

# EXPLORING THE BOUNDARIES OF THE COLLECTIVE SOCIAL ENTREPRENEURSHIP MODEL

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VERY EARLY DRAFT

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*New frontiers in social entrepreneurship research are moving from the idea of the social entrepreneur as a single individual in favour of a larger model based on a multiplicity of subjects. In this paper we aim at moving this perspective onward and claim we should adopt a higher level of analysis considering the collective of subjects mobilized by the entrepreneur(s) to be really able to capture the social impact of the undertaken economic activity. Moreover, using a case study, we identify two mechanisms useful to draw the boundaries of such collective, the unit of analysis at the basis of this new perspective.*

## INTRODUCTION

The social entrepreneurship literature has been focused on the study of either single entrepreneurs or single social enterprises (Dacin *et al*, 2011; Dacin *et al*, 2010; Mair *et al*, 2012; Mair & Martí, 2006). However, a new point of view has emerged recently, investigating a new level of analysis: a multiplicity of subjects operating collectively to obtain a social impact. Montgomery *et al* (2012) proposes the concept of “Collective Social Entrepreneurship”, which is defined as the “*collaboration among similar as well as diverse actors for the purpose of applying business principles to solving social problems*” (p. 376). Sud *et al* (2008) argue that social entrepreneurship cannot be expected to solve social problems on a large scale if these are tackled by single social organizations because, inherently to the context in which social enterprises operate, there are problems whose solution need a collaborative effort of many actors across different sectors and institutional boundaries. Pies *et al* (2010) suggest that social entrepreneurship should act at different levels of operation implying a cooperation of several actors, thus raising the level of analysis from the single social enterprise to a collective of organizations and subjects. This perspective is enriched by Santos (2012), who proposes a theory of social entrepreneurship where social ventures, focused on value creation rather than on value capture, usually operate in segments of the economy where externalities are important and uncontrollable. The implicit result is that we are likely to find social enterprises in contexts where the social impact they produce is developed collectively with the recipient subjects of their externalities. Also Kania & Kramer (2011) suggest such perspective stressing the difference between collective impact and isolated impact.

In this work we build on this stream of literature, among the many studying social enterprises, because it allows to detect forms of social entrepreneurship that would be un-detected when focusing on single actors only (Maiolini *et al*, 2013). In particular a broader perspective is often needed to recognize enterprises that do have a social impact not deriving from their direct actions, but rather through the actions of the collective they are able to mobilize around them. In this case it is the collective that should become the level of analysis, allowing for the classification of those ventures as social enterprises even if they do not correspond to the usual definition centered on a single actor. However, to support this new level of analysis a discussion on the boundaries of such collective is necessary: finding the boundaries is crucial because, on the one hand, if they are too large any collective could be considered as a potential

set that can generate social value; on the other hand, if the boundaries are too narrow there is no real difference from the “single actor/organization” point of view, and thus no gain in changing the perspective. In this paper we study the case of a collective mobilized by a firm belonging to the Industrial District of Novara (Italy). Such collective has been mobilized by the firm as a way to radically change its business model with the aim of enlarging - thanks to the nexus with the other partners in the collective – the scope of its operations and include Fair Trade and Bio productions. This increased the firm’s social impact, but has not changed the *nature* of the firm nor of its core activities (even if some adaptations of the processes was needed). A firm able to mobilize such collective can thus be considered “social” without the need for it to change its nature. Moreover, our empirical analysis also tackles the issue of defining the boundaries of such collective. In our case, it emerges that two mechanisms can be identified acting at the level of the collective and that cannot be reduced as the actions of a single organization. These mechanisms, dealing with the building of a set of shared ethical principles and an economic value dimension, create “flows” of information and value that span the whole network, and touch only those within the collective. As a result, they can be used as means to clearly draw the boundaries of the collective.

## LITERATURE REVIEW

Today, “Social entrepreneurship” can be broadly conceptualized as projects and ventures that reflect the two elements of a) an overarching social mission and b) entrepreneurial creativity (Corner & Ho, 2010; Mair & Martí, 2006; Peredo & McLean, 2006). However, as noted by Montgomery et al. (2012), Dacin et al. (2011) and Spear (2006), early attempts at defining social entrepreneurship were mainly influenced by the “great man” school (Spear, 2006), with a strong focus on the feats achieved by single, heroic entrepreneurs strongly committed to solve a social problem, and on the solutions they enacted. Leadbeater (1997) strongly focused on the figure of a social entrepreneur, which is extensively analyzed in her personal traits, characteristics and methods of action. Typical of this stream of research is storytelling, used to present the image of the social entrepreneur. This kind of focus can also be detected in the work of Dees (1998, 2007), who mainly refers to single individuals when delineating the difference between social entrepreneurs and classic entrepreneurs (1998); and when discussing the potential of social entrepreneurship in comparison to government’s and typical charity’s actions in dealing with social problems (2007). Alvord *et al* (2004) provide several stories of successful social enterprises and, analyzing their characteristics in order to find a common pattern, strongly focus on the characteristics of the social entrepreneurs that founded them, like social background, nationality, previous jobs, etc.. Also Seelos & Mair (2005), investigating the business models enacted by social enterprises, focus on social entrepreneurs and their stories of success. Another notable instance of the focus on the single entrepreneur is provided by Tan *et al* (2005), who, ascertaining the content of the “social” and the “entrepreneurial” element inside social entrepreneurship, do so by referring to what it means for an individual to be entrepreneurial and socially committed. As a final, more recent, example Light (2009) gives a definition of social entrepreneurship based on the characteristics of the single social entrepreneurs, of the field they work into, of the processes and resources they enact and use in order to realize their social objectives.

