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A reconceptualisation of social value creation as social constraint alleviation

Social
constraint
alleviation

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Abstract

Purpose – The purpose of this paper includes two interconnected objectives. The first is to provide a reconceptualisation of social value creation as social constraint alleviation. The second is to respond to the call put forward by Giuliani and Macchi (2014) to produce synergies between bodies of literature exploring the development impact of businesses. The paper focuses on ideas from the global value chain/global production networks (GVC/GPN), business and human rights, corporate social responsibility (CSR), international business (IB) and (social) entrepreneurship literatures.

Design/methodology/approach – The paper offers a reconceptualisation of social value creation by building on the synergies, complementarities and limitations of existing concepts identified through the literature review.

Findings – The reconceptualisation of social value creation put forward in this paper contributes to the literature in the following way. It offers a useful and clear definition of the term “social” (Devinney, 2009), and it attends to the limitations of the constraint concept as put forward by Ted London and his collaborators (London, 2011). Furthermore, it sketches out the basic ideas of a two-system approach to allow for the differentiation between symptom treatment and root cause alleviation. Finally, it offers a refinement of Wettstein’s (2012) proposed capability-based remedial action concept. The paper furthermore proposes that there are three distinct ways in which businesses generally respond to social constraints.

Originality/value – The paper illustrates how the redefined concept of social value creation can connect different bodies of literature and help make sense of existing empirical results, without engaging in definitional debates.

Keywords Business model, Social value, Upgrading, Globalisation, Social value creation, Global value chain, Rising powers, International business, Business-society interface, Constraints, Economic upgrading, Social upgrading

Paper type Conceptual paper

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1. Introduction

There is increasing interest in exploring the capabilities of rising power firms, the nature of their social embeddedness in domestic and host-country communities and the distinctiveness and development impact of their specific firm strategies (Giuliani *et al.*, 2014; Giuliani and Macchi, 2014; Sinkovics *et al.*, 2014a, 2014b). Furthermore, there is an emerging new research agenda within international business (IB), put forward by Giuliani and Macchi (2014). Its core focus is to produce synergies between bodies of literature with mono-disciplinary tendencies connected to the human rights impact of advanced and emerging multinational corporations (MNCs). This paper aims to contribute to this agenda by synthesising selected studies, ideas and examples from different bodies of literature related to the potential development impact of businesses. We are particularly interested in ideas from the global value chain/global production networks (GVC/GPN), business and human rights, corporate social responsibility (CSR), IB and (social) entrepreneurship literatures. The main reason for the selection of these particular areas of the literature is their distinctive views on the business–society interface. It should be noted, however, that this paper is not intended as a complete and comprehensive literature review. Rather, our aim is to contribute to the advancement of theorising at the intersection of these areas (Weick, 1989; Weick, 1995).

To this end, we propose to reconceptualise the idea of social value creation as social constraint alleviation. We argue that the focus on social value creation is important, as it can be seen as the common denominator that links the selected strands of literature through its desired presence or criticised absence. The literature review part of this paper will elaborate on this point in more detail. At the same time, a reconceptualisation is necessary, as current conceptualisations do not capture the essence of the social value creation concept (cf. Domenico *et al.*, 2010). Thus, comparison across economies with different levels of development is problematic (cf. Kroeger and Weber, 2014). Furthermore, we propose that businesses that design their business models in such a way that their day-to-day operations absorb a social constraint, rather than try to bypass or exploit it, also achieve a significant development impact on the communities in which they are embedded (cf. Sinkovics *et al.*, 2014a, 2014b). The absorption of social constraints into a business model happens instead of or in addition to the addressing of social constraints through products and/or services.

In this paper, social constraints are defined as the limitations of a system that keep it from attaining its goal. In general, a system can be described as “a grouping of parts that operate together for a common purpose” (Forrester, 1968, p. 1). In the broad sense of the term, systems may include physical parts only. An example of a physical system would be an automobile or an aeroplane. However, in this context, we refer to systems as mainly consisting of people, such as in a social stratum. To define the “common purpose” or goal that groups the members of the system together, we use the core values of development as specified by Todaro and Smith (2011), that is sustenance, self-esteem and freedom from servitude. Sustenance refers to the ability to meet basic needs related to food, shelter, health and protection. The value of self-esteem refers to the concept of human dignity, a sense of worth and self-respect. The third core value is connected to freedom from servitude, which goes beyond the concept of unfree labour and includes the ability of individuals to live their life in dignity. These goals can appear together or separately. It should be noted that the core values of development can be seen as the manifestation of what Wettstein (2012) calls socio-economic human rights.

As a consequence, this type of (re-)conceptualisation not only advances [Wettstein's \(2012\)](#) attempt to bridge the divide between CSR studies and the business and human rights debate, but also extends it to the IB, general management and GVC/GPN literature. At the same time, it leads to the emergence of a business model that calls for the re-evaluation of the boundaries around social entrepreneurship, not-for-profit organisations and commercial entrepreneurship. Furthermore, the reconceptualisation of social value creation as social constraint alleviation can be used as an analytical framework for investigating the development implications of firm strategies, regardless of their size and scope. This is all the more important, as it can arguably solve the incommensurability problem of CSR studies resulting from an insufficient definition of what the terms “social” and “responsibility” mean (cf. [Devinney, 2009](#)). Additionally, it can serve as the basis for comparison between advanced and emerging MNCs in terms of their human rights impact as defined by [Wettstein \(2012\)](#). The next four sections subsumed under the heading “literature review” are aimed at providing an overview of selected bodies of literature with respect to their interpretations of the business-society interface. In these sections, we also attempt to identify synergies and complementarities between the respective domains. Then, in the last section before the conclusion, we provide an overview of existing conceptualisations of social value creation and delineate the reconceptualisation of the concept as social constraint alleviation.

2. Literature review

The emerging research agenda in IB related to the development impact of MNCs calls for going beyond the firm-centred focus of current IB studies and the worker-centred studies of the social and economic upgrading literature ([Giuliani and Macchi, 2014](#)). At the same time, [Giuliani and Macchi \(2014\)](#) urge the academic community to look at possible synergies between bodies of literature. This is all the more important, as the study of business in general, and of multinational enterprises (MNEs) in particular, is not limited to the discipline of business and management studies. Other disciplinary areas are also adopting business as the unit of analysis, but from different angles and perspectives. This section is aimed at exploring the extent to which the concept of social value, generally defined as “something of value for society” ([Dietz and Porter, 2012](#), p. 23), is present in the selected areas. The following literature review in no way claims to be complete or comprehensive. As mentioned in the introduction, the focus is on ideas rather than on a systematic review of articles. As our starting point is the IB literature, we will start the review with that domain. [Table I](#) summarises the key points from the following four sections.

