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## **Developmental Paper: Compassionate Entrepreneurship: what is new, what is different and why it matters?**

### **Summary (150 words)**

In our response to grand challenges of our times, particularly those posed by emergencies, entrepreneurial approaches are seen as a critical component, which is broadly discussed within the research stream on compassionate entrepreneurship. Our literature review is aimed at exploring the emerging concept of compassionate entrepreneurship in greater detail to solidify its underlying dimensions and establish it as a sub-field within entrepreneurship. This development paper is the first step in this regard, where we identify couple of emerging research streams, use the Antecedents-Decisions-Outcomes (ADO) framework to summarize a sample of key articles on this topic and outline couple of key areas for future research.

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## **Introduction**

In our response to grand challenges of our times, particularly those posed by emergencies, entrepreneurial approaches are seen as a central piece as evidenced by an emerging research stream discussing entrepreneurial responses to aspects such as climate-related incidents including earthquakes and tsunamis (Williams and Shepherd 2016a), forest fires (Williams and Shepherd, 2016b), and COVID-19 (Shepherd, 2020; Sahasranamam, 2021). This emerging research stream is commonly referred to as compassionate entrepreneurship. Compassion refers to a process of awareness, notice and taking action to alleviate others' suffering (Dutton et al., 2006), and the compassion-based organizing theory highlights “how the social architecture of an organization interacts with agency and emergent features to affect the extraction, generation, coordination, and calibration of resources” (Dutton et al., 2006, p. 59). In other words, it relates to the action and notice regarding the organizational activities that respond to the suffering of both organizational members (Kanov et al., 2017) and non-organizational members (William and Shepherd, 2018). Our literature review is aimed at exploring the emerging concept of compassionate entrepreneurship in greater detail to solidify its underlying dimensions and establish it as a sub-field within entrepreneurship (Post et al., 2020). This development paper is the first step in this regard, where we identify couple of emerging research streams, use the Antecedents-Decisions-Outcomes (ADO) framework (e.g., Paul and Criado, 2020), to summarize a sample of key articles on this topic and outline couple of key areas for future research. This, we argue, holds promise for potentially identifying solutions to grand challenges of emergencies through engaged scholarship.

## **Reviewing the relevant literature**

We carried out a systematic literature review process to identify the relevant research articles. We used keywords such as “entrepreneur\*”, “innovation”, alongside terms like “emergency”, “disaster” and “calamity” using Web of Science database to identify the articles. We limit ourselves to double-blind reviewed articles published in top journals as they are likely to have the highest impact on the field (Keupp et al., 2012; Chatterjee & Sahasranamam, 2018). We use the journals which were ranked 3 or above in Association of Business Schools (ABS) journal ratings 2018 under general management, entrepreneurship, and innovation categories. Multiple coders closely read the articles identified through this search to narrow down the relevant articles for the review to 22 articles. We have carried out textual analysis on this paper to identify key research themes and to summarize the literature using the ADO framework (see Table 1). Considering the development nature of the paper and limitations of space for this submission, we restrict our discussion to couple of key research streams within the literature.

Evidence suggests that crises are embroidered with obscure opportunity and that by solving complex challenges through innovative solutions, entrepreneurship has both the capacity and capability to bridge these gaps. Moreover, in some scenarios, entrepreneurship acts as both the cause of issues and potential cure e.g. under disruptive circumstances (Schumpeter, 1934). Severe global challenges can be framed within the Global Sustainable Development Goals (SDGs) (Shepherd and Patzelt, 2011), aspiring to the eradication of related issues and challenges by 2030. In the vein of engaged scholarship, we are looking to take a step forward in terms of moving beyond reviewing challenges and responses, into proposing new lenses in terms of looking into

them, which can hopefully lead towards actionable strategies for impact. In reviewing the literature, we observe emerging streams, for this paper we are highlighting two recurrent streams emerging:

#### Stream one - compassionate organizing:

Social entrepreneurs and non-governmental organizations play a fundamental role in disaster response in support of the public institutions in the humanitarian emergency affected regions (Chamlee-Wright and Storr, 2011). During the process of venture creation (Williams and Shepherd, 2016b), Community Based Organizations (CBOs) leverage in-depth knowledge about the local terrain and synergies that are created by several individual social entrepreneurs uniting to work together for a common cause or desired outcome by pulling resources together for the common good (Williams, 2014). This stream has been exemplified via the work of Brink (2015), Pirson (2018), Williams and Shepherd (2014, 2016, 2018), and Dutton et al (2006). Brink's (2015) study outlined ways in which passion and compassion relates to business growth through 'own-profitability and interest' vs. 'other-profitability and interest' (Brink 2015, p42). Dutton et al (2006)'s case study analyses how students that were affected by a fire incident explores how the organizing capability of an organizational entity provides compassionate support for its members. Pirson (2018)'s work reflects on the boundaries of compassion organizing and by placing the focus on the individual, through the support of the 'agentic' direction of looking at individual mindset and disposition, which shifts the focus from the organization to the individual, a more apt angle for entrepreneurial discourse. Williams and Shepherd (2014; 2016; 2018), explored the notion of entrepreneurial venturing and compassion organizing as a method to alleviate people suffering caused due to Australia's catastrophic natural disaster, the 2009 Black Saturday Bushfire. Chandra and Paras (2020) defined "post-disaster social entrepreneurship" –as exemplifying the role that the victim taking action in redeveloping local economies and rebuilding local infrastructure. In this regard, the social entrepreneurs' actions were driven by compassion since the beginning of enterprises emerged and drive the social enterprises' founders created opportunities for disaster recovery over time.

#### Stream two - Resource access for compassionate entrepreneurship

Rawhouser et al., (2017)'s study builds upon the argument of external resource access as a driver of entrepreneurship, and highlights ways in which narratives are built in term of different organizational forms, which include associations which are affiliations or alliances or networks, and lastly intangibles. Even more relevant, the role of technology as a catalyst for accurate resource allocation cannot be ignored, especially given the circumstances. Chandy et al. (2017) documents "Contact tracing" as an important mechanism that aided effective resource allocation as deployed during the 2010 Haiti Earthquake which led to massive internal displacement.

Numerous motivational factors push entrepreneurs to play a vital role in solving societal problems including courage, determination and commitment to bring to life an idea during critically challenging times: a role which is often played by social entrepreneurs (William and Shepherd, 2016a; William and Shepherd, 2016b). Apparently, entrepreneurial resilience is an integral part of crisis management. Through this lens research has documented how startups brace for the challenges that they face during the implementation stage, and how existing businesses apportion resources and incorporate endurance when abrupt events or periods of prolonged uncertainty disrupt the business, local community or global society (Williams and Shepherd, 2016a).

Moreover, in many cases it is not known how long the crisis may last or the magnitude of its effect on the population. Resilience research has also been used to narrate entrepreneurs' characteristics whether in-born, gained from specific environments, learned through experience or even taught through various formal and informal programs (Shepherd, Williams and Patzelt, 2015).

Additionally, bricolage (Lina, 2012) is an approach used by entrepreneurs to persevere during times of adversity by utilizing whatever resources at hand; causation and effectuation (Saravathy, 2001) are two other recent theories that occur in opposite sequence and procedure based on causal and effectual logic, by which entrepreneurs use the resources at hand to persevere during times of adversity (Fisher, 2012; Kwong *et al.*, 2019; Nelson and Lima, 2020). Building upon opportunity versus necessity research in entrepreneurship, see for example (Sahasranamam and Sud, 2016; De Silva *et al.*, 2019), the theories explain how for instance entrepreneurs help communities by reorganizing and reallocating scarce resources upon displacement or relocation to new areas in order to meet specific critical needs such as food, medicines and other eminent health care products such as toothpaste, and last (but not least) shelter.