The focus on the single individual has more recently evolved into a focus on the whole venture. As researchers started to focus on the social enterprises as organizations, social entrepreneurship has been

increasingly associated in literature with organizations more than with individuals. This is the currently most widespread position in literature and many authors provide clearly organization-based definition of social entrepreneurship (e.g. Dart, 2004; Harding, 2004; Haugh, 2006; Hockerts, 2006; Lasprogata & Cotten, Marya, 2003; Thompson & Doherty, 2006). Seelos & Mair (2007) analyze the organizational business models of social enterprises in "Bottom of the Pyramid" scenarios. Austin *et al* (2006), when analyzing the difference between social and commercial entrepreneurship, do so by reflecting on organizational models and comparing social and commercial enterprises, not entrepreneurs. Bloom (2009) analyzes social entrepreneurial organizations when defining the typical paths followed by social entrepreneurship to obtain the final aim of poverty reduction. He also uses the same organizational focus in Bloom & Smith (2010) when proposing a theory of the elements driving the scaling up of social enterprises' impact. Mair & Marti (2009) work on how social entrepreneurship relates to institutional voids focuses on an organization as a whole, even though part of the data had individuals as the unit of analysis. Researchers working on the problem of social impact measurement do so by studying the methods organizations use to assess their impact (Nicholls, 2009), and/or proposing assessment methodologies applied by social enterprises (Lepoutre *et al*, 2013; Nicholls, 2009). Friedman & Desivilya (2010) show the positive effect in regional development of social enterprises actions when associated with conflict engagement policies, and their proposed model focuses on organizations enacting social entrepreneurship. Mair *et al* (2012) offer a typology of possible models of social entrepreneurial organizations, investigating the types of capital leveraged by social enterprises. Finally, a recent notable trend in literature studies social entrepreneurship taking into consideration social enterprises as hybrid organizations constituted by conflicting institutional logics - social and commercial/entrepreneurial, with a particular focus on how such conflict is managed at the organizational level (Battilana & Dorado, 2010; Pache & Santos, 2010, 2013).

Departing from the previously cited points of view, some authors propose quite a different focus: investigating the social entrepreneurial behavior enacted by a collective of different subjects, as opposed to looking only at single enterprises/entrepreneurs. This trend, although still secondary in the literature, is indeed interesting and worthy of consideration given the potential promise it brings with it. To our knowledge, the most notable work in this sense is that by Montgomery *et al* (2012) who call for a change in the perspective when studying social entrepreneurship. The new proposed focus implies the use of "collective lens" acknowledging "that much effort to solve social problems also involves collaborative action" (Montgomery *et al.*, 2012, p. 376). The subsequent proposed model of "Collective Social Entrepreneurship" is then defined as a "collaboration amongst similar as well as diverse actors for the purpose of applying business principles to solving social problems" (Montgomery *et al.*, 2012, p. 376) in which "multiple actors collaboratively play to address social problems, create new institutions, and dismantle outdated institutional arrangements" (Montgomery *et al.*, 2012, p. 375). This contribution is not alone in suggesting a change in the way we should look at social entrepreneurship. Hints toward a collective-based focus can be found also in several other studies: Spear (2006) explicitly proposes to move on from, or at least consider other approaches to, the individualistic general view of social entrepreneurship, showing as an example the clear collective nature of social ventures like, for instance, social co-operatives.

On a very similar note, Sud *et al* (2008) argue that social enterprises/entrepreneurs are impeded in solving social problems on a large scale when they tackle them alone. The inherently complex nature of

the problems tackled by social entrepreneurial action makes it more likely that such problems can be solved only through a collaborative effort of many actors, across different sectors and institutional boundaries, who can thus leverage on different competencies and resources. A focus on collective action is also proposed by Kania & Kramer (2011, 2013) and Hanleybrown *et al* (2012) whose works advocate for the need of "collective impact" (Kania & Kramer, 2011, p. 36) in order to achieve lasting results in tackling important social problems. In opposition to isolated impact, collective impact is defined as the "commitment of a group of important actors from different sectors to a common agenda for solving a specific social problem" (Kania & Kramer, 2011, p. 36). The differences between isolated impact and collective impact are then studied in depth by Hanleybrown *et al.* (2012) and mainly regard the fact that collective social impact requires multiple subjects working together with a collective mindset caused by being part of a system, in opposition to the subjective/individualistic approach of common single social enterprises. Finally, this perspective is also implied by Santos (2012): in his theory, social ventures are characterized as being focused on value creation rather than on value capture - unlike classic commercial for-profit enterprises - and for this reason they find their natural place in segments of the economy where externalities are important and uncontrollable. The implicit result is that we are likely to find social enterprises in contexts where the social impact they produce is developed collectively with the subjects that are recipient for their externalities, and the only way to detect and study social enterprises is to look at such collective.

## **RESEARCH METHOD**

To explore empirically the collective as a level of analysis and to better define its boundaries we use a qualitative approach, useful to understand multiple meanings of individual experiences (Creswell, 2009). We decided to develop our qualitative approach using as a strategy of inquiry a narrative design and semi-structured interviews as a research method. The narrative design is structured collecting data from informants understanding how they have personally experienced the phenomenon (Creswell, 2003) of the birth of MadeInNo and asking them, which was their role and how they describe the role of the other participants. As a research method we deemed in-depth semi-structured interviews as the most suitable methodology to understand decisional factors in entrepreneurial activities, especially for theory building exploring a social phenomenon within the frame of a specific theory (Eisenhardt, 1989; Glaser & Strauss, 1967; Yin, 2002). Given the early stage of the phenomenon and our purpose to contribute to the theory with a novel perspective, we use an explorative approach that enables us to understand the uniqueness of the relationships between the single entrepreneur, Gianluca Bruzzese, and the collective of actors he mobilizes.

