Legitimacy of Entrepreneurship in Sustainable Development Debates

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Abstract

This dissertation seeks to advance research at the nexus of entrepreneurship and sustainable development by moving the analysis from particular enterprises to entrepreneurship as a societal phenomenon. It shifts our focus away from entrepreneurs themselves to those who assess the relevance of entrepreneurship for the pursuit of sustainable development. In order to better understand the legitimacy of entrepreneurship as a means for sustainable development in different societal contexts, this dissertation addresses three important questions: what is expected from entrepreneurship in sustainable development, where it is valued as a solution for social problems, and how it is legitimised in a local context.

Paper 1 explores what is expected from entrepreneurship in connection to sustainable development. It applies Toulmin’s rhetoric theory to reveal the implicit legitimacy assumptions in European Union policy texts. The findings explain in which ways entrepreneurship is considered legitimate and for what exactly in the policy argumentation. Paper 2 investigates where entrepreneurship is valued as a solution for solving social problems by conducting a quantitative analysis across 11 different capitalist welfare states within and beyond Europe. The results present legitimacy-enhancing and legitimacy-diminishing political-institutional conditions in which groups of national experts prefer entrepreneurial solutions over those provided by the state or civil society organisations. Paper 3 theorises how entrepreneurship becomes accepted as a means for sustainable development in a local community. It develops an integrative, theoretical framework for understanding community transformation through (the legitimisation of) community enterprising endeavours.

The dissertation contributes to both academia and policy-making by illuminating the ideological, political and social origins of the legitimacy of entrepreneurship as a means for sustainable development. It carries out research at three societal levels and offers initial insight for the further development of a multilevel view on the legitimacy of entrepreneurship in sustainable development debates.

Keywords
Sustainable entrepreneurship, social entrepreneurship, rhetoric, policy, community development, sustainability, legitimacy

ISSN-L 1799-4934 ISSN (printed) 1799-4934 ISSN (pdf) 1799-4942
Location of publisher Helsinki Location of printing Helsinki Year 2017
Acknowledgements

My journey into the world of academia began on a rickshaw in Gurgaon, India, in 2013. This was the time when my interest in sustainable business practices (and concern over the damage caused by unsustainable ones) had grown so that I wanted to start exploring these themes through research. Upon embarking on my PhD studies, I quickly found the literature on sustainable and social entrepreneurship, but much of what I encountered puzzled me. Could these novel ventures that combine economic, social and environmental gains in their operations become an example for everyone to follow? And, to be more critical: does entrepreneurship really have a role in sustainable development debates? These questions led me to explore the legitimacy (acceptance, appropriateness and desirability) of entrepreneurship as a means for sustainable development. What does society actually expect from it? In which countries and political systems are private enterprises called upon to help? How would a group of people find a common will to jointly engage in such entrepreneurship? These are the questions I analyse in this dissertation.

Although the theme of the dissertation derives from my personal interests, I have not done the work alone. There have been many who have contributed to this task and with whom I have had the honour and pleasure to work. There is no other person who deserves more of my gratitude for their influence in the dissertation process than my wonderful supervisor Ewald Kibler. Ewald is a broadly-read and open-minded scholar, and he has steered my work forward with great confidence. I have been truly fortunate to have had a person like Ewald as my supervisor.

My greatest gratitude also goes to Professor Alex Nicholls from Saïd Business School at the University of Oxford, and Professor Fergus Lyon from Middlesex University for the pre-examination of my dissertation. I highly appreciate the time and effort both have taken to evaluate my work and I am deeply honoured to be able to benefit from their critical remarks and suggestions. Their reviews have greatly improved the quality and ambition of this dissertation. I also thank Alex Nicholls for acting as the opponent in my doctoral defence.

Within the research community at Aalto University, I want to thank Professor Teemu Kautonen for providing the best conditions imaginable for my doctoral studies, and for introducing me to the ways in which academic communities can support policy-making. The biggest thanks go also to my dear colleagues Vera Haataja for the many deep, philosophical discussions on
and around my research themes, Steffen Farny for being the one whose example inspired me to engage in doctoral studies all the way to the end of the process, and Kirsi Snellman for her enthusiasm and for being the most positive person anybody could wish to have around them.

I have had the pleasure to work in a great unit with many gifted people such as Jukka-Pekka Heikkilä, Myrto Chliova, Charlotta Sirén, Gabriella Cacciotti, Greg O'Shea, Johannes Gartner, Ranajoy Choudhury, Carmelita Ginting-Carlström, Bernadetta Ginting and Lauri Laine, as well as with many other PhD-candidates at Aalto University. Professor Paula Kyrö is the one to thank for guiding me through my initial steps.

During these years, I have received insightful feedback from many fellow academics. Thank you Pekka Stenholm, Siri Terjesen and Pablo Munoz for giving me the opportunity to learn from more experienced scholars about the research and writing process. Felix Riedl and Boyd Cohen also deserve thanks for their cooperation. I attended conferences, such as Sustainability, Ethics and Entrepreneurship (SEE), the European Theory Development Workshop (ETDW) and the European Summer University (ESU), and in these and other events I benefited from constructive advice by Agnieszka Kurczewska, Hans Landström, Markus Reihlen, Saulo Barbosa, Augusto Rocha, Frank-Martin Belz, Silvia Dorado, Derek Harmon, Issy Drori, Trish Reay and Dror Etzion, amongst many other more seasoned and junior scholars. For offering both historical and philosophical depth in their teaching I want to acknowledge and thank Matti Häyry, Pekka Sutela and Tuomo Peltonen.

Aalto University as well as HSE Foundation, The Foundation for Economic Education and Yrjö Uitto Foundation provided crucial financial support for my dissertation, and I truly appreciate their efforts to uphold the broadest opportunities in high-level education and academic inquiry in today’s society.

For offering an inspiring environment for writing the dissertation I want to thank Aki, Vali, Hannah and Mathilda in Bern, whose home was also my home for a month. I also thank all the other hosts in St Petersburg, Budapest, Hanoi and Ho Chi Minh City, where I also worked on my dissertation.

This is a great opportunity to thank my parents Lisbeth and Jorma Salmivaara, who seem to be unconditionally proud of me and have always given their fullest support to everything I have aspired to. I find it impossible to imagine anyone having better parents. I also wish to thank all my friends, family and extended family for inquiring about the progress of my research, and also for not doing precisely that. I knew you would all enjoy the celebration that shall follow.

And, my love, Steven Parham. Thank you not only for proofreading and smoothing large parts of this dissertation, but more importantly, I thank you from my heart for the endless encouragement and inspiration you have given me in this process and in life in general. I am the happiest and luckiest person to be with you, and I love you more than anything.

Helsinki, 15 September 2017
Virva Salmivaara
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List of Papers

This doctoral dissertation consists of a summary and of the following papers which are referred to in the text by their numerals


2. Kibler, Ewald; Salmivaara, Virva; Stenholm, Pekka; Terjesen, Siri. The Evaluative Legitimacy of Social Entrepreneurship in Capitalist Welfare Systems.

1. Introduction

“He had talents equal to business, and aspired no higher.”

- Tacitus (54-119)
  Annals, Book VI, 39

1.1 Background

The urgent need to find solutions to ‘grand challenges’, and the pressing ecological and social problems faced by communities and nations around the world, have put sustainable development on the political, corporate and academic agenda (Ferrano et al., 2015; George, 2014; George et al., 2016). Global organisations, local governments and NGOs have called for the private sector to take the initiative in solving the critical challenges posed by our time (Wheeler et al., 2005). Instead of solely contributing to economic development and growth, business are increasingly expected to engage also in the production of social and environmental value (Elkington, 1998).

In response to these demands, research has emerged to explore the potential slumbering in entrepreneurship, and scholars have begun to analyse particular forms of enterprising that focus on the advancement of social and/or environmental wellbeing in addition to their economic goals. A growing body of literature has studied in which ways social entrepreneurship (Nicholls, 2010a; Short et al., 2009), sustainable entrepreneurship (Dean & McMullen, 2007; Hall et al., 2010), environmental entrepreneurship (Vickers & Lyon, 2014; York et al., 2016), community-based or community-led entrepreneurship (Peredo & Chrisman, 2006; Haugh, 2007), or societal entrepreneurship (Ratten & Welpe, 2011) can compensate for the failures of governments and markets (Cohen & Winn, 2007; Munoz & Dimov, 2015) and contribute to sustainability goals and community development (Austin et al., 2006; Daskalaki et al., 2015; Shepherd & Patzelt, 2011).

However, while these research streams have generated important contributions to explaining the motivations, activities and outcomes of particular enterprises, they have more rarely asked how such entrepreneurial efforts are actually appreciated in society. Prior research has tended to take for granted entrepreneurship’s role as a panacea for sustainable development (Hall et al., 2010) and proceeded to investigate the particular ways in which
entrepreneurship can influence and contribute to its environment. In contrast, this dissertation argues that we must turn the question around and ask how the debates around sustainable development change the environment for entrepreneurship and affect its societal position. The broader societal acceptance of entrepreneurship as a means for sustainable development is crucial for evaluating whether the potential in entrepreneurship will actually unfold (Hall et al., 2010). It has an impact on the way in which entrepreneurs perceive their role and the importance of their venture (Kibler & Kautonen, 2016; Kibler et al., 2014); and it also influences the emergence of entrepreneurial activity (Diez-Martin et al., 2016; Tornikoski & Newbert, 2007).

From this perspective, it is particularly pertinent to understand how entrepreneurship in general (albeit the specific field of operations or the motivational grounding of individual enterprises) is accepted and appreciated as a means for achieving sustainable development in society. Hence, this dissertation will cross the boundaries of research streams that have adopted the point of view of a specific entrepreneurial form and carry out research on varying forms of entrepreneurship that tackle social or environmental issues at a local or a broader societal level. In this dissertation, the term sustainability-oriented entrepreneurship is thus used to refer to the coupling of entrepreneurship and the broad array of challenges subsumed under the umbrella of sustainable development, regardless of whether this coupling is initiated by the entrepreneurs themselves or imposed through societal expectations.

Sustainable development is a contested and value-laden theme (Kambites, 2014; McManus, 1996). Although it is generally defined as development that “meets the needs of the present without compromising the needs of the future” (WCED, 1987, p. 8), there is great variation in what this actually means in terms of the extent of changes (Hopwood et al., 2005) and whether we should, for instance, prioritise human wellbeing or the preservation of nature (Gladwin et al., 1995). Similarly, the opinions on the appropriate means of such development range between those that emphasise grass-roots initiatives (Morse, 2008) to those that advocate the idea of sustainability transitions and consider it necessary to make fundamental changes in the consumption and production patterns as a whole (Markard et al., 2012). These debates highlight the need to take a critical look at societal expectations towards entrepreneurship. They urge us to acknowledge that the appreciation of entrepreneurship as a means for sustainable development is not an issue that enterprises can overcome through their own action. Instead, what entrepreneurship should be doing for sustainable development, where it is that it is found to be valuable, and how it becomes accepted as a solution are dependent on the expectations of different societal groups (Bitektine & Haack, 2015) and their normative and institutional environments (Suchman, 1995).

To respond to these questions, this dissertation adopts legitimacy (Deephouse & Suchman, 2008; Suchman, 1995; Suddaby et al., 2017) as the key concept that helps us to better understand and theorise entrepreneurship
as an acknowledged, appreciated and desirable solution to promote sustainable development. This theoretical lens allows us to go beyond the rational and agent-focused explanations which argue that the emergence and success of enterprises and organisations depends on their effectiveness, and in turn, provides avenues for a discussion of the societal, ideological and political origins (Dart, 2004) of elevating or undermining the role of entrepreneurship in sustainable development. Enhancing our knowledge of the underlying conditions that enhance the legitimacy of entrepreneurship enables us to evaluate these conditions critically and to engage in deeper discussions on the appropriate goals and means of sustainable development.

To date, a small number of studies have looked at the legitimacy of social and environmental enterprises that extend their value creation beyond economic gains. These studies have described effective strategies and persuasive communication that entrepreneurs use to address both economic and sustainability concerns of audiences and stakeholders (O’Neil & Ucbasaran, 2016; Ruebottom, 2013; Vestrum et al., 2016). Studies have illuminated how questions of legitimacy influence entrepreneurial action (Huybrechts & Nicholls, 2013), and how enterprises gain legitimacy through their actions (Lehner & Nicholls, 2014). Nevertheless, in these studies legitimacy is typically approached from a strategic perspective (Suchman, 1995). It represents a practical problem and a task that needs attention in order for the business model to become accepted and to provide the enterprise with access to resources and support. Similarly to research on the legitimacy of new ventures in general (Überbacher, 2014), these studies have placed little emphasis on legitimation as a collective process that involves several actors (e.g. King et al., 2011; Wry et al., 2011), and which depends on the activities of distinctive groups drawn from multiple segments of society (e.g. Hiatt et al., 2009; Rao, 2004; Weber et al., 2008).

In order to shift our focus from the legitimacy of enterprises to more macro-level investigations on the legitimacy of entrepreneurship, we must tackle these limitations and place more emphasis on other societal actors who evaluate and produce the legitimacy of entrepreneurship (Nicholls, 2010a; Nicholls, 2010b) rather than limiting ourselves to studying only entrepreneurs themselves. Besides key stakeholders potentially having a direct influence on the operational environment of entrepreneurship (Nicholls 2010b), their judgements accumulate to shared, collective evaluations and “institutionalized cultural frameworks” (Suchman, 1995, p. 577) that shape the way of thinking and acting in society. The socio-political legitimacy warranted by the key opinion leaders (Aldrich & Fiol, 1994) is often formulated in media and policy texts (Bitektine & Haack, 2015); and these texts impose ideological beliefs and influence the portrayal of social entrepreneurship (Dey & Steyaert, 2010; Nicholls, 2010a; Nicholls & Teasdale, 2016), and of entrepreneurship in general (Nicholson & Anderson, 2005; Perren & Dannreuther, 2013; Perren & Jennings, 2005; Velduijn & Essers, 2013).

Given the contestation over sustainable development, it is clear that external actors and audiences do not necessarily all hold the same opinions and judge
the legitimacy of entrepreneurship similarly (Überbacher, 2014). Instead, the
distinct groups may have varying understandings on sustainability (Castelló et
al., 2015) and they evaluate entrepreneurship differently depending on the
particular norms and institutional environments in which they operate
(Suchman, 1995). Hence, besides the existence of different expectations in the
economic and social spheres of society – a characteristic which has typically
been explored in studies on sustainable enterprises (De Clerq & Voronov,
2011; Doherty et al., 2014; Katre & Salipante, 2012) – the legitimacy of
entrepreneurship as a means for sustainable development is produced in
different societal debates and in a multitude of contexts.

Following that, this dissertation argues that by exploring the collective,
external actors in different societal contexts, we can critically evaluate the
origins and implications of elevating entrepreneurship in sustainable
development debates. It also seeks to initiate the discussion on a multilevel
view that explores these issues at different levels of society.

1.2 Research Objectives

Against this background, this dissertation seeks to provide new insights into
the legitimacy of entrepreneurship as a means for sustainable development by
illuminating three important questions: What is expected from
entrepreneurship in sustainable development? Where is it valued as a solution
for social problems? How is it legitimised in a local context? In addition, the
dissertation carries out research at three societal levels, thereby highlighting
the importance of key contextual attributes and collective actors at different
levels of society. In this way it aims to broaden the academic discussion and
offer initial insight for the further development of a multilevel view on the
legitimacy of entrepreneurship in sustainable development debates. It is
through such a lens that this dissertation aspires to make specific
contributions to entrepreneurship scholarship.

The academic discussion on the nexus of entrepreneurship and sustainable
development, social problems and community development consists of several
bodies of literature, and the studies included in this dissertation make
particular contributions also to the literature of social entrepreneurship
(Estrin et al., 2013; Stephan et al., 2015; Zahra, Newey & Li, 2014; Zhao &
Lounsbury, 2016) and community entrepreneurship (Handy et al., 2011;
Peredo & Chrisman, 2006; Somerville and McElwee, 2011). Given the overall
focus on sustainable development debates, as a whole this dissertation seeks to
advance the field of sustainable entrepreneurship (Dean & McMullen, 2007;
Hall et al., 2010; Markman et al., 2016; Munoz & Dimov, 2015; Shepherd &
Patzelt, 2011) by shifting our focus away from entrepreneurs themselves to
those who assess the relevance of entrepreneurship for the pursuit of
sustainable development; and it accomplishes this by moving the analysis
from particular enterprises to entrepreneurship as a societal phenomenon. In
addition to contributing to scholarly discussion, the dissertation aims to
generate practical implications for policymakers, civil society and the
enterprise-support community which battles with the challenges of sustainable development and debates the distribution of responsibilities across the public and private sectors.

In summary, the present dissertation seeks to generate new knowledge to tackle the main research question:

*How can we understand the legitimacy of entrepreneurship as a means for sustainable development in different societal contexts?*

In order to address this question, the theoretical grounding of the dissertation builds on legitimacy theory, and in particular on the multilevel theory of legitimacy created by Bitektine and Haack (2015) as well as the recent work by Suddaby, Bitektine and Haack (2017) on conceptualising legitimacy. The aim of this dissertation is to illuminate the societal legitimacy of entrepreneurship from a perspective that emphasises actors who are external to the entrepreneurs themselves and acknowledges the importance of contextual conditions that shape the legitimacy of entrepreneurship. For this purpose the multilevel theory by Bitektine and Haack (2015) provides useful insight by focusing on the evaluators’ perspective and explaining how legitimacy judgements are embedded in the surrounding circumstances and environment.

It is noteworthy that, depending on the conceptualisation of legitimacy different actors, contexts and processes become central. In order to embrace this complexity, this dissertation wishes to explore the legitimacy of entrepreneurship in sustainable development debates by illustrating different ways of conceptualising the phenomenon. To do this, the dissertation draws on work by Suddaby, Bitektine and Haack (2017), which is the most recently published review of the key literature on legitimacy and covers almost four decades. The review identifies three different perspectives towards legitimacy that have been prominent in prior research; each of these will be applied in this dissertation. Hence, the dissertation investigates legitimacy as a property of entrepreneurship and highlights contingency with the environment as a key driver for legitimacy; it approaches legitimacy as a perception that is held by the audience and results from the interaction of the audience with the environment; and, in addition to these rather outcome-focused takes on legitimacy, the dissertation also looks at legitimacy as an on-going process that is socially constructed and negotiated by change-agents.

The dissertation involves a cumulative effort comprising three individual research papers, each of which adds nuanced insight to the research aims and the main research question (as outlined above). The papers encompass qualitative, quantitative and conceptual research. Aside from providing fruitful avenues for analysing the research question, the methodologies chosen for this dissertation seek to contribute to the development of research on the nexus of entrepreneurship and sustainable development as a field of academic inquiry. A general overview of the research papers is presented in Table 1.
Paper 1 explores what is expected from entrepreneurship in connection to sustainable development by identifying the legitimacy assumptions which underpin policy rhetoric on entrepreneurship and sustainable development. In order to form a deep understanding of the cognitive, pragmatic and moral legitimacy of entrepreneurship (Suchman, 1995), the paper utilises a qualitative approach and carries out textual analysis. It focuses on assumptions that represent a legitimacy-validating collective authority in society (Bitektine & Haack, 2015) and selects EU policy documents as the research context. The empirical data consist of the European Union’s policy documents that are applied in its 28 European member states. The paper utilises Toulmin’s theory (1958/2003) on argumentation to reveal the implicit legitimacy assumptions in policy texts. By doing so, it introduces Toulmin’s theory (1958/2003) on rhetorical argumentation into the entrepreneurship research interested in language and discourses (Dey & Steyaert, 2010; Perren & Jennings, 2005; Martens et al., 2007). The findings explain the ways in which entrepreneurship is considered legitimate and for what exactly in the policy argumentation.

