

The Practice of Moral Courage: Resolving Economic and Social Tensions

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Abstract

Capitalism is a system that was constructed through economic and philosophical thinking by Adam Smith. Smith envisioned a model where morality could be achieved through an economic-based design. Today, social enterprise leaders embrace the friction when making decisions between the economic and moral tensions of profit and purpose, business and society, and stability and change. Given the rising tensions, building moral courage capacity within business leaders and organizations is imperative. This study explores how for-profit social enterprise leaders resolve the inherent economic and social tensions and proposes a model to build moral courage capacity within business leaders.

Keywords

Moral Courage, Leadership, Stakeholder Capitalism, Social Enterprise

1. Introduction

Capitalism is an evolving system. While an economic and shareholder focus remains, a shift to stakeholders and social enterprises is underway (Vicente, 2022). Therefore, tensions between purpose and profit, business and society, and stability and change will be growing in organizations as many in society seek betterment. Preparing leaders with the moral courage to make decisions while balancing these tensions will be essential to resolving economic and social tensions. The purpose of this article is to share the results of a grounded theory study that can be used to build moral courage capacity within leaders through the concepts and themes connecting moral courage with an understanding of capitalist tensions.

The study used a constructivist grounded theory approach to focus on the practice of moral courage in making decisions involving profit and purpose, business and society, and stability and change. For the qualitative interviews, we employed

open-ended questions to gain insights into moral courage when making decisions involving the three trade-offs. Using the constructivist grounded theory methodology, each interview provided an opportunity to understand the meaning behind the concepts and draw out the experiences and data as the interviews progressed (Charmaz, 2014). The approach guided an interactive exploration with each participant.

With the constructivist grounded theory structure, a memo was written after each interview, noting themes, discovery of ideas, and other insights. Each interview presented an opportunity to explore concepts in greater depth. Additionally, the qualitative data was analyzed by identifying keywords and patterns. Through several review cycles, the transcript data was coded and categorized, and then the data was reordered until patterns emerged (Saldaña, 2015). The study design enabled a deeper meaning and comprehensive understanding of moral courage when resolving economic and social tensions.

2. The Moral Underpinnings of Capitalism

Capitalism started with a moral focus rather than a purely economic one (Rasmussen, 2019). While this seems more philosophical than economic, it is the system Smith outlined. The two books written by Smith in the 1700s are *The Wealth of Nations* and *The Theory of Moral Sentiments* (Heilbroner, 2020). While economists focus on the former, philosophers focus on the latter. However, both perspectives are needed by business leaders today.

Many are familiar with Milton Friedman's version of Adam Smith's capitalism. It often centers on the economic focus and the role of self-interest. Self-interest creates a system in which individuals and organizations produce goods and services for profit, not for benevolence or social responsibility (Rollert, 2018). Friedman focused on a Smith passage about how it is in the self-interest of the butcher, brewer, and baker that we get dinner. Each is not producing their goods because they care, but because it is in their economic self-interest.

Friedman also focused on corporate leaders and their relationship with shareholders. In 1970, he wrote an essay for the *New York Times*. The article stated that a corporate executive's primary responsibility is "to make as much money as possible while conforming to the basic rules of society" (Friedman, 1970: p. 379). Friedman argued that social responsibility is for private individuals or governments, and it is not a responsibility for corporations or their executives.

The reality is that Adam Smith tried to develop a system that was more moral than the mercantilist hoarding trade practices of the 1700s, and a new economic system was a path to address the ethical concerns of the mercantilist system (Bassiry & Jones, 1993). The philosophical elements of Smith's capitalism appear clearly in several areas, including the concepts of sympathy and imagination.

Sympathy is the practice of absorbing the circumstances of another, creating social bonds and attitudes with a desire for justice (Klein, 2003). As a practice, sympathy does not require personal relationships since an impartial spectator can

imagine a closeness to individuals (Forman-Barzilai, 2005). When practicing sympathy, an individual places themselves within another's situation and then seeks aligned approval between an imagined impartial spectator and oneself (Klein, 2003). In Smith's view, justice entails the pursuit of shared humanity, and justice happens in these situations through the impartial spectator process to care for the shared humanity and prevent injury to unprotected individuals (Forman-Barzilai, 2005). Sympathy aims to balance self-interest, benevolence, and justice (Heilbroner, 1986).

Imagination is an enabler of Smith's capitalist ideals. Griswold (1999) describes imagination as a mirror for individuals and society to see each other. For Smith, individuals are connected to society and society to the individual through moral imagination (Hühn, 2017). Moral imagination requires a capacity to use ideas and images in resolving dilemmas and determining responses (Heath, 2020). While self-interest guides opportunities for greed, moral imagination creates an economic society that reflects the individuals within it. As Hühn (2017) drives home, "Smith's economic actors are actually agents in the original sense of the word: they *create* values and values define reality to a large extent" (p. 8). Being able to hold and value different perspectives and then develop the moral insights to convert them to relevant actions are essential skills for business leaders to develop (Moberg & Seabright, 2000).