2.1 *International business*

Before we address the presence or absence of social value creation within the IB literature, we would like to offer a brief overview of the most dominant ideas. Simply stated, when it comes to MNEs, mainstream IB is largely concerned with the geographical separation of previously connected tasks on a rather abstract level. The main questions asked are where to locate production and how to control the supply chain ([Buckley and Casson, 2011](#); [Buckley and Ghauri, 2004](#)). This is predominantly due to structural changes in the organisation of MNEs. In the current low-cost, low-economic growth scenario, the desire for flexibility discourages MNEs from adopting the traditionally vertically integrated structure.

| | Body of literature | Business and society interface | Limitations |
|--|--|---|---|
| | IB (mainstream) | Mostly economic impact | Rather abstract and indirect conception of development impact (spill-overs, linkages), limited or no integration of knowledge from outside the discipline |
| | CSR in IB | Mostly focused on the legitimacy of foreign entrants and the business case for CSR | Limited or no reference to a wider range of human rights |
| | GVC/GPN | Social upgrading and downgrading | Worker-centric; limited or no reference to a wider range of human rights |
| | Business solutions at the BOP and mutual value creation at the BOP | Assumes that the formal sector can comprehend the complexity of the informal sector and is able to leverage its knowledge and embeddedness to co-create products and services | The concept of mutual value does not differentiate between the treatment of symptoms and the treatment of root causes; the terms “constraint” and “value” require further conceptualisation |
| | CSR | Political CSR demands more corporate engagement, with a predominant focus on legitimacy, beneficence, philanthropy and charity | Definitions of “social” and “responsibility” are not clear |
| | Business and human rights debate | International human rights law, increasing focus on capability-based remedial action, shift in focus from legitimacy to justice | The concept of “capability-based remedial action” requires further conceptualisation |

Table I.
Summary of key points from the literature review

The tendency to disintegrate, however, raises concerns about the loss of core competencies to opportunistic external partners. Within this low-trust context, it is suggested that MNEs restore confidence by undertaking their core activities internally (e.g. R&D and marketing) and outsourcing the rest (e.g. production). In their internalisation theory, [Buckley and Casson \(1998\)](#) suggest that MNEs can maintain their flexibility, cost efficiency and control over their key competencies by creating international joint ventures with external firms. This internalisation thinking was revived by [Buckley's \(2009\)](#) “Global Factory”, which proposed a more networked approach towards gaining efficiency. The idea of the Global Factory suggests that MNEs can “fine slice” their value chain tasks; pursue those in optimum, low-cost locations; and control each task by deciding on the level of internalisation in their global production networks. In this way, MNEs can become the “orchestrators”, controlling and co-ordinating the flow of resources in their networks of interlocked international joint ventures ([Buckley, 2011](#)).

On the other hand, drawing upon [Hymer \(1972\)](#), [Strange and Newton \(2006\)](#) propose the idea of externalisation, commonly referred to as subcontracting. In such externalised relationships, MNEs still retain control over the subcontractors through their brand power. With the rise of these new institutional forms, MNE headquarters are now more powerful than those of traditional vertically integrated MNEs. The Global Factory and the theory of externalisation are based on the assumption that MNEs can achieve cost efficiency and at the same time retain their flexibility to switch suppliers should the latter not be able to meet

their price requirements and other specifications. As can be seen from findings in the GVC/GPN literature, to avoid losing their buyers, developing country suppliers respond to such pressures by cutting corners on working condition. To be able to offer a low price, they also cut down on their profit margins, which in turn limits the resources they have available for any potential upgrading (cf. Evers *et al.*, 2014).

In his commentary on Peter Buckley's writings, Yamin (2011) indeed states that "whilst the Global Factory embodies great productive and organisational capability this capability does not necessarily benefit the majority of people that either work for it or are affected by it". Following on from this thought, mainstream IB theory, arguably, primarily focuses on economic value creation by lead firms. Hymer, in his later work, has developed a more critical perspective on this, but has not found widespread recognition in IB (cf. Cohen *et al.*, 1979). Mainstream IB theories tend to be designed from a functionalistic viewpoint, with little regard for organic factors. Suppliers are merely seen as the takers of MNEs' decisions and standards, and workers are simply considered factors of production. In summary, the extent to which such cost-driven functionalistic outsourcing/off-shoring practices can create social value for the workers, suppliers and society in emerging economies has received limited or no attention. At the same time, those studies that do accord some degree of attention to MNEs' bearing on the host countries tend to focus on the economic impacts of MNEs through the analysis of wages, exports and technological and productivity spill-overs (Giuliani and Macchi, 2014). While these studies are an important milestone in the evolution of the IB field, their main limitation is their abstractness, overly narrow focus on firm performance and the lack of sufficient integration of knowledge produced outside of the discipline (cf. Giuliani and Macchi, 2014).

Notwithstanding the above, it must be noted that there is an emerging body of literature on CSR and sustainable development within the IB domain (cf. Kolk and van Tulder, 2010). A search for the term CSR in the four main IB journals (*Journal of International Business*, *Journal of World Business*, *International Business Review* and *Management International Review*) yielded 37 results at the time of writing. The majority of CSR-related IB studies focus on the commitments businesses make to address social and environmental issues as a function of their quest for legitimacy (cf. Scherer *et al.*, 2013; Vancheswaran and Gautam, 2011) and/or on the business case for doing so (cf. Branco and Rodrigues, 2006). Kolk and van Tulder (2010) call for more in-depth research to better understand the conditions under which MNEs can not only gain a sustainable competitive advantage but also play a significant role in advancing sustainable development. They invite researchers to pay more attention to institutional, industry, organisational and supply and demand drivers. Nevertheless, despite the existence of these studies, Rodriguez *et al.* (2006) statement that, compared with other IB topics, research on CSR is still "embryonic" and needs further work with respect to frameworks, measurement, methods and theory remains valid.

2.2 Global value chain/global production networks literature and social upgrading

The social value dimension has received more attention in the GVC landscape than in IB (Gui, 2010). To be more precise, one can argue that the debate around social upgrading is situated at the intersection of the GVC and GPN literature (cf. Barrientos, 2013). While we are aware of and acknowledge the differences between the two frameworks, due to space limitations we are not able to discuss them at length (for an elaboration of similarities and

differences, [Coe, 2014](#); [Coe et al., 2008a, 2008b](#); [Henderson et al., 2002](#)). In this paper, where appropriate, we refer to this body of literature as the GVC/GPN literature.

