

## INTRODUCTION

# Social entrepreneurship as a catalyst for sustainability transitions: The China case

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In this article, we introduce the 5 papers that have been selected for the publication of the special feature titled Social Entrepreneurship and Sustainability Transitions. Their common theme is the catalytic role that social entrepreneurs, an identity shared by people regardless of their professions or positions, play in China's transitions toward sustainability. The stories told connect the rise of a rural tourism industry to the village entrepreneurs, place rural cadres in the central position on the long path of development in one of China's best-known rags-to-riches regions, and highlight the role of business managers in signaling public trust or managing complex nonfinancial disclosures. The qualitative and quantitative studies reported shed light on how these socially embedded entrepreneurs broke the equilibria underlying the prolonged sustainability challenges, from extreme poverty to unhealthy growth to weak institutions, and laid pathways toward new ones that promised sustainability. By way of this special feature, we highlight a welcoming new trend in social entrepreneurship research that expand the scope of potential impact from directly affected stakeholders to cover the ripple effects of social entrepreneurial activities. We also echo the call for multilens, multisector, multiscalar and interdisciplinary research and for the adoption of the interpretive, critical, and pragmatic approaches that complement the popular positivist approach, which we believe will improve the relevance and impact of business and management research. We welcome more papers that establish solid links between social entrepreneurship and sustainability transitions.

**Keywords:** Social entrepreneurship, Catalytic role, Sustainability transitions

## Background

With wildfires in Europe, floods in Asia, and heat waves rolling across North America, the summer of 2022 has shown how the climate crisis has made natural disasters a part of everyday life around the world. The cumulative scientific evidence paints a grimmer picture: climate change is a threat to both planetary health and human well-being. The risks of a sicker, hungrier, poorer, gloomier, and more dangerous world in the next 2 decades are unavoidably high (Intergovernmental Panel on Climate Change, 2022). Climate crisis exacerbates existing inequalities and vulnerabilities because the sufferings from loss of homes, personal property and income, rising costs of food and health care, and increase in violent conflicts are borne disproportionately by the world's poor (Mulvaney et al., 2020). It is a social justice issue, too.

The climate crisis also demonstrates that disasters resulting from apparent natural hazards have a clear

element of human intent, negligence, or error involving a failure of a human-made system. Such systems are complex, highly evolved, and even successful for solving some of our past and current problems. Burning fossil fuels give us cheap, abundant high-density energy. Cutting down forests and farming livestock help feed the rapidly growing global population. These happen to be past innovations woven and hardened in today's human-made systems at such a scale that have brought about the rising earth temperature and planetary crises (Persson et al., 2022). While this summer reminds citizens around the world about the importance of sustainable development and the necessity of a more inclusive, empathetic, and fraternal society (Miao, 2014; Khan and Yahong, 2022), the problem of failure to do so is a clear and present danger (World Economic Forum, 2022).

It is within this backdrop that we publish this special feature of 5 outstanding papers that explore different facets of the role of social entrepreneurship in sustainability transitions in China. There are 3 competing definitions of social entrepreneurship. One is based on the concept of "earned income," which argues that nonprofit organizations should engage in commercial activities to generate sustainable income in order to achieve their missions (Emerson, 2006; Martin and Osberg, 2007; Defourny and Nyssens, 2010). Another definition originates from the social innovation school, which advocates innovations