3. Social Enterprises: Exemplifying Stakeholder Focus and Inherent Tensions

With this perspective on capitalism, a growing conversation is unfolding to broaden the past focus only on shareholder capitalism to incorporate stakeholder capitalism. Smith outlined the importance of justice and understanding the perspective of others within society, especially since individuals and society reflect each other (Brown & Forster, 2012). A focus on stakeholder value broadens the view across the dimensions of employees, customers, shareholders, partners, and communities (Vicente, 2022). Stakeholder capitalism is an economic concept in which individuals collaborate to "create sustainable relationships in the pursuit of value creation" (Freeman et al., 2007: p. 311). Balancing stakeholder interests and treating each stakeholder fairly takes an extraordinary, yet necessary, effort to gain the best results for the corporation and society.

A social enterprise is a for-profit business that pursues a dual mission of capturing financial and social value, making the trade-offs between profit and purpose (Doherty et al., 2014). Because of their dual mission, social enterprises exemplify the stakeholder model; their very nature creates tensions between profitability and mission, business and stakeholders, and stability and change (Doherty et al., 2014).

3.1. Profit and Purpose Tensions

Social enterprises have two goals: create economic and social value. Within this

context, the first provides the financial capability to achieve the second (Dacin et al., 2011). A social enterprise leader needs to set the organizational tone to balance the social and economic objectives and principles to achieve a healthy organizational identity (Stevens et al., 2014). With a dual pursuit of social purpose and financial sustainability, the inherent tensions require consistent attention and balance.

Balancing the economic and social value tensions requires clarity and a method to maintain the proper balance (Saebi et al., 2018). At times, purpose may come second; other times, it may lead the way in a social enterprise. Porter and Kramer (2011) outline how new practices need to be developed to achieve the shared value. Creating new business practices also raises the costs and tensions in achieving shared economic and social value. Essentially, win-win decisions may be few when balancing the profit-purpose conflict, creating more dilemmas than solutions for social enterprise leaders (Crane et al., 2014).

3.2. Business and Society Tensions

The provocative relationship between business and society is highlighted in corporate activism. Whether a social enterprise or not, CEOs use their media platforms to engage in non-core issues for their businesses (Chatterji & Toffel, 2019). Selected social or environmental issues may have an indirect business impact, yet they stimulate personal meaning for many stakeholders (Lin, 2018). Getting businesses involved in political issues may represent a generational shift. Forty-seven percent of millennials want CEOs to speak up on societal issues (Essner, 2017). The lines between business and society are blurring, adding tension for business leaders to resolve and social enterprise leaders to leverage.

The effort to balance business and society pressures is complicated. Beliefs about business and society can result in moral dilemmas, especially those arising from social issues with an expectation of change (Georgallis, 2016). While stakeholders may call for social change to be conducted by the enterprise, shareholders may choose profit over a specific social issue. How investors determine whether to support social issues may be determined by the extent of stakeholder alignment on the matter (Bhagwat et al., 2020).

3.3. Stability and Change Tensions

The friction of stability and change intensifies when balancing the previous two tensions. Stability in financial and organizational outcomes requires a healthy equilibrium to change practices to achieve high-performing, mutually beneficial social and financial outcomes (Girerd-Potin et al., 2014). Social enterprises focus on a social purpose that requires disrupting an equilibrium while maintaining an organizational capability to engage market forces to achieve social change (Martin & Osberg, 2015). While a split between stability and change may seem evident, it may be better represented as a duality.

While a split portrays change and stability as opposites, duality views them as

interdependent (Farjoun, 2010). Change and stability interact with each other. Stability can provide the context and path forward for change to occur over time, meaning stability can provide a supportive structure for change (Marsh, 2010). Marsh argues that change does not replace stability and vice versa; instead, change and stability interact with each other rather than being a linear process. Duality does not eliminate conflicts between change and stability; it provides a context to how they interrelate.

4. Perspectives on Courage and Moral Courage

Capitalism intersects business and society, creating renewed tensions in decisions. As capitalism continues to evolve, a return to the moral underpinnings of this social and economic system may be necessary. Courage and workplace courage aim at the long-term organizational purpose and worthy causes, and moral courage delivers the will to persist through the embedded resistance, focusing on the greater good (Hutchinson et al., 2015; Detert & Bruno, 2017). This section explores various definitions of courage and how moral imagination converts courage to moral courage when making friction-based decisions.

4.1. Courage Investigated

The philosophical roots of courage include Aristotle, the Stoics, and Sartre (Putnam, 2010). While Aristotle outlined how courage is active in critical moments and centered on virtuous goals, Sartre reinforced the idea of making a decision rather than avoiding it. The Stoic view cemented courage as a choice with an added perspective of it being about one's freedom and dignity. The foundation of courage supports standing and speaking up when tensions arise and doing so with a virtuous view of an outcome.

