Ethical Complexity of Social Change: Negotiated Actions of a Social Enterprise

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Abstract

This paper investigates how social enterprises navigate through the ethical complexity of social change and extends the ethical quandaries faced by social enterprises (SEs) beyond organisational boundaries. Building on the emerging literature on the ethics of SEs, I conceptualise ethics as an engagement with power relations. I develop theoretical arguments to understand the interaction between ethical predispositions of a SE and the normative structure of the social system in which it operates. I applied this conceptualisation in a hierarchical and heterogeneous rural Indian context to provide insights into the moral ambiguity of ethical decision-making and suggest pathways for ethical actions. Taking a qualitative case study approach, I followed an exemplary SE’s implementation process in India. I observed ethical challenges in designing the implementation process (efficiency versus equality), selecting the beneficiaries (fairness versus power) and sustaining the programme (cooperation versus autonomy). I also identified three actions of the SE—the action of recognition, the action of reposition and the action of collaboration—and developed a transformative process model. I discuss the theoretical implications of this research for SEs and recommend a critical engagement with ethical theories to address systemic problems.

Keywords Ethical complexity · Practice based approach · Principle based approach

Introduction

The sustainable development goals (SDGs) (2015–2030) aim to build inclusive, sustainable and equitable societies and provide a normative framework for ethical action (Keitsch, 2018; Vasconcellos Oliveira, 2018; Voegtlin & Scherer, 2017). However, social inequalities and structural injustices persist (Alamgir & Cairns, 2015; Qureshi et al., 2018) and millions of poor people still live in poverty without access to basic resources (Hota et al., 2019; Shalini et al., 2021; World Bank, 2018). The situation is specifically acute in South Asia, where, despite remarkable economic growth in the past decade, the region performs poorly in most of the SDGs indicators (Asian Development Bank, 2017). Particularly in India, the largest and most diverse economy in South Asia, the benefits of economic growth in the last two decades have primarily accrued to the upper echelon of the society, resulting in a “sharp increase in wealth concentration from 1991 to 2012” (Chancel & Piketty, 2019, p. 28). These wealth inequalities mirror caste hierarchies, and evidence shows that top 10% upper caste households own 60% wealth (Bharti, 2018) and the members of Scheduled Castes (SCs) and Scheduled Tribes (STs) are more likely to experience downward mobility and fall into poverty (Dang & Lanjouw, 2018).

The pervasiveness of social hierarchies and rising inequalities are critical societal challenges that confront the ethical boundaries of organisational practices (Alakavuklar & Alamgir, 2018; Brenkert, 2019). As ethics is concerned with the parity of participation (Fraser, 2001), which signifies dismantling barriers to participation and transforming unequal social relations, there is an increasing interest in understanding how organisations address the ethical problems of structural inequalities and positively influence society (Alamgir et al., 2019). In this context, social enterprises (SEs)—market-based hybrid organisations with a dual mission of financial sustainability and social value creation (Battilana & Lee, 2014; Parthiban et al., 2021)—are gaining prominence in organisational research (Haugh & Talwar, 2016; Qureshi et al., 2016; Saebi et al., 2019). These organisations are emerging from the growing consensus that traditional...
top–down, charity-based approaches are limited in addressing social issues sustainably (Ansari et al., 2012; Bhatt, 2017; Kistruck et al., 2013a; Sutter et al., 2019). Instead of prioritising profits, SEs aim to balance economic benefits, ecological sustainability and social equity. It has been argued that for-profit organisations, with their exclusive focus on productivity and profit maximisation, are detached from, and at times in conflict with, the norms of ethics (Clarke & Holt, 2010). In contrast, SEs, with their transformative social agenda, are characterised as “ethical variants of entrepreneurial activity” (Haugh & Talwar, 2016, p. 643).

Emerging literature suggests that SEs initiate social change by addressing resource constraints (Bhatt et al., 2019; Hota et al., 2019; Parthiban et al., 2020), challenging discriminatory social practices (Haugh & Talwar, 2016; Mair et al., 2012; Qureshi et al., 2018) and transforming unjust economic systems (Bhatt, 2017; Dolan & Rajak, 2016; Peredo & Chrisman, 2006). However, less attention has been paid to the ethical challenges faced by SEs when they initiate the process of social change. Social change is a value-driven process, and substantial ethical questions arise regarding what principles should guide social change and how societal reform should unfold (Chell et al., 2016; Sutter et al., 2019). Specifically, in the context of SEs in which “the tradeoffs and competing claims to resources and outcomes” (Newbert, 2018, p. 518) are high, the underlying question is, what ethical criteria should an organisation adopt as guidelines?

In organisation research, the normative foundation of ethical decision-making is framed by two approaches to ethics: a principle-based approach and a practice-based approach (Clegg et al., 2007; Dey & Steyaert, 2016; Reinecke & Ansari, 2015; Weiskopf & Willmott, 2013). The dominant principle-based approach provides rational, objective and universal ethical decision-making principles (Reinecke & Ansari, 2015), and includes efficiency (ethics as utility maximisation), equality (ethics as a duty) and fairness (ethics as fairness). However, as highlighted by a practice-based approach, ethical decision-making is context-dependent and cannot be rationally determined (Clegg et al., 2007). Instead, it underscores the role of social structure, historical baggage and political standing in making ethical decisions, and argues that practical choices cannot be confined to or limited by a system of universal rules (Kessels & Korthagen, 1996; cf. Emirbayer & Mische, 1998).

Building on insights gained from these two approaches to ethics, I argue that SEs are confronted with ethical complexity when implementing their social change agenda. This ethical complexity arises from contradictory moral systems about right and wrong (Collins & Whitaker, 2009; Reinecke & Ansari, 2015). While the objective standards of judgements provide clarity and certainty in ethical decision-making, they are often in conflict with the values and norms embedded in the heterogeneous and hierarchical social context (Young, 1990). In many societies, a majority of people, either intentionally or unintentionally, accept hierarchy and inequality, which imposes a limit on rationality as a source of ethical decision (Dusche, 2014; Guru, 2016). Thus, while the social change agenda of SEs is usually based on some predefined ethical values, it is implemented under unclear situations against potentially conflicting standards (Chell et al., 2016; Clegg et al., 2007). Understanding the actions of SEs in these situations can provide insights into how they navigate the tension arising from conflicting normative values. Accordingly, in this research, I explored how organisations navigate through ethical complexity and implement their social change agenda. Concurrently, by extending the ethical quandaries of SEs beyond the organisational boundaries, I also examined how SEs create social change in communities.

To address this research question, I conducted an inductive case study (Eisenhardt & Graebner, 2007) of Gamma, an exemplary SE in India that aims to create sustainable livelihoods for rural communities. The case study was purposefully selected to explore the research question in depth (Yin, 2003), as Gamma espoused commitment to improving the lives of rural communities and bringing social change. Data were collected through multiple sources (i.e., interviews, observations and annual reports) for 21 months through multiple visits. This research revealed the three ethical dilemmas faced by Gamma: equality versus efficiency, fairness versus power and cooperation versus autonomy. The organisation relied on the action of recognition (identifying the pattern of domination and deprivation); the action of reposition (developing inclusive narratives) and the action of collaboration (building alliances) to address these ethical complexities.

This paper makes three theoretical contributions to the literature. First, it extends the emerging research into ethical considerations in SEs (Chell et al., 2016; de Avillez et al., 2020; Dey & Steyaert, 2016) by developing a transformative process model that includes three actions of SEs (i.e., recognition, reposition and collaboration) to navigate ethical challenges. As ethics necessarily means an engagement with power relations and subsequently changing those power relations (Brenkert, 2019; Dey & Steyaert, 2016), the proposed process model suggests that SEs need to adopt a more comprehensive approach when implementing their programme in a hierarchical context (Qureshi et al., 2018).