Paper 2 investigates where entrepreneurship is valued as a solution for solving social problems. Since the research question benefits from a comparative approach, the paper adopts a quantitative methodology and carries out statistical analysis on ‘social entrepreneurship’ that has largely been studied through qualitative methods (Mair & Marti, 2006; Short et al., 2009). In order to acknowledge that the legitimacy challenge is arguably larger for social enterprises operating in a national scope in developed welfare states (Short et al., 2009; Zahra et al., 2009) than for those that operate in developing countries, where it is often necessity-based (Mair & Martí, 2009), the empirical context of the paper consists of 11 different capitalist welfare states within and beyond Europe that have suffered from welfare retrenchment (Allan & Scruggs, 2004; Ebbinghaus & Manow, 2001; Korpi & Palme, 2003). The paper draws on the Varieties of Capitalism (VoC) framework (Hall & Gingerich, 2004, 2009) to theorise on the institutional foundations of legitimacy judgements. As a result, the paper describes the national logics of political governance over market activities and social welfare production, and presents conditions in which groups of national experts prefer (or undermine) entrepreneurial solutions over those provided by the state or civil society organisations.

Paper 3 theorises how entrepreneurship becomes accepted as a means for local sustainable development. The aim of the paper is to understand how the (tangible) contextual realities shape the legitimisation process, and to fulfil this aim the paper focuses on the community level. Because ‘community entrepreneurship’ has mainly been researched through qualitative case studies (Dana & Light, 2011; Handy et al., 2011; Peredo, 2003), the paper wishes to advance this literature with a conceptual work. The paper applies Peredo and Chrisman’s (2006) theorisations on community entrepreneurship and Selznick’s (1994) social theory of community to introduce both a critical and normative view of community attributes and outcomes. It develops an
integrative, theoretical framework for understanding community transformation through (the legitimation of) community enterprising endeavours. In particular, it focuses on the integral mechanisms that enable community entrepreneurship to emerge – as a place-based, collective and purpose-driven form of entrepreneurial work – and proposes how this entrepreneurial engagement develops a community.
Table 1. Synopsis of the research papers.

<table>
<thead>
<tr>
<th>Research Question</th>
<th>Paper 1</th>
<th>Paper 2</th>
<th>Paper 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Theme</strong></td>
<td>Legitimacy assumptions in macro-level policy rhetoric</td>
<td>Institutional foundations of collective legitimacy judgements</td>
<td>Process of legitimating collective entrepreneurship in a local community</td>
</tr>
<tr>
<td><strong>Research Question</strong></td>
<td>In which ways is entrepreneurship considered legitimate and for what exactly in sustainable development discourse?</td>
<td>Under which conditions do key national experts prefer entrepreneurial solutions for social problems in capitalist welfare systems?</td>
<td>How does community entrepreneurship emerge and contribute to local development?</td>
</tr>
<tr>
<td><strong>Research Design</strong></td>
<td>Qualitative, rhetorical analysis on the European Union’s policy documents related to the “Europe 2020” strategy</td>
<td>Quantitative analysis on national experts’ evaluations (n=361) in 11 capitalist welfare states</td>
<td>Conceptual research drawing from Selznick’s (1994) social theory of community and Peredo and Chrisman’s (2006) theory on community entrepreneurship</td>
</tr>
<tr>
<td><strong>Findings</strong></td>
<td>Four argumentation types, which portray entrepreneurship as virtuous, adaptive, functional or transformative, and convey different legitimating assumptions on the interplay of entrepreneurship, sustenance and development.</td>
<td>The legitimacy of entrepreneurial solutions is supported by conditions where the state’s political governance of both market-based activities and social welfare provision is dominated by a similar logic: either a liberal logic (i.e., a lower degree of coordination), or by a socialist logic (i.e., a higher degree of coordination).</td>
<td>A theoretical framework highlighting three key mechanisms (capability expansion, change in dominant logic and inclusive innovation) that draw from the community attributes and explain the legitimation of community enterprising and the transformation of community’s economic, political and social realities.</td>
</tr>
<tr>
<td><strong>Main Contribution to this Dissertation</strong></td>
<td>Demonstration of contingency of legitimacy assumptions on entrepreneurial activity and sustainable development – explanation of legitimacy as property that is externally defined and implicitly present in policy rhetoric.</td>
<td>Identification of legitimacy-enhancing and legitimacy-diminishing conditions which influence ‘embedded evaluations’ on social entrepreneurship – explanation of legitimacy as collective socio-cognitive perception in the context of capitalist welfare systems.</td>
<td>Articulation of community entrepreneurship as a three-fold process of legitimation – explanation of legitimacy as an interactive and endogenous process within a local community.</td>
</tr>
<tr>
<td><strong>Conclusions</strong></td>
<td>Initial insights for developing a multilevel view of the legitimacy of entrepreneurship in sustainable development debates.</td>
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1.3 Structure

This dissertation is an essay-based work which consists of two parts. Part I includes the introduction, literature review and the theoretical framework. It presents the research that was conducted for this dissertation, and discusses the findings and conclusions connecting the dissertation’s overall contribution to the literature. Part II contains three individual studies comprising the empirical and conceptual research of this dissertation; they follow the format of standard research articles.

The remainder of this dissertation is organised as follows. Chapter 2 motivates the research of this dissertation and formulates the research gap that will be explored in this dissertation. It describes the emergence of ‘sustainable development’ on the political and scholarly agenda, and outlines the contributions and limitations in the prior literature on sustainability-oriented entrepreneurship.

Chapter 3 builds the theoretical framework that guides the empirical and conceptual research in this dissertation. It elaborates different conceptualisations of legitimacy and discusses the contextual embeddedness of legitimacy.

Chapter 4 explains the research methodologies used in the three individual research papers, and provides short summaries of the theoretical approach and contributions employed in each paper.

Chapter 5 presents the main insights developed in this dissertation. It outlines the empirical findings and conceptual implications which derive from the three individual studies, and proposes further development of a multilevel view on the legitimacy of entrepreneurship in sustainable development debates.

Finally, Chapter 6 evaluates the contributions of the dissertation to the literature. It discusses its practical implications for policymakers and civil society organisations seeking to advance sustainable development goals. Further, it assesses the limitations of the study, and suggests potential directions for future research.

Part II concludes the dissertation with the individual research papers, which have been discussed throughout Part I. A summary of these papers is provided in Table 1, included in this Introduction. Respectively to the theme of each chapter, Table 3 (in Chapter 3) summarises each paper’s theoretical focus, Table 4 (Chapter 4) briefly describes the methodological approach applied in the three studies, and Table 5 (Chapter 5) presents their central research findings.
2. Literature Review

The literature review begins with a historical overview on the emergence of sustainable development debates. Following this I review the current research linking sustainable development and entrepreneurship and highlight the specific research gaps that will be explored in this dissertation.

2.1 Sustainable Development Debates

Today, the commonly used definition of sustainable development explains it as the “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (WCED, 1987, p. 8). Nevertheless, this kind of emphasis on finding a balance and a compromise between progression and sustenance has not always been prominent. Until the late 20th century, the mainstream comprehension was that economic growth would be the key to human development and better standards of life across the globe. In this thinking, development and sustenance were regarded as conflicting notions: while development referred to the exploitation of resources, conservation called for the protection of resources (Du Pisani, 2006).

The seeds of ‘sustainable development’, in form of the concept as we know it today, were planted in the 1960s and 1970s (Du Pisani, 2006). Although some early economic thinkers such as Thomas Malthus (1766-1834) and John Stuart Mill (1806-1873) had introduced the notion that continuous growth could very well have negative and possibly devastating effects, it was only from the 1960s onwards that scholars started to alarm Western societies by suggesting that prevalent business activities would be harmful to the environment, and that this would also affect the supply of resources needed by industry. Environmental activism began to arise, and the first non-governmental organisations to focus on the preservation of nature, including Greenpeace and Friends of the Earth, were established in the 1970s (Du Pisani, 2006).

In the early 1970s, a group of distinguished economists, natural and social scientists and citizens held a meeting in Rome in order to discuss the global environmental situation. As an outcome, the ‘Club of Rome’ published the report The Limits to Growth, which concluded that the natural environment would not be able to support the current growth rates of economic activity, industrialisation and global population (Du Pisani, 2006; Mebratu, 1998).
Around the same time, action was taken in the political arena. The United Nations’ Conference on Human Environment in Stockholm, held in 1972, recognised the importance of a sustainable use of resources, and emphasised that the advancement of social wellbeing over the long-term should be pursued in respect to the limits of critical, life-sustaining ecosystems. Following these initiatives, in 1987, “a major step forward in development of the concept of sustainable development” (Mebratu, 1998, p. 500) was taken by the United Nations when the report Our Common Future was published. This report became widely known as the ‘Brundtland report’, and it provided a definition of sustainable development that has been typically used as a starting point in discussions on sustainable development ever since (Du Pisani, 2006). Indeed, the topics it raised for discussion have become “highly instrumental in developing a global view” on the notion of sustainable development (Mebratu, 1998, p. 494).

As a result of these initiatives, people’s understandings of growth and development have undergone fundamental changes. Growth could no longer be equated with the development of wellbeing; instead it had become necessary to distinguish between growth, which would refer to a change in quantity, and development, which would have to do with qualitative improvements, that is, with better ways of doing things rather than a mere increase in amount. The term ‘sustainable development’ was used to encompass both of these aspects and to acknowledge their importance and interdependence (Du Pisani, 2006).

Although the Brundtland report led to a stronger, global emphasis on sustainable development, it also expanded the discussion on this theme and broadened the debates on what actually should be aimed at, and through which means this would be achievable (Mebratu, 1998). In Davidson’s words (2014, p. 5): “any understanding of sustainability is necessarily underpinned by the explicit or implicit ideology of the social actors that drive the debate”; and the concept of ‘sustainable development’ has been approached in numerous ways both in research as well as the political arena, depending on the underlying ideology, values and worldview of the speakers (Gladwin et al., 1995; Kambites, 2014; McManus, 1996).

There is an “overwhelming range of different – often contradictory – and controversial views of the preferred destiny of the sustainable development project” (Hedrén & Linnér, 2009, p. 197). For example, whereas the ‘triple-bottom line’ idea of finding a balance between economic, social and environmental considerations is widely accepted as a starting point (Elkington, 1998), some argue that it follows neoclassical economic thinking and leads to the comparison of issues that are of vastly different quality, thereby treating them as if their costs and benefits could be summarised into one measure (Brown et al., 2006). Taking this critique one step farther, some suggest that we should move from seeking development to embracing a form of ‘post-development’ that is immanent rather than intentional (Morse, 2008).

Political and academic arguments vary in regard to the extent of necessary change, and they range between support for the status quo, to reform, and on
to true transformation (Hopwood et al., 2005). For instance, the sustainability-transition scholars have advocated fundamental shifts in production and consumption patterns (Kajikawa, 2008; Markard et al., 2012; Quental et al., 2011; Rotmans et al. 2001). Those speaking for post-development tend to promote grassroots initiatives (Morse, 2008); and those who adopt a technocratic approach encourage using an economic vehicle in order to create solutions for the most pressing problems (Gladwin et al., 1995). The solution can be expected to lie either in the hands of the state(s) and political bodies, communities, or business and industry (Mebratu, 1998).

At the same time, there has been much debate over the division of responsibilities between the public and private sectors. As Wheeler et al argue (2005, p. 33), global organisations such as the United Nations, local governments and NGOs have promoted “the mobilization of private-sector efficiency and creativity to help address the world’s many pressing social and ecological problems”. Increasingly since the 1960s, business and corporations have reacted to the growing awareness of the environmental effects of globally growing industry and consumption: first, through actions that limit, for instance, pollution and, toward the end of the 20th century, by adopting a broader notion that business should not only restrict its environmental and social impact but could also make a positive contribution in these domains (Elkington, 2006; Young & Tilley, 2006). However, citizens have also been concerned over the growing power of global businesses and suspicious of the ways in which the public sector and international organisations remain capable of supporting sustainable development under such circumstances (Elkington, 2006). As Donaldson and Walsh (2015, p. 182) put it, “many fear the firm”, and they claim that the legitimacy of business, and the population’s trust in it, has suffered from corporate scandals that have caused both human and environmental damage.

2.2 Sustainability-oriented Entrepreneurship

Alongside the growing awareness of sustainable development in politics and academia in general, this theme has evolved into a distinct research area within entrepreneurship literature. The field of entrepreneurship is generally defined as “the scholarly examination of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited” (Shane & Venkataraman, 2000, p. 218; Venkataraman, 1997), and the integration of sustainable development with this line of research has triggered a number of studies that consider environmental and social issues as a source of entrepreneurial opportunities (Dean & McMullen, 2007; Cohen & Winn, 2007). In addition to promoting the public sector’s utilisation of private initiatives for sustainable development (Wheeler et al., 2005), the interest towards this topic in entrepreneurship research has been driven by the increasing number as well as greater variety of real-life examples of entrepreneurship that (seek to) produce outcomes which extend beyond
economic gains and generate ecological and/or social value (Santos, 2012; Shepherd & Patzelt, 2011; York & Venkataraman, 2010).

The entrepreneurship literature includes a number of ways in which to categorise enterprises and entrepreneurial phenomena. At the nexus of sustainable development and entrepreneurship, classification is typically based on an assessment of sustainability-related problems that are tackled by the enterprise in question. In addition, definitions often draw attention to different parts of the entrepreneurial trajectory, and base the description of a specific form of entrepreneurship on its distinct motivation, operational model and activities, or on the type of outcomes that are created. This has resulted in terminology that distinguishes varying forms of entrepreneurship that are coupled with sustainability challenges which are either social or environmental in nature, and which concern local-level or broader societal issues.

Social entrepreneurship has been discussed in research for over twenty years already (Short et al., 2009). As Dees (1998, p. 1) argues, “we have always had social entrepreneurs, even if we did not call them that.” Nevertheless, this type of entrepreneurship became a topic fit for scholarly discussion when several disciplines, including management and entrepreneurship as well as political science and economics, began to study its origins, forms and implications (Dees, 1998). Following the versatile interests towards the phenomenon, social enterprises are considered to cover a range of ventures including not-for-profit organisations, public sector initiatives, and for-profit enterprises that integrate social aims into their operations (Dacin et al., 2011; Dees, 1998; Short et al., 2009), thus embracing varying political interests (Lyon & Sepulveda, 2009) and an emphasis on social goals in contrast to commercial exchange (Peredo & McLean, 2006). Within entrepreneurship research, interest (typically) rests in those enterprises that include market-based operations in order to meet social needs (Austin et al., 2006; Mair et al., 2012; Shaw & de Bruin, 2013). Nevertheless, studies have shown great variation between Europe and the United States in how social entrepreneurship has emerged, what its typical organisational forms and core operations are, and how it relates to the state (Defourny & Nyssens, 2010; Kerlin, 2006).

Expanding upon the idea of entrepreneurship with a social purpose, Peredo and Chrisman (2006) offer a theoretical discussion on a special case of social entrepreneurship that is grounded in a local community. Community entrepreneurship occurs when a group of community members combines local skills and resources to create a collaborative enterprise that is jointly operated in pursuit of the common good. This definition highlights the community, as a place and as a group of people, becoming both the enterprise and the entrepreneur (Peredo & Chrisman, 2006). It thus extends the discussion on place-based entrepreneurship (Kibler et al., 2015; Lang et al., 2014; Shrivastava & Kennelly, 2013) as well as earlier notions of community entrepreneurship as a form of local networking (Haugh, 2007; Johannisson, 1989), and emphasises the situation where community is not only the social environment of entrepreneurship but where community members are involved in the enterprise’s economic, social and political activities (Somerville &
McElvee, 2011). Several studies on community-based entrepreneurship contrast these efforts with development aid provided by governments and NGOs in order to shed light on the differences in processes and sustainability outcomes between the more endogenous and exogenous approaches (e.g. Gray et al., 2014; Johnstone & Lionais, 2004; Pless & Appel, 2012).

Whereas the terms ‘social’ and ‘community’ entrepreneurship seem to be reserved for a special category of enterprises that are driven by specific motivation to contribute to the wellbeing of selected groups of people, Hall, Daneke and Lenox (2010) wish to promote the notion of an entrepreneurship that advocates the more general aims of sustainable development, despite the enterprise potentially having been established solely to pursue entrepreneurial opportunities and to aim at profit-making. These scholars use as their guideline the definition of the Brundtland report (WCED, 1987) on sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” in order to determine whether an entrepreneurial activity follows the principles of sustainable development and suffices as sustainable entrepreneurship. Although sustainable development is commonly understood to integrate three important aspects of wellbeing, that is, the economy, the social and the environment (Elkington, 1998), these authors find the acceptance of the limits of nature to be at the core of sustainable development. Following this, they consider environmental entrepreneurship (Linnanen, 2002; Vickers & Lyon, 2014; York et al., 2016; York & Venkataraman, 2010), or ecopreneurship (Dixon & Clifford, 2007; Gibbs, 2009) to be part of sustainable entrepreneurship and simply earlier versions of the same term.

In addition to the forms of entrepreneurship listed above, the literature has used several other terms to describe an entrepreneurship that relates to sustainable development. These include sustainability-driven entrepreneurship (Parrish, 2010), sustainable-ethical entrepreneurship (Markman et al., 2016), pro-social venturing (Shepherd, 2015), and societal entrepreneurship (Ratten & Welpe, 2011). By emphasising the notion that entrepreneurial actions can alter formal institutions in the markets and societies in general, research has discussed institutional entrepreneurship (Garud et al. 2007; Pinkse & Groot, 2015) that may aim at achieving sustainable development, in particular (Brown et al., 2009; Waldron et al., 2015). Following this thinking, McMullen (2011) talks about development entrepreneurship that embeds approaches from business, social, and institutional entrepreneurship in its operations and which aims at facilitating changes that support disadvantaged groups of population, and that make economic growth more inclusive and alleviate poverty.

For the purpose of this dissertation it is particularly pertinent to understand how entrepreneurship (albeit the specific field of operations or motivational grounding of individual enterprises) is viewed as a potential means for achieving sustainable development in society. Against this backdrop, I term as sustainability-oriented entrepreneurship the varying forms of entrepreneurship that embed the idea of addressing societal problems that
individuals, organisations, communities, and nations face around the world (Ferrano et al., 2015; George, 2014; George et al., 2016) and which potentially compensate for governmental or market failures (Cohen & Winn, 2007; Dean & McMullen, 2007). With this term I mean to refer to an entrepreneurship that integrates economic, environmental and/or social aims into its business idea and activities (Munoz & Dimov, 2015) – regardless of whether this coupling is initiated by the entrepreneurs themselves or imposed by societal expectations. It appropriates the ideas by Hockerts and Wüstenhagen (2010, p. 482), who explain sustainable entrepreneurship as “the discovery and exploitation of economic opportunities through the generation of market disequilibria that initiate the transformation of a sector towards an environmentally and socially more sustainable state”.

*In order to review the contributions and specific research gaps in the prior literature on the nexus of entrepreneurship and sustainable development in broad terms, I now turn to the framework developed by George, Howard-Grenville, Joshi and Tihanyi (2016). This framework is meant to structure the past research and identify relevant research questions for management studies on ‘grand challenges’, that is, “formulations of global problems that can be plausibly addressed through coordinated and collaborative effort” (George et al., 2016, p. 1880). The framework consists of three main building blocks: (1) Articulation and participation, (2) Actions, and (3) Outcomes and impact. These elements draw attention to the need to develop a shared understanding on the nature of challenges and goals that should be achieved, and to define the relevant actors that should be involved in order to execute action at multiple levels of the society.