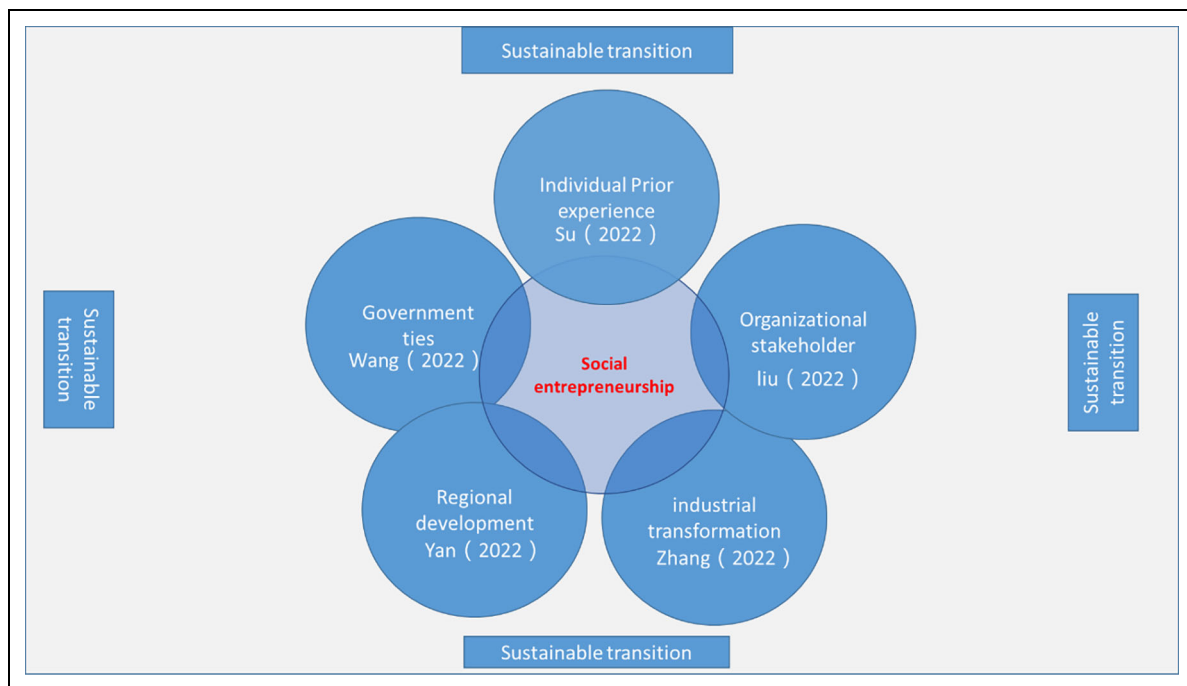
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**Figure 1. A multilens framework to connect social entrepreneurship with sustainable transitions.**

initiated by change makers who desire to break an existing equilibrium and establish a new one by reorganizing various links in a system, such as resources, services, and production approaches that can be found in enterprises, nonprofit organizations, and the public sector (Gregory and Anderson, 2006; Defourny and Nyssens, 2010). The third definition, largely influenced by the social enterprise focus of EMES, a global network of researchers and research institutions, tends to define social entrepreneurship by explicit criteria, such as consistently producing a good product, having a high degree of autonomy, taking financial risks, and asking for a small amount of paid work, so on and so forth (Defourny and Nyssens, 2008; 2010). The general understanding from the 5 papers in this special feature gravitates toward the social innovation school. The authors collectively view social entrepreneurship as a catalyst for change and, more precisely, for transition from an existing equilibrium to a new one with emerging new rules, new modes of production, new organizations, or new economies.

### **An overview of the special feature**

The transitions reported in this special feature cover the various changes at the individual, company, community, regional, and government levels that are representative of China's sustainability transitions (**Figure 1**). Each of these changes is interesting on its own merit. Together they form a kaleidoscope of the people who catalyze the changes: entrepreneurs mobilizing communities in building a successful rural tourism industry (Zhang et al., 2022), village cadres at the center of a long path in the development of one of China's best known rags-to-riches regions (Yan et al., 2022), companies signaling within-regime changes to increase trust from governments (Wang et al., 2022), and corporate managers strategizing under

the mounting environmental, social, and governance (ESG) disclosure pressures (Liu et al., 2022).

More specifically, social entrepreneurs serve as catalysts in industrial development and regional development (Yan et al., 2022; Zhang et al., 2022). Zhang and others (2022) focus on rural cadres as a social entrepreneurial catalyst in leading rural reform and pursuit for prosperity. The article describes how an underdeveloped region in Northern China was developed into a successful tourist destination and escaped prolonged poverty. It reveals several insights: (1) Rural cadres as drivers for rural change instilled the value of social entrepreneurship through their words, deeds, and personal charisma; (2) The social entrepreneurial process was critical to the participation of ordinary villagers in the development of the rural tourism industry. The change of attitudes and behaviors of the villagers from boycotting development to active cooperation highlighted the power of social entrepreneurs as a role model for equitable development. The authors employ the classic framework of the attitude change-persuasion model to explain those changes. Attitude change-persuasion is an important model in social psychology (Briñol et al., 2015), creatively applied by the authors to reveal the 3 stages of community mobilization (Jørgensen et al., 2021) and mechanisms of persuasion to collective participation. The paper also provides support for the importance of grassroots leadership in collective participation in rural revitalization via modern tourism (Dahles et al., 2020).