Second, the Indian context used in this research provides a unique setting to understand the ethical inertia that results from the internalisation of discriminatory norms and regenerate normative framework of compliance (Alakavuklar & Alamgir, 2018; Dusche, 2014; Schaffer & Smith, 2004). In such a context, any attempt towards positive social change is rejected not only by people in powerful positions but also by people marginalised by the social system (Mair et al., 2012).
Recognising this ethical complexity of social change is necessary for the organisation to address societal challenges. Finally, the transformative process model proposed in this research also suggests the constitutive elements of an ethical organisation and provide practical insights on how organisations can re-examine their role in producing and perpetuating social inequalities and systemic injustices (Bapuji et al., 2020a; Logan, 2019).

**Ethical Challenges in Social Enterprises**

SEs are considered an ethical alternative to commercial organisations (Newbert, 2018; Santos, 2012). A key point of contention in conceptualising ethical organisation is “whether ethics and organizational practice are aligned in the pursuit of business goals such as profitability, competitive advantage” (Clegg et al., 2007, p. 109). While one stream of research, arguably inspired by Adam Smith, views a pursuit of self-interest and profit-making compatible with an improvement in social welfare (Newbert, 2018), others find it a source of extreme rises in social and economic inequalities (Ghoshal, 2005; Marens, 2007). By design, SEs are expected to combine best social practices (i.e., care and compassion) with the best business practices (i.e., efficiency and scale) (Kistruck et al., 2013a; Qureshi et al., 2016). In this context, some scholars argue that SEs represent “more ethical and socially inclusive capitalism” (Dacin et al., 2011, p. 3). While the link between SEs and ethics seems self-evident (i.e., assumption that social hence ethical), empirical evidence on how actors pursue their social mission when there are different ethical approaches to guide their actions is lacking (Chell et al., 2016; Risi, 2020). As a result, ethics in social entrepreneurship research remain ambiguous and unspecified.

The research into ethical issues in SEs is at a nascent stage (Cater et al., 2017; Chell et al., 2016; Gupta et al., 2020). In the extant research, the ethicality of SEs is implicitly understood through their capacity to pursue and balance two competitive objectives—business and social objective—in their programmes (André & Pache, 2016; Bacq et al., 2016). Mostly confining ethics to an internal organisational issue (cf. Dey & Steyaert, 2016), this research has explored various strategies to manage the tensions arising from two conflicting logics (Battilana & Lee, 2014). However, this earlier work was silent on the ethical implications inherent in pursuing these dual objectives (Demers & Gond, 2020) and assumed that ethics is taken care of as long as actors can manage internal tensions resulting from hybridity (Cater et al., 2017; Chell et al., 2016; Demers & Gond, 2020; Risi, 2020).

Moreover, restricting ethical quandaries within organisational activities limits the scope of ethical challenges faced by SEs in their overall engagements with the ‘beneficiaries’. Within-organisation focus constrains scholars from capturing the complexity and moral order of social life (Clegg et al., 2007). In a broader sense, ethics is concerned with the parity of participation (Fraser, 2001); therefore, the ethicality of SEs needs to be understood in terms of dismantling barriers to participation and transforming unequal social relations (cf. Dey & Steyaert, 2016). As addressing societal challenges through transforming the social system is at the core of SEs (Haugh & Talwar, 2016; Qureshi et al., 2018; Stephan et al., 2016), the everyday life of social entrepreneurs is expected to be replete with ethical quandaries (Zahra et al., 2009). The emerging research into hybrid organisations calls explicit attention to understand how societal moral orders interact with actors’ daily practices (Demers & Gond, 2020). Therefore, extending the ethical scope of SEs beyond organisational boundaries can help understand how SEs change (or not) the social system that perpetuates social problems. Such an understanding is also critical for assessing the progress made by SEs on their mission of addressing societal challenges.

**Complexity of Social Change and Ethics**

Creating positive social change is at the core of many SEs’ missions. As change agents, SEs are seen as challenging existing structures, rather than adapting to them, and aim to “create sustainable social transformation by mobilising ideas, capacities, resources, and social agreements in different social structures” (Alvord et al., 2004, p. 262). However, social change is a complex concept and is grounded in the removal of constraints that prevent or hinder progress (Haugh & Talwar, 2016). It is also a value-driven process, as substantial ethical questions arise regarding what principles should guide social change and how societal reform should unfold (Sutter et al., 2019). Therefore, a fundamental challenge for organisations seeking social change is coping with ethical complexity (Reinecke & Ansari, 2015), which arises when there are no universal principles to guide moral behaviour (Gehman et al., 2013). Given the “tradeoffs and competing claims to resources and outcomes” (Newbert, 2018, p. 518), the social change agenda of SE raises a key question: What ethical criterion should an SE adopt as a guideline to implement their programme? In organisation research, the normative foundation of ethical decision-making is framed by two approaches to ethics: a principle-based approach and a practice-based approach (Clegg et al., 2007; Dey & Steyaert, 2016; Reinecke & Ansari, 2015; Weiskopf & Willmott, 2013).
Principle-Based Approach to Ethics

A principle-based approach to ethics provides rational, objective and universal ethical decision-making principles (Reinecke & Ansari, 2015). It holds that objective standards for right or wrong actions can be determined independently of social or personal values or opinions (Melé & Sánchez-Runde, 2013). The three commonly used principles to guide ethics within this approach are ethics as utility maximisation, ethics as a duty and ethics as fairness. Ethics as utility maximisation assesses the ethicality of actions by the overall value of its consequences instead of its intrinsic nature. It proposes that actions are ethical if social arrangements generate the greatest good for the greatest number (Gewirth, 1988). Applying this maxim to ethical decision-making would suggest that organisations should advance the overall welfare of the communities. As utilitarianism views the welfare of society equivalent to the sum of the individual welfare of each of its members, it rewards efficiency and merit in social action (Newbert, 2018). However, such a focus may violate the value of equality and standards of justice because it ignores the relative differences in utilities among individuals (Sen, 1999).

Contrary to ethics as utility maximisation, ethics as duty propose that action is ethical if social arrangements are based on the equal dignity and respect of all human beings (Pirson et al., 2016). The core of this proposition is founded on the categorical principle that humans are moral, rational actors, and that reason (as opposed to sentiments) is the source of ethical decision-making (Bayesky, 2013; Bowie, 1998). While ethics as duty provides an objective process to assess social arrangements for social organisation, it presupposes the equality and autonomy of individuals in decision-making (Dusche, 2014; Gewirth, 1988). Subsequently, it determines that no individual should be subjected to a normative order to which they could not have given their assent (Bayesky, 2013).

The proponents of ethics as fairness are concerned with how the costs and benefits of a social arrangement should be distributed among society members (Miller, 1999). According to ethics as fairness, social arrangements should be based on equal opportunity (Marens, 2007). It proposes that social and economic inequalities are only acceptable if they work to benefit the least advantaged section of the communities (Rawls, 2009). Ethics as fairness has been an evaluative framework for the policy and practices of organisations. However, as Reinecke and Ansari (2015) noted, the meaning of fairness can be a point of contestation among different stakeholders, and the path to designing a fair social arrangement is fraught with negotiations and compromises. These contestations become salient in the communities that are heterogeneous and hierarchical as negotiations and compromises become a tedious process (Young, 1990). This critique draws attention to the limitation of universal moral norms espoused by the principle-based approach and highlights the context-dependent nature of ethical decision-making, as claimed by a practice-based approach.

Practice-Based Approach to Ethics

A practice-based approach provides a critical framework to assess the principle-based approach to ethics. While principle-based approaches to ethics provide clarity and certainty in ethical decision-making, it overlooks the social context in which individuals enact their actions (Clegg et al., 2007). Accordingly, ethics as a practice is grounded in the “daily experiences and moral problems of real people in their everyday life” (Tronto, 1993, p. 79) and cannot be generalised beyond the particularity of the situation (Clegg et al., 2007). Further, understanding ethics as situated and contextual in nature brings attention to the power relations that play a critical role in establishing and supporting that moral orders that impede ethics (Weiskopf & Willmott, 2013). As such, the universal, objective principles ascribed by the principle-based approach conflict with hierarchal and heterogeneous social norms (Young, 1990). Particularly, an emphasis on the use of objective standards of judgements, based on impartial consideration of situations, can mask underlying power relations. In situations when an action is only deemed ethical when it produces the greatest good for the majority or benefits everyone equally, including the already privileged, systemic inequalities persist or exacerbate. These insights gained from these two approaches to ethics have significant implications for understanding the process of social change implemented by the SEs.