Besides their valuable framework, the authors (George et al., 2016) distinguish between two general research themes: one that explores how management theories can help to tackle global problems, and one that evaluates how business is influenced by changes in its surroundings. The first research approach largely focuses on the organisations themselves. It studies, for instance, how different stakeholder needs are assessed in companies, how organisational actors arrange their activities and solve dilemmas related to (organisational) costs and (societal) benefits, and how best to evaluate the nature and scale of impact generated by organisations. In contrast, the second research approach takes a broader, more societal view towards assessing the situation. It attempts to find answers to questions such as: which societal problems are to be dealt with through business, how does the (altered) institutional context influence business activities, and how is the importance of business reinforced in different societies with their own distinctive features and particular challenges.

When this framework is applied to entrepreneurship scholarship, we can identify research in two areas: (1) How can entrepreneurship make a contribution to sustainable development? (2) How do global problems and
sustainable development goals affect entrepreneurship? Whereas the first line of research explains what we can learn from entrepreneurship in order to reach the targets of sustainable development, the second seeks to identify mechanisms and contexts through which entrepreneurship benefits from, or is challenged by, the particular societal approaches towards sustainability and the concrete development of environmental and social circumstances.

In Table 2, I utilise the framework of George et al. (2016) to summarise the main insight from prior entrepreneurship literature that has focused on entrepreneurship and the challenges of sustainability. In addition to highlighting the contributions of research on sustainability-oriented entrepreneurship, this summary is meant to position and motivate the research objectives of this dissertation. In the table, the generic term ‘entrepreneurship’ is used to refer to an entrepreneurship which may have been called ‘sustainable’, ‘social’, ‘environmental’, ‘community’ or similar in the original work. Nevertheless, the selection of papers emphasises entrepreneurship that supports economic and social and/or environmental goals.
Table 2. Overview of the prior research on sustainability-oriented entrepreneurship.

<table>
<thead>
<tr>
<th>Research theme</th>
<th>Articulation and participation</th>
<th>Actions</th>
<th>Outcomes and impact</th>
</tr>
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<tbody>
<tr>
<td>How can entrepreneurship make a contribution to sustainable development?</td>
<td>Which needs and problems can be alleviated with entrepreneurship?</td>
<td>How do entrepreneurs operate and create value?</td>
<td>What are the outcomes and impact of entrepreneurship?</td>
</tr>
<tr>
<td>Research has grouped enterprises based on the problems they tackle: these include social (Haugh &amp; Talwar, 2016; Santos, 2012), environmental (Hockerts &amp; Wüstenhagen, 2010; Pacheco et al., 2010), and local issues (Peredo &amp; Chrisman, 2006; Pless &amp; Appel, 2012). The articulation of mission has been studied from the perspective of entrepreneurs' characteristics and motivation (Griskevicius et al., 2012; Parrish, 2010) and opportunity recognition (Hart &amp; Milstein, 1999; Patzelt &amp; Shepherd, 2011). The research has also explored how entrepreneurs convince their stakeholders (O’Neil &amp; Ucbasaran 2016; Ruebottom, 2013; Vestrum et al., 2016) and influence the institutional environment (Pacheco et al., 2010; Pinkse &amp; Groot, 2015; Potts et al., 2010).</td>
<td>A number of studies have focused on understanding how entrepreneurs organise their activities, carry out hybrid management practices (De Clercq &amp; Voronov, 2011; Pache &amp; Santos, 2013), and handle resource and personnel management (Austin et al., 2006; Parrish, 2010). The research has also explored how entrepreneurs convince their stakeholders (O’Neil &amp; Ucbasaran 2016; Ruebottom, 2013; Vestrum et al., 2016) and influence the institutional environment (Pacheco et al., 2010; Pinkse &amp; Groot, 2015; Potts et al., 2010).</td>
<td>The outcomes of entrepreneurship have been found to include environmentally sustainable products and processes (Hockerts &amp; Wüstenhagen, 2010; Schaltegger &amp; Wagner, 2007), social improvements such as poverty reduction (Bruton et al., 2013; Handy et al., 2011; Teerakul et al., 2012), or cultural vitality (Handy et al., 2011; Potts et al., 2010). The impact arguably extends from personal empowerment and group or community-level improvements (Pless &amp; Appel, 2012; Santos, 2012) to a holistic development of markets and institutions (Munoz &amp; Dimov, 2015; Pacheco et al., 2010; Waldron et al., 2016).</td>
<td></td>
</tr>
<tr>
<td>How do global problems and sustainable development goals affect entrepreneurship?</td>
<td>Which needs and problems should be alleviated with entrepreneurship?</td>
<td>How do societal conditions influence entrepreneurship?</td>
<td>How important is entrepreneurship for present and future societies?</td>
</tr>
<tr>
<td>Research has typically relied on the definition of sustainable development by the World Commission (WCED, 1987) and adopted the triple-bottom line approach (Elkington, 1998; Hall, 2011). There is a need for research that investigates the definition and change in the societal role of entrepreneurship: what are the expectations, how and by whom are they articulated? Entrepreneurship has been argued to find opportunities in market failures (Cohen &amp; Winn, 2007; Dean &amp; McMullen, 2007; Munoz &amp; Dimov, 2015), but also to benefit from institutional support (Munoz &amp; Dimov, 2015; Pacheco et al., 2010). There is a need for research that further evaluates the broader contextual influence: how do cultural conceptions, ideals and periods in local history affect entrepreneurship?</td>
<td>Entrepreneurship has been argued to find opportunities in market failures (Cohen &amp; Winn, 2007; Dean &amp; McMullen, 2007; Munoz &amp; Dimov, 2015), but also to benefit from institutional support (Munoz &amp; Dimov, 2015; Pacheco et al., 2010). There is a need for research that further evaluates the broader contextual influence: how do cultural conceptions, ideals and periods in local history affect entrepreneurship?</td>
<td>Research has compared entrepreneurial activity across locations (Estrin et al., 2013; Stephan et al., 2015), and highlighted its influence in uncertain and crises situations (Peredo &amp; Chrisman, 2006; York &amp; Venkataraman, 2010). There is a need for research that weights the position of entrepreneurship in the wider societal ‘architecture’: how do different groups and societies value entrepreneurship?</td>
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</table>
Commonly, research on sustainability-oriented entrepreneurship has followed the general trend of the discipline and approached entrepreneurship as a process or a journey (Garud & Gehman, 2012; Kibler et al., 2015; Munoz & Dimov, 2015), accompanied by a particular focus on those enterprises that have ecological and social wellbeing as their primary purpose (Parrish, 2010). In particular, studies have sought to comprehend entrepreneurial motivations and practices, and to explain the extent and type of environmental and social benefits generated by particular enterprises.

Following this approach, the articulation of the domain that can be tackled with entrepreneurship derives from the entrepreneurs’ personal knowledge and understanding of the needs in the local environment (Grimes et al., 2013; Patzelt & Shepherd, 2011) and how entrepreneurial individuals conceive of market opportunities (Cohen & Winn, 2007; Dean & McMullen, 2007; Hart & Milstein, 1999). As a result the enterprise may address environmental, social or local problems and aim at changing the institutions and practices to better support sustainability. Nevertheless, the mission derives from the entrepreneurial opportunities rather than from the respective society’s actual needs for sustainable development.

Similarly, studies that focus on the activities of sustainable enterprises have scrutinised how the values and abilities of the entrepreneur, employees and stakeholders contribute to the task (Hart & Milstein, 1999; Vickers & Lyon, 2014), and they have explored the influence of sustainability-orientation on the actual practices of enterprises (Calic & Mosakowski, 2016; York et al., 2016), their successful organisational design (Parrish, 2010) and effective governance (Elkington, 2006) that can support the managing of the enterprise’s hybrid goals (Battilana & Dorado, 2010; Doherty et al., 2014). Convincing others of the viability and legitimacy of the enterprise is viewed as one of the practical tasks of the enterprise in gaining employees, resources and customers (O’Neil & Ucbasaran, 2016; Ruebottom, 2013; Vestrum et al., 2016); and the studies have described effective strategies and persuasive communication that address both the economic and sustainability concerns of the audience and stakeholders (De Clerq & Voronov, 2011; Katre & Salipante, 2012; Martens et al., 2007).

By definition, sustainability-oriented entrepreneurship is expected to contribute to sustainable development, and a number of studies have provided evidence of the environmental and social outcomes, such as product innovations (Hockerts & Wüstenhagen, 2010; Schaltegger & Wagner, 2007) and reduced poverty (Bruton et al., 2013; Handy et al., 2011; Teerakul et al., 2012). It has also been acknowledged that these types of enterprises can also change market practices (Pacheco et al., 2010; Munoz & Dimov, 2015; Waldron et al., 2016). Nevertheless, whilst these studies demonstrate the impact of certain enterprises, the evidence on societal-level impact and importance is less convincing. As Hall and others (2010, p. 440) argue, “the relationship between sustainable development and entrepreneurship is often more prescriptive than descriptive and, perhaps, overly optimistic”.

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In addition to these rather enterprise-centred studies, research has also evaluated how the institutional environment of a given society, the changes deriving from global and local challenges, and the sustainable development goals influence entrepreneurship as a societal phenomenon. Such studies have analysed how sustainability-oriented entrepreneurship emerges in different environments, and where it has the most value. On the one hand, following the notion that institutional differences influence entrepreneurship, research has compared social entrepreneurial activity across locations (Estrin et al., 2013; Stephan et al., 2015) and looked at the potential benefits generated by institutional support (Pacheco et al., 2010; Munoz & Dimov, 2015). On the other hand, entrepreneurship has been argued to find opportunities in situations of market failure (Cohen & Winn, 2007; Dean & McMullen, 2007; Munoz & Dimov, 2015), and the research has highlighted the important role of entrepreneurship in particular in situations of uncertainty and crisis (Peredo & Chrisman, 2006; York & Venkataraman, 2010).

Typically, studies have followed the definition of sustainable development offered by the Brundtland report (WCED, 1987) – that it is development which meets the needs of the present without compromising those of the future – but have not discussed what kind of particular expectations this imposes on entrepreneurship. This dissertation argues that due to the focus on enterprises, the prior research has largely approved as taken-for-granted the role and importance of entrepreneurship for societal sustainability, thereby neglecting to critically examine how, in fact, the purpose and social role of entrepreneurship (Zahra & Wright, 2015) is itself produced, gained or given.

### 2.3 Research Gaps

The literature review shows that a majority of the research illuminating the link between entrepreneurship and sustainable development has sought to enhance our understanding on the nature of entrepreneurial practices and the entrepreneurs that operate in this area. Despite the valuable contributions of such an approach, it has neglected to touch upon sustainability-oriented entrepreneurship as a societal phenomenon. The focus of the research has been on how enterprises could pave the way towards a more sustainable society, instead of revisiting the question of whether this process will actually unfold (Hall et al., 2010). The research has tended to lean towards evaluating formal institutional environments (McMullen, 2011) rather than acknowledging the crucial influence of people and socio-cultural surroundings on entrepreneurship. It stands to reason that focusing on the latter entails a stronger emphasis on normative and cognitive institutions, instead of on rules and regulations (Scott, 1995).

My approach agrees with the stance that “the core of beginning to address a grand challenges lies in its articulation” (George et al., 2016, p. 1887). This means that the assessment of the situation and identification of sustainable development challenges shapes the solutions that, for instance, policymakers find appropriate (Davidson, 2014; McManus, 1996; Paschen & Ison, 2014),
and guides the way in which the advancement in sustainability development is measured. The value given to entrepreneurship is subjected to peoples’ interpretations and perceptions of what should be sustained and developed through entrepreneurial means (Shepherd & Patzelt, 2011). Hence, in order to combat the limitations of the prior research we are called upon to explore how the societal actors and socio-cultural environment influence the role, activities and outcomes of entrepreneurship. It is necessary to take a critical look at the expectations towards entrepreneurship in regard to sustainability challenges, the influence of cultural conditions on the engagement and emergence of entrepreneurship, and the conditions in which the outcome and impact of entrepreneurship is appreciated.

In this dissertation these questions are approached from a legitimacy perspective (Suchman, 1995; Suddaby et al., 2017) in order to better understand and theorise entrepreneurship as an acknowledged, appreciated and desirable solution to promote sustainable development. Through this lens I wish to extend the individual-centred and practice-focused research in the direction of a more collective and contextual approach that draws attention to how the role given to entrepreneurship and its participation in advancing sustainable development is dependent on actors other than the entrepreneurs themselves, and how this is entwined with the surrounding cultural and material realities. This highlights the difference between the value and approval of a single enterprise and that of entrepreneurship in general (Donaldson & Walsh, 2015).
3. Theoretical Grounding

The theoretical grounding of this dissertation relies on the concept of legitimacy, which is commonly defined as a “generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions” (Suchman, 1995, p. 574). This lens is useful for understanding how entrepreneurship is affected by sustainable development debates infested by a multitude of different views on the appropriate goals and means for sustainable development (Hedrén & Linnér, 2009). Whereas for instance resource-dependency theory seeks to understand organisational behaviour and emphasises the capacities of enterprises to cope with their external environment (Pfeffer & Salancik, 1978), and where organisational ecology focuses on the existence and relations between organisational ‘populations’ (Hannan & Freeman, 1977), legitimacy theory allows us to deviate from enterprises’ point of view and concomitant explanations that highlight quantitative indicators, rational choice or formal institutions (Dart, 2004, Suddaby et al., 2017).

As Deephouse and Suchman (2008) show in their historical review of how theorisations on legitimacy have developed, early notions of legitimacy (such as those by Meyer & Rowan, 1977) understood it as a resource that enhances the survival and success of organisations. This highlighted the importance of legitimacy for organisations and inspired studies that explored the strategies and process through which legitimacy could be gained and how it could be lost.

However, beginning in the mid-1990s scholarly approaches have discussed the significance of legitimacy in its own right. Deephouse and Suchman (2008) acknowledge the work of Scott (1995) as fundamental for focusing on legitimacy as distinct from resources per se in that it describes a condition in which an organisation is aligned with societal institutions – which themselves are also subject to change. Suchman (1995) further distinguished that whereas a strategic perspective could emphasise how for instance a company’s management could achieve legitimacy, from a structural perspective legitimacy draws attention to the contextual conditions and expectations that must be adhered to and which shape the legitimacy of different entities and activities. This distinction opens up avenues for exploring the broader origins and implications of legitimating certain organisations, practices and other societal entities (Deephouse & Suchman, 2008); it also proffers ways to
explore the questions of what it is that ultimately becomes legitimate, and who/what the sources are which assign legitimacy or the process of legitimation. From this viewpoint, understanding legitimacy is not only valuable for the organisations or enterprises themselves but also important for critically discussing the societal basis and changes that promote or undermine entrepreneurship as a desirable, proper or appropriate solution for sustainable development.

All in all, legitimate practices often become taken-for-granted in a way that makes them “disappear from the contemporary awareness” (Suddaby et al., 2017, p. 27). This has opened up the concept of legitimacy to a range of perspectives that aim at capturing this elusive phenomenon. In order to clarify how this dissertation will approach the concept, I will next discuss different perspectives towards legitimacy and how they draw attention to particular contextualisations of legitimacy.

3.1 Theorising on Legitimacy

Based on the recent review by Suddaby, Bitektine and Haack (2017), prior management research depicts a variety of notions of legitimacy. Some studies have highlighted it from the perspective of the object that is or becomes legitimate, while others have drawn attention to the source of legitimacy and considered legitimacy to exist “in the eye of the beholder”; and, representing yet another perspective, a slice of the prior research has focused on the construction and creation of legitimacy – the legitimation process – rather than what is produced as its outcome.

First, since legitimacy has been typically considered to be useful, and even essential, for the success of business activities (Suddaby et al., 2017; Überbacher, 2014), management research has viewed legitimacy as a resource or a capacity that organisations can acquire, own and possess (Suddaby et al., 2017). Following this, studies have sought to identify ways through which organisations and their activities can be(come) contingent with the expectations of the environment, and ‘match’ with what Suchman (1995, p. 574) has defined as the “socially constructed system of norms, values, beliefs and definitions”. In entrepreneurship research, several studies have highlighted the ‘ecology’ of the surrounding context, and argued that new ventures’ legitimacy depends on the prevalence of that particular type of enterprise in the markets. Enterprises that embody a novel form which is rare or does not exist in the given industry suffer from a “population-level legitimacy vacuum effect” (Dobrev & Gotsopoulos, 2010, p. 1153), and, in turn, a growing number of similar enterprises generates legitimacy for the organisational form they represent (McKendrick & Carroll, 2001).

Suddaby, Bitektine and Haack (2017) call this approach the ‘legitimacy-as-property’ perspective and, thereby, focus on the relationship between the ‘object of legitimacy’ and its environment, albeit by adopting a rather structural stance in order to explain what is legitimate in a given institutional context.
In this thinking, it becomes essential to identify the objects and their qualities that may gain legitimacy. To illuminate this question, Suchman (1995) argues in his influential work that what ultimately becomes considered as appropriate or desirable is either related to the essence of an entity, such as its interests, character or structures, or concerns its activities in terms of the influence and consequences they carry. In order to be legitimate, these attributes should be contingent with the cultural-cognitive assumptions and beliefs, normative guidelines and the more formal regulative rules and institutions in the surrounding environment (Scott, 1995). Hence, depending on the way in which an organisation manages to conform with the environment by (de)coupling itself with the approved norms and practices, the more or less legitimate it becomes and, thus, the more or less prevalent it is in the media and in public documents (Suddaby et al., 2017).

In contrast to the legitimacy-as-property perspective that views legitimacy from the point of view of the entity that wishes to be legitimate, a part of prior research has adopted the viewpoint of those people and groups who evaluate the legitimacy of different societal entities, practices and phenomena. This approach understands legitimacy as an evaluation or a judgement of appropriateness, and seeks to assess how individuals make conclusions on legitimacy, and how these appraisals further accumulate into generalised perceptions. For instance, Bitektine (2011) and Tost (2011) have advanced theoretical understandings of the evaluator’s perspective and sought to explain the formation of legitimacy judgements. Such judgements are formed by considering the distinct questions that the evaluators have in regard to the given entity, as well as how they determine what is generally appropriate in the given society (Bitektine, 2011). Besides being the result of actively seeking information and evaluating the entity, the legitimacy judgements may also derive from passive acceptance and a lack of questioning the status quo (Tost, 2011).

Rather than exploring the characteristics of the ‘object’, this kind of ‘legitimacy-as-perception’ perspective (Suddaby et al., 2017) focuses on determining for whom and on which grounds something becomes legitimate. Following this perspective, studies have explored how, for example, investors form their judgements on an enterprise and base their investment decision on the evaluation of enterprises’ management teams (Certo, 2003; Cohen & Dean, 2005). Similarly, research has sought to understand how key stakeholders who are crucial for an enterprises’ operations, such as customers, employees, distributors, suppliers and bankers, assess both the different characteristics of an organisation itself as well as the external challenges they expect it to encounter (Choi & Shepherd, 2005).

Focusing on the relationship between the ‘sources of legitimacy’ (Deephouse & Suchman, 2008) and how they perceive and judge a given entity, research has distinguished between three types of judgements: those that rely on cognitive acceptance and those that depend on either pragmatic or moral evaluation, respectively (Suchman, 1995). In the case of cognitive acceptance, there is no evaluation of how ‘good’ the characteristics of, for instance, an
organisational entity are; instead, the evaluator’s cognitive processing ends when the entity is classified as belonging to an approved category of organisations. Evaluative legitimacy extends the process to address whether an organisation is desirable and valuable in the opinion of the evaluator (Bitektine, 2011; Tost, 2011). The evaluative legitimacy then depends on the assessment of pragmatic benefits for the wellbeing of the evaluator(s) themselves, or upon moral considerations on the role played by the entity on the economy or society as a whole (Suchman, 1995).