Concept insights from reviewing the relevant literature - towards a compassionate entrepreneurship typology – Table 1:

Literature		Dimensions				
	Paper	Antecedents	Decisions	Outcomes	Environmental conditions	Indicative literature stream
1.	Shepherd and Williams (2014)	Aftermath of a natural disaster, the Black Saturday in Australia.	The ventures were created in immediate aftermath of the Black Saturday bushfires to alleviate victim suffering.	Communities were reconstructed and many new ventures perform “a community healer role” - connect with the victims, identify needs, and deliver solutions to alleviate victims suffering.	The established organizations are unable to meet all the victims’ critical needs. There was personal injury, lost property, lost access to food and water, lost employment, destroyed communication, and damaged community infrastructure.	Local venturing; Compassion organizing; Resourcefulness; Social capital.
2.	Williams and Shepherd (2018)	Australian Black Saturday bushfire natural disaster (Feb - Mar 2009).	The compassion ventures leverage social network to alleviate others’ suffering from an adverse event. (the relationships are used to identify and mobilize resources to influence the magnitude, speed, and customization of the response.	Social networks enable firms to draw upon connections to others and social relationships can spread news and encourage action, facilitate resources and create new venture respond to the suffering.	Resources are lost, difficult align the outside resource with the needs of inside the disaster area, lack of communication,	Social Capital; Compassion Organizing
3.	Chandra and Paras (2020)	The natural disaster Super-typhoon Haiyan, the most devastating tsunami that struck the Philippines in 2013.	Individuals start the enterprises in order to help the victims while most physical and economic infrastructure have disappeared. The eight social enterprises emerged in response/ and aftermath of Haiyan disaster provided relief and recovery effort to victims and continue creating public benefits in years after the disaster.	The emerged social enterprises provide relief and recovery effort to victims by employing the victims of the disasters, providing alternative housing creating capacity for victims to organize, selling their produce via cooperatives, and helping victim in the farming activities. in the aftermath, people found partnerships to collaborate and influence on opportunity creation to facilitate resources among them.	Weak state capacity in dealing with disasters and there were the difficulties in coordinating voluntarily sector. (i.e., people who want to help the victim do not know how to do; people did not trust the government)	PDSE (Post-Disaster Social Entrepreneurship); Compassion organizing; The effectuation theory.
4.	Williams and Shepherd (2016)	Black Saturday bushfire natural disaster in Australia during Feb 2009	Many ventures emerged as an immediate result of the disaster with the purpose of alleviating victim suffering.	N/A	Personal injury; loss of property, shelter, food, and water; Loss of jobs; Damage of community infrastructure	Organizational emergence; Venture creation; Conservation of resources; Resilience’ Resourceful response to adversity; Compassion
5.	Muñoz et al. (2019)	Calbuco Volcano eruptions in Chile in 2015 and 2016	With the expected absence of appropriate institutional mechanisms to support the entrepreneurial response, individuals recognized that the recovery of the place fundamentally depends on their own ‘practices of neighboring’ which formed the basis of the resourcefulness from them to take an entrepreneurial action.	Local entrepreneurs developed a notable type of entrepreneurial preparedness tailored to the specific disaster situation. This brings into consideration aspects of the natural environment in understanding the entrepreneur’s previous experience as they look backwards and inwards. In addition, it emphasizes how, after recently experiencing a natural disaster, preparedness becomes reinforced. The disaster acted as a critical junction in the entrepreneurs entrepreneurial and personal journeys, allowing them to reflect upon new paths and a fresh start for the business and themselves. They considered the physical damage to their business premises/locations as an opportunity for a clean break from which they can conceive of new ways of operating.	Houses were severely damaged and destroyed and a total of 970 families were direct victims of the eruption. Over 100 tourism-related and over 100 other small businesses were destroyed or affected in a variety of ways.	Resilience; Entrepreneurial learning; Entrepreneurial preparedness
6.	Farny, Kibler and Down, (2019)	Haiti suffered an earthquake on 12 of January 2010- an earthquake that exposed the inefficiencies of the Haitian public institutions in managing the affairs of her populace.	US based entrepreneurs of Haitian extraction decided to return home with their acquired education, income and social influence to provide support for their community.	An organization- ‘ <i>Sonje Ayiti</i> ’ was formed as a framework for mobilizing collective efforts in resolving socio-economic problems affecting the populace, including the 2010 earthquake.	The public institution failed in providing the required institutional support due to the failing system. The populace lost confidence in the public institutions.	Compassionate organizing; Social capital; Institutional void

