economic wealth. This does not preclude the coexistence of prosocial and proself motivations. In fact, we note that prosocial motivation resulting from compassion can create proself benefits in the form of an enhanced self-image (Andreoni, 1989) or social power (McClelland, 1994). As such, the second-order proself effects of compassion can essentially reinforce one's compassionate behaviors, yet they do not replace the fundamentally prosocial nature of compassion.

Finally, our inquiry into how compassion encourages social entrepreneurship significantly expands the domain of POS beyond its traditional focus on individual and organizational processes to include organization formation. POS scholars have largely focused on how virtuous motivations influence individuals, groups, or organizations to cope and even thrive in the midst of difficult circumstances (Cameron, 2003; Dutton et al., 2006; Roberts, 2006). We extend this research on virtuous motivations (i.e., compassion) in two key ways. First, we build on recent work in POS that has shown that virtuous motivations influence the way opportunities are evaluated (De Dreu, 2006; De Dreu & Carnevale, 2003; Grant & Berry, 2011) to show that individuals with higher levels of compassion will emphasize the benefits of alleviating the suffering of others (and the costs of failing to do so) in their decision making. As a result, compassion provides the impetus to act where a more rational approach might not. Second, we extend emerging work in POS on social change (Golden-Biddle & Dutton, 2012) by examining the emergence of a type of organization that exists to enact such change. Specifically, we develop a model of how the virtuous motive of compassion can move an individual to create an organization that is designed with the explicit purpose of solving a social issue.

Implications for Social Entrepreneurship Research

We have theorized about how compassion motivates an individual's choice to engage in social entrepreneurship, but the relationship of compassion to the future performance of a social enterprise merits attention. We have argued that compassion reshapes how an individual views and weighs benefits and costs; therefore, it is possible for the individual to assume more personal and/or organizational risk than a commercial entrepreneur. As a result, if the social entrepreneur assumes more risk in the process of creating a new venture, do these ventures, on average, perform worse over time? In our description of commitment, we argued that compassion may delay one's willingness or ability to confront the possibility that social entrepreneurship may not be a plausible or desirable way to help those suffering. Does such a delay improve performance over time—keeping entre-

preneurs from ruling out new ideas too quickly—or decrease it—making them susceptible to the escalation of commitment to a losing course of action? Or perhaps commitment has an inverted U-shaped relationship with performance such that moderate levels keep entrepreneurs from exiting too quickly or staying too long.

Continued exploration of the multiple motivations that underpin the complex activity of social entrepreneurship is needed. We have noted throughout this article that prosocial and proself motivations can coexist, but there are remaining questions regarding the priority, sequencing, and interplay of these motivations. First, regarding prioritization, some scholars have suggested that social entrepreneurs balance proself and prosocial motivations (Peredo & McLean, 2006). Others have suggested that social entrepreneurs prioritize their prosocial motivations relative to proself motivations (Austin et al., 2006; Dees, 1998). Future empirical research should directly examine the configuration of multiple motivations and how they impact the organization.

Second, the weighting of proself and prosocial motivations may vary over time. Specifically, as the enterprise moves through stages of the organizational life cycle, priorities and motives are likely to change. For example, an individual's initial decision to engage in social entrepreneurship may be motivated by compassion and a desire to alleviate others' suffering, but as income, reputation, and/or other self-oriented benefits grow, the entrepreneur's motives or the enterprise's motives may evolve, potentially resulting in mission drift. Could the other-oriented motives that play such an influential role in the choice to create a social enterprise eventually be eclipsed by more self-oriented motivations after the social enterprise launches? Battilana and Dorado's (2010) work on microfinance and Kraatz, Ventresca, and Deng's (2010) work on the precarious nature of normative values within liberal arts colleges may provide useful models for exploring this question.

Finally, there may be complex dynamics between prosocial and proself motivations resulting from the simultaneous focus on a financial and social mission in social enterprises. For example, the social entrepreneur may occasionally be forced to distinguish between customers and target beneficiaries. Does this division of attention put a social enterprise at a competitive disadvantage relative to traditional nonprofit and for-profit organizations that can focus exclusively on one constituency or the other? Does compassion allow the social enterprise to retain its social mission focus despite relentless market pressure to remain competitive? In future research scholars may wish to trace the effects of compassion on the social enterprise through the organizational life cycle in order to determine if and when compassion is a strength or weakness for the organization.