Finally, while studies that focus on perception concentrate on the (individual) evaluators, another perspective within the prior research has promoted the idea of the social construction of legitimacy and the ways in which it is negotiated amongst different actors and parties in society. The interest of research lies on better understanding legitimation as a process, and identifying activities through which outcomes evolve and how they go through different stages (Suddaby et al., 2017). From this perspective, we can easily acknowledge that the journey itself is very much the destination. Typically, the research has followed change-agents, such as entrepreneurs themselves, who aim to convince their stakeholders of the value and legitimacy of their ventures in order to gain resources (Katre & Salipante, 2012; Ruebottom, 2013). The studies have identified ways in which communication and language (Martens et al., 2007; van Werven et al., 2015), visuals (Clarke, 2011) and symbolic actions (Zott & Huy, 2007) are used in legitimation processes.

In addition to the studies on language and rhetorical persuasion, research has explored the invisible processes of shared sense-making and sense-giving. This includes identity work by those involved, and strategies of influencing how certain organisations, enterprises, services or products are categorised and differentiated in order to improve their legitimacy, and to delegitimise certain others (King et al., 2011; Lounsbury & Glynn, 2011). At a broader level the processes of legitimation include the institutionalisation of specific norms and practices; and this has inspired analyses of how it is not only particular entities but, indeed, distinct ways of doing things that become abstracted into generally accepted, taken-for-granted ways of acting and thinking in society (Etzion & Ferrano, 2010; Weber et al., 2008).

This type of ‘legitimacy-as-process’ perspective (Suddaby et al., 2017) highlights continuous change and the active role of those who wish to influence the way in which legitimacy is questioned, shaped and produced. The promotion of ‘change agents’ builds on the assumption that selected (individual) actors both wish to, and are capable of, intentionally influencing others. Hence, due to their focus on dynamics and intentional efforts, the studies following this perspective have been rightly criticised for overlooking the stable, exogenous elements of legitimation (Bitektine, 2011; Hoefer & Green, 2016) – that is, the aspect which is most pronounced from the perspective of legitimacy-as-property.
3.2 Contextualising Legitimacy

Despite the variation between different definitions and perspectives on legitimacy, the idea of legitimacy being dependent on the societal context is supported by all such studies. The legitimacy-as-property perspective focuses directly on the relationship between the entity that wishes to be(come) legitimate and its external institutions and socially constructed environment. Moving away from the entity itself, the primary interest of perception and process studies lies in people and the ways in which they evaluate and take part in legitimization, nevertheless acknowledging that these evaluators and actors are operating in a given social and societal setting. Rather than being universal, legitimacy occurs in an environment that serves as the reference frame for evaluators and other actors, and therefore represents the ‘yardstick’ against which the properties of an entity are measured.

In order to develop a better understanding of the societal legitimacy of an entity, it becomes necessary to assess which are the relevant evaluators, key actors and stakeholders in the formulation of legitimacy (Nicholls, 2010a). In principle, these ‘sources of legitimacy’ may include all internal and external actors and audiences that observe, weigh and influence the legitimacy of an organisation or an activity (Deephouse & Suchman, 2008). These encompass customers (Fisher et al., 2017; Shepherd & Zacharakis, 2003), investors (Certo, 2003; Pollack, 2012), social movements (Hiatt et al., 2009; Rao, 2004; Weber et al., 2008), foundations and co-operation organisations (Nicholls, 2010a) as well as the key opinion leaders, the government and the general public (Aldrich & Fiol, 1994). Nevertheless, whilst some actors are in the position of providing immediate, micro-level support for organisational entities, the judgements and attitudes of certain societal groups affect the macro-level regulative and socio-cultural environment, such as norms and cognitions (Scott, 1995). Socio-political legitimacy is granted by the key stakeholders and opinion leaders in a society (Aldrich & Fiol, 1994), and the formulation of generalised legitimacy beliefs elevates the significance of collective rather than individual actors (Bitektine & Haack, 2015).

According to Bitektine and Haack (2015) the government, the media and jurisprudence represent collective authority in society. They are in a position to adhere to different voices, and they take part in articulating the macro-level consensus that represents the individual and micro-level evaluations. The outcome of this process is typically formulated in written documents and texts (Bitektine & Haack, 2015). As a consequence, the legitimacy of an entity depends neither solely on the evaluations of individual agents nor the strategic efforts carried out by influential actors, collective groups and movements, but instead, it is also subjected to macro-level artefacts and documents. In order to consider these types of bodies of text as actors, studies have analysed the linguistic and textual practices that pertain and how they promote and silence certain people, organisations and ideas, and influence our understanding on the reality (Phillips et al., 2004).

Acknowledging the existence of actors at different levels of society possess and the different roles they play, Bitektine and Haack (2015) offer a multilevel
theory of legitimacy that draws attention to the two-way interaction between micro and macro levels. In line with institutional economic and social theories (Hodgson, 2006; Scott, 1995), it emphasises that individual behaviour is shaped by, but also shapes, the rules and norms prevalent in the institutional environment. On the one hand, individuals recognise the prevailing informal, macro-level norms and values as well as the existing formal regulations, and compare these with their direct perceptions of an entity. On the other hand, their individual evaluations accumulate into macro-level legitimacy and form “institutionalized cultural frameworks” (Suchman, 1995, p. 577) that are again used as the ‘benchmark’ for legitimacy judgements. This means that there is a ‘feedback loop’ between micro and macro-level legitimacy judgements (Bitektine & Haack, 2015). Following the inherent circularity certain conceptions are reproduced and recycled in a society until contradicting voices gain sufficient momentum.

To extend this thought on the interaction between the socially constructed and institutional environment and the central actors who produce the legitimacy of entrepreneurship, I argue in this dissertation that there are multiple levels at which this interaction takes place. The prior research has discussed how certain organisations, actors and practices become approved and appreciated, for instance, amongst different groups of customers or stakeholders (Fisher et al., 2017; Shepherd & Zacharakis, 2003), in specific markets or industries (De Clerq & Voronov, 2011; Waldron et al., 2016), and in selected geographical locations (Almobaireek et al., 2016; Vestrum et al., 2016; Zhang & White, 2016). Correspondingly, the legitimation of these entities is dependent on actors who are influential in these particular contexts, as well as on the way in which they (are seen to) relate to the institutions, cultural beliefs and norms that are relevant at that level of society.

### 3.3 Theoretical Framework

Following the theorisations above, this dissertation aims to illuminate the legitimacy of entrepreneurship as a means for sustainable development in different societal contexts. It seeks to move away from the enterprise-focused type of research that has been explored in literature on sustainable entrepreneurship, and to contribute to this body of research by looking at the expectations society holds for entrepreneurship (Donaldson & Walsh, 2015; Zahra & Wright, 2015): in which ways, under which conditions and through what kind of processes does entrepreneurship come to be considered appropriate in debates on sustainable development?

In order to enrich explanations for the legitimacy of entrepreneurship in sustainable development debates, the dissertation applies the work of Suddaby, Bitektine and Haack (2017), which distinguishes three different perspectives towards legitimacy and views it as a property, perception and process. These perspectives complement each other and enable us to approach the question of legitimacy from different angles and promote the significance of different relationships. Whereas the emphasis on legitimacy as property
draws attention to what is legitimate and underlines the relationship between an entity and its institutional environment, the perception view focuses on for whom something is legitimate and discusses how these individuals, or groups, form their judgements within a particular context. The process perspective highlights the formulation and production of legitimacy and the changes that take place within a particular group.

In addition to this, the research emphasises the societal embeddedness of entrepreneurship by focusing on varying collective actors who serve as the ‘sources of legitimacy’ for sustainability-oriented entrepreneurship at different levels of society. It extends Bitektine and Haack’s (2015) multilevel theory of legitimacy by exploring not only the cross-level interaction between macro-level context and micro-level judgements but also the influence and contingencies residing solely at the macro- and meso-levels. Following this, the dissertation explores policy texts as a reflection of macro-level societal assumptions; it analyses the influence of the institutional environment on groups of evaluators; and it studies community simultaneously as both a collective change-agent as well as a locality.

The theoretical framework guiding the empirical and conceptual research of this dissertation is illustrated in Figure 1.
The dissertation is a cumulative effort consisting of three individual studies. Each paper involves a distinct theoretical focus towards legitimacy and concentrates on a selected societal level (supranational, national or community) in order to explore specific sources of legitimacy and their interaction with the context. The first paper investigates legitimacy as a property of entrepreneurship and how it is produced in macro-level policy texts and is dependent on the assumptions residing in the structures of argumentation. The second paper views legitimacy as a perception by national groups that are embedded in their institutional environment. The third paper theorises on the legitimation process in a community, which is at the same time both a context and a collective actor.

Table 3 summarises the theoretical focus of the research papers, which will be followed by further elaboration of the papers in the next chapter of this dissertation.

**Table 3.** Theoretical focus by research paper.

<table>
<thead>
<tr>
<th>Thematic focus</th>
<th>Paper 1</th>
<th>Paper 2</th>
<th>Paper 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Articulation: What is expected from entrepreneurship in sustainable development?</td>
<td>Impact: Where is entrepreneurship valued as a solution for social problems?</td>
<td>Actions: How is entrepreneurial activity legitimised in a local context?</td>
<td></td>
</tr>
<tr>
<td>Perspective towards legitimacy</td>
<td>Legitimacy as property</td>
<td>Legitimacy as perception</td>
<td>Legitimacy as process</td>
</tr>
<tr>
<td>Source of legitimacy</td>
<td>Policy texts</td>
<td>National experts</td>
<td>Community</td>
</tr>
<tr>
<td>Contextual influence</td>
<td>Assumptions in the argumentation structures</td>
<td>National institutional environment</td>
<td>Social and territorial locality</td>
</tr>
<tr>
<td>Interactions</td>
<td>Macro-level</td>
<td>Between macro- and micro-levels</td>
<td>Meso-level</td>
</tr>
<tr>
<td>Societal level</td>
<td>Supranational</td>
<td>National</td>
<td>Community</td>
</tr>
</tbody>
</table>
4. Summary of the Empirical and Conceptual Research

Three individual studies were conducted in order to shed light on the legitimacy of entrepreneurship as a means for sustainable development in different societal contexts. The studies are reported in research papers that are attached in full in Part II of this dissertation and titled as follows:


• Paper 2: The Evaluative Legitimacy of Social Entrepreneurship in Capitalist Welfare Systems

• Paper 3: Community Enterprising and Community Transformation: Towards an Integrative Framework

These research papers comprise empirical work that applies both qualitative (Paper 1) and quantitative (Paper 2) methods, as well as conceptual work (Paper 3). The empirical data consist of the European Union’s policy documents that are applied in 28 European member states, as well as survey data and country-level information from 11 different capitalist welfare states within and beyond Europe.

4.1 Research Data and Methodologies

The research methods in this dissertation were chosen primarily to illuminate the research question of this dissertation, and secondly to complement the methodological approaches of a literature that conjoins entrepreneurship and sustainable development challenges. Paper 1 introduces Toulmin’s theory (1958/2003) on rhetorical argumentation to the entrepreneurship research interested in language and discourses (Dey & Steyaert, 2010; Martens et al., 2007; Perren & Jennings, 2005). Paper 2 adopts a quantitative approach to social entrepreneurship that has hitherto largely been studied through qualitative methods (Mair & Marti, 2006; Short et al., 2009). Paper 3 conducts conceptual work on community entrepreneurship that has mainly been
researched through qualitative case studies (Dana & Light, 2011; Handy et al., 2011; Peredo, 2003).

Table 4 summarises the methods and data applied in the two empirical papers and presents the theoretical approach adopted in the conceptual paper.

Table 4. Methodological approach by research paper.

<table>
<thead>
<tr>
<th>Paper 1</th>
<th>Paper 2</th>
<th>Paper 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Research Methodology</strong></td>
<td>Qualitative</td>
<td>Quantitative</td>
</tr>
<tr>
<td><strong>Research Aim</strong></td>
<td>Uncover legitimacy assumptions on entrepreneurship and sustainable development in policy rhetoric.</td>
<td>Explain key national experts’ evaluations on the effectiveness of social entrepreneurship in capitalist welfare systems.</td>
</tr>
<tr>
<td><strong>Research Context</strong></td>
<td>The European Union’s 2020 strategy that serves as an example of macro-level policy discourse which argues for entrepreneurship to play a major role in sustainable development.</td>
<td>Evaluations of national experts (n=361) in a total of 11 developed capitalist welfare states: Belgium, Finland, Greece, Italy, the Netherlands, Norway, South Korea, Spain, Switzerland, the United Kingdom and the United States.</td>
</tr>
<tr>
<td><strong>Data Source(s) and Collection</strong></td>
<td>17 publicly available policy documents and a total of 458 pages published as ‘Communication from the Commission’ in 2010–2015. The data were extracted from the EU website based on formal criteria and content-related requirements.</td>
<td>Dependent variable is based on individual-level data drawn from the National Expert Survey (NES), which was part of the 2009 Global Entrepreneurship Monitor (GEM). The independent variables consist of country-level data from Hall and Gingerich (2004, 2009); and the OECD’s (2016) Social Spending database.</td>
</tr>
<tr>
<td><strong>Data Analysis Methods</strong></td>
<td>Rhetorical analysis of individual arguments based on Stephen Toulmin’s (1958/2003) method of argument deconstruction.</td>
<td>The hypotheses were tested with a series of random-effects linear regression models with data using country as a grouping variable.</td>
</tr>
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</table>
4.1.1 Qualitative Rhetorical Analysis on the EU Policy Documents

Paper 1 utilises qualitative approach in order to uncover the legitimacy assumptions on entrepreneurship and sustainable development that reward entrepreneurship with a ‘property of legitimacy’ in policy rhetoric. The empirical scrutiny focuses on legitimacy-validating texts (Bitektine & Haack, 2015) produced by a supranational political institution, the European Union; and this macro-level approach is combined with Stephen Toulmin’s (1958/2003) theory on the structure of individual arguments. The paper utilises a qualitative approach and carries out textual analysis in order to form a deep understanding of the cognitive, pragmatic and moral legitimacy of entrepreneurship (Suchman, 1995).

The paper focuses on the way in which entrepreneurship (in general) is connected to sustainable development in EU rhetoric. Hence, it does not differentiate which form of entrepreneurship (e.g. commercial, social or green entrepreneurship) is discussed in the policy texts. Also, it treats sustainable development as the underlying goal of all of the EU 2020 strategy documents because the EU has explicitly named the achievement of a sustainable future as the core of this strategy and stated that it has integrated the separate sustainability strategy into its overall strategy. Through these broad definitions of both entrepreneurship and sustainable development, the paper seeks to contribute to the literature that has explored the nexus of entrepreneurship and sustainable development — i.e. the sustainable entrepreneurship literature (Dean & McMullen, 2007; Hall et al., 2010; Shepherd & Patzelt, 2011) — by avoiding any predetermination of what form of entrepreneurship is relevant in these debates or what sustainable development in fact encompasses and, instead, by adopting these aspects as the focus for analysis.

The European Union was chosen as the empirical research context due to its explicit emphasis on integrating economic, social and environmental goals in its most recent ten-year strategy (the EU 2020 strategy). The EU has widely acknowledged small and medium-sized enterprises (SMEs) and entrepreneurship in its policies and the flagship initiatives related to its overall strategy. The EU’s 2020 strategy is therefore suitable in serving as an example for macro-level policy discourse that argues for entrepreneurship to play a major role in sustainable development. The data consist of the EU 2020 strategy itself as well as sixteen related policy documents that fulfilled the thematic and formal criteria: All of the documents focus either on sustainable development or on entrepreneurship. They belong to the EU 2020 strategy, or follow the targets and implementation of this strategy, and they are published as Communication from the Commission (to the European Parliament, the Council, the European Economic and Social Committee, and the Committee of the Regions). The documents amounted to a total of 458 pages and were published in 2010–2015.

The rhetorical analysis relies on Stephen Toulmin’s (1958/2003) theory on the structure of logically candid arguments. Alongside Kenneth Burke and Chaïm Perelman, Toulmin is one of the most influential figures in the field of ‘new rhetoric’, which has shifted the approach to rhetoric away from the
Aristotelian tradition of finding truths towards studying the practical usage of language. New rhetoric typically focuses on political and persuasive texts that support social change (Green & Li, 2011; Suddaby & Greenwood, 2005), and it aims to unmask and critically analyse underlying interests and assumptions (Harmon et al., 2016; Suddaby, 2010).

The analytical process proceeds in line with Toulmin’s (1958/2003) method of argument deconstruction. The formula that has become known as the ‘Toulmin model’ allows us to reveal implicit assumptions embedded in the rhetoric (warrants and backings) by evaluating the explicit argumentation (data/evidence and claims) used. The analysis consists of four analytical steps: (1) preparation of the policy texts and examining claims and data at the explicit level of arguments; (2) identifying warrants that implicitly connect the data and claims and represent assumptions on entrepreneurship; (3) uncovering backings that provide grounds for the arguments as a whole and represent implicit assumptions on sustainable development; and (4) formulating legitimacy assumptions on entrepreneurship and sustainable development based on the rhetorical assumptions and guided by prior literature. Here, Suchman’s (1995) work on legitimacy was used to formulate the legitimating assumptions on entrepreneurship, and Shepherd and Patzelt’s (2011) discussion on “what should be sustained and what should be developed” with sustainable entrepreneurship was used to group assumptions on sustainability and development.

The paper is indebted to work that has emphasised the role of communication in institutional processes (Cornelissen et al., 2015; Green & Li, 2011; Harmon et al., 2016), and follows studies that have analysed how entrepreneurship is discursively constructed in policy rhetoric (Dey & Steyaert, 2010; Perren & Dannreuther, 2013; Perren & Jennings, 2005). At the same time, it complements this prior work by applying Toulmin’s theory in entrepreneurship research and demonstrating its benefits in studying legitimating assumptions. It also expands the studies on the discursive portrayal of entrepreneurship to explore sustainability-oriented entrepreneurship, in particular, and to evaluate its societal legitimacy.

Whereas prior studies exploring legitimacy as a ‘property’ have typically assumed that legitimacy can be discovered by analysing quantity (that is, the prevalence of specific types of organisations or practices) in the context of their occurrence in, for instance, media texts or inclusion in local regulation (Suddaby et al., 2017), the study included in this dissertation goes beyond any explicit signals and instead focuses on the implicit assumptions in order to understand the legitimacy of entrepreneurship.

### 4.1.2 Quantitative Study across 11 Capitalist Welfare States

Paper 2 aims to identify conditions explaining the key national experts’ perceptions on the legitimacy of entrepreneurship, and in particular under which conditions they value the effectiveness of social entrepreneurship for solving social problems more highly than the interventions and activities by the state and civil society. Since the research question benefits from a
comparative approach the paper adopts a quantitative methodology. It focuses on perceptions on entrepreneurship in 11 capitalist welfare states and uses the Varieties of Capitalism (VoC) framework (Hall & Gingerich, 2004, 2009) to characterise the national institutional environment and political governance in these countries. The paper hypothesises that the state’s approach towards governing market-based activities and social welfare provision has an impact on the legitimacy judgements on social entrepreneurship.

The analysis and contributions of the study focus on social entrepreneurship as a particular form of enterprising that embeds at least two types of value creation into its operations: the economic and the social (Stevens et al., 2014; DiDomenico et al., 2010). They focus on producing social welfare and solving social problems, which connects their contribution to the broad challenges related to sustainable development. The national experts’ evaluations on social entrepreneurship were drawn from data from the 2009 National Expert Survey (NES), which was part of the 2009 Global Entrepreneurship Monitor (GEM) research dedicated to capturing social entrepreneurial activity and its supporting conditions (Estrin et al., 2013; Lepoutre et al., 2013; Stephan et al., 2015). Nevertheless, the survey questions do not directly use the term ‘social entrepreneurship’. Through this choice the developers of the database have aimed to avoid “country-specific legal or bureaucratic definitions” and increase the usefulness of the database for researchers who may have a different perspective on how social entrepreneurship is defined (LePoutre et al., 2013, p. 696).