7.	Dutton, Worline, Frost and Lilius, (2006).	15 February 2000-A fire incident occurred at a building that accommodated many students among which include 3 MBA students at the Big Ten University Business School (BTUBS). The students incurred major losses of the property in the fire incident.	The University and her community applied the support systems existing within the institution to provide support for the affected students in various ways-financial, shelter, books, emotional.	Through the decision process, monies were made available for immediate purchases for the affected students. Student groups were also handy to support with duplication and photocopies of course materials, accommodation was provided.	Structuration and situatedness-a process of utilizing the existing organization structure and frameworks (perceived as functional i.e. working) for compassionate organizing.	
8.	Brink (2018)	A network of Danish food processing firms was articulating how engaging in compassionate activities towards their employees would increase their individual firm growth and productivity.	Decisions include to supervise staff performance, detailed instruction materials for staff, supervise manufacturing process and product quality, facilitate production and communication process through IT developments.	Increased innovation and business growth through passion and compassionate activities aimed at increased economic drive as the bane of contemporary entrepreneurial activities.	The environmental represented in the study was that of contemporary business activities driven by profit maximization.	

**Adapted from:** Paul, J. and Criado, A. R. (2020): ‘The art of writing literature review: What do we know and what do we need to know?’. *International Business Review*, 29(4), 101717.

### Discussion and concluding remarks

Periods of major pandemics as recently witnessed in the case of COVID-19 at the global level are quite unprecedented, in such a way that it leaves the political leaders, businesses and other several aspects of the society with a substantial number of decisions to make within a truly short timeframe. Meanwhile, research indicates that several businesses and entrepreneurs have developed approaches during such unprecedented situations in order to tackle adverse effects of such disturbing occurrences.

From the literature reviewed, multiple key gaps are identified. There is need for research to ascertain the critical factors which motivate entrepreneurs’ decisions to engage in compassionate entrepreneurial ventures. Secondly, there is need for greater research in this area that uses Global South context and develop contextualized theory. This is an opportune time to establish new data on compassionate entrepreneurship as well as build upon literature that explains what factors motivate entrepreneurs to start emergent entities to provide immediate solutions to local communities during challenging times. We therefore, propose that further research can be done to examine and document the motivational drivers and experience of various Community Based Organisations (CBOs) during the crisis. CBOs will provide unique insight given the sensitive yet critical nature of the services that they offer both as the drivers and at the same time beneficiaries of entrepreneurial organization.

Some of the questions that might be considered include: what factors and conditions influence an entrepreneur’s decision to engage in significantly challenging entrepreneurial activities during crises? How best can the entrepreneurial process of ideation and design or exploration as well as implementation or exploitation of services meet sensitive critical life saving needs during crises? To ensure sustainability how can this experience and activity be leveraged for further growth of the budding organisation beyond the crisis period? The current times provide a unique opportunity for researchers to engage in theory development by incorporating a wide range of practical and theoretical scenarios (Shepherd et al., 2019) based on current realities that are weaved together by the common thread of the crisis. We hope that our perspective will contribute to entrepreneurship theory and may also be used to further crisis management policy in countries facing similar challenges.

### Future development plan for the paper

We have so far summarized the literature on this topic using the ADO framework, identified emerging research streams and outlined couple of future research areas. Our next step will be to develop a typology to uniquely position compassionate entrepreneurship as a sub-field within the broader entrepreneurship literature, following Post et al. (2020) suggestion of using literature review for exposing emerging perspectives. We will also develop an elaborate agenda for future research on this research area.

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