The study is carried out in the Italian textile district based in North East Italy (Novara) and specialized in the production of underwear and swimming suits. The case provides a clear instance of a collective of actors jointly trying to solve a specific set of economic and social problems. No firm is a social enterprise in the collective, and nevertheless they have altogether a clear positive social impact. Also, this collective is an interesting setting for the study of the problem of boundaries definition because relations between the main actors are clear: although each subject remains separate from the others, there is a common identity made explicit in the common trademark "MadeInNo". The MadeInNo project is based on the production and commercialization of a completely eco-friendly line of cotton clothes developed by a collective of actors following bio production and fair trade principles. The foundation and development

of the MadelInNo organization fits coherently with the concept of collective social entrepreneurship (Montgomery *et al*, 2012), where economic problems are tackled through the involvement of multiple actors who's collective generates a social impact (Sud *et al*, 2012). The context perfectly fits with the flick's perspective The Italian North East is characterized by a high number of districts composed primarily by small and medium enterprises specialized in different steps of a value chain. In Novara the industry texture is composed by SMEs mainly serving as outsourcees of larger companies in the downstream part of the chain. Most of these are family-owned companies that have been challenged in the last years by markets' globalization, financial crises, delocalization of the stronger downstream players, demand reduction and unemployment. Innovation, especially at the business model level, is necessary in order to respond to these shocks. From an industry perspective, the potential for growth depends on the capabilities to invest in technological and organizational changes able to achieve higher product specialization (Antonelli & Marchionatti, 1998). A district renovation based on specialization and diversification (Puig, Marques, & Ghauri, 2009) is thus a necessity. In this situation, we identified Sartoria Bruzzese as one of the companies located in the Novara district able to survive the crisis by completely changing their business model, moving into a new market, and realizing a new form of value creation. The case shows how a for-profit firm generates social impact without changing its nature but mobilizing a collective of other organizations. The resolution of social and economic issues is obtained through a collective involvement of multiple actors in the entire supply chain. Economic and social issues are not resolved at the same time but are part of a more complex system composed by economic and social aspects linked together.

#### **DATA COLLECTION AND ANALYSIS**

Our data collection work involved interviews, observation and widespread documentary investigations. Our findings are structured on the basis of two principal data sources. Our primary source is interviews to the protagonists of the collective. We defined a list of targeted informants and interviewed them by means of semi-structured interviews. We recorded and transcribed all the interviews with the authorization of the informants. All the three researchers participated in seven of the eight interviews. The last interview (number eight) was conducted by only two interviewers. One researcher was in charge of the interview and conducting the Q&A according to the interview protocol whilst the other two researchers took notes. Immediately after every single interview, the researchers crosschecked their impressions and triangulated their comments and imprints. The interviews were conducted in Italian language. The entire transcription of the interviews was left in Italian, whilst only the quotations that we introduced in the article as relevant to sustain our description of the MadelInNo story were translated in English. The final amount of recorded material reached a total time of 9 hours (567 minutes). Interviewers were selected through formal contacts with the organizations inside MadelInNo. Opportunistic and snowball sampling methods were used in order to achieve the most effective results from interviews (Maitlis, 2005). The structure of the interviews was based on interviews protocols that we organized in order to understand the primary research question of the study. The interviews started in semi-structured form and increased in depth and formalization over the course of the study (see table 1).

According to (Plowman *et al.*, 2007, p. 523) we constructed a timeline based on "*informant's recollection of important events*". The timeline is divided into three distinctive phases: (1) the birth phase of

MadeInNo, (2) the expansion of the collective and (3) the launch of new products. We used this differentiation to categorize our informants in three different categories: (1) the relevant informants that initially mobilized the collective, (2) the main collaborators and (3) the stakeholders relevant for the dynamism of the collective. The interviews were organized to understand the mechanisms explaining how the collective developed and how the different actors are dynamically connected. The main target of the interviews is the identification of the main mechanisms that allow the interconnection and the relations between the actors, and the investigation of the flows this interconnection generates in terms of ethical principles and economic value.

The second source of data was a collection of archival data and documentation produced by companies and available on the Internet. We organized the database in order to respect the coherence of the case study in a) focused data, b) documents and archival record c) related data consisting in documents and other forms of information that, although not directly addressed by the target of our study, we deemed useful to better understand the business model of the actors or the industry as a whole. Data were analyzed after each interview and re-elaborated at the end of the general collection in order to organize the convergence of different evidences from different sources (Denzin, 1978).

We combined the knowledge we gained from the interviews with the archival data and information taken from Italian newspaper via an iterative process, in which we revisited data and re-wrote what we have previously written when new interesting information was available from the interviews or discussing with the informants the crucial points of their stories. As the analysis advanced, we extended the level of abstraction and generalization of our findings (Eisenhardt & Graebner, 2007).

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## **CONTRIBUTION**

The aim of this paper is to move further the new "collective" point of view on social entrepreneurship by (1) illustrating that a for profit firm can produce also social impact without being a social enterprise, if the collective it mobilizes is composed by social actors; and by (2) introducing the element of the boundaries of the collective of subjects considered. This aim can be translated in the following research question: "What are the boundaries of the collective social entrepreneurship model? Investigating the boundaries is necessary when we take a "multiple subjects" point of view on social entrepreneurial phenomena. In answering this question we illustrate that a collective social entrepreneurship model creates social impact even if subjects inside it are not all social enterprises. The collective dimension of social entrepreneurship is the result of a collective as a whole; single players act socially as part of a collective, even though they are not individually acting as social enterprises. The creation and capture of social value is obtained by an extension of the collective social entrepreneurship model, including also profit and non-profit organizations. Furthermore, we identify two mechanisms enacted by the collective that can be useful in defining its boundaries.

## **THE BIRTH OF MADE-IN-NO**

The MadeInNo project connects different actors in the production and sale of a completely biological clothesline, developed along a fair-trade based value chain. The project officially started in late 2006 with its presentation to the Regional Authority in order to gather financial support, but the idea was born some time earlier during the meeting of Gianluca Bruzzese (CEO, Sartoria Bruzzese) and Deborah Lucchetti (President, FairCoop).