In this study, the national experts include policymakers, educators, investors, entrepreneurs/managers, and other interest groups (n=361). The experts come from 11 countries, which were chosen out of the 48 countries available in the dataset on expert evaluations (GEM, 2009). Approximately 28% of the experts specialise in entrepreneurship, although this varies from the lowest share in the USA (6%) to the highest share in Belgium (42%). On average 79% of respondents are male; in the Netherlands and Greece over 90% are male. The experts’ age varies from 42 years (South Korea) to 59 years (USA), with an average age of 48 years.

The country sample consists of Belgium, Finland, Greece, Italy, the Netherlands, Norway, South Korea, Spain, Switzerland, the United Kingdom, and the United States. These countries were selected form the 48 countries available in our individual-level dataset (GEM, 2009) on the grounds of three criteria: First, the countries that were included in the study are so-called innovation-driven economies, which are characterised by the pioneering production of new and unique goods and services, such as experimenting with opportunity-driven forms of social entrepreneurship. The policy focus is on supporting dynamic industries, and on stimulating new combinations of products and markets instead of establishing basic requirements, or nurturing economies of scale (GEM, 2009; Porter et al., 2002). Second, the country sample comprises different forms of developed capitalist welfare states that are challenged by periods of welfare retrenchment and changes in social transfers (Allan & Scruggs, 2004; Ebbinghaus & Manow, 2001; Korpi & Palme,
Third, the states represent so-called mixed welfare economies, where both the public and private domains organise social welfare production (Evers, 1990; Kamerman & Kahn, 2014). As a result, the countries included in the sample vary in terms of the degree of the states’ regulation of market-based activities and expenditure on national welfare services.

Two country-level data sources were utilised to create the independent variables. The economic institutional environment was captured with market coordination indices published by Hall and Gingerich (2004, 2009), and social welfare provision was based on OECD data (2016). Following Stephan et al. (2015), the logarithmic scale of GDP (per PPP) 2008 (World Bank, 2016) was used to control for potential country-level effects in the main model. For a series of robustness checks of the results, five country-level measures were selected based on previous cross-country comparative international research on social entrepreneurship (Aidis et al., 2012; Estrin et al., 2013; Mitchell et al., 2000; Stephan et al., 2015): social problems, government activism, rule of law, power distance, and prevalence of social entrepreneurship. The country-level indicators are described in detail in Paper 2 (see Table 5 of that paper) that is included in the Part II of this dissertation.

In the analysis, two hypotheses were tested with a series of random-effects linear regression models with data using country as a grouping variable. Pooled OLS test for multicollinearity was ran to ensure that multicollinearity was not an issue. The results were listed separately for control variables only, main effects, and interaction effect models. To further our understanding, the interaction effects were plotted and visualised (Aiken & West, 1991).

Until recently, qualitative and case studies dominated social entrepreneurship research (Short et al., 2009), and the amount of available cross-sectional data for social entrepreneurship studies is limited (Shaw & de Bruin, 2013). Nevertheless, as the field matures it should also provide more opportunities for quantitative approaches (Mair & Marti, 2006; Short et al., 2009), and this paper seeks to contribute to such a development. It expands national institutional perspectives on social entrepreneurship (Estrin et al., 2013; Stephan et al., 2015; Zahra et al., 2014; Zhao & Lounsbury, 2016) by building on the VoC framework (Hall & Gingerich, 2009; Hall & Soskice, 2001).

As Paper 2 focuses on the embeddedness of legitimacy judgments, it also complements studies that have solely scrutinised the micro-level cognitive processing of legitimacy perceptions (Suddaby et al., 2017). It provides evidence that the VoC helps to explain how individual legitimacy judgments on social entrepreneurship are subject to national capitalist welfare systems.

4.1.3 Conceptual Work on Community Entrepreneurship Mechanisms

Paper 3 develops a theoretical framework for understanding the transformation that takes place in a community as it engages in community enterprising endeavours. In particular, the paper generates insight for understanding the process of legitimation by theorising on mechanisms that are necessary for community entrepreneurship to emerge in the local social
and territorial context. To do this, the paper builds on Peredo and Chrisman’s (2006) theorisations on community entrepreneurship, and on Selznick’s (1994) social theory of community that describes the key attributes characterising any community. The paper combines these theories with the place-based entrepreneurship literature and research findings on territorial development and social innovation (George et al., 2012; Kibler et al., 2015; McKeever et al., 2015; Moulaert, 2009; Moulaert & Sekia, 2003; Shrivastava & Kennelly, 2013).

The paper relates to the sustainable development debates by focusing on community entrepreneurship, which is defined as a form of entrepreneurship that involves a broader mission for the improvement of local ‘common good’ than merely that of economic gains (Peredo & Chrisman, 2006). Through its local embeddedness, community entrepreneurship has been cast as a solution that can compensate for development projects and external aid in order to enhance the local sustainable development of a community (Mair & Marti, 2009; McKeever et al., 2015; Moulaert et al., 2005).

The paper argues that the prevalence of community enterprising merits complementing the existing – and rather loosely connected insights – from empirical studies with theorising on the phenomenon. A number of prior studies on community enterprising (e.g. Dana & Light, 2011; Handy et al., 2011; Haugh & Pardy, 1999; Peredo, 2003; Selsky & Smith, 1994; Smith, 2012) have been documented since the 1990s across geographical locations, and they demonstrate that forms of community enterprising occur in both poor and wealthy countries, and in both rural and urban communities.

At the same time, the paper wishes to add to our understanding of entrepreneurship and legitimation as a process by offering a meso-level perspective on the social interaction through which legitimacy and entrepreneurship is shaped. Instead of the typically applied macro-level analysis of discursive interactions (Suddaby et al., 2017), the study also considers more tangible ways of legitimating entrepreneurship on the ground. It combats the common limitation of ignoring the stable contextual attributes that influence the change agents’ legitimation strategies (Suddaby et al., 2017) by placing particular emphasis on the community’s social and territorial conditions.

4.2 Description of Research Papers

The research papers comprising the empirical and conceptual work of this dissertation are presented in full in Part II of this dissertation. In order to ease the readability of the dissertation these papers are, nevertheless, presented shortly in the following.

A summary of the research papers is provided in Table 1 (Chapter 1), and three other tables discuss the particular elements of these papers: Table 3 (Chapter 3) summarises the theoretical focus of each paper, Table 4 (Chapter 4) briefly describes the methodological approach applied in the three studies, and Table 5 (Chapter 5) presents their central research findings.

In the light of the global political and scholarly interest towards sustainable development, the first paper urges us to take a critical look at the underlying assumptions that imbue entrepreneurship with the potential to resolve the greatest development challenges of our times. The paper focuses on legitimacy assumptions embedded in macro-level policy rhetoric, and seeks to explain the legitimate role of entrepreneurship from two angles: in which ways is entrepreneurship considered appropriate and desirable, and for what exactly in sustainable development discourse.

The theoretical grounding of the paper lies in the multilevel theory on legitimacy (Bitektine & Haack, 2015), which considers texts produced by key societal institutions as a powerful tool for validating general legitimacy judgements in a cultural context. It complements this with Toulmin’s (1958/2003) theory on argument structure.

By conducting a qualitative, rhetorical analysis on the European Union’s policy, the research uncovers four argumentation types – termed Virtuous, Adaptive, Functional and Transformative – that are present in the Europe 2020 strategy-related documents, and which are explained with different legitimating assumptions on the interplay of entrepreneurship, sustenance and development. Depending on the type, the legitimacy of entrepreneurship is based on different dimensions of the entrepreneurial activity: it draws from a cognitive taken-for-grantedness, or from a combination of pragmatic and moral aspects that emphasise either its disposition, or procedural or consequential benefits. Similarly, the argumentation types relate to alternate perspectives on sustainable development, and they vary in regard to the envisioned scope of the endeavour.

The findings identify contingencies between legitimacy assumptions on entrepreneurship and sustainable development. By doing so, the paper extends the prior research on sustainability-oriented entrepreneurship that has primarily adopted the entrepreneurs’ point of view and investigated the ways in which entrepreneurship can make a contribution to sustainable development (De Clerq & Voronov, 2011; Munoz & Dimov, 2015; Parrish, 2010; York & Venkataraman, 2010). It provides one of the first illustrations on the societal legitimacy of ‘sustainable entrepreneurship’, and contributes to literature by demonstrating how sustainable development is understood and defined when it is coupled with entrepreneurship (Shepherd & Patzelt, 2011).

Paper 2: The Evaluative Legitimacy of Social Entrepreneurship in Capitalist Welfare Systems

As the developed welfare states have been challenged by financing problems in public welfare provision, scholars and policymakers have suggested that social entrepreneurship might compensate for these reductions (Allan & Scruggs, 2004; Hall & Soskice, 2001; Mair, 2010; Peredo & McLean, 2006; Pierson, 2001). Against this backdrop, the aim of the second paper is to identify...
conditions in which entrepreneurship is preferred as a solution for social problems in contrast to initiatives driven by the state or civil society organisations. In particular, the paper concentrates on the institutional foundation of legitimacy judgements by national groups.

The theoretical hypotheses build on the suggestion that the legitimacy judgements are embedded in the existing capitalist welfare system (Bitektine, 2011; Tost, 2011), and that experts will differ in their assessments of the efficiency of social entrepreneurship as a market-based welfare provider (Mair, 2010) depending on the state’s approach towards coordinating activities across two spheres of political governance: the market and social welfare provision. In order to explore this embeddedness, legitimacy theory is combined with a macro-institutional perspective rooted in the Varieties of Capitalism (VoC) framework (Hall & Gingerich, 2004, 2009). Based on this, the effect of the states’ degree of coordination of market-based activities and the extent of social protection by the state (Hall & Soskice, 2001; Hall & Gingerich, 2009) on the evaluations of national experts (n=361) is tested across 11 capitalist welfare states (Belgium, Finland, Greece, Italy, the Netherlands, Norway, South Korea, Spain, Switzerland, the United Kingdom and the United States).

The findings demonstrate that key experts (such as educators, policymakers, researchers, investors, and entrepreneurs) evaluate social entrepreneurship to be a more efficient provider of social welfare than government and civil society organisations when the state’s coordination of both market-based activities and social welfare provision is dominated by a liberal logic (i.e., a lower degree of coordination across market and social governance spheres), or when they are both dominated by a socialist logic (i.e., a higher degree of coordination across market and social governance spheres). In contrast, when conflict arises in national institutional logics between the spheres of the market and social governance—that is, the coordination of market-based activities is driven by a liberal logic and the social welfare provision by a socialist logic (or vice versa)—then the assigned evaluative legitimacy to social entrepreneurship diminishes.

Consequently, the research contributes to prior research on social entrepreneurship that focuses on the dynamics in developing countries and emerging economies (Battilana & Lee, 2014; Bruton et al., 2015; Zahra et al., 2014), and expands on extant cross-country institutional research that explored the institutional foundations supporting the prevalence and type of social enterprising activity (Aidis et al., 2012; Amin, Cameron & Hudson, 2002; Borzaga & Defourny, 2001; Estrin et al., 2013; Stephan et al., 2015). Within this context, it offers a first attempt to explain how evaluations of the efficiency of social entrepreneurship are formed in different political-institutional contexts, and in particular in capitalist welfare systems. The findings draw attention to the ‘embedded evaluator perspective’, and approach the legitimacy of social entrepreneurship as collective socio-cognitive perception in the context of capitalist welfare system institutions.
Paper 3: Community Enterprising and Community Transformation: Towards an Integrative Framework

The third paper is motivated by the discussion that emphasises the potential effects of endogenous community development in disadvantaged areas as an alternative to traditional, state-led programmes (Mair & Marti, 2009; McKeever et al., 2015; Moulaert et al., 2005). One means identified for this type of development is community entrepreneurship, which occurs when a group of community members combines local skills and resources to create a collaborative enterprise that is jointly operated in pursuit of the common good (Peredo & Chrisman, 2006). The paper seeks to identify crucial mechanisms that contribute to the legitimation and emergence of community entrepreneurship as a place-based phenomenon, and aims at understanding how a community is – (un)intentionally – influencing and influenced by the community entrepreneurship process.

The conceptual work draws from Selznick's (1994) social theory of community and Peredo and Chrisman's (2006) work on community entrepreneurship, and further utilises prior literature on place-based entrepreneurship, territorial development and social innovation (George et al., 2012; Kibler et al., 2015; McKeever et al., 2015; Moulaert, 2009; Moulaert & Sekia, 2003; Shrivastava & Kennelly, 2013). The paper develops a theoretical framework for understanding community transformation through community enterprising endeavours by presenting three key mechanisms (capability expansion, change in dominant logic and inclusive innovation) that are enabled and alter the community's economic, cultural and political realities. Through these mechanisms the community’s key attributes of historicity, identity, mutuality and participation, as well as plurality, autonomy and integration (Selznick, 1994) undergo changes that result in the formation of the community enterprise as well as foster local community development.

The paper advances research on community entrepreneurship that has largely sought to identify the boundary conditions (Peredo & Chrisman, 2006) and explain initial emergence of these enterprises as the outcome of individual change-makers (Borch et al., 2008; Haugh, 2007). By doing so, it advances our understanding on the process of legitimating entrepreneurship. It draws attention to the social realities and routine nature of entrepreneurship (Lang et al., 2014; Marti et al., 2013) – rather than to market-based mechanisms – and ultimately suggests that we articulate the community entrepreneurial process as a three-fold process of legitimation.
5. Discussion

This dissertation has aimed to advance the literature on entrepreneurship and the broad array of sustainable development challenges. This literature has made important contributions to enhancing our understanding of what enterprises (can) do for sustainable development. However, this dissertation maintains that despite the growing interest in this field, there has been little research that looks at entrepreneurship from society’s perspective. Against this backdrop, this dissertation has investigated the ideological, political and social origins of the thinking that lead to the consideration of entrepreneurship as a legitimate means for supporting sustainable development. It argues that enhancing our knowledge and awareness of how different actors and socio-cultural surroundings shape the legitimacy of entrepreneurship will enable us to engage in deeper discussions on the ultimate goals and suitable means for sustainable development.

This dissertation has approached the concept of legitimacy from three different angles: as a property of entrepreneurship; as a perception of it by selected evaluators; and as a process through which legitimation occurs (Suddaby et al., 2017). The application of these conceptualisations has allowed us to revisit important questions on the legitimacy entrepreneurship in sustainable development debates: how the legitimacy of entrepreneurship is articulated, where the impact of entrepreneurship is appreciated, and how the entrepreneurial activities are legitimised.

Furthermore, the findings of this dissertation offer insight into the legitimacy of entrepreneurship as a means for sustainable development at different levels of society. The research of this dissertation has followed the theory by Bitektine and Haack (2015), which highlights the interaction between those who evaluate the legitimacy of entrepreneurship and the macro-level environment in which they are embedded. It adds to this perspective by focusing on a multitude of external and collective actors who evaluate and take part in formulating the legitimacy of entrepreneurship as a means for sustainable development, and through exploring how these actors are influenced by the diverse conditions at supranational, national and community levels. Following this, the findings and proposals made in this dissertation pave the way for the further development of a multilevel view on the legitimacy of entrepreneurship in sustainable development debates.

Table 5 summarises the premises and the key research findings of this dissertation. It presents the answers they offer to the three separate research
questions (grey background), and highlights how they contribute to the development of a multilevel view (white background).

Table 5. Summary of the research findings.

<table>
<thead>
<tr>
<th>Societal level</th>
<th>Where is sustainability-oriented entrepreneurship legitimate?</th>
<th>How does legitimization of sustainability-oriented entrepreneurship unfold?</th>
<th>What does legitimacy of sustainability-oriented entrepreneurship mean?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supranational</td>
<td>Assumptions in the argumentation structures: Each argument involves implicit structures that reveal unspoken assumptions of the ‘field’ in which the argument is applied (Toulmin, 1958/2003).</td>
<td>Contingencies in argument structures: Following Toulmin’s theory on rhetoric (1958/2003), the specific claims on entrepreneurship are understood to rely on particular warrants and backings that are implicitly present in the argumentation.</td>
<td>Assigned property: Legitimacy derives from a ‘fit’ between assumptions on entrepreneurship, and assumptions on sustenance and development.</td>
</tr>
<tr>
<td></td>
<td>What is expected from entrepreneurship in sustainable development? Four distinct argumentation types (virtuous, adaptive, functional and transformative) are depicted, each of which assigns entrepreneurship with a distinct role in sustainable development: in which ways it is legitimate and for what.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>National</td>
<td>National institutional environment: State’s logic of political governance over market and social spheres is hypothesized to shape the legitimacy of social entrepreneurship.</td>
<td>Embeddedness of expert evaluations: Based on the theory by Bitekine and Haack (2015), it is argued that the national experts’ evaluations are shaped by the institutional conditions.</td>
<td>Collective perceptions: Legitimacy is measured as national expert groups’ evaluations of social entrepreneurship to be a more effective solution for solving social problems in comparison to state interventions or civil society organisations.</td>
</tr>
<tr>
<td>Community</td>
<td>Social and territorial locality: Key community attributes are formulated based on Selznick’s (1994) social theory on community.</td>
<td>Community transformation: Legitimation process in a community draws from community attributes and alters them.</td>
<td>Endogenous process: Legitimacy is understood as the process that leads to the emergence of the enterprise and transformation of the community.</td>
</tr>
<tr>
<td></td>
<td>How is entrepreneurial activity legitimised in a local context? The theoretical framework formulates three key mechanisms that influence, and are influenced by the community: capability expansion, change in dominant logic and inclusive innovation.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5.1 Legitimacy of Entrepreneurship as a Means for Sustainable Development: What, Where, and How?

This dissertation has sought to comprehend legitimacy entrepreneurship in sustainable development debates from different perspectives and to advance a more holistic understanding thereof by elaborating upon specific questions that illuminate this theme: what is expected from entrepreneurship in sustainable development, where is entrepreneurship perceived as the preferred solution for social problems, and how does the legitimation of entrepreneurship unfold as a way to improve local circumstances?

5.1.1 Legitimacy Assumptions on Entrepreneurship’s Role in Sustainable Development

This dissertation takes a critical look at what makes entrepreneurship legitimate for sustainable development by analysing legitimacy assumptions embedded in supranational policy rhetoric, and specifically in the European Union’s policy documents. The findings reveal four types of policy arguments that are grounded in different assumptions on entrepreneurship, and varying ideals and perspectives towards the kind of sustainable development endeavour for which entrepreneurship provides the appropriate means. They define the legitimate role of entrepreneurship by explicating in which ways and for what entrepreneurship is legitimate. The identified argumentation types were named as virtuous, adaptive, functional and transformative. Table 6 summarises these argumentation types and their legitimacy assumptions on entrepreneurship, sustenance and development.
Table 6. Legitimacy assumptions on entrepreneurship and sustainable development.