Social Enterprises and Social Change: Ethical Inertia and Limitation of Universal Rules

Organisations engaged in social change often conceptualise their vision and mission around the ethical values proposed by the principle-based approach (Brenkert, 2019). For example, many organisations use efficiency (Hermes et al., 2011; Kistruck et al., 2013b), equality (Qureshi et al., 2018) and fairness (Hudon & Ashta, 2013) as a normative framework for their social change programme. However, as noted above, these ethical principles presuppose equality and reciprocity as a minimum precondition for action. For example, the counterfactual thought experiment (i.e., the veil of ignorance) used by Rawls (2009) to design the principles of justice invites rational individuals to be indifferent towards their social status, historical baggage and economic position and accept reciprocity and equality as a minimal condition for justice (Dusche, 2014). However, in hierarchical and heterogeneous societies, these minimal preconditions do not exist (Bapuji & Chrispal, 2020).
In many societies, most people accept hierarchy and inequality as social order principles, which imposes a limit on rationality as a source of ethical decision (Guru, 2016). It is not clear how actors manage the contradictions that arise from conflicting moral systems or varied understandings of what is considered right and wrong in such a normative context. Often, perception of right and wrong is not a result of a rational process but of sentiments, emotions and habits. Our ethical dispositions are shaped by the norms that have been internalised through the processes of imitation, repetitions of social practices and participation in social relations (Young, 1990). These original socialisation experiences, once internalised, are then generated and reflected in perceptions, expectations and practices. This perspective suggests that ethical dispositions result from neither utility maximisation nor well-established rules (fairness, dignity) but a predominantly subconscious internalisation. On this basis, then, arguably being a moral person would mean sustaining the status quo and well-established norms in society (Alakavuklar & Alamgir, 2018; Schaffer & Smith, 2004). Schaffer and Smith (2004) called this ethical inertia, which locks individuals into social relations and expects them to adjust themselves to the existing societal structure.

Organisations working to address social problems are often confronted with a social order that reinforces the normative ethics of compliance and regenerates associated oppressive mechanisms (Alakavuklar & Alamgir, 2018). In that sense, it is difficult to separate ethical conduct from individuals’ participation in broader power relations (Dey & Steyaert, 2016). While the principle-based approach provides a rational moral criterion (i.e., efficiency, equality and fairness) to judge ethical decisions, it downplays the role of the institutions and societal structure that produce moral dispositions (Brenkert, 2019).

The above discussion shows that the principle-based approach for ethical decision-making faces challenges when applied in a heterogeneous and hierarchical social context, in which the multiplicity of normative systems guides moral conduct resulting in ethical conflict. Thus, while the social change agenda of SEs is usually based on some predefined ethical values, it is implemented under unclear situations against potentially conflicting standards (Clegg et al., 2007). Understanding the actions of SEs in these situations can provide insights into how they navigate the tension arising from conflicting normative values. Accordingly, this research explores how organisations navigate the ethical complexity and implement their agenda of social change.

**Methods**

I used an inductive, single-case research design (Eisenhardt & Graebner, 2007) to explore the ethical complexity of social change. I selected Gamma, an SE operating in rural India, through purposive sampling (Yin, 2003). Gamma is an exemplary case, as the organisation is well known for its work on social change in rural India. The founder of Gamma is an Ashoka Fellow and is known as a ‘change agent’. Inspired by the Gandhian philosophy of self-reliant villages, he launched Gamma in 1997 to create a sustainable livelihood in rural communities, and it is currently engaged in the poorest provinces in India. Gamma is registered as a non-profit consultancy firm, and the primary sources of revenues are fees from consultancy programmes, grants and membership fees. According to the company’s annual report (2008–2009), it is financially sustainable.

Gamma uses a holistic approach to livelihood creation that includes farm-based development, as such providing inputs, knowledge about agriculture practices, establishing market linkages and non-farm activities, such as livestock husbandry and procurement. Additionally, Gamma aims to strengthen local government institutions and implement its programme in collaboration with local government agencies. Gamma’s vision is to create equitable and just societies, and it aspires to work based on the universal value of equality, justice, and dignity. However, Gamma’s values are often in conflict with the values within the communities where Gamma operates.

**Research Context**

This research was conducted in Madhya Pradesh (MP), one of India’s largest and poorest provinces. India, in general, and MP provide a methodologically conservative setting (Winter et al., 2012) for this research because of rigid social structures characterised by social hierarchies and inequalities. Indian society is characterised by a multiplicity of normative systems that tend to conflict with and undercut each other (Guru, 2016). On the one hand, the constitutional legal framework grants equal liberties to all citizens; conversely, there are deeply entrenched hierarchical structures around caste and gender that interact with each other to undermine the legal framework (Pandey, 2010). The official classification defines four categories of social groups loosely based on the caste system: SCs, STs, other backward classes, and others. The origin of these constitutional categories lies in the history of discrimination against the SC and ST groups based on their deemed lower social position in the caste-based hierarchy.

Caste is a system of graded social inequality consisting of four broad Varna categories that are arranged in a rough hierarchy and divides society into four main groups: Brahmins (priests) at the top, followed by Kshatriyas (soldiers) and Vaishyas (traders). These upper castes are followed by Shudras or ‘low castes’. At the bottom of the hierarchy are Dalits, or outcastes, who were considered untouchables (Deshpande, 2001).
In traditional Indian society, the social and economic positions of individuals had been largely shaped by their status in the caste hierarchy, providing social and economic power to some caste over others (Bapuji & Chrispal, 2020; Deshpande, 2001). Indeed, caste had been used to determine the type of jobs one could have and, consequently, the level of wealth and possession that an individual could expect (Beteille, 1992). In this earlier description of the caste system, the principles of purity and impurity guided the division of labour in society. Interactions between different caste members, including bodily contact or food sharing, were strictly prohibited (Dumont, 1980). The caste system's religious or ideological underpinning endorsed some groups with a dominant position and subjected other groups—most notably, the ‘untouchables’—to exploitation and social exclusion (Bapuji & Chrispal, 2020). Although the nature of caste and its influence on society has changed throughout the previous century, due to affirmative action and the market economy, it remains a central cause of inequality in India (Mosse, 2020). For example, Thorat and Sadana (2009), in their research on 550 villages across 11 states in India, showed continuing exclusionary practices against marginalised caste (Dalits). In about 47% of study villages, they found that Dalits were not allowed to sell milk to the village cooperative and private buyers due to restrictions imposed by higher castes. In an empirical analysis of India’s welfare dynamics over a quarter-century, Dang and Lanjouw (2018) found that marginalised castes in rural India usually had inferior resource endowment and faced monetary and social constraints accessing agriculture-related information.

In MP, where my research was conducted, villages are still divided into segregated and caste-homogenous habitations or tolas. The dominant caste is located close to the main resources of the village—the temple, pond and school—and all other tolas are in peripheral positions in decreasing order of status in the caste hierarchy, with the SC communities located farthest from the resources. The SC communities in the region own small land (about two bighas or less than one acre) or are landless. Most of the time, they work either as farm labourers or daily wage workers in nearby towns. While agriculture is still a primary source of livelihood in rural MP, as 80% of the population relies on agriculture for their livelihood, a systemic decline in agriculture investment coupled with the rising cost of inputs has reduced productivity. Consequently, many individuals leave their villages in search of better options. However, evidence shows that while migration of the dominant caste results in greater upward social mobility, for the marginalised group, the discrimination and exploitation results in the continuation of subsistence livelihood and lower-paid jobs (Mosse, 2020; Shah et al., 2018). In this backdrop, many SEs, including Gamma are developing the rural agriculture sector to provide sustainable solutions to the communities.