Yan and others (2022) tell a chronological story how policymakers, behaving like a typical social entrepreneur, can steer the directions of a regional economy toward sustainable development. Most people view social entrepreneurship as an important way to solving social problems, especially for vulnerable groups. Nonetheless, it remains unclear whether social entrepreneurship can

create a greener environment. This article broadens the research horizon of social entrepreneurship and views the economic and social changes in a region through the lens of social entrepreneurial development. This perspective has also expanded the popular view of defining social entrepreneurship at the individual or enterprise level (Peredo and McLean, 2006). Yiwu was an extremely poor county with few resources and little state support before the reform and opening-up in China in 1978. Yet the people of Yiwu are known for their entrepreneurial spirit and business acumen. The authors of the article provide a detailed account of how such innate capabilities were channeled through a series of policy changes. In the initial stage of the development, family workshops were blossoming everywhere. Almost every family did some kind of business to rid itself of hunger and poverty, which evolved into various markets for different products. What followed became a key milestone in the great economic transition of Yiwu. Policymakers began to impose standards on the operations of small- and medium-sized enterprises and control and punish those that polluted the environment. They also encouraged the integration of the urban and rural areas with particular attention to the protection of the low-income population. These policy foci became an important part of building Yiwu as a branded city for international small commodity trading. Without these foresighted policies, it is questionable whether Yiwu could complete the economic transition successfully. Shortly after the initial stage of its entrepreneurial development, Yiwu's government started valuing high-tech enterprises over labor- and resource-intensive enterprises. New enterprises in Yiwu were pushed to focus on protecting the environment, saving energy, and maintaining a sustainable living environment. This study also extends the concept of social entrepreneurship (Belz and Binder, 2017) by arguing that social entrepreneurship should and can emphasize the triple bottom lines of economic, societal, and environmental sustainability.

The articles by Wang et al. (2022) and Liu et al. (2022) emphasize the role of business managers as catalysts in changing business conventions and shaping new relationships between business and society. Wang and others (2022) point out that enterprises focusing on corporate social responsibility (CSR) can earn a government's trust in them. The study examined China's business-to-government (B2G) market and found that corporate CSR activities had a special signal effect in China's government procurement market, which is competitive but lacks transparency, causing some companies to employ legally questionable methods to survive in the market, such as private dealings with officials (Den Hond et al., 2014). This study found that companies engaging in socially responsible activities actually had easier access to government procurement contracts, because CSR activities sent a positive signal to governments that the companies are more responsible partners and their products more reliable. It shows that in the highly competitive B2G markets, especially in China, where even the economic system is less than transparent, corporations

can still win the trust of the government and have an advantage by engaging in CSR activities.

Liu and others (2022) take our view inside corporations. They propose an analytical framework to explain how managers strategize their company's nonfinancial disclosures or the ESG disclosures. This framework integrates the resource dependence perspective with firm-stakeholder goal compatibility and argues that companies will disclose ESG information perfunctorily or selectively (passive conformity), when they do not rely on resources from stakeholders, even when there is a high degree of consistency between the company's goals and stakeholder needs. If the goals of a company are inconsistent with the needs of its stakeholders, it will ignore ESG disclosure altogether under a voluntary disclosure environment (passive resistance). On the other hand, companies with high resource dependence on stakeholders will adopt active conformity or active resistance disclosure strategies. Overall, this study makes a unique contribution by analyzing company ESG disclosure strategies based on a 2-dimensional view of the company-stakeholder relationships.