<table>
<thead>
<tr>
<th>Rhetoric</th>
<th>Legitimacy assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Entrepreneurship</td>
</tr>
<tr>
<td>Argumentation type</td>
<td>In which ways is it legitimate?</td>
</tr>
<tr>
<td>Virtuous</td>
<td>Cognition</td>
</tr>
<tr>
<td>Policy support for entrepreneurship is justified because of the difficulties faced by enterprises.</td>
<td>The value of entrepreneurship is taken for granted – what it is or what it does is accepted on a permanent basis.</td>
</tr>
<tr>
<td>Adaptive</td>
<td>Disposition</td>
</tr>
<tr>
<td>Policy support relies on the entrepreneurial capacity to adjust to challenging conditions and carry out novel tasks in society.</td>
<td>The value of entrepreneurship stems from its specific capability to develop novel business ideas.</td>
</tr>
<tr>
<td>Functional</td>
<td>Procedures</td>
</tr>
<tr>
<td>Policy-support views entrepreneurship as a vital component in societal processes.</td>
<td>The value of entrepreneurship relies on its activities being in line with societal aspirations.</td>
</tr>
<tr>
<td>Transformative</td>
<td>Consequences</td>
</tr>
<tr>
<td>Policy support for entrepreneurship is linked with expectations to deliver concrete changes.</td>
<td>The value of entrepreneurship is instrumental and based on what it can accomplish in the present context.</td>
</tr>
</tbody>
</table>

Each of the four argumentation types offers a different answer to the way in which entrepreneurship is legitimate. The first two (virtuous and adaptive) emphasise the essence of entrepreneurship and present entrepreneurship as legitimate based on its cognitive acceptance, or on its disposition. The latter two argumentation types (functional and transformative) subject entrepreneurship’s activities to scrutiny, and legitimate it based on its procedures or consequences (Suchman, 1995). Specifically, when entrepreneurship is portrayed as ‘virtuous’, its societal role and importance are taken for granted. No particular expectations are levelled at it, but rather, entrepreneurship should enjoy support from society. The ‘adaptive’ rhetoric draws from the assumed capability of entrepreneurship to develop novel business ideas (even) under the pressures of sustainability. In argumentation that presents entrepreneurship as ‘functional’, it is assumed that entrepreneurial activities are in line with societal aspirations. ‘Transformative’
assigns legitimacy for entrepreneurship based on what it can accomplish and what kinds of outcomes it is able to create for society.

The findings also illuminate the kinds of sustainable development goals which provide grounds for the legitimacy of entrepreneurship. In regard to the development aims, and the gains which should be generated, the findings show that the policy rhetoric largely focuses on the open-ended, processual benefits of entrepreneurship. It is depicted as an activity that develops business opportunities and dynamics, as well as outcomes such as jobs, a circular economy or competitive positions, which can be further utilised by other societal or economic actors. In terms of sustenance, entrepreneurial influence is assumed to focus on maintaining the community instead of protecting nature or life-supporting resources (Shepherd & Patzelt, 2011). In the narrowest sense this refers to a community of entrepreneurs which should survive in a volatile global economy, and in a wider sense it extends to the level of societal processes and the sustaining of their flexibility. Overall, in the context of entrepreneurship, sustainable development is cast as rather equilibrium-based and evolutionary (Pittaway, 2005; Grant & Perren, 2002), and in this line of thinking the radical redesign of power structures becomes unnecessary (Hopwood et al., 1995).

The findings reveal that when entrepreneurship is connected to sustainable development goals which relate simply to securing the future entrepreneurial activity – for instance, the creation of business opportunities under changing societal circumstances – the legitimacy of entrepreneurship is rather stable. However, when entrepreneurship is legitimised through its procedures and consequences, its legitimacy becomes dependent on how well it fulfils its duties and how useful it is to society in terms of the creation of ecological or social value (Santos, 2012; York & Venkataraman, 2010).

These findings draw attention to how the legitimacy of entrepreneurship is dependent upon the prioritisation and presentation of certain realities over others (Steyaert, 2007). That which makes entrepreneurship legitimate becomes externally defined and contingent upon the assumptions that are prevalent in society in regard to the ultimate meaning of sustainable development. Similarly, the contingencies between these assumptions also dictate what is meant with sustainable development once it is linked to entrepreneurship.

5.1.2 Institutional Conditions Supporting the Perceived Legitimacy of Social Entrepreneurship

The question of where entrepreneurship is perceived as legitimate for solving social problems is illuminated in this dissertation by explaining the variation on legitimacy judgements by national experts in 11 capitalist welfare states with the specific institutional arrangements in these countries. The study looks at the state’s logic of political governance in terms of how little or strongly it coordinates market activities on the one hand, and social welfare production on the other hand. The findings reveal legitimacy-enhancing and legitimacy-diminishing conditions in which the market coordination and social welfare
provision are coupled in a way that either supports or limits the legitimacy of social entrepreneurship in the eyes of national experts.

Initially, the research finds empirical support for the proposition that an entrepreneurial approach to addressing social problems is particularly relevant in liberal (rather than coordinated) economies (Jiao, 2011; Mair, 2010; Shaw & de Bruin, 2013) – characterised by a low level of state coordination over market-based activities. However, analysis of the political governance across both market and social welfare spheres reveals a more nuanced picture of how experts form legitimacy judgments of social entrepreneurship.

Specifically the findings suggest that, if both market and social governance spheres are driven by a liberal logic (i.e. a low degree of coordination) or by a socialist logic (i.e. a high degree of coordination), the legitimacy of social entrepreneurship is higher and national experts accredit social entrepreneurs with offering a more efficient solution to social problems than state and civil society organisations. In contrast, when the market sphere is driven by a socialist logic and the social sphere by a liberal logic, or vice versa, the national institutional foundations are conflicting in terms of generating a negative influence on experts’ assigned legitimacy of social entrepreneurship.

Put together, the findings suggest that the legitimacy of social entrepreneurship is enhanced by the complementarity of institutional logics across the market and social spheres of political governance and, correspondingly, restricted in situations where institutional logics are in conflict between those spheres. The debate on the institutional foundations of social entrepreneurship tends to revolve around the proposition that an entrepreneurial approach can either fill institutional voids and tackle the deficiencies of the state to address social problems (Mair, 2010; Mair, Marti Ganly, 2007) and a suggestion that government activism could provide institutional support for the development of social entrepreneurship (Stephan et al., 2015). In contrast to this, rather than highlighting the importance of an absolute level of coordination by the state, the findings of this study draw attention to the influence of complementarity/conflict between the two spheres of political governance.

Figure 2 illustrates the legitimacy-enhancing and legitimacy-diminishing conditions influencing the legitimacy of social entrepreneurship; this is followed by an elaboration on the conditions under which national experts are more likely to prefer social entrepreneurial solutions as opposed to state interventions or civil society organisations.
Figure 2. National institutional logics across market and social sphere and the legitimacy of social entrepreneurship.

First, the findings propose that limited social welfare provision by the state strengthens the positive effect of liberal market conditions on national experts’ approval of the efficiency of social enterprises in creating social welfare. In these types of countries, the low level of economic coordination by the state provides operational freedom for social entrepreneurship and reinforces evaluations of a favourable opportunity context for efficient social enterprising activities (Dacin et al., 2011; Di Domenico et al., 2010; Katre & Salipante, 2012). The lack of state-provided social protection and welfare further generates demand and opportunities for social innovation (Austin et al., 2006; Estrin et al., 2013; Shaw & de Bruin, 2013). Hence, an entrepreneurial approach is considered to be particularly relevant in filling institutional voids and addressing social problems in liberal economies (Mair, 2010).

Second, the findings offer further evidence for the institutional support thesis by showing that under complementary conditions based on a high degree of market coordination and a high degree of social welfare provision, national experts judge social entrepreneurship as an efficient provider of social welfare. This means that the state’s socialist logic of political governance supports the legitimacy of entrepreneurial operations. There might be several reasons for this. For instance, the relative rigidity of the labour market may (seem to) protect social enterprises from sudden changes in the competition for human resources (Doherty et al., 2014). If a state also strongly emphasises social protection, the state and social enterprises may be considered capable of developing beneficial synergies in the coordination of resource provision and the creation of social welfare production (Stephan et al., 2015). As a result, although it signals strategic coordination of market activities and strong state involvement in social welfare provision, the dominance of a socialist logic nevertheless offers a very unambiguous institutional setting for firms and,
thus, supports the evaluations on their efficiency in solving social problems over the ability of state and civil society organisations to do so.

5.1.3 Key Mechanisms in the Legitimation of Community Entrepreneurship

In order to shed light on how legitimation unfolds, this dissertation carries out conceptual work to develop a framework that explains the emergence of community entrepreneurship. The framework proposes particular key mechanisms that enable a local community to engage in entrepreneurship and transform its prevalent circumstances. It emphasises that these mechanisms build on the community's social and territorial realities and alter them, thus contributing simultaneously to the legitimation and emergence of entrepreneurship, as well as to a community's development and resilience during future cycles of renewal.

Using Peredo and Chrisman’s (2006) definition, community enterprises are local and participatory ventures that are established for the pursuit of multiple and shared goals of economic and social good. Hence, it is suggested in this dissertation that the engagement in community entrepreneurship necessitates the emergence of these new social structures and ideals within the community, specifically through three central mechanisms: inclusive innovation, change in dominant logic, and capability expansion. These mechanisms are illustrated in Figure 3.

<table>
<thead>
<tr>
<th>Community implications</th>
<th>Economic development: Strong capability</th>
<th>Cultural development: Entrepreneurial mindset</th>
<th>Political development: Broad inclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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</tbody>
</table>

**Community transformation mechanisms**

- **Capability expansion**
  - Mobilising resources for local resource base

- **Change in dominant logic**
  - Formulating mission to integrate hybrid goals

- **Inclusive innovation**
  - Organising governance system with participatory practices

<table>
<thead>
<tr>
<th>Entrepreneurial process</th>
<th>Capability expansion</th>
<th>Change in dominant logic</th>
<th>Inclusive innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mobilising resources for local resource base</td>
<td>Formulating mission to integrate hybrid goals</td>
<td>Organising governance system with participatory practices</td>
</tr>
</tbody>
</table>

**Community attributes**

- **Historicity**
- **Identity**
- **Mutuality**
- **Participation**

- **Plurality**
- **Integration**
- **Autonomy**

**Figure 3.** Community entrepreneurship and community transformation: An integrative framework.

In contrast to commercial entrepreneurship, community enterprising not only struggles to create an appropriate organisational structure but also requires actors to address changes in social relations and ways of collaborating. Hence, it is proposed that the transformation of community practices leading to participatory operations and governance systems for
community enterprise spurs inclusive innovation in the community (George et al., 2012; Moulaert, 2009), which is understood as “the development and implementation of new ideas which aspire to create opportunities that enhance social and economic wellbeing for disenfranchised members of society” (George et al., 2012, p. 663).

In order to formulate the entrepreneurial mission, a community must go through a change in dominant logic. This means that in addition to creating or identifying a business idea, the community entrepreneurship process stimulates a more profound change in the ways in which a community adjusts its cultural norms and beliefs in how things have traditionally been done in order to make novel decisions (Pache & Santos, 2013; Prahalad & Bettis, 1986).

Lastly, capability expansion (Sen, 2013) is the mechanism through which a community takes into use the locally available resources and devises new ways to use natural or commonly-owned assets. It may for instance involve applying the strategy of resource ‘bricolage’, where resources are drawn from a variety of sources that may originally seem incongruous (Baker & Nelson, 2005; Di Domenico et al., 2010).

These three mechanisms resonate with prior legitimacy research that has discussed the key processes of legitimisation (Suddaby et al., 2017). Overall, the idea of inclusive innovation is in line with the legitimisation research that views legitimacy as a process of social construction and negotiations between different parties. The change in dominant logic is similar to the process of theorisation, where an existing practice or way of thinking is de-legitimised and a new solution is suggested. The capability expansion through which local resources are ‘discovered’ relates to the process through which specific entities are identified and categorised in a novel way. However, whereas a vast body of research has identified the use of language as an important vehicle for legitimisation, and emphasised the agency of specific actors in persuading others (e.g. Martens et al., 2007; van Werven et al., 2015), this dissertation highlights the actual change in practices as a key mechanism of legitimisation (Nicholls, 2009) in a collective, place-based legitimisation process.

5.2 Towards Multilevel View on the Legitimacy of Entrepreneurship in Sustainable Development Debates

This dissertation has carried out research at three societal levels highlighting the importance of key contextual attributes and collective actors at a supranational, national and community level. Through that it aims to broaden the academic discussion and offer initial insight for the further development of a multilevel view on legitimacy of entrepreneurship in sustainable development debates. Although disciplinary traditions and rigorous research designs often lead us to focus on one level of analysis (such as individual, group, organisational, industry, country or geographic location), multilevel approaches are vital for embracing the richness of social phenomena and fully appreciating the multitude of antecedents and outcomes that are associated
with entities and activities that exist on one of the societal levels (Hitt et al., 2007). Against this backdrop, this section of the dissertation draws together the more theoretical insights developed in the three studies included in this work and suggests research avenues that would connect and integrate the outcomes generated by this work at three individual levels.

It is argued here that a multilevel view is a fruitful way of exploring the legitimacy of entrepreneurship as a societal phenomenon, and serves an understanding of how entrepreneurship is affected by sustainable development debates that entail a variety of views and ideological contestation.

First, it is suggested here that the legitimacy of entrepreneurship (as a social phenomenon) must be understood differently from the way in which entrepreneurs, individual evaluators or change-agents legitimise specific enterprises. Whereas certain persons and their strategic efforts may play a large role in legitimating particular social and environmental enterprises in the eyes of their immediate stakeholders, entrepreneurship as a societal activity is more dependent on groups of people and how they transform their own attitudes by simultaneously debating matters and adopting new practices.

Second, sustainable development debates are inherently value-laden and embed ideological and political ideals and implications that vary between different groups of people and are dependent on particular material and social realities. The specific sustainability challenges vary across different spheres of society and subject entrepreneurship to evaluation and scrutiny that assess its legitimacy in providing solutions to these particular issues. Evaluating legitimacy at different societal levels allows us to distinguish a richer scope of contexts and actors that shape the legitimacy of entrepreneurship (within each level); and a focus on varying levels also guides us to view the object of legitimacy in more nuanced ways. In particular: what is the purpose that entrepreneurship is required to fulfil?

In line with this suggestion, this dissertation has analysed the legitimacy of entrepreneurship at three levels of society. In particular, on each level, the three studies have drawn attention to varying contexts, actors that serve as the sources of legitimacy and processes through which entrepreneurship (as an object) becomes legitimised. They alert us to limitations of this dissertation, most importantly in terms of the interactions between the levels and the broader impact of legitimacy, and encourage further research and the development of a multilevel view through approaching the questions of legitimacy by adopting varying perspectives of what legitimacy means as a concept. The core conclusions for such a multilevel view are visualised in Figure 4.
Object of legitimacy

In order to understand the legitimacy of entrepreneurship we must critically evaluate what exactly it is that becomes legitimate. Suddaby, Bitektine and Haack (2017) refer to this entity as the object of legitimacy, whereas Deephouse and Suchman (2008) call it the subject of legitimacy and define it as consisting of “those social entities, structures, actions, and ideas whose acceptability is being assessed” (ibid, p. 54) and proceed to point out that this can be almost anything.

For the purpose of exploring the legitimacy of entrepreneurship as a means for sustainable development, this dissertation has emphasised the importance of acknowledging not only what becomes legitimate but for what. This depends on the particular debate around sustainable development within which entrepreneurship is assessed. Following this, the legitimacy of entrepreneurship has been evaluated in this dissertation in terms of its efficiency in solving social problems and in regard to a community’s actual engagement in entrepreneurship. However, the first paper in this dissertation placed the question of the object of legitimacy under more scrutiny and identified how different aspects of entrepreneurship become legitimate for a particular characterisation of sustainable development.

Taken together, the research papers of this dissertation draw attention to questioning the object of legitimacy in sustainable development debates. This calls for exploring the legitimacy of different forms of entrepreneurship (such as social and community enterprises or traditional commercial enterprises) in more detail. However, in order to approach the legitimacy of entrepreneurship from society’s perspective it is necessary also to address entrepreneurship as a whole. Hence, the further development of a multilevel view could analyse
different qualities of entrepreneurship and, for instance, assess its legitimacy in sustainable development debates in pragmatic terms which highlight its efficiency or feasibility and how this differs from assigning legitimacy to the normative and moral qualities associated with entrepreneurship (Dart, 2004; Suchman, 1995). Focusing on the object of legitimacy enables us to evaluate which characteristics of entrepreneurship enhance its socio-political legitimacy (Aldrich & Fiol, 1994) in terms of responding to normative expectations of what and how sustainable development challenges should be solved.

**Context**

Overall, this dissertation has emphasised the way in which the legitimacy of entrepreneurship takes place “within some socially constructed system of norms, values, beliefs and definitions” (Suchman, 1995, p. 574), and is subjected to cultural and institutional pressures. These “institutionalized cultural frameworks” (Suchman, 1995, p. 577) influence the perceptions on entrepreneurship, and inflect the ways in which the societal actors judge entrepreneurship (Bitektine & Haack, 2015) as well as how entrepreneurs see themselves (Kibler & Kautonen, 2016; Kibler et al., 2014).

The context of legitimacy has been understood broadly in this dissertation. The first study included in this dissertation explored how the legitimacy of sustainability-oriented entrepreneurship is embedded in the argumentation structures of supranational policy texts. At the national level, the research drew attention to the political governance of market activities and social welfare production as focal institutional foundations that shape the perceptions and evaluations of the efficiency of social entrepreneurship. At the level of the community, the legitimation of entrepreneurship was seen as subjected to the local territorial and social circumstances that differentiate a community as a place of people’s shared mutuality and as a geographical space (Selznick, 1994).

The elevation of contextual circumstances shaping the legitimacy of entrepreneurship further calls for critically evaluating which other contexts are important at each level of society (Steyaert & Katz, 2004; Welter, 2011). The exploration of the contextual structures and forces ultimately offers ways of understanding the societal, political and ideological underpinnings that shape the legitimacy and legitimation of entrepreneurship (Dart, 2004). Furthermore, the selection of contexts depends on who we consider as crucial actors in formulating the legitimacy of entrepreneurship in sustainable development debates.

**Sources of legitimacy**

Sources of legitimacy are the internal and external actors who are engaged in measuring, producing or evaluating the legitimacy of particular entities (Ruef & Scott, 1998; Suddaby et al., 2017). As Deephouse and Suchman (2008) point out, the relevance of particular actors depends on the research question and
we should not restrict our focus in this regard but actively evaluate who the legitimate sources of legitimacy are.

The studies included in this dissertation have focused on collective, even rather faceless actors, who play a role in influencing the legitimacy of entrepreneurship as a means for sustainable development. Three important roles have been acknowledged: The dissertation considered policy texts as a significant body for defining the societal legitimacy of entrepreneurship and one that represents the institutional environment; it analysed national experts as evaluators who judge the legitimacy of entrepreneurship; and emphasised a community as a collective agent of change. Nevertheless, identification and analysis of who the key actors are that shape the discussion (Nicholls, 2010a) on sustainable development and entrepreneurship has been beyond the scope of this dissertation.

Given the centrality of evaluating “who has collective authority over legitimation in any given setting” (Deephouse & Suchman, 2008, p. 55), the further development of a multilevel view on the legitimacy of entrepreneurship in sustainable development debates necessitates more attention to this question. In particular, in order to better capture the processes through which entities, such as entrepreneurship or some of its qualities, become legitimised, it would be rewarding to explore which actors play the role of ‘legitimacy agents’ and are given the particular task of influencing the legitimacy of certain entities; which actors take a role as ‘mediators’ of the existing notions of legitimacy; and which societal constructs function as ‘legitimacy guidelines’ (Deephouse & Suchman, 2008).

**Process**

The process of legitimation explains the sequence through which the legitimacy of a particular entity changes (Deephouse & Suchman, 2008). This process can be considered to be driven by strategic efforts and even manipulation of the environment by the entity itself (Suchman, 1995). From a perspective that emphasises the actors and contexts outside the object of legitimacy, the process may be viewed as the alignment of the entity with its environment, or as resulting from a consensus amongst the evaluators (Suddaby et al., 2017).