In 2005 Bruzzese knew that, with the ceasing of the international “Multi Fibre Arrangement”, his small, family-owned and traditional enterprise - which was specialized in underwear and swimsuit and was already weakened by the delocalization by downstream players experienced in previous years - was doomed. Bruzzese was familiar with the values of the fair trade market and thought that a new business model based on its values could connect in a new way both producers and consumers, creating a positive impact while giving another chance to his firm. Knowing that one of the main causes of the crisis in the textile industry was the fact that every company worked alone without interaction with other companies in the supply chain, Bruzzese’s first idea was to expand the reach of his interactions and build a new larger collective. In Bruzzese’s mind most of the problems at the basis of the crisis of the textile sector could be connected to the inability of the firms to build a collective and work together. Because the majority of these companies were small and micro enterprises, they didn't have the power to respond to the crisis and to the delocalization of their larger clients. Bruzzese centered his idea on how to reorganize his activities around the concept of a “sharing space” where it was possible to create commitment and different levels of participation. Bruzzese was sure that he needed to create a collective with a shared sense of new products, where everybody could share decisions and bring knowledge to the collective.

During a conference about the challenges of the Italian textile sector, he met Lucchetti (president of FairCoop, a nonprofit organization with a long-time involvement in fair trade) and proposed his initial idea: creating a collective that could work respecting environmental-biological values, using the fair trade as a model. Fair trade was seen as an opportunity to open and make transparent the relations between the different players. Initially Bruzzese had just some vague ideas of the mechanisms of fair trade, mainly as a consumer of fair trade products himself, and he did not have a precise idea of how to use the model into his business.

Talking with each other, Bruzzese and Lucchetti understood that their organizations, Sartoria Bruzzese and FairCoop, had the complementary competences to change the value chain where Bruzzese was operating. The relevant aspect emerging from their first meeting was their agreement on the importance of involving a substantial number of subjects covering the entire value chain, from rough material to final consumption. The collective dimension was in their mind fundamental, as single players were not strong enough and did not have the capabilities to control the entire chain. From this point of view, they agreed that the first step needed was to build a web of open and transparent relations among the different subjects part of the collective. This would have allowed them to be part of a larger project without losing their specificity.

Both Sartoria Bruzzese and FairCoop found in this idea an opportunity for turning over their business models, starting from a new perspective from within an organized collective of subjects. In particular, they argued that in some industries there were no chances in continuing to build business models on single interactions, because globalization and the surfacing of new industrial areas were elements threatening the stability of any commercial relation. In this sense all the commercial and economic

relations were based on negotiations that could not be last-longing relations, as the cheaper price or the identification of a better tradeoff between quality and costs could have always led to a sudden cut of any collaboration link.

*“As long as we continue to make business individually looking only at our interests there are no chances for any kind of development”.* (Deborah Lucchetti)

Sartoria Bruzese could bring to the table its knowledge in underwear and swimwear manufacturing, as well as the network of small enterprises that formed its supply chain. On the other side, FairCoop had access to the international network of fair-trade cotton suppliers and had experience in the commercialization of bio and fair-trade products. Furthermore, FairCoop could provide access to the fair-trade Italian community in which it was deeply embedded, and to the Supportive Buy Groups (GAS, in Italian), a small but fast-growing niche of organized consumers sensitive to the bio and fair-trade dimensions of consumption.

*“The opening to the supportive buy groups is important for two reasons: first of all it gives to the products not only the label of fair products but it stands out as a new meaning not existing in the textile industry: the meaning of openness and transparency is a brand new idea in our sector. Through the identification of this new category, we can now distribute a product that is not only new for its technical characteristics, but also for the meanings and values that it proposes. Another important aspect is the possibility to share into a very large collective our ideas and promote a new way to make business development and product testing”.* (Monica Di Sisto)

The GAS's not only took part into the development of the products, but also participated in financing the production. Indeed, the GAS's financed beforehand the production in the following way: 50% of the financing is given by the GAS's as pre-ordering (and paid in advance) before the production, while the remaining 50% was given after the delivery of the product. This is a very important aspect at the basis of the survival of MadeInNo. At that time, the crisis did not create the conditions for firms to access the credit market. Without the possibility to find new resources to finance the investments it would have been impossible to open new lines of products. Thus, the role of the GAS's has been crucial in the development of the new lines composing MadeInNO. In this case the GAS's had a double role: they acted as intelligent consumers, but also as financiers of the new line.

After having received the first financial resources, MadeInNo started developing the first line of clothes: the cotton was obtained by the Indian network of cooperatives “Remei”, an ethical cotton producer FairCoop had already worked with, whilst Sartoria Bruzese, with the collaboration of some firms coming from its prior supply chain, took care of the manufacturing. FairCoop then commercialized the products in the GAS's network and in its fair-trade shop chain.

## **THE RELEVANCE OF THE COLLECTIVE**

The identification of a set of values gave a clear understanding of the shared identity - the "Who we are" (Dutton & Dukerich, 1991) -, an identity that was fluid (Lounsbury & Glynn, 2001) and thus always renewable in the ongoing discussion between the actors of the collective. Participation in the collectivity was based on material and symbolic practices (Greenwood & Suddaby, 2006) that gave coherence to the



institutional context of the collective (Tracey *et al* , 2011) and represented the bases of the shared environment. The inclusion of the Italian GAS's was useful to obtain coherence within a more general collective identity (Lounsbury & Glynn, 2001).

*“We have a very complicated supply chain and is not easy to find a common sense. We identified the bio production as our basic binding agent. The bio aspect of the supply chain can put together producers and consumers that play in different spaces with different logics. What is important is the identification of a common point of discussion among all the actors involved in the new venture. Once we identify a common point, we start building relations on it, building a double bond between the players based on values and identity”.* (Gianluca Bruzzese)

The integration between the bio-related meanings of Indian fair trade producers and Italian Supportive Buy Groups was salient for the identification of the collective relations. In line with Carrol and Swaminathan (2000), Bruzzese educated and tested the conventional viewpoint of the consumers and changed the sensitivity of the products criticizing the values and practices dominant in the industry. The change of values and practices was the basis for the construction of the relations inside the collective. The actors were involved because they shared values and built their relations on these values. The collective dimension of the relations was another important element that favored the development of the collective. The actors played together because they were conscious of the collective dimension of the project. They decided to take part into it because they recognized in this collective approach a new way to create both social and economic value.