Data Collection

Data used in this paper are part of a larger research programme, with data collection efforts spanning over multiple years. Data collection was carried out in four stages spread over 21 months for the data used in this project. The multiple stages of data collection were advantageous because they allowed for iteration between data and emergent themes. Moreover, it also allowed for the triangulation of data. As Gamma’s implementation of its project was staggered by initiating it in some villages much earlier than in other villages, initial insights could be compared in different locations over time. As a female researcher, who had lived and worked in rural North India, I understand the local culture and context and am proficient in the local language, all of which were useful during data collection and analysis.

I visited the villages where Gamma had projects to understand Gamma’s implementation process and its actions to bring about sustainable livelihoods while improving the dignity and respect for its beneficiaries. Three data collection approaches were primarily used: (1) open-ended in-depth interviews, b) non-participant observations and c) collection of the organisation’s internal documentation and information in the public domain, such as newspaper articles and local media sources.

Interviews

I conducted 84 open-ended interviews with the founder, CEO, other top executives, regional managers, field staff and farmers. Earlier insights from the data collection showed the tensions between the organisation’s vision and objective and the community dynamics. Therefore, in the later stages of data collection, I focused the inquiry and subsequent interviews with the executives, field staff and community members on understanding these normative differences. To understand how an SE takes action when there are differing normative frameworks, I asked Gamma staff and the beneficiaries to reflect on the social norms, tensions arising from the SE activities and any changes that happened since the programmes were introduced. I asked the participants to describe specific, concrete events, and how they unfolded over time. The open-ended interviews lasted 60 to 80 min. I conducted follow-up interviews with the executive teams (i.e., founder, CEO and management teams). In addition, I interviewed the heads of villages, local government officials and other prominent persons such as school teachers, public health clinic staff, and post office staff. All interviews, when permitted, were recorded and transcribed.
Non-Participant Observations

Observation of people’s daily lives is important to gain an in-depth understanding of the interconnection and reciprocal effects of organisational practices and social systems (Adler & Adler, 1994). During the fieldwork, I stayed in the villages and observed the daily events and interactions in the communities. Observations covered everyday life in the village. I followed the participants and beneficiaries to the farm, attended 17 village-level meetings and visited and spent time in the offices of local institutions. I also attended various community meetings and had short, informal interviews with the people living in the villages. These observations helped me experience and understand the normative issues around the implementation process and observing the changes in the communities. I took extensive notes of my observations as soon as possible without detracting from activities being observed. I recorded detailed observations in multiple field diaries, which amounted to about 400 pages. In a separate journal, I recorded analytical notes to reflect on emerging themes, which were regularly revisited to make sense of new observations and emerging themes. Table 1 summarises the primary data that I collected and used for the present analysis.

Data Analysis

The first step in the analysis involved the compilation and organisation of different forms of data like field notes, interview transcripts, media articles and other archived data (Eisenhardt & Graebner, 2007; Yin, 2003). Subsequently, the analysis followed the established procedure suggested by Gioia et al. (2013), wherein I moved back and forth between data and emergent theoretical categories. In this regard, the data analysis was an iterative process that included two steps as discussed below.

First-Order Analysis

As part of the first-order analysis, I scanned the transcripts, field notes and archival data to identify emergent categories for further analysis. I examined these categories to identify similarities and differences between them. Using this process, I grouped the different categories into first-order codes and represented those using labels closely resembling informant terms (Gioia et al., 2013). For example, in the data, I found many instances in which the Gamma team (i.e., founder and field staff) mentioned discriminatory practices against the marginalised groups. Comments such as that the ‘lower caste’ need to show respect to the ‘upper caste’ or that the ‘upper caste’ take all the decisions were prevalent. I captured these comments in the first-order codes. As suggested by Gioia et al. (2013), identifying first-order codes was again an iterative process, in which I reread the data multiple times to refine my understanding and reassigned the labels for the first-order codes based on the same.

Second-Order Analysis

Second-order analysis is related to the search for a deeper structure within the array of first-order codes (Gioia et al., 2013). As recommended, in this stage of analysis, I considered both the level of informant codes (i.e., first-order codes) and the abstract level of second-order themes. As an illustration, the different first-order codes that were related to ‘the “lower caste” needs to show respect to the “upper

Table 1 Primary data collection details for Gamma

|                                 | Dec ’13 | July–Aug 14 | Jan ’15 | May ’15 | Total |
|---------------------------------|---------|-------------|---------|---------|-------|
| Interviews with the Gamma Executives | 3       | 2           | 1       | 2       | 8     |
| Interviews with project management staff at HQs | 3       | 4           | 3       | 3       | 13    |
| Interviews with regional managers and staff | 3       | 1           | 1       | 2       | 7     |
| Interviews with district level manager | 1       | 1           | 1       | 1       | 4     |
| Interviews with field staff, livelihood service providers | 0       | 8           | 4       | 3       | 15    |
| Individual interviews with the beneficiary farmers | 10      | 15          | 5       | 7       | 37    |
| Village meetings observed       | 7       | 0           | 8       | 2       | 17    |
Table 2 Data analysis—ethical complexity

| Codes with representative quotes                                      | Second order themes                              | Aggregate dimensions |
|------------------------------------------------------------------------|--------------------------------------------------|----------------------|
| Belief of ‘upper caste’ in superior social status (field notes, p 23)  | Discriminatory social norms                      | (In)Equality         |
| (“eating and drinking at the house of a SC and ST is still seen taboo”) |                                                  |                      |
| ‘Lower caste’ should show respect to ‘upper caste’ (field notes, p 25)  |                                                  |                      |
| ‘believe that people from ST and ST group are there to serve them” (Int#11) | Differences in knowledge and skills               | (In)Efficiency       |
| ‘Lower caste’ have small land                                          |                                                  |                      |
| “Resource related decisions are taken by the ‘upper caste” (Field notes, p30) | Unequal access to resources                       |                      |
| All the important resources are located in ‘upper caste’ hamlets (Field notes, p34) |                              |                      |
| Belief that targeting rich farmers will show better economic result because | Disparity in economic capability                 |                      |
| of their ‘superior’ knowledge                                           |                                                  |                      |
| ‘small farmers still lack the skills, technology and resources” (Int#18) |                              |                      |
| “People from dominant caste do have some advantage. They have bigger and better land” (int#3) |                              |                      |
| Belief that working with poor farmers takes a long time due to their ‘poor’ skills (Field notes, p 41) |                              |                      |
| Belief that rich farmers can pay for the services                       | Disagreement on Preferential treatment            | Fairness             |
| “If we go by efficiency, it is clear that we should focus on rich and well-off farmers” (int#3) |                              |                      |
| Belief that poor farmers cannot pay for the services                    |                                                  |                      |
| “If we focus on the marginalized group, it means more time and we also have to compromise on the revenue” (int#15) |                              |                      |
| Belief that ‘lower’ caste get all the benefits (field notes, p 32)      |                                                  |                      |
| “This organization [Gamma] also work with them, giving them everything free” (Int #23) |                              |                      |
| “These days everything is for them. We don’t have anything for us” (Int#25) |                              |                      |
| Dependency of ‘lower’ caste on the ‘upper’ caste will reduce            |                                                  |                      |
| “now they make a lot of money. The government gives them everything for free” (Int 28) |                              |                      |
| ‘Upper’ caste feel unhappy about reducing the dominance                 |                                                  |                      |
| “they don’t like that we are not dependent on them [anymore]” (Int41)    |                                                  |                      |
| Excluding ‘upper caste’ is dangerous (field note, p 24)                 |                                                  |                      |
| ‘Upper caste’ demand respect (field notes, p, 23)                       |                                                  |                      |
| ‘upper caste’ want to know everything                                   |                                                  |                      |
| “They want us to approach them first and tell us exactly what we are doing” (Int#51) |                              |                      |
| “We are always asked by the village head or other people from the [dominant] group, why we are in the village” (Int #18) |                              |                      |
| Benefits have to go to the upper caste (field notes, p30)              |                                                  |                      |
| “We do not want to compete with the existing village level institutions” (Int#51) |                              |                      |
| working with existing institutions can be beneficial and it can also ensure the sustainability of the program (field notes, p. 44) |                              |                      |
| “Working independently can focus on our mission without any compromise” (int#58) |                              |                      |
| “if we work alone, we can decide the type of activities we want to pursue” (Int#18) |                              |                      |
| “If we work independently, we can focus on our members” (Int #58)       |                                                  |                      |

caste” or that “the “upper caste” take all the decisions” were captured as discriminatory social norms and unequal access to resources. After a practicable set of second-order themes emerged, I used an abstraction approach to combine the different but conceptually related second-order themes into aggregate dimensions (Gioia et al., 2013). This stage of analysis was also an iterative process in which I searched the extant literature on ethical theories and compared it with the data (Gioia et al., 2013). The complete data structure that evolved through this entire process is shown in Tables 2 and 3.