Despite integrating the pertinent social actors and the consensus amongst them into its analysis, this dissertation has argued that the legitimacy of entrepreneurship is largely shaped by contextual conditions. It considers the legitimacy of entrepreneurship as being dependent upon the assumptions in the argumentation structures in such a way that different perspectives towards sustainable development lead to certain expectations and assumptions towards entrepreneurship, and vice versa. In a specific country, the formulation of experts’ evaluations on entrepreneurship is suggested to be dependent on the interaction between the macro- and micro-level of that society (Bitektine & Haack, 2015). Hence, despite making personal judgements and influencing their environment, groups of individuals are at the same time influenced by the surrounding institutional conditions. Similarly, the
dissertation argues that the legitimation of entrepreneurship in a community requires a transformation of community attributes in a way that simultaneously draws from as well as alters local realities.

All of this serves to draw attention to the active involvement of collective actors, such as a community or a group of evaluators (or even faceless actors, as pertains in policy texts). Nevertheless, it is argued that these collectives tend to operate in rather subconscious, passive and non-deliberate ways (Suchman, 1995; Tost, 2011) that keep them aligned with the surrounding environment.

The further development of a multilevel view could challenge the approach taken in this dissertation and instead choose to adopt a strategic perspective (Suchman, 1995) in order to explore the intentional efforts through which the legitimacy of entrepreneurship is created at different societal levels and by both those external to the entrepreneurs themselves as well as the (groups of) entrepreneurs. In addition, it would be important to explore not only the processes within a particular level of society but also to evaluate how the processes, actors and context interact across societal levels.

**Interactions and impact across societal levels**

The value of multilevel approaches derives from their ability to connect findings gained on one level of analysis with the constructs that describe other societal levels (Hitt et al., 2007). In order to contribute to that aim, this dissertation has illuminated the legitimacy of entrepreneurship as a means for sustainable development at three societal levels. It has also followed the ideas put forward by Bitektine and Haack (2015) on the circularity of legitimation and ‘institutional stability loops’ that result from the fact that the macro-level legitimacy beliefs shape the micro-level judgements, and vice versa.

Based upon its theoretical grounding (Bitektine & Haack, 2015), this dissertation has assumed the position that the legitimation of entrepreneurship takes place within a particular context but, in addition, also has an impact on this socio-cultural context. In particular, the dissertation demonstrates that assigning legitimacy to entrepreneurship in policy discourse may restrict and narrow the way in which sustainable development is understood. Similarly, the legitimation of community entrepreneurship transforms the local economic, political and social realities and influences the way in which community members view their own community.

Nevertheless, the three research papers included in the dissertation have not explicitly explored the interlinkages across societal levels. Each paper of this dissertation seeks answers to different research questions, includes a particular form of entrepreneurship, and focuses on distinct contextual attributes and key actors that serve as the source of legitimacy. Whilst this approach sheds light on the legitimacy of entrepreneurship at each particular level, it also leads to limitations and calls for further research that connects the insights gained from this dissertation and explains how the different societal levels interact with each other.

In order to further develop the multilevel view towards legitimacy of entrepreneurship in sustainable development debates, the research should
investigate both how broader societal phenomena influence the lower level of action, and importantly, how the lower-level initiatives accumulate to wider outcomes (Hitt et al., 2007; Deephouse & Suchman, 2008). In addition to enabling us to explore how entrepreneurship benefits from its legitimacy as a means for sustainable development, the focus on interaction across societal levels would open up avenues for broader questions in regard to the impact and outcome of legitimacy. In particular, this could expand our horizons in regard to what this means for a society when it legitimates entrepreneurship in sustainable development debates.

**Concept of legitimacy**

Throughout history, research on legitimacy has included different understandings on the definition and key aspects of the concept. However, following the recommendation by Deephouse and Suchman (2008, p. 67), legitimacy researchers should not “become fixated on defending the purity and independence of the different dimensions of legitimacy”.

The research conducted in this dissertation approached legitimacy of entrepreneurship from three distinct perspectives, following the recent review of the conceptualisations of legitimacy by Suddaby, Bitektine and Haack (2017). Legitimacy was seen as a ‘property’ of entrepreneurship, which it possesses in a particular environment; as a ‘perception’ that others have of it; and as an on-going ‘process’ of legitimation. The focus on the societal embeddedness of legitimacy imprinted each of these three conceptualisations with a notion of collective co-creation.

However, as also shown in this dissertation, the selection of a particular conceptualisation on legitimacy shapes the way in which the object of legitimacy is seen to relate to its context and to external actors. Hence, the application of varying perspectives also leads to discrepancies between the findings. In order to gain a holistic picture of the legitimacy of entrepreneurship in sustainable development debates, it is necessary to employ the different conceptualisations at different levels of society in such ways that builds bridges across these levels.
6. Conclusions

The empirical findings and conceptual proposals made in this dissertation provide grounds for several contributions to entrepreneurship literature that has investigated the relationship between entrepreneurship and sustainable development (Dean & McMullen, 2007; Hall et al., 2010; Markman et al., 2016; Munoz & Dimov, 2015; Shepherd & Patzelt, 2011), and explored the legitimacy of social and environmental entrepreneurship (Huybrechts & Nicholls, 2013; Kibler et al., 2015; Lehner & Nicholls, 2014; Nicholls, 2010a; O’Neil & Ucbasaran, 2016; Ruebottom, 2013).

In addition, the way in which legitimacy theory was applied in this dissertation (to analyse entrepreneurship as a societal phenomenon at multiple levels of society) provides novel insight into the conceptualisations of legitimacy (Suddaby et al., 2017) and the theorisation of the interactions between the environment and the key actors in the productions of legitimacy (Bitektine & Haack, 2015).

The findings of this dissertation generate practical implications for policymakers and civil society. The development of a multilevel view on the legitimacy of entrepreneurship in sustainable development debates provides avenues for future research that can tackle the limitations of this dissertation and further complement its contribution.

6.1 Contribution to the Literature on Entrepreneurship

The dissertation makes a number of contributions to the literature on the nexus of entrepreneurship and sustainable development. By focusing on the legitimacy of sustainability-oriented entrepreneurship in particular, it takes a critical look at how the role of entrepreneurship is understood in society, and when and how it becomes a valuable means for solving social problems and enhancing collective wellbeing. The work highlights a collective and contextual approach (Überbacher, 2014) as a fruitful way for understanding the legitimacy of entrepreneurship in sustainable development debates, and offers initial insight into exploring this at multiple levels of society.

In more specific terms, the dissertation clarifies the conditionality and limits of the legitimacy of entrepreneurship as a means for sustainable development, and provides a legitimacy lens to the discussion on supporting/hindering conditions for social entrepreneurship (Estrin et al., 2013; Stephan et al.,
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2015). It complements studies on sustainable entrepreneurial journeys (Garud & Gehman, 2012; Kibler et al., 2015; Munoz & Dimov, 2015) by suggesting that the community entrepreneurial process is, in fact, a three-fold process of legitimization. Finally, it adds insight into the crucial debate on “what should be sustained and what should be developed” through sustainable entrepreneurship (Shepherd & Patzelt, 2011) by discussing how the essence of ‘sustainable development’ is defined in connection to entrepreneurship.

6.1.1 Societal Perspectives on the Legitimacy of Sustainability-oriented Entrepreneurship

This dissertation takes a step back from research that has explained entrepreneurial activities that can be conducive for sustainable development. It examines the judgements and beliefs that, in the first place, imbue entrepreneurship with the potential to resolve the greatest development challenges of our times. Sustainable development requires us to rethink what it is that we expect from entrepreneurship (Zahra & Wright, 2015), as well as to acknowledge the inseparability of economic and moral considerations (Besley, 2007; Gamble, 1995). Following this line of reasoning, entrepreneurship cannot be approached solely as a market-based activity that takes place merely within the economic sector. Entrepreneurship is a political and social phenomenon (Down, 2013) that is part of a wider political economy. Against this backdrop, the dissertation offers ‘legitimacy’ as an important concept and a theoretical tool for understanding the position of entrepreneurship in the sustainable development debates.

In order to understand entrepreneurship as a societal phenomenon, this dissertation supports the idea of contextualising entrepreneurship (Steyaert & Katz, 2004; Welter, 2011) and acknowledging the central impact of the ideological, political and social conditions in determining the legitimacy of sustainability-oriented entrepreneurship. It examines the legitimacy of entrepreneurship in sustainable development debates at different levels of society, and seeks to explain how its legitimacy is subjected to discursive, institutional as well as social and territorial contexts. Understanding the way in which contextual conditions support the legitimacy of entrepreneurship opens up research avenues that may provide a ‘missing link’ between the formal institutional circumstances and the prevalence of entrepreneurship. For example, international studies demonstrate that social entrepreneurship activity varies greatly across capitalist welfare states, depending on their respective governments’ interventions and entrepreneurship-specific cultural values (Estrin et al., 2013; Stephan et al., 2015). Exploring the processes of legitimization can reveal dynamics that shape the socio-cultural context of entrepreneurship, and mediate the impact of institutional environment on entrepreneurship.

The perspective chosen in this dissertation moves away from the entrepreneur’s point of view, which is commonly adopted in prior entrepreneurship literature on legitimacy, and promotes an approach that considers collective actions as the main mechanisms of legitimating
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(Überbacher, 2014) entrepreneurship as a means for sustainable development. It advances an ‘evaluator perspective’ that focuses on people who are in powerful positions in society, or in close contact with the entrepreneurial activity, and thus wield influence over it. This involves a multitude of actors, such as citizens, politicians, investors and other economic operators, whose opinions and activities jointly affect entrepreneurship support programmes, financing and other concrete measures, and who also insert power over entrepreneurship through the usage of definitions and characterisations that are explicitly or implicitly present in cultural discourse. As a consequence, the dissertation argues for the importance of focusing on the assumptions that are prevalent in society, as well as the underlying ideological beliefs and shifts in political interests (Nicholls & Teasdale, 2016).

6.1.2 Limited Legitimacy of Sustainability-oriented Entrepreneurship

This dissertation contributes to the literature on sustainable development and entrepreneurship by highlighting the conditionality and limits of the societal legitimacy of entrepreneurship in these debates. By drawing attention to the conditionality of legitimacy at three levels of society, the dissertation brings to light how the legitimacy of entrepreneurship as a means for sustainable development is dependent on the specific political and institutional environment, the social circumstances of the local community, as well as the general cultural and ideological assumptions on the nature of sustainable development. Whereas certain institutional and local conditions may result in the approval and appreciation of entrepreneurship in the sustainable development debates, the findings of this dissertation underline that this outcome is not evident.

For instance, the dissertation identifies legitimacy-diminishing conditions where the conflicting logics across market coordination and social welfare production by the state lead national experts to undermine the value of entrepreneurial solutions to social problems. In a similar vein, although the dissertation work illustrates the ways in which a community can provide fertile ground for the emergence and legitimation of entrepreneurship, it also acknowledges that a community’s characteristics may provide little potential for this type of endogenous process.

Overall, the dissertation introduces a legitimacy lens to the discussion on institutional configurations and social entrepreneurship (Estrin et al., 2013; Stephan et al. 2015). It provides evidence that the institutional environment not only supports/limits entrepreneurial opportunities but also reinforces or undermines national experts’ perceptions on the legitimacy of social entrepreneurship, thus presenting us with more complex dynamics on how entrepreneurship can benefit from institutional voids or institutional support (Mair et al., 2012; Mair & Marti, 2009; Munoz & Dimov, 2015).

In addition to the concrete environmental conditions or a community’s material and social realities, the dissertation demonstrates the importance of assumptions and ideals in shaping the legitimacy of entrepreneurship as a means for sustainable development. It shows that the policy texts present
entrepreneurship as a legitimate solution only in connection with a specific characterisation of sustainable development. Hence, the legitimacy of entrepreneurship is contingent upon the policy perspective towards sustainable development, and upon whether this is understood, for instance, as a question of sustaining the business environment and developing (better) economic activity, or as an endeavour to maintain the capacity for societal renewal and generate improved living conditions. Following this, the legitimacy of entrepreneurship can be relatively permanent and derive from its cognitive acceptance or its characteristics, yet it can also become more questionable and dependent on the outcome of whether or not entrepreneurship fulfils societal expectations (Suchman, 1995).

### 6.1.3 Community Entrepreneurship as a Process of Legitimation

Studies that conceptualise sustainability-oriented entrepreneurship as a process or a journey (Garud & Gehman, 2012; Kibler et al., 2015; Munoz & Dimov, 2015) have shed light on the emergence of entrepreneurship by describing the early-stage tasks of the entrepreneurs, which include the formulation of mission, setting up organisational structures, and acquisition of resources. This dissertation contributes to this literature by focusing on the establishment of community enterprises meant to generate wellbeing for a local community, and which represents a collective form of entrepreneurship that is bound to a geographical location (Peredo & Chrisman, 2006).

The dissertation identifies three key mechanisms: ‘capability expansion’, ‘change in dominant logic’ and ‘inclusive innovation’ as necessary for the emergence of a community enterprise and the transforming of local circumstances in a way that enhances the wellbeing and development of the community. At the same time, community enterprises also form new perceptions on what types of economic, cultural and political realities are possible and, furthermore, which of these are also desirable and appropriate, that is, legitimate in the community.

Specifically, capability expansion stems from categorising the local resources in a novel way. Changing the dominant logic of the community de-legitimises the way in which the community has seen itself and stabilises a new way of viewing it as an entrepreneurial actor. Inclusive innovation further emphasises the legitimation process to involve also more tangible ways of altering the (legitimate) practices of the community.

As a consequence, this dissertation argues that engagement in community entrepreneurship is, in fact, a three-fold process of legitimation. In contrast to prior entrepreneurship research that has acknowledged the importance of new ventures and novel forms of entrepreneurship to gain legitimacy in order to secure the survival and success of the enterprise’s operations (Überbacher, 2014), this dissertation suggests that due to the territorial and social embeddedness of community entrepreneurship, legitimation is not a separate issue to be taken care of by an entrepreneur or the enterprise. Instead, it is proposed that, in community entrepreneurship, legitimation is part and parcel
of the process of establishing the enterprise: it forms its resource-base, its mission and its governance.

In contrast to market-oriented characterisations of the entrepreneurial process, this approach emphasises the social mechanisms by which communities collectively initiate change from within. Given the social embeddedness of enterprises contributing to sustainable development in general (Grimes et al., 2013; Kibler et al., 2015; McKeever et al., 2015), this perspective offers avenues for further research that goes beyond community enterprises.

6.1.4 Essence of Sustainable Development in Association with Entrepreneurship

Recently, Shepherd and Patzelt (2011) posed the fundamental question of “what should be sustained and what should be developed” through sustainable entrepreneurship. They initiated this discussion by suggesting that what needed to be sustained with sustainable entrepreneurship was nature, the sources of life support and communities; and that what entrepreneurship should develop included economic gains as well as non-economic gains for individuals and society. However, although the articulation of sustainable development challenges and goals is crucial for understanding by whom and through which means they should be tackled (see George et al., 2016), to date there has been little effort to problematise the concept of ‘sustainable development’ in entrepreneurship research.

Prior research has typically relied on the definition of sustainable development by the so-called Brundtland report (WCED, 1987, p. 8), which describes it as “seek[ing] to meet the needs and aspirations of the present without compromising the ability to meet those of the future”. It has tended to adopt the triple-bottom line approach (Elkington, 1998; Hall, 2011) and to provide evidence for the environmental and social contributions of entrepreneurship. In general, the approach towards the potential of entrepreneurship may have remained “overly optimistic” (Hall et al., 2010). This dissertation has sought to question the rationale of applying these definitions of the nature of sustainable development to entrepreneurship research.

The dissertation contributes to the debate initiated by Shepherd and Patzelt (2011) by illuminating what is articulated as the ultimate goals of sustainable development in policy rhetoric once this theme is coupled to entrepreneurship. The findings revealed four different approaches towards sustainable development, and these varying perspectives were presented in Table 6 (Chapter 5). In regard to the development aims and gains, the findings show that the policy rhetoric largely focuses on the open-ended, processual benefits of entrepreneurship. It is depicted as an activity that develops business opportunities and dynamics, as well as outcomes such as jobs, a circular economy or competitive positioning, which can be further utilised by other societal or economic actors. In terms of sustenance, entrepreneurial influence is assumed to focus on maintaining the community instead of protecting
nature or life-supporting resources (Shepherd & Patzelt, 2011). In the narrowest sense this refers to the ‘community of entrepreneurs’ that should survive in a volatile global economy, and in a wider sense this extends to the level of societal processes and aims at sustaining their flexibility.

By demonstrating how the coupling of entrepreneurship and sustainable development colours the meaning of the first but, notably, also has an influence on the conceptualisation of the latter, this dissertation encourages entrepreneurship scholarship to remain alert to how the concept of sustainable development may become restricted in the entrepreneurial context. The variation within policy discourse emphasises that the topic of sustainable development is heavily contested in societal discourse (Kambites, 2014; Kouri & Clarke, 2014; Lefsrud & Meyer, 2012; Paschen & Ison, 2014). On this note, the scholarly community is urged to remain sensitive towards the political and philosophical underpinnings of sustainable development rhetoric, including that of researchers themselves (Karatas-Ozkan et al., 2014).

6.2 Contribution to the Literature on Legitimacy

The theoretical framework of this dissertation is grounded in the recent work by Suddaby, Bitektine and Haack (2017), which presents different perspectives towards the concept of legitimacy, as well as on the multilevel theory of legitimacy developed by Bitektine and Haack (2015). Besides drawing from these theories, the approach employed in this dissertation also contributes to them. By emphasising the importance of collective co-creation of the legitimacy of sustainability-oriented entrepreneurship, the dissertation complements the conceptualisations of legitimacy that have dominated prior research (Suddaby et al., 2017). Similarly, it contributes to core notions of the multilevel theory of legitimacy (Bitektine & Haack, 2015) by highlighting that, at different societal levels, distinct contextual conditions and interaction processes are relevant for the production of legitimacy.

6.2.1 Conceptualisations of Societal Legitimacy

The three studies included in this dissertation each focus on a different conceptualisation of legitimacy: as a property, a perception and a process, respectively (Suddaby et al., 2017). However, the theoretical and empirical work in this dissertation deviates from the prior research that has applied these conceptualisations, and promotes the varying, collective actors and contextually-embedded mechanisms which are involved in assigning the legitimacy for entrepreneurship. As a result, this dissertation refines the definitions of legitimacy and offers a more collective and contextual and, ultimately, societal perspective on legitimacy.

Defining legitimacy as a property advances the notion that an entity must ‘fit’ with the external environment, as well as to be on par and conform with the prevailing norms and values (Suddaby et al., 2017). In line with this perspective, this dissertation (Paper 1) analysed in which ways entrepreneurship matches the sustainable development goals prevalent in the
political environment. However, as legitimacy-as-property studies have been critiqued for their relatively narrow understanding of legitimacy as a product of organisation and its external environment (Suddaby et al., 2017), the work in this dissertation focused on the presence and portrayal of entrepreneurship in policy discourse. Thus, it introduced policy texts as a mediating actor that provides a window for understanding, on the one hand, society’s expectations in regard to entrepreneurship and, on the other hand, the nature of the sustainable development goals with which entrepreneurship should correspond in order to gain legitimacy in these policy debates. Hence, instead of considering legitimacy as something that is possessed or owned by an entity, as is typically done in legitimacy-as-property research, this dissertation provides an external point of view and explains how the legitimacy of entrepreneurship becomes defined by (somewhat faceless) societal actors. Similarly to research that has discussed how discourses impose ideological beliefs and influence the portrayal of entrepreneurship (Dey & Steyaert, 2010; Nicholls, 2010a; Nicholls & Teasdale, 2016; Nicholson & Anderson, 2005; Perren & Jennings, 2005), it is argued here that its legitimacy is not a fact that derives from the coherence between entrepreneurship and its environment, but it is something that is dependent on the collective assumptions of what entrepreneurship is and what the essence of sustainable development is.