The GVC approach provides a holistic view of global industries from two contrasting vantage points: top-down and bottom-up ([Gereffi and Lee, 2012](#)). While some studies analyse the top-down view by focusing on the governance modes of lead firms ([Gereffi et al., 2005](#)), others take a bottom-up view that centres on supplier upgrading ([Barrientos et al., 2011](#); [Giuliani et al., 2005](#)). Upgrading studies tend to either focus on the role of governance in economic upgrading ([Gereffi, 1999](#); [Ivarsson and Alvstam, 2009](#); [Pavlínek and Ženka, 2011](#)), or its role in social upgrading ([Locke et al., 2009](#); [Lund-Thomsen and Nadvi, 2010](#); [Lund-Thomsen et al., 2012](#)), or both ([Barrientos et al., 2011](#)).

The main questions asked are whether it is possible to improve both the quantity and quality of employment in GPNs. If the answer is yes, under what circumstances can this happen, and what strategies can help support this development? ([Barrientos et al., 2011](#)). [Barrientos et al. \(2011, p. 324\)](#) define social upgrading as an “improvement in the rights and entitlements of workers as social actors and enhancement of the quality of their employment”. This literature stream furthermore investigates how the organisation of labour chains in production networks, the process of economic upgrading or the lack of economic upgrading affect workers’ lives ([Barrientos et al., 2011](#); [Barrientos, 2013](#)). Special attention is placed on the different levels of labour exploitation, with the worst-case scenario being forced labour, or physical and/or mental abuse (cf. [Barrientos et al., 2013](#); [Barrientos, 2013](#); [Berlan, 2013](#); [Frantz, 2013](#)). [Barrientos \(2013\)](#) points out that global brands and suppliers often outsource the responsibility for a portion of the required labour force by involving labour contractors. As such, activities are generally not included in the books, and the exploitation and/or abuse of workers employed through contractors does not, commonly, appear on the radar of compliance agencies.

In his book “The Promise and Limits of Private Power”, [Locke \(2013\)](#) investigates the contextual complexity of voluntary regulation and its impact on workers in terms of fair treatment. He argues that voluntary labour standards are more likely to succeed when they are built on a strong institutional and regulatory foundation. He furthermore identifies and delineates the limits of codes of conducts imposed by corporate buyers. One of the flawed underlying assumptions of the private compliance model identified by [Locke \(2013\)](#) seems to partially overlap with what has become known in the development literature as “CSR as business tool” ([Rohatynskyj, 2011](#)). The concept of “CSR as business tool” builds on the assumption that there is a self-reinforcing cycle, whereby global brands can avoid or respond to a legitimacy crisis by adopting measures that address certain environmental and social issues ([Newell, 2008](#); [Robinson, 2010](#)). While there have been some positive outcomes as a result of such measures, the main motivation behind these activities seems to be to utilise them as a public relations tool (cf. [Farache and Perks, 2010](#)).

[Locke \(2013\)](#) further argues that in compliance models, there is often a conflict between the business interests of the investigating bodies and the task at hand, which is to determine whether there is genuine compliance. Even if there is no such conflict, for example in the case of independent non-governmental organisations, the time pressure resulting from a high number of factory inspections per year together with an insufficient number of highly qualified staff leads to incomplete and, at times, superficial results. Furthermore, often, even if global brands invest a significant amount of capital, time and effort complementing private compliance models with

capability-building activities, it can only work if the measures address the root causes of supplier non-compliance (Locke, 2013).

Sinkovics *et al.* (2014a, 2014b), however, hold that MNEs are seldom in a position to be able to address such root causes due to their “liability of outsidership” (cf. Johanson and Vahlne, 2009), that is their lack of understanding of the nature of these root causes. This proposition is in line with Rohatynskyj’s (2011) findings from investigating Hindustan Unilever’s Shakti project. The lack of knowledge about the underlying social structure surrounding the issue of female work, together with a conflict of interests in the selection of Shakti dealers arising from a field workers’ remuneration scheme, led to the primary goal of the initiative being missed. Either male members of the family were running the business instead of the women, or women who could not afford the high entry fee of Rs 10,000 were disincentivised or did not have a chance to participate in the programme at all. In other words, despite the fact that some sort of value was created, it was not created for those who needed it the most.

To summarise the merits and limitations of this literature body with respect to capturing the development impact of corporations, the following points can be made. The focus on employment relationships and labour standards within the frames of GVCs and GPNs undoubtedly yields invaluable insights. Adopting a more holistic analytical perspective through the inclusion of dimensions such as social and economic upgrading and power asymmetries can greatly benefit the business and management literature in general, and IB in particular (Sinkovics, 2014). The consideration of the roles and contributions of a wide range of actors such as corporations, governments, civil society organisations, labour unions and consumers (cf. Locke, 2013) allows for an in-depth description of the dynamism and interplay between these actors. However, due to their complexity, these studies tend not to capture a wider range of human rights and development issues that occur outside of employment relationships (Giuliani and Macchi, 2014; Wettstein, 2012).

Focusing on these issues is especially timely, as there is an increase in voices demanding more involvement from businesses in the form of “CSR as development tool”. The idea of “CSR as development tool” stresses that corporations should serve as instruments of public policy by playing a key role in implementing state-led development policy measures aimed at poverty reduction (cf. Newell and Frynas, 2007). This is also in line with the emerging political CSR literature advocating that corporations assume political responsibilities to fill the regulatory vacuum in global governance (cf. Scherer and Palazzo, 2011; Wettstein, 2012; Wettstein, 2010). Such involvement would need to go beyond the activities that have so far been captured by GVC/GPN studies.

Furthermore, Coe *et al.* (2008a) state that a common limitation of the GVC/GPN literature is its treatment of the firm as a black box. Opening up this black box and considering intra-firm relationships and individual firm strategies and motivations would help explain how individual firms can alter the status quo within their GVCs/GPNs. Consequently, while business studies in general and IB in particular could gain a lot from the integration of the GVC/GPN literature’s broader analytical lens (Sinkovics, 2014), the GVC/GPN literature could benefit from the former’s predominant focus on intra-firm processes (cf. Coe, 2014).

2.3 *The business solutions at the BOP and the mutual value creation approach*

Prahalad and Hammond's (2002) proposition that there is an opportunity for firms to tap into a "fortune" at the bottom of the pyramid (BOP) by providing BOP consumers with affordable products and services can be seen as an attempt to widen the focus of MNEs. More specifically, in addition to offshoring the production of goods destined for consumption by the top of the pyramid (TOP) in both developed and developing countries, this perspective advocates the production of goods and services to be consumed by the BOP in emerging economies. Indeed, some scholars welcome this idea as a way for MNEs to contribute to economic development by raising the poor's standard of living while simultaneously generating profit (Seelos and Mair, 2007). Others, on the other hand, mostly from the development side of the literature, see it as a form of exploitation geared towards "access[ing] the few rupees they do have" (Newell, 2008, p. 1073).