**Findings**

As discussed in the previous section, Gamma’s vision is to create an equitable and just society and restore the dignity of marginalised communities by creating meaningful
livelihoods. Thus, Gamma’s ethical framework is organised around the universal principles of ethics—ethics as equality and ethics as fairness. However, this principle-based ethical framework clashes with the community dynamics in which multiple and often contradictory normative frameworks exist. Some of these normative frameworks are exploitative and discriminatory, which are anathema to equality and fairness. In the following sections, I elaborate on the ethical complexities Gamma faced when implementing their programme and how they navigated these ethical complexities. While the implementation process itself was iterative, the findings are organised sequentially in three linear stages along with these three actions: the action of recognition, the action of reposition and the action of collaboration.

**Efficiency Versus Equality: The Action of Recognition**

Gamma’s core ethical problem while designing and implementing its programme was the ‘right’ way to select its beneficiaries and the ‘right’ approach to implementing its programmes. As an SE, Gamma’s dual mission is to ensure that it is financially sustainable while achieving its social outcome. However, in a resource-constrained environment with a hierarchical normative structure, Gamma faced the ethical dilemma between efficiency and equality when designing their livelihood programmes. Moreover, the villages in which Gamma work have a ‘normative moral order’ of their own manifested in a caste-based social hierarchy.

In all the villages I visited, the villages are still segregated based on caste. In such communities, Gamma’s social mission of enhancing dignity and self-respect among the beneficiaries creates controversies. Gamma’s stated mission is closer to ethics as equality, giving importance to the equal moral worth and equal rights of each individual. However, this ethical principle of equality was challenging to implement in the communities served by Gamma because the dominant social groups control most of the resources in the villages, and the socio-economically dominant groups take all village-level decisions.

For Gamma, recognising the socio-economic structure and resulting exploitation was a crucial first step in shaping their implementation process in rural communities. In their interviews, Gamma’s top executives frequently highlighted the roles caste and gender-based hierarchies play in village-level decision-making. The organisation’s founder provided me with a detailed account of the feudal social structure of the region. The upper castes assert their domination by openly carrying weapons (earlier swords, now guns) linked...
to their high sense of pride and superior social status. The following quotes highlight the persistence of these discriminatory norms

People still believe in caste based differences. So, eating and drinking at the house of a SC and ST is still seen taboo. There are some people in the village, who still believe that if a SC or ST touch your food, or have taken water from the same source, it is impure (Interview #1, Gamma CEO)

Discrimination exists and you see people [dominant caste member] who think that people from ST and ST group are there to serve them or to do the menial job for them (Interview #1, Gamma Field Staff)

Various reports published by Gamma (specifically, annual reports 2008–2009 and 2011–2012) and other organisations working in this region show that economic disparity has declined marginally. However, the social privileges of the dominant groups have remained intact, as they still expect a person from the marginalised group to salute them if they cross their tola or pass by their house. In many villages in the region, any person perceived to be of ‘lower’ social status cannot ride a pony (even as a groom) or carry an umbrella. The women from marginalised communities have to remove their footwear to pass by the house of the ‘upper caste’. Gamma’s annual report (2008–2009) also highlights this discriminatory social structure and its implication:

The area is notorious for its feudal structure, which discourages lower caste people from raising their voices and availing public services on health, education and seek their rights and entitlement. Problems of untouchability also reduce the option of livelihoods for low caste people. The government schemes are also affected because the local bureaucracy and political system are influenced by upper caste and feudal kings [descendants of powerful local rulers and rich people] (p. 13).

My field observations and Gamma’s reports revealed the gender and caste pattern in landholding. As noted in the research context, land ownership differs based on caste and gender. With fewer than two bigha lands in their possession, the SCs and STs comprise the highest proportion of small and marginalised farmers. Most of the women have no land ownership. The following quotes illustrate these issues

Unfortunately, due to a long history of discrimination, small farmers still lack the skills, technology and resources (Interview #18, Gamma Field Staff)

People from dominant caste do have some advantage. They have bigger and better land. They also have new technology and information. Their children usually study in big cities. They access the latest information.

If we, like other organization, go to these people and work with them, the implementation process will be easy (Interview #3, Gamma Founder)

This intertwining of the social structure and high economic disparity also presents a challenge for revenue generation and Gamma’s financial sustainability. Additionally, Gamma’s social mission to achieve equality obstructions its ability to achieve financial sustainability, rather than mutually reinforcing the other. The members of the management team of Gamma describes this ethical complexity as:

Our mandate is to empower people. we want to enhance the dignity and self-esteem of our beneficiaries. But when we go to the field, we face the challenge between finding the most equitable and the most efficient path to implement our programs. It is always a question, should we be more efficient? Should we be egalitarian? One thing we are sure of that sometimes, we have to compromise on efficiency, but we cannot compromise on equity (Interview #1 Gamma CEO)

We had a dilemma in selecting our beneficiaries. If we go by efficiency, it is clear that we should focus on rich and well-off farmers. If we go by equality, we should include everyone as you know everyone [except a few] in these villages are poor. But based on our experience of working in the villages for a long time, we found that it is important to focus on the marginalized group and designed programs around their need. If we do not do that, if we do not focus on the marginalized group, then as we learned in the past, slowly and slowly some groups that are better off start dominating the program (Interview #3, Gamma Founder)

These quotes show that Gamma faced an ethical dilemma between efficiency and equality while implementing their programme. The organisation addressed this dilemma by the action of recognition. The action of recognition is linked with identifying the process of discrimination and exploitation in the communities. It requires understanding the processes of misrecognition in the communities to create programmes designed around the economic needs and requirements of the most marginalised.

Gamma works in the poorest and remotest rural areas where 80% of populations rely on agriculture as their primary source of livelihood. Gamma’s implementation strategy was based on the recognition that uneven access to land and discriminatory social norms related to gender and caste exacerbate food insecurity among farmers. In my field observations and discussions with field staff, historical discrimination against the SCs and STs was used to justify Gamma’s economic strategy. Gamma’s CEO highlighted the role of a deeper understanding of social dynamics in designing marginalised community-centric
programmes, which was acknowledged by Gamma’s field team and noted by one of the staff:

If we don’t pay attention to the inequalities in villages, then they [these inequalities] will keep increasing and very soon you will see everything controlled by rich groups (Interview #11, Gamma Field Staff)

A deep understanding of community dynamics also helped address concern over the fee structure and decide what types of programmes would be suitable for the community. For example, when asked if the programme provides free services or charges some fees, a field staff member explained:

In this area, if we focus on relatively well-off farmers, it can save us time and money. If we focus on the marginalized group, it means more time and we also have to compromise on the revenue. We need to think creatively. We do not want to charge them fees, but we also can not give things for free (Interview #15, Gamma Field Staff)

The programme charges 1000 rupees ($13) in membership fees that marginalised groups were allowed to pay in three instalments. This fee was used to provide various services comprising timely and quality inputs, exposure to innovative practices, and market linkages. In addition, Gamma introduced horticulture to target small and marginalised farmers who do not have plots large enough on which to experiment with new farming methods. Horticulture could be adopted in a small part of their field on an experiment basis and, if successful, expanded to a larger portion of their field in subsequent years. For example, small farmers were exposed to growing pomegranate, mango and papaya. The organisation also promoted intercropping of fruit orchards with vegetables like chilli, tomatoes and eggplants to ensure continued income in the off season. Members were provided with a one-year supply of the inputs and information on horticultural preventive measures. In addition to small farmers, the landless (e.g., women) were incorporated into the programme through non-farm activities, including procuring livestock. Women were also imparted with know-how on horticulture activities to tend the fruit-bearing plants and harvest fruits in other farmers’ fields.