*“When I talk to suppliers and other companies, I tell them that if they want to work with us they need to rethink their organization and their activities. The way they work must be changed and revisited. It is a great opportunity for them to understand how the collective dimension of MadelnNo can improve their capabilities and the way they look at the market. We play as a team, we share information and take decisions together. MadelnNo cannot exist without this collective perspective.”* (Gianluca Bruzzese)

In line with the collective identification of new values and practices that serve as a basis for the new market opportunity, the construction of relation was the salient element that allowed the formation of the collective. During the first meetings the founders had a very vague idea of their project. It was not clear where they needed to intervene in order to start the new project. The sharing of information and ideas with the other components of the collective served to establish a high level of trust and promote the development of relations.

*“The idea was absolutely vague. Gianluca had a general idea to create a new global collective, but for example it wasn't clear who was in charge of transforming the rough material into textiles. During the first phase a lot of*

*entrepreneurs participated in our meetings, but because we spent a lot of time to understand what we needed and what we were building the majority of them abandoned the project. We spent a lot of time because we needed to build a structure and a set of common values that served to explain what we intended and how we wanted to interact with others actors. We needed to identify a set of rules as a basis for our relations. (Luigi Eusebi)*

The relevant characteristic of such system was the great interdependence created between the actors who eventually shared the decisional processes to a substantial degree: the GAS's took active part in the development of the products and made possible the start-up by pre-ordering (and paying in advance) large quantities of Bio-clothes, thus financing the MadeInNo project. Sartoria Bruzzese and FairCoop shared most of the decisional processes, while pricing and production-related decisions were taken together involving all the actors in the supply chain, in order to ensure that each subject could receive a fair share of the created value. MadeInNo products started to be commercialized in the first half of 2008. The great majority was sold to the GAS's, part to fair-trade shops, and the remaining during dedicated expositions.

#### **THE EXPANSION OF THE COLLECTIVE**

The project underwent two major changes after the first phase. The first change regarded the change in the main supplier, and the second the inclusion of a new subject in the core group of actors, allowing for an expansion of the product line. The first commercial line of MadeInNo depended on an Indian producer: Remei. From a technical point of view, the business relationship between MadeInNo and Remei had no major impediments. Eventually, problems arose about the interpretation of the values that founded the project. The social stand of the Indian cooperative was weak, as it was more interested in developing its business rather than considering the social aspects of the collaboration. Bruzzese and FairCoop decided to change their main supplier because Remei did not satisfy completely the requirements they had envisioned, both in terms of products and values. The difficulties between MadeInNo and Remei led to the need of finding a new supplier that could guarantee a product coherent with the values of the project. This new supplier was identified in a Brazilian network of cooperatives called "Justa Trama", reached through the link FairCoop had with the international non-profit broker Luigi Eusebi.

The second change related to the entry into the collective of Emme3, a small, family-owned manufacturing firm specialized in child wear, in 2010. Thanks to Emme 3 the project could expand to a new market - child wear - leveraging its bio productions. MadeInNo products can have a positive effect on allergy or skin intolerance prevention due to their bio nature. The idea developed from the discussion and interaction between all the actors involved on the future development of MadeInNo, and could emerge precisely because of the specific set of cultural meanings the idea to move in the child-wear market could leverage. On the one hand, FairCoop started participating in a pilot project to study and find a solution to the problem of skin intolerance with some Italian hospitals; on the other hand, the GAS's requested the enrichment of the product line. From this perspective we can see how the project of launching a new product line for children was born from the matching of different ideas that were kept together by a set of more general values.

*“The MadeInNo project is first of all a bundle of values. Sharing values we know that our model is continuously in evolution. It is not important to have established boundaries. It is more important that the values are strong and that we can build relations based on them. We do not need to convince people to be part of the project. Because we share everything, from values to practices, if someone is interested to be part of the project is welcome. You need to be part of the project to understand whether you want to collaborate or participate. It is not possible to collaborate with us without getting involved.” (Monica Di Sisto)*

The MadeInNo model was based on a set of values and for this reason was open to new opportunities and business development. In fact, this is what happened with Emme3. First of all Emme3 was attracted by the social value of the project.

*“Amongst us we have a transparent price structure and whether he [Bruzzese] sells or I do, we then compensate between us. If we arrive to a certain level then we will create a common structure; before that, we do not [create a common structure] because it is expensive and the project is still small and it is difficult to find new funding. Furthermore there has been a decrease [in business] in the last year, because the crisis is there and it can be felt; thus also the GAS's orders have decreased a little. Everybody is struggling more. If yesterday the GAS's bought ten, they now buy seven or eight. In this moment we are not expanding and right now we are trying to re-launch the project and if we find new ideas that work we will try for sure to become a unique MadeInNo entity [...] looking for the best system in which everybody brings her contribution and receives a fair recompense”. (Fabrizio Miaton)*

Emme3 agreed with Sartoria Bruzzese that the main cause of the Italian textile crisis was the lack of transparency and the lack of information inside the textile supply chain. Opening such black box meant opening a greater number of opportunities to collaborate and decide together. Indeed, this is what happened in MadeInNo: the transparency of the processes in the supply chain allowed the collective to generate and implement a collective mechanism of price-setting, where all the participants in the supply chain could sit at a table and identify the “fair” size of their revenues, and thus of the price of their products. This phenomenon made possible the socially careful distribution of profits along the entire supply chain. In 2010 the inclusion of the new stakeholder brought some new challenges. First of all, the launch of the first line of products was not a success, arguably because the collective drew from the same routines and the same skills used for the underwear products while the features normally associated with child products are very different from adult underwear. Moreover, the consumers’ feedback showed that colored clothes were preferred for children, while the line initially used the same materials and the same style as the first adult-oriented product (very plain, with natural cotton color). This happened also because Emme3 did not have the competences in terms of coloring textiles. It only wove textiles and produced clothes, and then another subject colored them in a subsequent step.