In Paper 2 of this dissertation, legitimacy was approached from a perspective that conceptualises it as a perception by evaluators, who assess and compare the entity/activity to what they understand to be valid in their society. Typically, studies applying this take on legitimacy promote a rather individual-focused view of the evaluators, thus highlighting the relations between the evaluator and the entity under evaluation (Suddaby et al., 2017). In order to combat the threat of over-focusing on internal, psychological processing by the evaluator and ignoring the external conditions, this dissertation paid specific attention to the way in which legitimacy judgements are influenced by the surrounding institutional environment (Bitektine & Haack, 2015). Acknowledging the fact that the legitimacy-as-perception approach tends to embrace the diversity of individual legitimacy judgements, this dissertation chose to focus on perceptions at a group level; this was done in order to better capture the influence of the national institutional environment and illuminate under which conditions entrepreneurship becomes valued as a legitimate solution to social problems. Through these choices, this dissertation paints a picture of legitimacy as a collective perception that results from a somewhat subconscious processing of the entity in a given environment rather than highlighting it as an individual’s perception that derives from the way in which an entity is cognitively categorised or assessed.

Finally, this dissertation aimed at understanding legitimacy as a process of social construction (Paper 3), and identified mechanisms that describe how the legitimation of entrepreneurship unfolds (Suddaby et al., 2017). Commonly, process-oriented studies on legitimacy highlight certain powerful actors and their capability to influence others in order to explain how an entity is legitimised (e.g. Martens et al., 2007; Suddaby & Greenwood, 2005).
drawback of this perspective is that it pays little attention to the stable, exogenous elements of legitimation. It can be accused of artificially defining those who are skilful and exercise power over others, alongside those who are merely targets and followers of such persuasive efforts (Bitektine, 2011; Hoefer & Green, 2016). This dissertation avoided the bias towards individuals' strategic action by concentrating on community entrepreneurship that is a collective, socially and territorially embedded phenomenon. It focused not on how selected agents induce changes in the attitudes of other individuals by using persuasive language, or even on how individuals negotiate amongst each other to find compromises in regard to what is deemed legitimate. Instead, the dissertation research approached community as a collective agent that transforms its thinking and concrete practices in order to legitimate entrepreneurship. Further, it conceptualises community also as the context for this activity, and explains how the attributes of a local community provide its grounds and are transformed in the legitimation process. Therefore, the present work portrays legitimation as an endogenous and material, collective process that is shaped by local and exogenous realities. As already advocated by Hybels (1995, p. 245): “since legitimacy is an intrinsically abstract construct, it is necessary always to infer its existence from the behavior of the people involved”. This entails observing their communication as well as allocation of material resources.

6.2.2 Multilevel Dynamics of Legitimation

This dissertation has developed initial insights for a multilevel view on the legitimacy of entrepreneurship in sustainable development debates. It has followed the work of Bitektine and Haack (2015), who have presented a multilevel theory on legitimacy that discusses the way in which micro-level evaluations on legitimacy interact with the macro-level which represents the overall societal environment and cultural conceptions. The theory argues that the individuals draw from personal experiences in assessing the entity in question, but that they also utilise their interpretations on the societal, macro-level validity of that entity in forming legitimacy judgements. The accumulation of these micro-level judgements, in turn, forms society’s macro-level perceptions. As a result, there is a ‘feedback loop’ between the macro- and micro-levels.

This dissertation has used Bitektine and Haack’s (2015) theory to capture the legitimacy perceptions of national groups in states’ institutional environments. Nevertheless, the dissertation research has focused not only on the interaction between macro- and micro-levels but also on the contextual dynamics of a macro-level rhetoric and within a meso-level community environment. It has aimed at developing an understanding on the societal legitimacy of sustainability-oriented entrepreneurship, rather than to limit itself to explaining the evaluations and judgements of individuals. Following this, it suggests a multilevel conceptualisation of the dynamics of legitimation. At least three proposals can be put forward, based on the multilevel view towards
the legitimacy of entrepreneurship in sustainable development debates, and as has been illustrated in Figure 4 (Chapter 5).

First, whereas Bitektine and Haack (2015) emphasise individuals’ perceptions of the macro-level institutions as an important determinant in the conclusions they ultimately make on the legitimacy of an entity, this dissertation suggests that we may also consider other conditions that influence the formulations of legitimacy. At a macro-level, this highlights the effect of discursive structures, such as rhetoric traditions and other taken-for-granted assumptions, as the context within which legitimation takes place. At a meso-level, attention is drawn to the fact that local conditions are a place of people and a territorial space. More generally, we can now ask which other contexts would be relevant in shaping the legitimation processes at different levels of society.

Second, this dissertation complements the ‘feedback loop’ between macro- and micro-level legitimacy judgements with horizontal processes within a particular societal level. Beyond the importance of individuals processing direct information on the entity and their understanding of society, this dissertation emphasises that key societal collectives interact within their respective contexts also in more versatile ways. For instance, in a community context, this dissertation suggests that the legitimation of entrepreneurship involves circularity in the ways in which it aligns with – and transforms – the characteristics of the community in both intangible and tangible terms. Similarly, the way in which policy texts legitimate certain activities and entities involves contingencies between the more fundamental and the more specific assumptions. In addition to texts, communities and expert groups, we may consider other important actors who process legitimacy and, thereby, explore other types of dynamics through which legitimacy is produced.

Third, the focus on societal legitimacy in this dissertation emphasises the collective formulation of legitimacy. This resonates with Bitektine and Haack’s (2015) concept of macro-level validity, which is argued to represent shared legitimacy judgements. However, this dissertation adds to this notion by drawing attention to more nuanced forms of collective legitimacy outcomes, which can encompass only a limited group of actors, for example the members of a specific community. Depending on the perspective chosen towards legitimacy (Suddaby et al., 2017), the legitimacy of sustainability-oriented entrepreneurship may materialise in externally assigned property, collective perceptions or endogenous processes that are applied at the supranational, national or community levels of society.

6.3 Practical Implications

Societies the world over are today challenged by global environmental and social issues such as climate change and economic inequality. They struggle with demographic and structural changes such as aging populations, globalisation and the relocation of work, an increase in the power of multinational corporations, as well as demands stemming from civil society
movements and consumer preferences. These issues put pressure on governments and force us to rethink the division of tasks between the public and private sectors, and to evaluate in which areas and to which extent entrepreneurial solutions are appropriate.

Against this background, this dissertation has sought to enhance our understanding of the legitimacy of entrepreneurship in debates over sustainable development, and it has illuminated some of the contextual aspects involved in meaning-making and structured collective action. This approach has generated a number of implications that should help policymakers and others who aspire to advance societal changes towards a more sustainable economy and to encourage the adoption of new practices that support this development.

_Is entrepreneurship a solution in our country?_

The findings of this dissertation have brought to light certain national-level political-institutional settings that support the legitimacy of entrepreneurship in the eyes of local experts as a means of solving social problems. In particular, the findings show that both liberal and socialist governance logic provides the grounds for considering entrepreneurship as a more efficient solution than the efforts made by the state or civil society, if this approach is applied across both market and social spheres. As a conclusion, these findings pinpoint that capitalist welfare states can encompass either a less active or a more active role in coordinating market dynamics and social welfare provision in order to elicit support for social entrepreneurship from key groups of citizens. Hence, whereas the actual decision and analysis of the negative and positive implications of assigning a larger role to entrepreneurs in solving social problems remains the responsibility of local political processes, this dissertation highlights the importance of acknowledging the fact that existing institutional arrangements have a critical impact on the acceptance of entrepreneurial solutions. This should help practitioners to evaluate how these types of changes in the welfare provision could be communicated to the public, as well as to ensure that the specific form of social entrepreneurship and the partnership it forms with the public sector are in line with the broader institutional environment.

Although the analysis of different types of social entrepreneurship (Defourny & Nyssens, 2010; Kerlin, 2006; Mair et al., 2012; Zahra et al., 2009) lies beyond the scope of this dissertation, the findings provide grounds for proposing that different types of entrepreneurial solutions may well be appropriate in different types of capitalist welfare systems. For instance, in countries where the state is highly involved in coordinating market activities and providing social welfare, it can be more advantageous for the state to create tight partnerships with social enterprises and to ensure that the efforts to provide social welfare are in line across public and private sectors. In contrast, in economies where the state takes little responsibility over social protection, social enterprises may gain more legitimacy if they have freedom to decide themselves on suitable governance structures and the terms of labour.
How can we support community entrepreneurship?
The dissertation has illuminated the necessary mechanisms that enable a local community to engage in entrepreneurship, and suggested ways in which these mechanisms draw from the different attributes and characteristics of the community. These proposals provide guidance to development projects that seek to empower disadvantaged communities through entrepreneurship. Several areas here require collective involvement: community members should be included in the local innovation process in order to trigger changes in the community’s practices. In addition, it is crucial to support collective cognitive change that results in seeing both the community’s resources as well as the actual purpose of the community in such a way that supports the development of capabilities and business ideas.

These insights are important in policy-making and for non-governmental organisations that have emphasised the potential effects of endogenous community development in disadvantaged areas as an alternative to traditional, state-led programmes (Mair & Marti, 2009; McKeever et al., 2015; Moulaert et al., 2005). In addition to promoting ‘development entrepreneurship’ (McMullen, 2011) – and the importance of changing formal structures in order to achieve inclusive growth – this dissertation suggests that we approach local development from a social-world perspective (Marti et al., 2013). It thereby encourages us to focus on critical mechanisms that may successfully evolve under a variety of community conditions, and also to be aware of the potentially negative outcomes which may result from transforming the community livelihoods (Tedmanson et al., 2016).

Why should we care about policy rhetoric?
The dissertation advances the general discussion on sustainable development and the related debates on business-society relations by drawing attention to the influence of policy rhetoric. It alerts policymakers as well as the media and the general public to the importance of staying aware of how, for instance policy texts (but also any other forms of such communication) build on certain assumptions and, by doing so, shape the way in which we approach the world and choose what it is that should be prioritised under the umbrella of ‘sustainable development’. Because entrepreneurship has gained wide-ranging support in policy-making circles, it is vital to acknowledge that including it in the policy discourse on sustainable development may have consequences for both the meaning of entrepreneurship as well as the way in which we approach sustainable development. The excessive inclusion of a particular term across a range of policies can easily dilute its meaning (Perren & Dannreuther, 2013, Perren & Sapsed, 2013). Furthermore, and as shown in the findings of this dissertation, the coupling of entrepreneurship and sustainable development focuses and narrows down the meaning of sustainable development.

Overall, an awareness of the underlying ideological beliefs and potential (policy) interests in formulating policy proposals, and how they change and persist (Nicholls & Teasdale, 2016), should enhance the quality of debates over sustainable development. A failure to comprehend and question the
fundamental ontological and normative positions held by different speakers involved in these debates runs the risk of leading to a situation in which actors “can easily talk past one another and may even perform contradictory and conflicting initiatives” (Garud & Gehman, 2012, p. 980). In the interest of avoiding these threats, and ultimately in order to solve or ameliorate major global problems, this dissertation has provided an example of how we can deconstruct policy texts and unmask the assumptions that they take for granted.

**Should we change structures or people?**

The above-mentioned insights demonstrate the practical implications of ‘embeddedness’. This means that the specific socio-cultural and institutional context plays an important role for the development of economic activity (Granovetter, 1985). Although the concept of embeddedness is presumably used but rarely outside scholarly contexts, its contents are nevertheless relevant in driving change across the social and economic spheres of society, both at the local level as well as in a national or even supra-national context.

As this dissertation has shown, it is possible to trace the influence of macro-level institutions on the perceptions and evaluations of key national authorities. Beyond this, the dissertation argues that the existence of reproductive effects stemming from language use and the circularity of local community development result in a type of inertia and the maintenance of existing socio-economic practices. Nevertheless, the dissertation draws attention to collectivities of people, and argues that – their embeddedness notwithstanding – they are in a position to legitimate sustainability-oriented entrepreneurial activities.

Taken together, this position leads me to propose that, in order to pursue alterations in these arenas, it is necessary for policymakers and other interested parties to appreciate the inseparability of collective actors and their respective conditions; and I suggest that we seek holistic change that involves both of these elements. As argued throughout this dissertation, the articulation of goals and activities for sustainable development must find a balance between the past and the future.

### 6.4 Limitations and Future Directions

This dissertation has taken some important steps forward in enhancing our understanding of the legitimacy of entrepreneurship as a means for sustainable development in different societal contexts. In particular, it has paved the way towards developing a multilevel view on this theme. In order to develop these initial insights further and to tackle the shortcomings of this research work, I now examine the limitations of this dissertation and make concrete suggestions on how further research could enhance our understanding of legitimacy of sustainability-oriented entrepreneurship.
Dynamics of legitimation

Despite formulating initial insights for a multilevel view on the legitimacy of entrepreneurship in sustainable development debates, this dissertation may be critiqued for adopting a somewhat static approach. The empirical work focuses on explaining what the legitimacy assumptions on entrepreneurship are in political discourse, as well as under which institutional conditions entrepreneurship is found to be a legitimate option in solving social problems. These approaches would benefit from being complemented with further research that develops a more dynamic view on how legitimation takes place at the macro-level of societies and in international negotiations between multiple stakeholder voices spread across different spheres of society (George et al., 2016; Suddaby et al., 2017).

Furthermore, because this dissertation has explored different forms of entrepreneurial activity and focused on a particular research question at each societal level, it has been unable to deliver insight on the interactions between the supranational, national and community levels. Further research would be needed to explore the unique dynamics involved in legitimating (distinct forms of) entrepreneurship at each level and to investigate the structural relations and power dynamics between the different societal levels.

A more dynamic perspective towards legitimation could elaborate legitimation as a sequence rather than a process, where certain crucial elements induce variation in the other elements (McMullen & Dimov, 2013). It could include in-depth studies that do not focus only on published texts or announced opinion, but instead would seek to investigate preceding processes that lead to these formulations and conclusions. Research that adopts a linguistic approach (Cornelissen et al., 2015; Phillips et al., 2004) could analyse the production of, for example, policy texts and aim at discovering how the needs and normative stances adopted by different parties interact and result in a consensus inscribed into the final text. Studies drawing their inspiration from social psychology, social capital and networks could explore the on-the-ground, collective processes through which perceptions on sustainability-oriented entrepreneurship and its societal context are formed in communities and within social movements.

Whereas the studies included in this dissertation draw a picture of the times we live in at the moment, future research efforts could be targeted at enhancing knowledge of the development of the legitimacy of entrepreneurship as a means for sustainable development over time (Nicholls & Teasdale, 2016). Vital research findings are to be expected from studies that rely on conservation psychology and its interest in studying human behaviour towards nature (Saunders, 2003), or from psychohistory (Krus & Krus, 1978), which seeks to understand economic, social and political values, activities and trends within different groups as well as in society in general. Innovative research approaches could also draw from utopian thought (Hedrén & Linnér, 2009) and propose future scenarios that involve, for instance, natural and social crisis situations in order to understand the legitimacy of specific practices. This kind of future research would greatly enhance our knowledge of
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the legitimation of economic activities and follow up on the suggestions made in this dissertation on the importance of acknowledging contextual boundaries and the role of collective agency.

Inclusion of neglected contexts

A further area where future research could expand upon the work of this dissertation is the inclusion of a broader range of contexts in which entrepreneurship takes place and which influence the positioning and activities of entrepreneurship. This dissertation has highlighted the significance of contexts in informing us on the legitimacy of entrepreneurship and the inseparability of collective action and the external circumstances that pertain. It has carried out research on discursive, institutional and community contexts and thereby challenged the dominant approach that views entrepreneurship as an economic phenomenon to be located in markets (Steyaert & Katz, 2004). Nevertheless, it also urges to explore which other conditions might be relevant for determining the legitimacy of sustainability-oriented entrepreneurship.

Also, despite its theorisations on the community-level mechanisms that are meant to be applicable across geographical locations and apply to both wealthy and disadvantaged communities, the dissertation could be accused of having a Western bias as its empirical examinations have focused on the European Union and capitalist welfare states. However, as Steyaert and Katz (2004, p. 179) have pointed out, we must seriously ask ourselves: “What spaces/discourses/stakeholders have we privileged in the study of entrepreneurship and what other spaces could we consider?”

Through the exploration of more versatile settings of entrepreneurship, future research would be well-advised to study (a) the direct influence on entrepreneurship and the forms entrepreneurial activity that emerge in the pursuit of solving sustainability-related, social and environmental challenges; and (b) the interplay of the contexts and those who evaluate and produce the legitimacy of entrepreneurship. These could include research in countries where political and economic systems differ from the Western world, such as in socialist countries that have received less attention in entrepreneurship scholarship (Welter, 2011), or in locations that are crucial for solving global sustainability challenges, such as in BRIC-countries (Brazil, Russia, India, China).

A broader contextual scope would indeed serve to enhance the development of entrepreneurship as a research field in general. Wider contextual understanding not only creates better knowledge of real-world phenomena; it also advances research by shedding light on the variations within the identified phenomena and, thus, advances our field's conceptual development. Explorations of versatile environments can – and should – trigger truly puzzling research questions that demand rich data and rigorous methods, and which challenge dominant theorisations.
Impact of legitimation

Finally, future research could approach the legitimacy of sustainability-oriented entrepreneurship by seeking not to answer the question of how context influences entrepreneurship and its legitimacy, but instead to evaluate how the legitimation of entrepreneurship has an impact upon different levels of society. Within this dissertation the theoretical propositions on community entrepreneurship suggest ways in which the legitimation of entrepreneurship transforms community attributes and contributes to its economic, social and political development. Further research should be carried out to investigate these transformative mechanisms and their impact on a broader, diachronic range of empirical environments (Nicolopoulou, 2014; Vickers & Lyon, 2014).

Research on community entrepreneurship could offer fertile avenues for studies that seek to concretely measure the sustainability and development that takes place within the community – and thus successfully avoid the abstractions that often detach the sustainable development debates from the actual lives of people. Nevertheless, societal outcomes that derive from legitimating entrepreneurship and creating entrepreneurial culture (Marti et al., 2013) should be studied at more macro-levels of society in order to better grasp their positive and negative influence over reaching different kinds of sustainable development goals. Bold and unconventional research needs to be carried out in regard to the impact of legitimating more marginalised forms of entrepreneurship – here, ‘punk entrepreneurship’, which has the creation of dramatic change at the core of its operations, comes to mind (Drakopoulou Dodd, 2014).

The fact that certain means and solutions are legitimate in a society may be either conducive or unhelpful for reaching sustainability goals. The work of this dissertation has explored how the legitimation of entrepreneurship unfolds in order to allow us to better reflect its role and value in sustainable development. Research avenues that explore the outcomes of legitimating entrepreneurship as a means for sustainable development would expand on this insight, in particular by offering yet another angle to the question of what actually should be done in order to resolve the problems and challenges of sustainable development.
References


References


References


Societies the world over are facing environmental and social challenges which force us to rethink the division of tasks between the public and private sectors, and to evaluate the role of entrepreneurial solutions. This dissertation studies the legitimacy of entrepreneurship as a means for sustainable development by asking: What is expected from entrepreneurship? Where is it valued as a solution for social problems? How is it legitimised in a local context? Paper 1 uncovers unspoken assumptions on entrepreneurship, sustenance and development in the European Union policy rhetoric. Paper 2 conducts quantitative research across 11 capitalist welfare states to identify political-institutional conditions that enhance the legitimacy of entrepreneurship. Paper 3 develops a theoretical framework describing the emergence of community entrepreneurship. The dissertation contributes to both academia and policy-making by illuminating the ideological, political and social origins of the legitimacy of entrepreneurship in sustainable development debates.