Gamma organised the programme activities by recognising the historical discrimination and justified the programme using the concept of fairness. However, this concept has different interpretations in the communities. Consequently, the socio-economically dominant groups found Gamma’s activities ‘unfair’ and resisted Gamma’s implementation process.

Fairness Versus Power: The Action of Reposition

The concept of fairness provides a conceptual framework to justify preferential programme design, but the ethical complexity of designing such a programme inadvertently links to the question of power. For Gamma, the question confronting the staff was, ‘What is the “right” approach to deal with the interest of the dominant group?’ My conversations with the founder and CEO of Gamma highlighted the repercussions of overlooking the dominant groups in the villages. These concerns ranged from verbal abuse to concern for the safety of the staff. As Gamma’s CEO highlighted:

People here still believe that they are the descendants of Rajwadi [the royal family]. They carry guns and demand respect. They want us to approach them first and tell us exactly what we are doing. We believe in our mission and program but also have to ensure the safety of our staff (Interview #51, Gamma CEO)

The staff also shared their experiences when they felt threatened by some ‘dadus’ (a local term for strongman, that is, a person who exercises power through the use of force). Due to the concern for their staff’s safety, Gamma realised they could not outrightly overlook the interest of the dominant group. However, managing the ethics of fairness and power of the dominant group created an ethical dilemma for Gamma. To address this challenge, Gamma engaged in the action of reposition.

The action of reposition involved a continuous negotiation with the dominant groups through various ‘overt’ and ‘covert’ strategies. One such strategy was related to village entry. When Gamma enters a new village, it projects itself as a business organisation to improve the economic livelihood of the rural communities. For example, a senior field staff commented:

When we enter the village, we are always asked by the village head or other people from the [dominant] group, why we are in the village. We tell them we have a business plan. We charge 1000 rupees [approx. $13] if they want to become a member and learn new things. Usually, their reaction is that we already know this or why we would pay for it. We can get this information from anywhere (Interview #18, Gamma Field Staff)

According to the organisation’s executives, presenting themselves as a business organisation affords them a neutral position in the village. The executive team (founder and CEO) and field staff visit every new village together and highlight their business expertise, market network and collaboration with various government agencies in other rural areas. They also promise timely and quality inputs to anyone who becomes a member and pays the membership fees of Rs 1000. Gamma noted that when they advise members of the
dominant group upfront about the programme’s cost, they usually lose interest because they do not find the programme useful. Therefore, while Gamma designs its programme keeping the most marginalised in mind, the organisation’s field staff do not actively exclude farmers in the villages with larger plots. If these farmers from the dominant group become members, they are also provided inputs and information on improved crop production practices related to their cultivation.

Conversely, my conversations with different social groups revealed various opinions about Gamma’s activities. Gamma’s livelihood activities include input supply, training and market linkages. Some members of the ‘upper caste’ were happy that Gamma’s work created economic opportunity for them by providing access to resources and creating market linkages. However, in providing these important resources, the programme gave priority to small farmers. This focus on marginalised groups initially created conflicts due to the dominant group’s perception that Gamma was destabilising the existing social order. They were upset that the programme prioritised the poor farmers. This was expressed by some of the ‘upper caste’ farmers in several interviews:

We think it is not right. They [the marginalized farmers] get land from the government. The government gives them everything free. This organization [Gamma] also work with them, giving them everything free. It is not good (Interview #23, Male, Dominant Caste member)

They have land, the government gave those land them for free. These days everything is for them. We don’t have anything for us. Do you think it is right? (Interview #25, Female, Dominant Caste member)

Earlier they used to come to me, for a loan. For any help that they need. But now they make a lot of money. The government gives them everything for free (Interview #28, Female Dominant Caste member)

These representative quotes show the views of the ‘upper caste’ that focusing on the marginalised communities was neither needed nor fair. In contrast, the marginalised groups had a different opinion concerning the programmes:

Earlier we had to rely on the Mahajan [money lender]—for everything. We used to take loans from them … yes, there are banks, but they take so much time. There is so much paperwork. We are not literate, so how can we do that. So, we used to go to Mahajan and ask for money. But they took advantage. Now we only ask these people from the organization [Gamma]. They are very polite to us. They treat us with respect (Interview #35, Male Marginalised Caste member)

We can ask them any question. They don’t insult us. They are always polite. They always encourage us to ask a question. (Interview #37, Female Marginalised Caste member)

When I asked if they are treated differently by the others (socially dominant groups), the common response was the following:

I think they don’t like that we are not dependent on them [anymore]. Last time when I was asked to work on their farm, and I said no, they were unhappy. They said, where can we find new labor now? But what can I do? I have my garden now (Interview #41, Female Marginalised Caste member)

Since these people [Gamma staff] started coming to the village, things have improved. We are now learning new things. They teach us how to grow, how to take care of the vegetables. They also teach us how to sell it at a better price (Interview #45, Male Marginalised Caste Villager member)

Gamma’s executives and staff believed that if programmes are designed keeping the most marginalised in mind, then these types of programmes can be both inclusive and efficient. For example, even though horticulture is suitable for farmers with small plots, farmers with large plots can also be involved in horticulture if they desire. Thus, the programme design to increase small farmers’ incomes can be used without change for medium- and large-scale farmers. However, the opposite is not true. If a programme is designed for large-scale farmers, it will probably be too resource-intensive and unsuitable for small farmers.

The balance between power and fairness was also addressed through the recruitment process. While the organisation had the vision to be inclusive and support the most marginalised, there is no guarantee that the staff or the people in the communities will act upon these ideals.

The organisation recruited para-veterinarian,1 supervisors and other supporting staff from within the village they serve. Priority was given to the people who were educated but landless (e.g., young women and returned migrants) and the unemployed. Each of the recruited staff has to undergo three days of training in which they were taught about the programme’s core values. In addition, the staff had to pledge to be respectful and professional to each community member irrespective of their gender and caste. Gamma structured simple but significant changes in the prevailing practices, such as sitting together with all the members, conducting meetings in public places and eating together with the members. By hiring the landless and unemployed and creating livelihood opportunities for small farmers without excluding

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1 Para-veterinarian help villagers take better care of their livestock and treat the animals for small illnesses.
the upper caste, *Gamma* created some interdependencies in the village and tried to reduce tension between different social groups.

**Cooperation Versus Autonomy: The Action of Collaboration**

Building local institutions that represent the diversity in the communities has a moral implication. In the villages where *Gamma* worked for more than two years, it began incorporating individual activities into village-level committees (VLCs). The purpose of these VLCs was to coordinate economic activities at the village level. In the process, if nurtured properly, *Gamma* expected the VLCs to become institutions that create open spaces where marginalised group members might be elected to an executive or leadership position.

The ethical complexity in the implementation process was also visible during the formation of VLCs.

For the sustainability of our programs, we start building village level committees after a few years but we keep in mind that we do not want to compete with the existing village level institutions (Interview #51, Gamma CEO)

An ethical dilemma for *Gamma* was whether VLCs should be an independent entity or work together with local government institutions. As independent bodies, VLCs would be able to focus on economic aspects (market linkages) and would work in the interest of the members. The challenge was coordination and duplication of efforts. The organisation did not want to create parallel competitive institutions in the villages. If VLCs work collaboratively with the local institutions, they might obtain the benefits of the government’s social programme. However, the challenge was keeping the VLCs separate from the local politics and political party influence.

if we work alone, we can decide the type of activities we want to pursue and we can independently set the agenda (Interview #18, Gamma Field Staff)

If we work independently, we can focus on our members, if we work with others, we will also need to think about their interests (Interview #58, Gamma District Project Manager)

We do not want to get into village politics. They are very vicious. We are afraid, if we don’t establish clear norms, our VLC will be used for party election (Village meeting #12, Gamma Field staff)

The process of VLCs formation included two individuals from each tola as elected representatives to address this challenge. The VLCs includes men and women from each caste. The president and secretary, who serve for one year, are selected from different castes on a rotation basis so that members from each tola and caste have a chance to serve as president and secretary.