The study as well as the studies by Wang et al. (2022) and Su et al. (2022) also reveal that the role of catalysts in sustainability transitions is socially embedded. Wang and others (2022) point out that private enterprises engaging in social responsibility will transmit a positive signal effect, more so than the state-owned enterprises. State-owned enterprises are perceived to have a closer relationship with the government in a society. Whether they engage in CSR will not bring significant incremental perceived value. But for private enterprises that do not have a perceived relationship with the government, CSR signals an alternative positive enterprise-government relationship that is even more broadly embedded in the society (Granovetter, 1973). Such signal effect is strengthened by strong ties, as the study also found the amplification effect of senior executives of private enterprises holding previous government positions. Su et al. (2022) point out that the social embeddedness of the catalyst role lies in individuals' previous work experience in nonprofit organizations and exposure in related cultural values. They have strong impact on the individuals' adoption of social entrepreneurship. Early experience has an imprinting effect. The experience of nonprofit organizations will drive people to engage in social entrepreneurship, while the experience of commercial business activities will weaken people's desire for social entrepreneurship. For many nonprofit organizations, they are resource constrained, such as limited funding from governments and philanthropies. To survive they will actively search for business models that bring them sustainable cash flows. Nonprofit experience also exposes individuals to certain cultural values, such as long-term orientation and consciousness to social needs. Together they affect individuals' choice for social entrepreneurship. Individuals with long-term oriented cultural values will pay more attention to environmental sustainability and make pro-social and environmental choices.

## Research methods and future directions

The 3 qualitative studies and 2 quantitative studies reported in this special feature use a variety of research methods that reflect the healthy development of social entrepreneurship research in China. The qualitative studies are distinctive from each other, ranging from theoretical construction to interviews to an analysis of second-hand data. Liu and others (2022) provides support to their framework with both established theories such as resource dependence theory (Wry et al., 2013) and real-world case demonstrations (Shi and Dow, 2019). This approach to theory development enhances the relevance of research and is more suitable for complex issues. As March et al. (1991) point out, things we have experienced cannot happen again and again, which requires us to summarize rules from a few cases or fragmented history to discover knowledge. Thus, a deep and systematic in-depth analysis based on a case is valuable, as illustrated by Yan et al.'s study (2022). This qualitative study required an enormous amount of work, collated historical information, statistical data, and numerous government documents. With a nonparticipatory design and semi-structured interviews with social entrepreneurs and village leaders who led the rural tourism revolution, Zhang and coauthors (2022) presented an interesting approach to meshing detailed first-hand data with the second-hand information for verification purposes.

The 2 quantitative studies each involved significant work, such as text mining and analysis to construct the dataset for Wang et al.'s (2022) research. The study was based on a unique database as well as a rigorous analytical approach. It first conducted text mining of information on Chinese government procurements to create a list of enterprises in the B2G market and then matched them with a database of companies listed on the Chinese stock exchanges and the RSK ratings database. Su et al. (2022) also conducted statistical analyses on several highly complex databases. The authors used Global Entrepreneurship Monitor's 2015/2016 Global Report as a base, which covers data from more than 50 countries and regions and combined it with data from the World Bank database, the Index of Economic Freedom database, and the Hofstede Insights database.

We would like to point out that most of the authors of the papers in this special feature are business and management scholars. But the multilens nature of their studies (**Figure 1**) is not common in the business and management literature. By way of this special feature, we echo the call for multisector, multiscalar, and interdisciplinary research that we believe will improve the relevance and impact of business and management research (Barrett, 2013). Together these papers demonstrate a welcoming new trend in social entrepreneurship research, which is to broaden the scope of potential impact of entrepreneurial activities from directly affected stakeholders to the industry, community, or region. The expanded scope is both more holistic and realistic because it covers the ripples of interdependencies that social entrepreneurship may cause as a catalyst and helps identify

whether transition pathways emerge from an undesirable equilibrium at the heart of prolonged poverty or entrenched environmental degradation to sustainability. We wish that more researchers would study the role of social entrepreneurship in catalyzing transitions to sustainability to complement those who focus on the cause–effect relationships between social entrepreneurship and impacts.

We also realize that this may require researchers to adopt a broader set of epistemological paradigms beyond the positivist approach that regards transition causality as scientifically discoverable and generalizable. It may be true but it helps researchers to keep in mind that the causality discovered may be subjective and relative and transitions themselves are socially constructed, which may nevertheless lead to new understandings and worldviews (Georgiou, 2003; Robinson and Tansey, 2006; Zolfagharian et al., 2019). Research in social entrepreneurship and sustainability transitions will benefit from looking into interpretive, critical, and even pragmatic approaches as well.

## Data accessibility statement

No database is used with the submission of this article.

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## Competing interests

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## Author contributions

Contributed to conception and design: QM, ZL, YS.

Contributed to acquisition of data: QM, ZL, YS.

Contributed to analysis and interpretation of data: QM, ZL, YS.

Drafted and revised the article: QM, YS, ZL.

Approved the submitted version for publication: YS.

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