Because the project was totally based on a bio and fair supply chain, it was important to maintain these values also in the identification of a new partner to include the coloring phase. The identification of the best supplier was a process that involved the entire collective, and particularly FairCoop working as an information hub. A series of technical limitations made the identification of a set of suppliers very hard, and after a series of experiments and prototypes the common decision of abandoning the project on kids and infant clothes was made. After this decision, Emme3 also decided to abandon the project. In this case the identification of a partner able to satisfy values and technical features failed. If only one of the partners does not satisfy the values, the entire collective is exposed to the failure in terms of fulfillment of the values it is based on.

## DISCUSSION

The case described above clearly shows the relevance of the collective dimension. First of all, each actor adhering to the collective had to make collective-specific investments to adapt to the shared processes underpinning the collective's activities. The production of bio products was the trigger for the tailors' education in a new set of production techniques, as cutting and sewing were not the same as for non-bio products. The lack of *elastam*, a chemical substance guaranteeing the elasticity of the texture, obliged the tailors to completely change their production processes. It was not just about making different types of stitching: it was necessary to redesign the entire cloth so that it adapted to the shape of the body through a designed cut and not with its artificially induced elasticity. Bio principles have been imported within the competence of organizations as a collective-specific investment in new tailoring techniques that are important for the collective as a whole.

By the same token, a lot of time, energy and resources were spent to favor the building of a shared identity and a set of common values. The collective generate many activities and meetings dedicated to the project's values promotion, so that those who decide to join the project can be aware of the related commitment and tasks. Each actor interviewed said that investment in getting to know each other was crucial. In particular, it is necessary to invest in the management of relations with those who want to be part of the project. Acquiring generic skills or general information about the project is just the beginning. It is very important to know each other very well, to develop trust and tacit coordination in such a way that the collective's activities develop according to the set of shared values.

Actor deciding to withdraw from the project would lose all the collective-specific investment they made in building the social ties keeping the collective together as well as in learning the techniques and practices adapted to the specific features of the collective's activities. This loss gives a measure of the commitment of each actor, and can be thought of as a first glimpse stating how important the collective dimension above the single actor is. Indeed, we propose that elevating the level of analysis to the collective level gives us the possibility to consider social enterprises also subjects that do not appear as such when considered individually, but have mobilized a collective whose social impact is positive. The following quote makes clear the tight links between the actors and how the whole activity of the collective was an emergent process of the system they created.

*"Everything started from Sartoria Bruzese's necessity to remedy the drastic decrease in business, and Gianluca is Deborah's [Lucchetti] longtime friend [...] They told each other: "Look, I can do this and I would like to produce it in the*

*right way". And so, through Deborah Lucchetti that has these international connections, the connection with Justa Trama was born; and since then, even before starting to produce, we tried to involve the most important GAS's [...] a survey was done regarding the clothing needs of GAS's participants. From a Gianluca's [Bruzzese] idea we decided to suggest the subject of undergarments, and the GAS's had the fundamental role of making the pre-order to start the project." (Fabrizio Miaton)*

In this session our goal is to define the mechanisms that allow the identification of the collective mobilized by Bruzzese. Starting from the recent literature on hybrid organizations (CIT) we agree with the idea that a new way to consider social enterprises is to look at the hybridization of organizational and business models. Hybrid organizations try to combine a commercial logic with a social logic - e.g. welfare impact - (Pache & Santos, 2013). In this discussion, we build on the definition of hybrid organization moving to the idea of hybrid collectives. In order to define the boundaries of a collective social entrepreneurial model we move in the same direction of hybrid model literature, understanding the mechanisms that explains how the commercial and the social logics are combined in order to combine goals and means.

We identify two mechanisms that are the "binding elements" allowing the collective to operate and produce both economic and social value. Every subject involved in the project has her own perspective, or vision, that derives from her competences, story and culture. All actors involved play their role, respecting the logic of their nature (for example of profit and nonprofit organizations). Thus, the social dimension and the distribution of both social and economic value are visible only when a wider perspective is applied: the collective perspective. These mechanisms can be divided into two different typologies: the (1) ethical/principles dimension and the (2) economic value dimension.

Using these two mechanisms we are also able to identify the boundaries of the collective that we can classify as a social entrepreneurial subject, a task that corresponds to the second contribution of this paper.

### **Ethical/principles dimension**

Any organization needs an identity that its members can identify with (Albert & Whetten, 1985). Dynamically speaking, the heterogeneous set of values and ethical principles to which the members of the newly born collective converge to a common set of values through the discussion and the sharing of the different visions (Wenger, 1998). It is against this shared vision and set of principles that the core values of the collective are constructed. When this set emerges, it serves as a section device for future members, a checklist for redirecting along the shared path possible deviations, and in the end as a clear mechanism to set the boundaries of the collective. To be part of the collective or not depends on the degree of acceptance of its values and principles.

*"The project we have launched arises from the need to share along with Gianluca a series of needs that we believe are not guaranteed. [...] We tried to involve as many stakeholders as possible. Some have become our collaborators; others have decided not to participate. [...] We try to open the collective to all those who share our principles." (Monica Di Sisto)*

Inclusion in the collective is a process that results from the perception, identification and construction of an external image (Dutton et al. 1994) created by all the subjects involved in the project. The founders launched the basic ethical principles: through the involvement of other actors they proposed their values and obtained feedback on how to expand the ethical basis of the project.