From a critical perspective, the view of a fortune at the BOP can be seen as based on the somewhat simplistic marketing principle that consumers should have the freedom to decide what they buy (Perreault *et al.*, 2012). Prahalad and Hammond (2002) propose that the poor will readily spend their money on luxury items to achieve a sense of a higher standard of living, because they accept that they will not be able to afford a house or get access to running water. However, apart from the criticism that this strategy is exploitative and does not achieve real development outcomes (Newell, 2008), its unquestioned adoption by MNEs is also found to be unsuccessful from a business perspective. London and Hart (2004) observe that many Western MNEs fail in developing countries because they attempt to implement the same strategies as in developed economies. As a consequence, London and Hart (2011) propose a shift in mentality from a "fortune-finding" to a "fortune-creating" attitude. The underlying idea is to better understand the needs of BOP consumers and producers, and to design solutions with the BOP instead of for the BOP. Proposed solutions take the form of innovative co-creation of products and services to better suit the needs of the poor (Hart, 2007). This renewed perspective can be seen as a more serious step towards a development angle (cf. Newell and Frynas, 2007) and stands in contrast to the predominant focus of IB research.

More specifically, development scholars expect businesses to engage closely with social problems and to achieve a deep understanding of the underlying root causes (cf. Newell and Frynas, 2007; Rohatynskyj, 2011). In an attempt to achieve such an understanding, the concept of mutual value creation at the BOP was born (Hart, 2007; London *et al.*, 2010; London and Hart, 2011). One of the key aspects of this approach is that, instead of trying to replace existing foundations and local knowledge with products and services designed centrally by global brands, MNEs and other ventures targeting the BOP should learn to build upon locally existing structures (Hart, 2011). The emphasis is on creating ventures that serve both BOP consumers and BOP producers by actively crafting solutions with them (London and Hart, 2011). The idea of BOP ventures cuts across sectors and size, and often involves collaboration among for-profit organisations, non-profit organisations and development agencies (London and Rondinelli, 2003).

As part of the mutual value creation approach, the concept of mutual value creation with producers (London *et al.*, 2010) can be regarded as complementary to the concept of economic upgrading in the GVC literature (Gereffi, 2005). Both concepts are connected to the idea of capability building, and they both go beyond the compliance model. By implication, the

mutual value creation approach also aims at getting producers to a level at which they are able to meet certain product quality standards, by addressing their value creation constraints (London *et al.*, 2010). However, one of the differences between the two approaches is the broadness of the lenses they apply to investigate related phenomena. While the mutual value approach is focused on setting up BOP ventures of different sizes and forms (London and Hart, 2011), the GVC literature is mainly concerned with the organisation and governance of GVCs (Gereffi, 2005, 1999, 1994; Gereffi *et al.*, 2005). Given this focus on governance, most cases that are investigated already have some degree of access to a value chain (Humphrey and Schmitz, 2002), even if it is indirect. The main questions asked are how economies and firms can improve their ability to move up those value chains to tap into higher-value-added activities (Gereffi, 1994). As a consequence, the GVC literature adopts a broader, mostly sectoral lens.

The mutual value creation approach (London *et al.*, 2010), on the other hand, also includes cases where there is no current access to local and/or global value chains. The focus is on identifying the causes of the lack of access, on the subsequent gauging of a potential market opportunity and on the ensuing set-up of a venture in collaboration with producers (London, 2011). While the roles of governments, development agencies and non-profit organisations are acknowledged (London and Hart, 2011), the focus still remains on strategy creation, its implementation in the form of business model design, market creation and the assessment of the impact generated through collaboration (London, 2009).

The approach of creating mutual value can furthermore be seen as an important step towards addressing Locke's (2013) argument that many capability-building initiatives do not take into consideration the full spectrum of divergent and competing actor interests involved in supply chains, such as brands, suppliers and workers. Indeed, in their recent working paper, Distelhorst *et al.* (2014) seem to come close to the mutual value creation approach. They use the term "shared value" and propose that, if buyers, suppliers and the workforce in supplier firms all benefit from capability-building initiatives, this may after all lead to the improvement of working conditions.

At the same time, through its noble objective of "combin[ing] the best of both worlds, the resources and technological capacity of the formal economy and the indigenous knowledge, human face, and local embeddedness of the informal sector" (London and Hart, 2011, p. 10), the mutual value creation approach builds on the assumption that the formal economy is able to fully comprehend the indigenous and path-dependent knowledge of the informal sector and is able to leverage it. As mentioned earlier, it is questionable how far "outsiders" are able to comprehend deeply rooted and often contextual problems in their full complexity (Sinkovics *et al.*, 2014a, 2014b), even if they "invest [...] in listening to the voices of the BOP" (London, 2011). For example, the case of Unilever and the Shakti project is cited by London (2011) as a successful BOP venture. However, as we discussed in the previous section, despite the company's investment in partner relationships with agencies such as CARE, it failed to understand the deeper context-dependent structures. This point is especially relevant for MNEs, in which the headquarter's internal control frequently crowds out the voices of local stakeholders in the host country (Crilly, 2011). The "sheer ignorance perspective" put forward by Ciabuschi *et al.* (2011) proposes that headquarters often intervene in subsidiary affairs, although they lack relevant knowledge. Furthermore, there is empirical evidence that in many cases, it is the pressure from institutions, and not a strategic analysis of social

issues and stakeholders, that forms the basis for decision-making with respect to stakeholder engagement (Husted and Allen, 2006).

Therefore, while the mutual value creation approach may work well in certain instances, further exploration is still required of the circumstances under which it can be adopted by advanced-economy MNEs in emerging and/or adverse economies. Moreover, the use of the term “constraint” does not seem to differentiate between the symptoms and root causes of a given problem. For example, in his chapter “Building better ventures with the base of the pyramid”, London (2011) refers to CEMEX’s Patrimonio Hoy, and Proctor & Gamble’s PUR water purification product as examples of BOP ventures. The difference between the two examples is that, while CEMEX’s initiative identified and offered a solution to the root cause of failure in home building at the BOP, Proctor & Gamble’s initiative merely attempted to treat a symptom of a problem. The most significant root causes of home building at the BOP are the lack of affordable architecture services, the lack of financing and the exploitative behaviour of intermediaries. On the other hand, PUR is a powdered compound packaged in sachets that can decontaminate 10 litres of water. While decontaminating water is undoubtedly useful and thus offers value, it can be argued to only represent a band aid for a much deeper problem, that is the lack of infrastructure that brings pure running water to every household. As a consequence, more attention needs to be accorded to the conceptualisation of the terms “constraint” and “value”. The last section of this paper will attempt to make a contribution towards such a conceptualisation.