To stabilise the normative order in VLCs, *Gamma* realised that it cannot do this alone and would need support from the government officials to promote and support local village institutions (panchayat). According to the CEO:

We realized that we alone could not build community institutions and need to rely on the support of government officials and others who run the local institutions. We started convincing them about how this program is going to strengthen local institutions (Interview #51, Gamma CEO)

Through the support of local officials, the VLCs were linked with the local government institutions. They adopted the official agenda of local governments’ inclusionary policies such as gender empowerment, creating awareness about child education for girls and informing women about new government schemes. Linkages with the government programmes allowed the VLCs to adopt the programme related to gender empowerment. They used this platform to create awareness about the schemes for women and girls. For example, in these meetings, the staff and officials informed the farmers that if their wives are the owners of the land they buy, they will receive a 2% reduction on stamp duty. The provincial government implemented this scheme to address women’s land rights, but many farmers were not aware of the scheme. In the villages where *Gamma* worked, many farmers informed me that they performed a recent land purchase in their wife’s name:

The program told us about the new government schemes. I can save stamp duty if I buy land in my wife’s name. We farmers have become smart now ... I bought land in my wife’s name (Interview #62, Male Marginalized Caste Member)

Yes, earlier, I had no land on my name but now I have one. Even though it may be used by husband, I feel good to have something in my name (Interview #67, Female Marginalized Caste Member)

According to the staff, the formation of the VLCs also helped ensure the sustainability of the programme. These community institutions work collectively for the benefit of their members and become independent of Gamma within a few years. They also negotiate collectively with other stakeholders and access services for their members. The VLC that represented diverse castes and gender was instrumental in increasing social interactions. As commented by the district project manager:

Village committees are an important part of our program implementation. They serve many impor-
tient functions. Villagers can discuss any problem their village is facing and let us know. [Gamma] try to find solution for them … These committees are represented by all castes, men and women … I have seen the effect of these committees … I can confidently say that village committees have improved social interactions among the villagers even between lower caste and upper caste members (Interview #58, Gamma District Project Manager).

The collaborative approach of Gamma also helped in strengthening the local institutions. In many villages, Gamma was able to use local government spaces for their activities. In addition, by combining their economic programmes with the government’s social schemes, Gamma created an avenue for the people in the villages to become involved in social issues while working towards their economic goals. Through the action of collaboration, reposition and recognition, the programme was relatively successful in challenging the status quo and increasing social interactions in the communities.

Discussion and Conclusions

In this research, I explored how SEs navigate through ethical complexity when implementing their social change agenda. Social change is a value-driven process, and often the universal values ascribed by the organisation conflict with the normative framework deep-rooted in the communities (Mair et al., 2012; Stephan et al., 2016; Sutter et al., 2019). Therefore, the ethical complexity of implementing social change agenda is more complicated in practice and needs explicit attention. Through a case study of an exemplary SE, Gamma, I described the ethical tensions that resulted from contradictory ethical principles and values. In this process, I identified three mechanisms used by the organisation to manage the ethical complexity: the action of recognition, the action of reposition and the action of representation. Together, these three actions form the transformative process model (see Fig. 1). All three actions are mutually intertwined and reinforce each other and although I separate them for analytic purpose, all three actions are crucial for social change. The underlying norms of transforming power relations connect these three actions. Additionally, while this model was developed in an SE context, the ethical complexity faced by the organisation can be extended to other organisations with a social change agenda (Stephan et al., 2016; Wry & Haugh, 2018). In the following sections, I discuss the theoretical and practical implication of the model.

The Action of Recognition and Ethical Complexity of Social Change

Findings from this research suggest that the ethical complexity arising from the trade-off between equality and efficiency during the implementation process can be addressed through the action of recognition. The action of recognition suggests identifying the process of misrecognition that is based on historical and structural exploitation (Fraser, 2001). As such, it offers a broader normative framework compared to an efficiency oriented remediation approach, which is the most prevalent approach in the SE literature. The remediation approach focuses on economic needs assessment and providing economic opportunities to the most marginalised (Sutter et al., 2019). Such an economic focus only highlights the barriers to participation associated with resource allocation and overlooks the social hierarchies that extend beyond economic class (Bayefsky, 2013; Kistruck et al., 2013b). Therefore, remediation approach provides short-term solutions to poverty but fails to alter the root causes and challenges of structural inequality (Bhatt, 2017; Dolan & Rajak, 2016; Sutter et al., 2019).

In contrast, an action of recognition requires an organisation to focus on and understand the structural inequalities in the communities where they aim to implement their programme. This was illustrated in the case of Gamma. A focus on structural inequalities can help an organisation to adopt a program design and implementation process that prevent domination and establishes process that allow the participation of the most marginalized. Without understanding the social inequalities and the processes of discrimination, the standardized, efficiency orientated solutions of SEs might result in elite capture (Platteau, 2004). As such, the findings of this research provide support to and extend prior research recommendations that suggest organisations need to have a deeper understanding of social dynamics in the communities to bring social change (Mair et al., 2012; Qureshi et al., 2018).

The action of recognition also complements research into organisation studies highlighting the limitation of deliberative approaches to ethics (van der Arend & Behagel, 2011; Zhong, 2011). Deliberative approaches are based on the assumptions that rational, impartial, deliberative dialogues between different social groups are conducive to social change. However, the findings from this research support that moral claims are constituted by power relations (Young, 1990). Moreover, in socially hierarchical communities, deliberation often results in ‘conflictual consensus’ (Duile & Bens, 2017) in which the marginalised group simply concedes to a compromise. However, the recognition-based approach adopted by Gamma shows an alternative to this deliberative approach. As noted, to ensure that the marginalised group was actively engaged in the process, Gamma
organised meetings centred on each hamlet rather than the entire village. As villages are segregated based on caste, these hamlet-wise meetings allowed the most marginalised to engage in the discussion. While such an approach contradicts efficiency norms, as it is time- and resource-consuming, it can ensure the parity of participation required for social change.

Thus, the action of recognition helps an SE to address the first ethical dilemma when implementing the programme: whether to strive for equality (i.e., invest more resources in customising their programmes for the extremely marginalised) or efficiency (i.e., standardise the programmes so they can reach many individuals in the community). While an SE is still in the process of resolving the equality versus efficiency ethical dilemma, its community engagement makes it aware of the fairness versus power dilemma that can be resolved using the action of reposition to arrive at inclusive conversation and narratives.

The Action of Reposition and Ethical Complexity of Social Change

The action of reposition means changing the dominant groups’ norms and perceptions and highlights power in terms of who should be included in the programme. Organisations with a social change agenda often face the moral challenge of selecting their beneficiaries. While selecting marginalised groups as beneficiaries aligns well with the principle of fairness, the insights from this research indicate that the perception of fairness is entrenched in extreme social inequalities (Cochran & Ray, 2009; Reinecke & Ansari, 2015) and is challenged by the dominant actors. As this case study illustrates, Gamma designed its programme preferentially to incorporate the most marginalised based on the principle of fairness, but the dominant groups challenged this. Unable to overlook the dominant group, Gamma needed to engage in the action of reposition, which involved

Note: Dark shaded ellipses represent ethical complexity, and unshaded ellipses represent the approaches an organisation takes in the process of becoming an ethical organisation.
implementing various material and discursive strategies. In resource-poor communities where economic and social inequalities are intertwined (Parthiban et al., 2020; Qureshi et al., 2018), the action of reposition could begin by designing a programme around the needs of the most marginalised but ensuring it remains open to everyone. The action of reposition also highlights the disguised form of domination that results in ethical inertia and ethical compliance in the social change process (cf. Gallagher, 2017). A focus on these microprocesses can help organisations structure strategies that challenge the existing patterns of inequalities, create new behaviour norms (e.g., improved mobilisation of resources) (Hota et al., 2019; Shalini et al., 2021; Tracey & Phillips, 2016) and gain legitimacy (Bhatt et al., 2019; Parthiban et al., 2021). This research into the action of reposition provides a mechanism for SEs to gain legitimacy among dominant groups by using a business lens.