While we have examined compassion as an emotional motivator of social entrepreneurship, future research should explore the potential role of other emotions. Might prosocial emotions like gratitude, generosity, or forgiveness, or possibly negative emotions like moral outrage, shame, or guilt, motivate social entrepreneurship as well? If so, do social enterprises differ when more negative emotions (i.e., moral outrage, shame, or guilt versus compassion) motivate their founding? Some research has shown that the emotional valence of the entrepreneur, whether positive or negative, may trigger different assessments of the future, different risk perceptions, and different patterns of action (Foo, 2011; Lerner & Keltner, 2001). In addition, future research should consider how emotions like compassion affect the process through which social entrepreneurs connect with various stakeholders (Cardon et al., 2012; Goss, 2008; Hemingway, 2005). For example, Miller and Wesley (2010) found that social venture capitalists' evaluations of social entrepreneurs' passion positively influenced their evaluations of the social entrepreneurs' effectiveness, thus bolstering access to additional resources.

Implications for Entrepreneurship Research

We have argued that compassion plays a key role in motivating social entrepreneurship and illustrated the mechanisms by which it does so, but we do not suggest that compassion is unique to social entrepreneurship. Compassion and other emotions may, in fact, be an important motive for founding other types of organizations, including profit-seeking ventures and philanthropic organizations. Thus, future empirical work should explore the role of emotions such as compassion in the decision to start other types of organizations. The entrepreneurship literature has tended to ignore prosocial emotional

motivators of entrepreneurial actions (Goss, 2008). For example, are there prosocial emotions (e.g., group-based pride) at work in the opportunity identification process that lead to the creation of profit-seeking ventures? Future research into whether prosocial emotions influence the founding of commercial ventures may help to address these questions and shed light on our understanding of the opportunity identification process. Finally, empirical research might further examine the cascading effects of compassion on other motives to illustrate the relationship between prosocial motivations and proself motivations in the founding process.

Implications for POS Research

There are potential extensions to the model that could contribute further to the literature on POS. The literature on virtuous organizing and organizations, for example, has consistently stressed the importance of leadership as a means of instilling virtue in an organization (Cameron & Caza, 2002; Whetstone, 2005). New social enterprise creation has been described as an "expression of entrepreneurially virtuous behavior" (Mort, Weerawardena, & Carnegie, 2003: 76); as such, it offers a relevant setting for examining when and how virtue (e.g., compassion) is seeded in the emerging organization. For example, prior research on early-stage technology companies has shown that founder imprints have an enduring effect on organizational values and practices (Baron, Burton, & Hannan, 1999), perhaps by way of their early and lasting influence on the emotional tone of the organization (Martin, Knopoff, & Beckman, 1998). Along these lines, future research could explore whether and how other virtues (e.g., generosity, gratitude, justice, or self-sacrifice) independently or in combination with compassion (or each other) play a role in creating other-orientation and prosocial motivation that result in social enterprises (Cameron, 2003).

The model we have developed focuses on how compassion enables the choice to engage in social entrepreneurship. However, future work could explore the dynamics of compassion—how it is sustained or how it dissipates—over time (Battilana & Dorado, 2010). Compassion may exist as a "durable" emotion or affective state (Sonnemans & Frijda, 1994; Verduyn, Del-

vaux, Van Coillie, Tuerlinckx, & Van Mechelen, 2009). Emotions are more durable when they are (1) oriented to past events (Kross, Ayduk, & Mischel, 2005), (2) the product of continued interactions with the target of compassion, or (3) integrated into a social identity (Abrams & Hogg, 1990; Brewer, 1991). However, compassion can also diminish over time. Consistent exposure to a particular social issue can desensitize people to the plight of others (Seu, 2003) or cause them to experience compassion fatigue—a depletion of emotional energy arising from the inability to meet a seemingly insatiable need (Figley, 1995). Future research might examine the conditions under which compassion increases or decreases over time.

CONCLUSION

We have explored the processes through and conditions under which compassion increases the likelihood that individuals will engage in social entrepreneurship. By integrating research on social entrepreneurship, organization creation, and POS, we proposed that compassion elicits prosocial motivation, which fosters more flexible thought processes and greater commitment to action. These processes, in combination with a set of favorable institutional conditions, result in a new social enterprise. Through our model we have endeavored to show how prosocial motives such as compassion may encourage the choice to engage in social entrepreneurship. We hope these results shine light on how POS can be useful to scholars from multiple domains seeking to understand a new market-based organizational form that is designed for the explicit purpose of improving the lives of others.

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