2.4 Corporate social responsibility and the business and human rights debate

Bondy *et al.* (2012) investigate the question of whether there is an institution of CSR. They find that while, in the Western society, the practice of CSR has progressed to such a level that there is strong evidence for its institutionalisation, corporations tend to engage in CSR activities that are of strategic importance rather than of benefit to society and the environment. This observation is in line with the differentiation between “CSR as business tool” and “CSR as development tool” mentioned in previous sections of this paper (cf. Newell, 2008; Newell and Frynas, 2007; Rohatynskyj, 2011). Bondy *et al.* (2012, p. 284) furthermore conclude that, while CSR as a business case or business tool may have some positive impact on society, its main focus is “on using CSR to create value as defined by the dominant market logic, such as improved competitive positioning or profitability”. This finding is more or less in accordance with Devinney’s (2009, p. 45) provocative proposition that “the holy grail of CSR – doing well by doing good – is an illusory goal that is noble in spirit but unachievable in practice”.

Following on from this statement, we will now briefly look into the main themes of critical CSR studies. They not only highlight the divide between “CSR as business tool” and “CSR as development tool” (Blowfield and Frynas, 2005), but also draw attention to the fact that Western CSR practices tend not to be effective in a developing-world context (Kaufman *et al.*, 2004). At the same time, one strand of the critical CSR literature questions whether society should be at all positive about corporations assuming more social roles. This critique is mostly directed at voices advocating corporations’ increased involvement as political actors (cf. Scherer and Palazzo, 2007) in cases where governments fail in their responsibility to facilitate citizenship (cf. Matten and Crane, 2005). In line with Matten and Crane (2005), Devinney (2009) argues that the downside of applauding corporations for taking on social decisions is that they will use this power on

their own terms. At the same time, people cannot vote them out of office if they disagree with what they do, as they can with politicians and democratic governments. He even goes so far as to argue that, under certain circumstances, increased social activity on the part of corporations may actually be socially harmful (Devinney, 2009).

To provide a way to determine whether corporations' actions and strategies have a positive or negative development impact, some scholars have introduced the notion of corporate social performance (CSP), that is the evaluation of corporate activities in terms of their social relevance (Sethi, 1975). However, measuring social performance is not an easy task, especially because the social relevance and validity of any corporate action is tightly coupled to firms' quest for legitimacy and at the same time depends on how legitimacy is defined (Sethi, 1975). In general, "legitimacy can be understood as the social acceptance of business organisations and their activities" (Scherer *et al.*, 2013, p. 260). In an attempt to account for variations in the definition of legitimacy, Sethi (1975) offers three categories for the measurement of CSP. Social obligation refers to corporate behaviour proscribed by law and prompted by market forces. Social responsibility captures corporate behaviour proscribed by prevalent social values, norms and expectations. The third category, social responsiveness, encompasses corporate behaviour that anticipates future social needs arising from harmful side-effects of corporate activity and prevents such side-effects from reaching catastrophic magnitudes.

Scherer *et al.* (2013), on the other hand, describe three corporate strategies for gaining legitimacy, namely, manipulative, adaptive and moral. While Sethi's (1975) dimensions are geared towards evaluating firm activity in terms of social relevance and aim to capture its degree of proactiveness, Scherer *et al.*'s (2013) legitimisation strategies seek to explain firm behaviour in response to companies' locus of control over stakeholder perceptions. Manipulative strategies work on the assumption that companies can easily influence the perceptions of their constituencies. Adaptive strategies assume firms to be subject to institutional pressures and routines, and are aimed at complying with the status quo. Moral legitimacy strategies are most relevant in situations where the power relationship in terms of the extent of control is not clear. They build on the assumption that both corporations and their stakeholders are willing to engage in discourse, learn from each other and strive for consensus or at least for an informed compromise (cf. Palazzo and Scherer, 2006). It should be noted, however, that moral reasoning in this context can be interpreted as moral discretion, that is action that is beyond any legal obligation. Although an action may be morally required in principle, there can still be room for interpretation regarding the extent to which it should be executed (cf. Wettstein, 2012). According to Scherer *et al.* (2013), corporations are most likely to be able to preserve their legitimacy if they can develop the capability to adopt all three strategies simultaneously. At the same time, they are required to cope with the resulting paradoxical tensions.

However, the definition of legitimacy as social acceptance is problematic because it is to a large extent context-dependent and socially constructed (Ashforth and Gibbs, 1990). As a consequence, just because certain behaviours such as using slave labour are acceptable by the majority in a society at a given point in time does not mean that they are fundamentally and morally right and just. Devinney (2009) criticises this approach by claiming that the introduction of legitimacy simply sidesteps the problem of providing a suitable definition of what "social" and "responsibility" mean. Furthermore, as also discussed in the GVC/GPN section of this paper, these strategies and categories

stipulate that corporations should follow the dictates of society (cf. Devinney, 2009) or else they will be “punished” through a loss of legitimacy (Locke, 2013; Scherer *et al.*, 2013). Yet, actions based on these assumptions do not necessarily translate into a substantial development impact (cf. Blowfield, 2004; Blowfield, 2007; Locke, 2013). This observation can arguably be traced back to Devinney’s (2009) abovementioned point about the weak definitions of “social” and “responsible”.

To this end, Wettstein (2012) argues that, if CSR is to be made into a plausible and normative concept, it needs to incorporate the issue of human rights into its very core. On the other hand, he urges scholars engaged in the business and human rights debate to go beyond the non-violation of human rights and search for ways that corporations can be part of the solution rather than the problem (Wettstein, 2012). This latter aspect entails discussions around the deeper moral dimensions of corporate human rights responsibility. Human rights in this context are defined as moral rights that are pre-positive and pre-political in nature. In Wettstein’s (2012, p. 740) words:

[t]heir validity and importance is neither dependent nor based on their codification into positive law [...] [and they] address claims that are directly connected to the basic possibility of living a human life in dignity.

He furthermore suggests that the focus should shift from corporate action in the realm of virtue and beneficence (or legitimacy) to the realm of justice. As a consequence, while the negative duty of not infringing upon human rights applies to everyone, the positive duties of protecting and realising human rights become collective duties (Wettstein, 2012).