There is debate in the management literature about co-opting local norms and beliefs and local power structures to implement a social change agenda (Kistruck et al., 2015; Mair et al., 2012) and the risk of legitimising or reinforcing traditional power structures (cf. Qureshi et al., 2018). The present research extends on this work by integrating the ethical complexity of fairness versus power and suggesting that programmes designed around the needs of the most marginalised but accessible to dominant groups can be the most inclusive and avoid elite capture. Thus, the action of reposition extends our current understanding of social change mechanisms by resolving the ethical complexity arising from the trade-off between fairness and power. However, organisations do not operate exclusively and are susceptible to outside influences. Therefore, strategies that stabilise the new normative framework are needed.

The Action of Collaboration and Ethical Complexity of Social Change

The action of collaboration helps institutionalise the dynamism of the new normative framework by building new local institutions and collaborating with existing institutions. For social organisation involved in the social change agenda, maintaining autonomy is crucial (cf. Babiak & Thibault, 2009; Riaz & Qureshi, 2017). Autonomy awards organisations total control over decisions and resources and freedom to pursue their agenda. However, partnership with other organisations is considered conducive to assessing the effect and efficiency of resources (le Ber & Branzei, 2010; Selsky & Parker, 2005; van Tulder et al., 2016). Thus, given the decision to cooperate is linked to an organisation’s ability to bring about social change in communities, this paper shows the ethical complexity of such decisions. Gamma was faced with a trade-off regarding whether to cooperate with the local government and risk becoming involved in party politics or to cooperate and forgo the benefits of such cooperation. The organisation addressed this ethical complexity through the action of collaboration, which balances between autonomy and cooperation. It does not assume a harmony of interests between the parties but is based on clearly articulated normative principles.

Through providing the action of collaboration as a mechanism, this research contributes to the literature on the ethics of inter-organisational collaboration for addressing social change (Clarke & Crane, 2018; Di Domenico et al., 2009; Trujillo, 2018). While research into partnerships has increased, it has focused only on the emergence, management and effectiveness of these partnerships (le Ber & Branzei, 2010; Riaz & Qureshi, 2017; Selsky & Parker, 2005). This paper extends the work on organisation-level outcomes by highlighting the ethical implications of inter-organisational collaboration for broader societal influences (cf. Stadtler & van Wassenhove, 2016). Gamma became aware that collaboration with the local government could help community members quickly and help pursue its social change agenda. However, the organisation also realised that such collaboration might result in its programmes being co-opted by the dominant elites. To avoid it, Gamma defined clear principles for collaboration to maintain autonomy while also finding avenues to work together. For example, instead of collaborating with the elected politicians, the organisation collaborated with the politically neutral district bureaucrats. While Gamma adopted the development agenda of local government, it avoided party politics in its institutions by following a rotation-based system. Thus, the action of collaboration provides preliminary insights into how to design effective partnerships for facilitating social change.

These three actions, taken together, form a transformative process model. Once an organisation has implemented these three actions for a marginalised group in any community, it can learn from those experiences. The organisation can then implement this transformative model for other marginalised groups in the same or other communities, as the ethical challenges it might encounter can be different. Thus, the transformative process cycle of becoming an ethical organisation continues. As such, this model departs from a ‘static’ and ‘essentialist’ relationship between ethics and SE; instead, it focuses on the actions working at the micro level.

Practical Implications for Organisations

The three elements of the transformative process model have implications for organisations that seek to operate ethically. In the extant organisational literature, ethical organisational practices have been mainly characterised as rules and bureaucratic processes to reduce or eliminate unethical practices within an organisation (Verbos et al., 2007). However, as organisations continue to take a ‘social turn’ (Bapuji
et al., 2020b), such a narrow understanding of organisational ethicality is being challenged (Islam, 2012; Verbos et al., 2007; Yazdani & Murad, 2015).

This case study contributes to this emerging body of research into organisational ethics concerned with the role organisations play in producing and perpetuating systemic inequalities and injustice. Recent research in an organisational context has explored how gender (Acker, 2006), caste (Bapuji & Chripal, 2020) and race-based inequalities (Leigh & Melwani, 2019; Logan, 2019; Ray, 2019) are institutionalised through the role of employers (Hamann & Bertels, 2018), organisational processes (Bapuji et al., 2020a; Cobb, 2016) and discourses (Suddaby et al., 2018). This paper’s critical engagement with ethical theories while keeping an eye toward systemic problems extends on this emerging body of literature.

The findings from this research reinforce the emerging view in organisational ethics that organisations need to move away from a ‘rationalistic and utilitarian stance’ to address structural inequalities and systemic racism (Logan, 2019; Verbos et al., 2007; Yazdani & Murad, 2015). The quest for (always) making a business case for addressing inequalities can be detrimental to social justice (Noon, 2007); instead, organisations should join the struggle against systemic challenges because that is the right thing to do. The transformative process model shows that the first constitutive element of an ethical organisation is to recognise misrecognition sources and establish organisational processes to reflect on their role in perpetuating these unjust practices (Islam, 2012). The process of recognition should be supported by the action of reposition that recognises the role and responsibility of the majority in changing the dominant narratives. Such actions can involve establishing organisational processes that move beyond minimal tolerance and move towards respect and collaboration (Lozano & Escrich, 2017). Finally, this research recommends organisations to engage in collaborative action. Such actions can expand organisations’ reach and influence and address the systemic-level problem (Dentoni et al., 2018).

Limitations and Future Work

This study has several limitations that also suggest avenues for future research. First, this study has important boundary conditions; for example, this study was conducted in rural India, where social hierarchies are very dominant. The dynamics of the transformative process model might differ in areas where economic inequalities, rather than social hierarchies, are associated with social well-being. There were also specific features of the context that could create boundary conditions. For example, the case studied in this research was an SE that pursued social change while managing financial sustainability. While an SE case study allowed me to explore how hybrid organisations navigate ethical complexity, I encourage future research to study a broader range of social change efforts (e.g., by the for-profit firms (Ansari et al., 2012) or cross-sector partnerships (Selsky & Parker, 2005)). Finally, the qualitative methodology was appropriate, given the exploratory nature of this study, and the need to understand the nuance and complexity within the social dynamics in a rural Indian context. However, I encourage future researchers to combine rich qualitative insights with other methodologies, such as field experiments, surveys and historical analysis, to explore questions regarding how different normative frameworks affect the ethical action of an organisation and how organisations affect the social normative framework.

Conclusions

Understanding ethical issues is becoming important in the SE literature. Research into business ethics and entrepreneurship has increasingly framed SEs as ethical organisations and has used the moral dispositions of social entrepreneurs and their drive for social change as a proxy for ethics in social entrepreneurship (Dey & Steyaert, 2016). By moving away from a ‘static’ and ‘essentialist’ relationship between ethics and SEs, this research provides new perspectives on how SEs employ their ethical motives in practice and how they navigate ethical complexities during the implementation process.

By developing a transformative process model based on three actions (i.e., recognition, reposition and collaboration), this research’s findings provide insights into how to address the contradictory normative frameworks in hierarchical and heterogeneous communities. In particular, this research suggests that when the goal is to address societal challenges, such as systemic injustices and inequalities, organisations need to understand the misrecognition process of marginalised groups (recognition), develop inclusive narratives (reposition) and build alliances (collaboration). While much remains to be explored about the ethical issues in social entrepreneurship, I hope that this research has provided the building blocks for understanding how to navigate ethical complexities in alleviating societal challenges.

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Declarations

Conflict of interest The author declares no conflict of interest.

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