The engagement of different agents into the collective is based on the construction of reciprocal trust. In this sense, the ability to build transparent processes is crucial for the development of the project. One of the many manifestations of the collective dimension originates from the need to make transparent an industry that instead is dramatically overshadowed and closed. Indeed, the textile sector has historically been poor of mechanisms to allow the development of a constructive dialogue between the parties. The novelty of MadelnNo lies in the fact that the development of a social business model needs to find mechanisms to facilitate the dissemination of social and ethics values that can characterize the project. We find that opening and directing the research activity to a shared set of values produces also effects at the level of processes and procedures within the entire supply chain. When organizations need to be transparent in order to communicate each other, they must manage differently their supply chain. The boundaries of the collective can thus be defined on the basis of the boundaries of the supply chain, and in particular following the boundaries drawn by this transparency requirement. It is the information flow that establishes who is in and who is out of the collective. This point can be clarified focusing on two examples: the collective's price management on one side, and the identification of new project partners meeting the collective's standards on the other side.

#### *Collective price management*

The collective setting of internal prices and thus of the final price of the product on the market is the first important example of transparent management. The idea is to identify a final price of the products that is as fair and competitive as possible. This can be done only if all the players have enough information about costs and margins of the entire supply chain. In this way it develops a general awareness of the fixed and variable costs of the entire production. Thanks to this knowledge, all players can share the management of the price based on the strength and weaknesses of each actor. When a player cannot intervene on its costs, the others try to adapt and decrease part of their surplus, in order to ensure a business respecting the characteristics of fair trade.

*"The government's price is important. Many contractors are not aware of the cost and the price of the finished product. This is an important step of our project: give empowerment to all those involved, in a gradual manner".*  
(Monica Di Sisto)

The collective management of money is divided into three phases: a first phase connecting Justa Trama, FairCoop and Sartoria Bruzzese, a second phase involving Sartoria Bruzzese and its suppliers, and a third phase that gathers together all the producers and the GAS's in the decision on the final product's price.

*"We receive input from everyone and together with Gianluca undertake an analysis of the costs and revenues, and then we propose at a collective meeting some proposals for the price. We then discuss altogether what price*

*and what the final profit distribution is best. It also happens that -maintaining the final price fixed according to the market trend- we change the distribution of the profits [among us]". (Monica Di Sisto)*

#### *Identification of new suppliers and new partners*

The MadelnNo project develops from a series of social and ethical values shared by all the participants. In this way, the decision to enter a new partner must comply with the shared principles. Thus, while technical issues must drive the research of new contractors and suppliers, the outcome of such research must be in line with the collective's ethical values. As seen in the case, the bio coloring process required special techniques and special processes. The identification of a supplier able to preserve the bio nature of the product was one of the main challenges for the project: the GAS's were strongly interested in acquiring a product respecting bio standards in the entire supply chain. Not respecting this nature, even in a single step, would make the entire project lose its main meaning for the GAS's, and thus also for all the other actors. If the collective is recognized as carrier of a specific set of values, it is necessary that the entire collective respects these values. Even if only one the actors involved does not observe some values, the negative effects impact the entire collective.

*"We entered into a new market. As with any new business you need to create trust and transparency. It is required and we need to make sure that these values are spread to all stakeholders". (Gianluca Bruzzese)*

The search for partners was carried on in two ways. On the one hand, the project was open to anyone interested, trying to convey values through sharing and dissemination of information. On the other hand, specific individuals were contacted because of their specific expertise in the sector. The outcome, as we have seen, was negative, as it was impossible to find someone who had the capability to match the bio and fair-trade needs of the collective with the technical requirement of the coloring phase.

#### **Economic value dimension**

The MadelnNo project is the result of a collective collaboration of all partners. Everyone brings value to the project in relation to her skills and competences. From the contribution brought by each one, new ideas, products, and relations between actors are created. In this way, the whole collective creates economic value that cannot be produced alone by any of the subjects: an instance is the creation of economic value in the commercialization of fair-trade products through the GAS's channels. Product customization is the strength of MadelnNo. At the same time, a single partner of MadelnNo cannot replicate customization. From the GAS's providing their advises and feedback on the products' development, to Bruzzese's and Miaton's supply-chains creating the products, to Remei and later Justa Trama providing the raw material, to FairCoop keeping together the whole supply chain from the beginning (Justa trama), to the end (the GAS's network and fair-trade shop chain), all the subjects are connected into a system whose overall economic value cannot be decomposed and each particle assigned to each one of them. The collective produces a collective economic value.

Through specialization, each actor brings its contribution and produces part of the value. At the same time, the participation allows all partners to bring different perspectives. The fair trade producers are

interested in the enlargement of their activity; the GAS's are interested in consuming less expensive, fair-trade and bio products. The for-profit organizations are interested in the survival of their business, in providing employment and overcoming the crisis of the district following the type of production they believe in. Specialization is important, first of all, to define the role of each participant, and, secondly, allows the precise identification of the amount of the contribution that each one expresses, in terms of diversity and uniqueness of the work done. In this way, the network was able to develop a shared pricing strategy. The percentage of the revenues each participant is entitled to is decided collectively, based on the analysis of the costs that member of the collective bears.

*"In this way [we created] a collective that can manage the prices and costs in a transparent way and create profit for all" (Gianluca Bruzzese)*

Another aspect that confirms that the economic value is an expression of the collective model and not of a single subject is the flexibility, which varies according to the circumstances and requirements of the GAS's network. Flexibility is guaranteed only through the existence of relationships within the collective and, accordingly, the economic value is created only in the collective.