In this way, Wettstein’s (2012) conceptualisation can be regarded as an important step towards answering Devinney’s (2009) appeal for definitions of “social” and “responsibility”. Consequently, the “social” aspect can be defined as the protection and realisation of basic social and economic human rights, while the “responsible” side can be understood as the capability-based remedial obligations of individual actors. That is:

All those agents with considerable power and unique and indispensable capabilities must naturally and at the outset bear their fair share of responsibility for finding solutions to prevailing human rights problems (Wettstein, 2012, p. 753).

Yet, it should be noted, power, resources and capabilities on their own do not constitute sufficient conditions for the realisation of human rights. For instance, as described in the IB section above, while Global Factory MNEs display exceptional productive and organisational capabilities that could potentially be used to find solutions to human rights problems, this does not occur for the most part (cf. Yamin, 2011).

Furthermore, while the literature on political CSR, mutual value creation at the BOP and social entrepreneurship represents significant advancements towards capturing proactive company engagement (Wettstein, 2012), these streams do not sufficiently differentiate between the abovementioned realms of beneficence and justice. What is more, there is insufficient distinction between corporate action that merely treats the symptoms of human rights issues and corporate action that identifies and tackles their root causes.

3. Social value creation as social constraint alleviation

As indicated in the introduction section, we propose that the concept of social value creation has the potential to bridge all of the above bodies of literature. We argue that the reconceptualisation of this concept will add value in a significant way. First and foremost, it will offer a means of making sense of empirical results in all four domains

without the necessity of debating existing definitions. This will allow for a more constructive discourse about the business and society interface as well as a reconsideration of the boundaries between social and commercial enterprises. The next section offers a brief overview of existing conceptualisations, and is followed by a section spelling out the details of the reconceptualisation.

3.1 *A review of the concept of social value creation*

In general, social value creation can be defined as “a process that results in the creation of something of value for society” (Dietz and Porter, 2012, p. 23). Auerswald (2009) observes that the concept is very broad and can encompass financial, reputational, ethical, consumer surplus, capability enhancement and other positive externality dimensions. The broadness of the concept is also reflected in its use in different areas of literature. The most common usage of the term is in the form of positive externalities (Muethel *et al.*, 2011; Seraj, 2012). The second most common use is characterised by an attempt to measure it in financial terms (cf. Dietz and Porter, 2012). This is arguably due to the fact that, while the term itself is frequently used, there have only been a limited number of attempts to conceptualise it. This is also true for more specialised literature streams such as the social upgrading, CSR, business and human rights and mutual value creation domains discussed above. While there are attempts to differentiate between positive externalities resulting from the quest for legitimacy, and real impacts emanating from contributions to the realisation of human rights (cf. Wettstein, 2012), there is still a need for further conceptualisation. Before we launch into the delineation of our proposal, we will provide a brief review of the most significant existing conceptualisations.

In social psychology, social value orientation is connected to research on social dilemmas and is defined as “the importance an individual attaches to their own and others’ outcomes in situations of social interdependence” (Joireman *et al.*, 2001, p. 136). In the social entrepreneurship literature, this dilemma manifests itself in the “social versus business”, “egoism versus altruism” and “business sector versus social sector” dichotomies (cf. Lautermann, 2013). On the more mainstream side of the entrepreneurship spectrum, Korsgaard and Anderson (2011) propose the enactment of entrepreneurship as social value creation. The main argument is that there is involvement with the social side of things at several levels. On the one hand, entrepreneurs are the product of their social context and the recognition of opportunities is largely determined by their social conditioning. On the other hand, Korsgaard and Anderson (2011) argue that every commercial enterprise also has a social outcome, such as the personal growth of the individuals involved. By the same token, Acs *et al.* (2013, p. 786) suggest that, in the case of productive entrepreneurship, economic value can be framed in terms of social value. More specifically, they regard social value creation as contingent on whether entrepreneurial action is classified as productive, unproductive or destructive. However, in this context, the concept of social value is still very broadly defined and very difficult to pin down.

Similarly to the broader social entrepreneurship literature, research on social enterprise seeks to determine what constitutes social value, how it can be measured and whether there can be harmony between social and commercial goals (cf. Bull, 2007). A common view within the social entrepreneurship literature is that social entrepreneurship accords a higher priority to social value than to capturing economic value (Mair and Marti, 2006). However, as argued by Lautermann (2013), there is a

fundamental problem underlying the use of the social value concept. That is, statements such as “solving social problems” and “meeting social needs” assume a common and objective understanding of what those problems/needs are and when they can be declared as met. To allow the social value creation concept to go beyond a mere auxiliary status, an operationally viable definition of “social” is needed (Lautermann, 2013). This is in line with Devinney’s (2009) critique in the context of CSR about the definitional shortcomings of the term. However, Lautermann’s (2013) proposed reconceptualisation of social value creation as entrepreneurial value, while intellectually intriguing, does not achieve the aim of penetrating the core of social value creation. Rather, it approximates Korsgaard and Anderson’s (2011) and Acs *et al.*’s (2013) proposition about the inseparability of the social and economic value of productive entrepreneurship.

To this end, Kroeger and Weber (2014) propose the use of life satisfaction ratings as a means to compare the effectiveness of not-for-profit social interventions. They argue that this approach allows for a better understanding and measurement of what “social” means. Life satisfaction ratings are generally used as an indication of living standards. They define social value as “positive change, initiated by a social intervention in the SWB [subjective well-being] of disadvantaged individuals” (Kroeger and Weber, 2014, p. 519). Although there is empirical evidence that the effectiveness of an intervention can be measured by surveying the beneficiaries about their life satisfaction (cf. Dolan and Metcalfe, 2012; Hicks *et al.*, 2013; Layard, 2010), it is still questionable whether this approach is able to differentiate between improved life satisfaction emanating from “band aid treatments” and life satisfaction emanating from the treatment of root causes. For example, providing people living in slum communities who have given up hope of a more dignified life with access to affordable luxury goods (cf. Prahalad and Hammond, 2002), or even access to improved sanitation, may increase their subjective life satisfaction, but it will not solve the underlying root causes that force people to live in a slum in the first place (cf. Kazmin, 2015). While Kroeger and Weber’s (2014) framework may be useful for policymakers wishing to compare aggregate values, on its own it does not provide a sufficient reconceptualisation of social value.

Finally, there is a trickle of studies that draw on complexity science (Goldstein *et al.*, 2010, 2011; Swanson and Zhang, 2011) and systems theory (Dietz and Porter, 2012) to better understand social entrepreneurship in general and social value creation in particular. This approach can be considered as more promising than traditional linear approaches because it looks at organisations as complex adaptive systems (cf. Dietz and Porter, 2009). More specifically, it has the ability to capture the dynamism of and the interaction between the individual business model components (cf. Osterwalder and Pigneur, 2010; Sinkovics *et al.*, 2014a, 2014b) in the form of agents. Dietz and Porter (2012) define agents as individuals who manipulate resources such as information, materials, finances, etc., within the system. Agents furthermore establish the boundaries and the context of the system in the form of organisational culture, rule sets, hierarchy and the type of information that is generally deemed useful within the system. It is within this context and boundaries that work occurs. Work is defined as the process by which agents interact to produce an output by bringing together knowledge, skills, values, tools and other required resources. This output is seen as the focus of the organisation and is called the attractor. In a socially focused entrepreneurial organisation, the attractor may be something like educating high-school drop-outs, or feeding the hungry. Dietz and Porter (2012) furthermore propose that, to understand

social value creation, one needs to understand how a specific organisation decides which attractor to target, that is its output. The creation of the output depends on how the agents have previously set up the system and how they manipulate the resources that are at their disposal. As a consequence, [Dietz and Porter \(2012, p. 27\)](#) define social value creation as “the act of bringing into being that which serves the greater good (social cause-attractor) and has a higher priority over economic value”.

Yet, although [Dietz and Porter \(2012\)](#) provide valuable insights into the workings of organisations as complex adaptive systems, their main focus remains on the organisation and its agents. It must be acknowledged that their proposed tool imported from operations management is relatively effective in detecting dissonance between actors with respect to how the common goal can be reached, and offers an opportunity to find common ground in reducing or even eliminating differences. Nevertheless, it does not consider other types of constraints that may not only affect the effectiveness with which the “attractor” is delivered but also endanger the very existence of the organisation (cf. [Goldratt, 1990](#); [Sinkovics, 2013](#); [Sinkovics et al., 2014a, 2014b](#)). Also, this conceptualisation does not differentiate between complex adaptive systems that are treating symptoms of a deeply rooted social problem and complex adaptive systems that are geared towards alleviating the root cause of that problem. Furthermore, while [Dietz and Porter’s \(2012\)](#) approach can be seen as a means of awakening sensitivity to the complex nature of organisations and to the existence of systems (cf. [Forrester, 2007](#)), it does not consider the interaction of two or more systems in a sufficient manner. As a consequence, we argue that, to grasp the complexity and diversity of “social cause attractors” (i.e. social issues), one also needs to consider the group of individuals affected by the social issue as a system. Only in this way is it possible to determine whether a proposed solution treats a symptom or a root cause. The next section offers a reconceptualisation of social value creation based on this idea of going beyond “one-system thinking”, and of the differentiation between system constraints and the symptoms of those constraints.

3.2 Reconceptualisation of social value creation as social constraint alleviation

For a reconceptualisation of social value creation to add value, it needs to address the following issues detected in the above review. First and foremost, it needs to offer a useful and clear definition of what “social” means ([Devinney, 2009](#)). Second, it needs to attend to the limitations of the constraint concept as put forward by Ted London and his collaborators ([London, 2011](#); [London et al., 2010](#); [London and Hart, 2011](#)). Third, it needs to sketch out the basic ideas of a two-system approach to allow for the differentiation between symptom treatment and root cause alleviation. Last but not least, such a reconceptualisation also needs to refine [Wettstein’s \(2012\)](#) proposed capability-based remedial action concept by taking into consideration that the complexity of an organisation increases with its size, not to mention its geographical dispersion.

As indicated in the introduction section, we propose a narrower definition of social value creation in the form of social constraint alleviation. This stands in contrast to the very broad definition of the concept as “something of value for society” or “that which serves the greater good” ([Dietz and Porter, 2012, pp. 23-27](#)). While these previous definitions do not differentiate between symptomatic problems and root causes, the focus on social constraints accounts for such a differentiation. To provide a useful definition of “social”, we propose to go beyond positive externalities ([Auerswald, 2009](#))

and attempt to assign monetary value to the impact resulting from an organisation's social mission or as a by-product of its commercial mission (cf. Sinkovics *et al.*, 2014a, 2014b; Vega and Kidwell, 2007).

Following Wettstein (2012) and Sinkovics *et al.* (2014a, 2014b), we suggest tying the definition of "social" to social and economic human rights, manifested as the three core values of development (Todaro and Smith, 2011), namely, sustenance, self-esteem and freedom from servitude. As explained in the introduction, sustenance refers to the ability to meet basic needs related to food, shelter, health and protection; self-esteem to human dignity, a sense of worth and self-respect; and freedom from servitude relates to the ability to live a life in dignity. These human rights matter independently and irrespective of their implementation or enforcement; they are universal and equal, inalienable and indivisible. As a consequence, "they apply to all human beings in the same manner and to the same extent" (Wettstein, 2012, p. 741).

Following on from this definition of the "social", social constraints can be delineated as the root causes that prevent a group of individuals from making use of their human right to sustenance, self-esteem and freedom from servitude. The universality of these rights ensures that social value creation defined as the alleviation of social constraints is comparable across different contexts. While their manifestations may look different, their core will remain the same (Sinkovics *et al.*, 2014a, 2014b). As mentioned in the section reviewing the literature on business solutions at the BOP, Ted London and his collaborators employ the constraint concept interchangeably for symptoms and root causes. Such a differentiation is crucial, as, while providing solutions for symptoms can be very important in the short term, it does not solve the underlying problem sustainably. For example, the PUR water purifying powder sachets introduced by Proctor & Gamble add value through their ability to purify 10 litres of water per sachet (London, 2011), but do not alleviate the root problem of a lack of infrastructure bringing clear running water to every household. Furthermore, there are other more traditional water-filtering products that seem less intrusive and do not require frequent repeat purchases, e.g. Mitticool's eco-friendly clay water filter with purification and cooling function (www.mitticool.in) that also holds 10 litres of water.

Admittedly, differentiating between symptoms and root causes is not always an easy task. To this end, we propose regarding the group of individuals affected by a social issue as a system with the common purpose of making use of their social and economic human rights. In this context, social constraints can be regarded as the root causes that keep the system from attaining its goal. It must be emphasised that the term constraint is not used as a synonym for a problem or a challenge. There are many problems and/or challenges faced by economies, organisations and communities that are merely symptoms of a deeper root cause (Goldratt, 1990; Sinkovics, 2013). According to Goldratt (1990), while a system can have many problems in the form of symptoms, it can only have a very limited number of constraints and will always have at least one.