*"We have such a direct relationship that it is very easy to have feedback, for instance: we have an assembly on a completely unrelated matter and somebody comes out telling us that she does not like a certain product because we do not produce it in colors. Then, if we do not understand, we call on the national GAS's network and through surveys we understand what they want [...] we have many communication systems to do it." (Monica Di Sisto)*

*"It was exactly learning by doing. [...] I believe it was a strength, because one of the pivotal elements of MadeInNo was the transparency and the truth, not the perfection. Therefore, our system is to always say the truth to consumers regarding where we arrived in our program, also to allow more subjects to participate according to their possibilities. This is because having variable geometries, concentric circles, actually allows enrichment and opportunities that we would never have if we wanted to harness everything, like "you are either in or out"" (Deborah Lucchetti)*

As a result of this argument, it is clear that the economic dimension also has a role in defining the boundaries of the collective. Luigi Eusebi expresses this point in a very clear manner:

*"During the incubation period at the beginning of the project, many organizations approached us, coming both from profit and nonprofit sectors. All these realities were intrigued and were reflected in the values and basic principles. Most of these abandoned the project because the volume of production could not satisfy economically too many subjects. Moreover, many abandoned because they were not willing to develop new product lines. The sharing of the project and the design of products is complicated and frightens*



*many. It brings a great value to the project because the customer feels part of a bigger ideal project.” (Luigi Eusebi)*

To create a project such as MadeInNo, liquidity is crucial. Considering the general crisis of the Italian textile industry, the credit crunch and the general decline in consumption, it was necessary to find additional forms of financing. The involvement of consumers (through the GAS's) in the process of product development is based on a strong bond and the deep consumers' identification with the project due to the shared ethical values and the high customization of the products. This close relationship between consumers and the rest of the collective allowed the pre-financing of the first line of the project. The GAS's financed the purchase of raw materials and the startup of the production paying in advance 50% of the value of the line. The rest of the amount was paid at the delivery of the products. The financing plays a double role: on the one hand it is the tool through which economic value is unlocked in the process. On the other hand, it allows the distribution of wealth within the collective.

*“At various meetings we discussed what are the areas in which [we could] to import the model of GAS's. The textile industry is an important sector and we focused on that. We have connected several GAS's and altogether we decided to invest in a new line of organic bedding. We started the first line of production as a small group with a deep effort. We financed the first prototype only. Then we later involved other GAS's and it was easier to financing the initial phases of the production”. (Laura Fontana)*

*“Then there is all the private funding thing, that is the GAS's pre-order that we needed in order to avoid banks. It was important for the start-up and we needed it for Bruzzese's conversion [...] we used it to pre-finance the raw materials and part of the machinery that needed to be adapted”. (Monica Di Sisto)*

The entire community of actors took advantage from the pre-financing of the project. As a matter of fact, a part of the collective financed the entire collectivity. In this sense the economic benefits are fully shared inside the community regardless of who is the founder and who takes benefits from it. This is in line with Montgomery et al. (2012), who state that the collective social entrepreneurship model requires a collaborative action to be implemented in terms of resources acquisition, support to the collective, financial assistance and knowledge mobilization (p. 377). The reach of the financing, intended as the reach of financial resources that can be mobilized, can thus be used to draw the boundaries of the collective.

## **CONCLUSION**

Our research question relates to the adoption of a higher level of analysis that can potentially expand the set of instances considered within the scope of social entrepreneurship research.

First, our study unveils that the collective creating a social impact might be composed by subjects that are not social enterprises (Fiorentini, 2010). That is, the collective as a whole might act as a social

enterprise (when considering the aggregated results of its action) even though all its components are not individually acting as social enterprises. In particular, the collective's social impact can be actually akin to that of a social enterprise. This means that using a collective point of view can allow us to detect cases of social entrepreneurial action that could be missed when focusing on the single actors. Furthermore, as social entrepreneurial action takes place only at the collective level, it means that all actors have the same importance in the social entrepreneurial action. If one of them leaves, whether it is profit or non-profit organization, the collective might lose the ability to act as a social enterprise.

The second contribution advances the research on collective social entrepreneurship as suggested by Montgomery et al. (2012) looking at the dynamics of the relations between the different subjects involved in the collective social enterprise. The evidences that we found in the case study shows that a collective model of social entrepreneurship is based on a series of "flows" that are generated at the collective level, and have a meaning only at that level. In particular, we found two relational mechanisms that explain how ethical principles and economic value unfold spanning all the actors of the collective, and cannot be reduced to one main actor. Future research is needed to understand how these mechanisms can change during time and how the effect of the dynamic relations (Montgomery et al., 2012) can influence their evolution.

A third contribution lies in the discussion of the boundaries of the collective social enterprise. The identification of the two mechanisms, seen above, helps to discriminate what and who should be considered part of the collective or not. Our study suggests that is important to open a new discussion and a new way to look at social entrepreneurship, adopting a higher level of analysis that considers different actors as a whole, united by the two mechanisms emerging from the case study. This new point of view invites researchers to take a perspective more inclined to look at the processes behind the mix of economic and social aspects of firms' joint activities rather than at the legal form they may take individually.

In addition to these theoretical findings, the results of our study have also practical implications. The notion of a collective social entrepreneurship model opens new frontiers for practitioners to rethink business models and strategic alliances between profit and nonprofit organizations. According to our findings, if managers create ties between their organizations and other partners having in mind the mechanisms we suggested, it is possible to imagine business models that are larger than single firms and have a wider reach both in economic and in social terms. Policy makers interested in promoting organizations that have a positive social impact and are economically sustainable should take a closer look to collective phenomena defined on the basis of the mechanisms we identified: these mechanisms make visible what is usually not, but has the potential to be very interesting in terms of the mix between economic and social elements it is made of.

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Table 1: Characteristics of the interviewees

Name	Role MadeInNo	in Organization Characteristics	Role	Duration of the Interview (minutes)
Gianluca Bruzzese	Founder of Sartoria Bruzzese	Firm - Specialized in clothes for adults	Entrepreneur	75
Fabrizio Miaton	New Partner Emme3	Firm – specialized in clothes for children	Entrepreneur	45
Deborah Lucchetti	Co-founder FairCoop	No-profit organization specialized in fair trade	President	81
Monica Di Sisto	Co-founder FairCoop	–specialized in fair trade	Vice President	105
Luigi Eusebi	Consultant	Private Consultant	International Broker	73
Laura Fontana	Supportive Buy Group (GAS)	Ethical Purchasing Group	Customer (GAS leader)	66
Paola Letardi	Supportive Buy Group (GAS)	Ethical Purchasing Group	Customer (GAS leader)	68
Silvia Serventi	Supportive Buy Group (GAS)	Ethical Purchasing Group	Customer (GAS leader)	66