For example, in the case of the IT-BPO (a business process outsourcing company) analysed by Sinkovics *et al.* (2014a, 2014b), the observable surface problem is many young people living in poverty in a rural area. A closer investigation reveals that these young people are educated, but due to the prevalent social norms, they are returning home after graduation and remaining there. A lack of employment opportunities that match their qualifications leaves them stranded at the mercy of their families, with many of them living under the poverty line. According to the above definition, the group

of individuals who qualify as rural and educated but unemployed can be regarded as a system. Their common goal can be defined as attaining their human rights in the form of subsistence (sufficient food, shelter and healthcare), self-esteem (the feeling of dignity resulting from not being dependent on the mercy of others) and freedom from servitude (having the choice to lead a life they value). The system constraint can be defined as labour immobility, because if they were free from the aforementioned social norms, they could go to cities and find jobs. The founder of the IT-BPO has recognised this underlying social constraint and addressed it by absorbing it into the firm’s business model. More specifically, the IT-BPO provides the educated-but-unemployed with access to quality employment and to further training in a relatively knowledge-intensive sector where they can make use of their education.

Wettstein’s (2012) view that the positive duties to protect and realise human rights are collective duties and that all agents that possess the power and capabilities to do so must assume their fair share of responsibility for finding solutions to human rights problems is based on the assumption that capability equals the ability to comprehend these, at times, deeply rooted problems. While we agree with the conceptualisation of “responsibility” as positive duty in the form of capability-based remedial action, we propose that it requires a specific kind of capability, that is the capability to differentiate between social constraints and their symptoms, and the capability to alleviate those constraints. To this end, a two-system (or multi-system) approach is needed. It is not sufficient to simply regard one’s own organisation as a system (Dietz and Porter, 2012) and identify the constraints that keep the organisation from its goal (i.e. firm survival, delivering a certain product, etc.). To identify social constraints as opposed to merely symptoms of those constraints, and to work out how to alleviate them, organisations must also view the group of affected individuals as a system. Furthermore, to ensure that the business itself remains resilient and sustainable, it needs to be able to identify and alleviate its own system constraints (Goldratt, 1990; Sinkovics, 2013; Sinkovics *et al.*, 2014a, 2014b). Figure 1 is a graphical representation of the two-system approach to social value creation.

Finally, we would like to propose that in general, there are three ways to respond to the existence of social constraints. One approach is to exploit them, as can be seen in the case of certain labour contractors in geographically dispersed production networks (Barrientos, 2013). Those business models are built on the assumption that, as long as these social constraints are in place, there will be a labour supply that can be exploited.

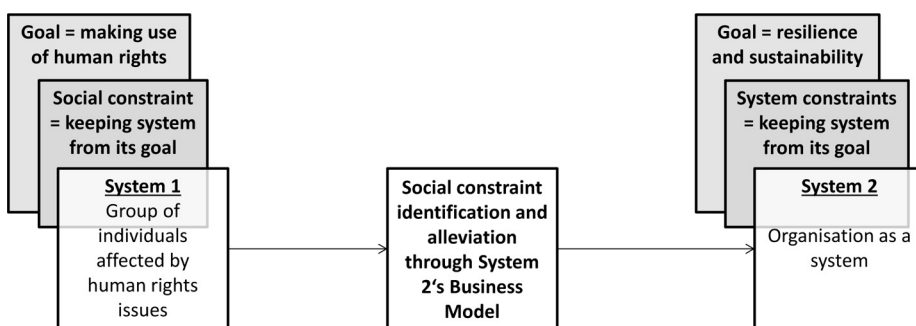


Figure 1.
A two-system view
of social value
creation

Source: Adapted from Sinkovics (2013)

This is because these individuals do not have any other options at their disposal. Another approach to dealing with social constraints is to bypass them. This can happen consciously or unconsciously through compliance models and capability-building initiatives that are not directed at relevant root causes (Locke, 2013). Bypassing social constraints can generally be associated with symptom treatment. In many cases, treating symptoms can be very important for sustaining individuals until the root causes can be alleviated. Charities that feed the homeless, allow them to have an occasional shower and provide them with sleeping bags and clothes are a case in point. At the other end of the spectrum are organisations that use CSR as a business tool (Newell, 2008; Newell and Frynas, 2007; Rohatynskyj, 2011). The main objective of such initiatives is to combat criticism and to protect the company image. The third way, and the one we identify as social value creation, is to understand and alleviate social constraints through appropriate business model design, as in the case of the IT-BPO described above (London and Hart, 2011; Sinkovics *et al.*, 2014a, 2014b).

4. Conclusions and future research

This paper had two interconnected objectives. The first goal was to provide a reconceptualisation of social value creation as social constraint alleviation. At the same time, we sought to respond to the call put forward by Giuliani and Macchi (2014) inviting scholars to produce synergies between bodies of literature with mono-disciplinary tendencies connected to the development impact of businesses. We aimed at contributing to this agenda by synthesising selected studies, ideas and examples from different bodies of literature related to the business-society interface. We were particularly interested in ideas from the GVC/GPN, business and human rights, CSR, IB and (social) entrepreneurship literatures, due to their distinctive view of businesses' role in society. We argue that the general concept of social value creation, broadly defined as "something that benefits society", links these bodies of literature either through its sought-after presence or through its criticised absence. We reviewed concepts such as "CSR as business tool", "CSR as development tool", social upgrading, mutual value creation, social and economic human rights and social value to demonstrate this point. The literature review not only provided insights into synergies and complementarities, but also revealed a number of limitations in the existing concepts that offered a solid base for a useful reconceptualisation of the social value creation concept.

However, due to space limitations, it was not possible to go into detail with respect to how social constraints can be operationalised. The present paper only provides three main categories connected to social and economic human rights, in the form of sustenance, self-esteem and freedom from servitude. Future research will need to further explore and break down these categories. Also, more research is needed into the practical mechanisms of constraint identification and alleviation. Future studies are also required to categorise social constraints that can be addressed by single businesses and those that require collective business or public policy actions. Furthermore, we argue that the reconceptualisation of social value creation as social constraint alleviation provides a significant insight into how third-sector organisations could be categorised into "symptom treaters" or "firefighters" versus "social constraint alleviators". Such differentiation would have implications for the support needs of the organisations, as it can be expected that organisations treating symptoms will require more external support to ensure the continuity of their operations. As a consequence, future research

will not only need to verify this claim, but will be well-advised to look at the whole spectrum of organisations from “symptom treaters” to “constraint alleviators”. We expect that this will have significant implications for current conceptualisations of social and commercial entrepreneurship.

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