Workplace and professional moral courage form with courage as a starting point. Simply stated, workplace courage is "taking action at work because it feels right" (Detert, 2021: p. 3). Professional moral courage is a willingness to make decisions when faced with competing values and emotions while developing a capability to enhance the will to act with virtues at the center (Sekerka & Bagozzi, 2007; Sekerka et al., 2009). Both have an organizational focus on resolving issues containing a moral intensity (Detert & Bruno, 2017).

Courageous decisions and actions serve as practical examples for others. A courageous identity emerges when someone is faced with a difficult choice, acts upon it, and reflects on the result (Koerner, 2014). An individual identity forms, but organizational culture does too. Balancing frictions usually involve an ethic of care shown by interdependent individuals and groups when making decisions focused on shared value solutions (Simola, 2007). Care becomes entwined in courage, and when courage is displayed, it creates an individual and organizational identity.

Embodied care broadens one's view of the situational context and uses imagination to discover potential impacts and results (Simola, 2011). Similar to Adam Smith's impartial spectator, imagination creates an environment to consider

outcomes from various perspectives. Courage seems to go through a process – facing a fear, evaluating goals and virtues, and choosing an action (Pury & Starkey, 2010). Courage as a process can be studied, learned, and applied by others, enhancing identities and resolving ethical dilemmas. Caring imagination or moral imagination becomes an essential part of the process to move from courage to moral courage.

4.2. Moral Imagination: Enabling the Transition to Moral Courage

While courage and moral courage overlap, moral imagination enlivens the latter with a focus on the morality of a situation. It provides an avenue to make decisions ethically and morally. Moral imagination facilitates a method to be aware of our actions while framing a problem using moral alternatives (Godwin, 2012). It is more than the immediate situation, though. Imagining future events based on current decisions creates greater attentiveness to what needs to be done in the existing situation (Gaesser et al., 2018). Evaluating a moral choice engages elements of the present and future and sets the stage for more prosocial behaviors going forward. A moral awareness and identity results, along with a willingness to act upon moral principles and imagination (Brown & Treviño, 2006).

Moral imagination seeks the perspectives of others (Moberg & Seabright, 2000). While gaining an outside perspective expands our view of what is possible, inward reflective moments enable individuals to identify patterns of preferences and mistakes, leading to corrective actions through moral imagination (Kekes, 1991). A link between what is possible and what is practical is paramount to applying moral imagination effectively when making decisions (Werhane, 1998).

Imagination is an essential element of moral insight, too. Moral insight helps resolve dilemmas that include differing principles or values (Zhang et al., 2018). Within businesses, organizational and personal values may differ. Companies use values statements as a guiding force in decisions and behaviors, defining the organization's virtues (Chun, 2017). Personal values serve as another motivating factor in behaviors being exhibited and decisions being made, and they usually align well with the organization's values (Arieli et al., 2019; Posner, 2010). When friction arises, moral insight requires not choosing one value over another but using imagination to find a solution (Royce, 1885). Honoring differing values is vital, and moral insight engages creative thinking to determine the best solution to balance the moral tension (Zhang et al., 2018).

Moral imagination and moral insight become a vital step in the process of making morally courageous decisions. It brings amplified awareness to the dilemmas and our decision-making approach (Werhane, 1998). Internal and external views need to be explored and understood, whether within an organization or at the intersection of business and society. A morally attentive individual incorporates creativity to navigate ethical issues more effectively, using moral imagination to understand context and trade-offs (Whitaker & Godwin, 2012). This blend of creativity and imagination is leadership practiced with moral courage, including integrity, honesty, respect, and imagination in serving the common good (Franklin,

2020; Kidder, 2006).

4.3. Moral Courage Defined

Moral courage rouses the readiness to raise ethical concerns in the face of risks and negative impacts on various stakeholders, doing so in a respectful, responsible, honest, and compassionate manner (Kidder, 2006; Simola, 2016). Risks and tensions vary by situation, and it is in uncertain circumstances that individuals need to mobilize their moral courage (Hannah & Avolio, 2010; Kidder, 2006). Translating moral insight into action converts moral imagination into the moral courage to act and find creative solutions between multiple values and stakeholders (Moberg & Seabright, 2000; Simola, 2016).

With this grounding, clarity in defining moral courage emerges. Moral courage involves acting on ethical concerns, respectfully and honestly engaging with risks and tensions, and finding creative solutions to resolve competing values and perspectives among diverse stakeholders. A key aspect of moral courage is the integration of internal and external factors, expanding beyond a workplace or individual. Addressing morally intense issues requires blending internal organizational considerations with external stakeholder factors.

5. Methodology

This study focused on gathering the real-world experiences of social enterprise leaders as they practice moral courage in making decisions involving profit and purpose, business and society, and stability and change. Using the constructivist grounded theory approach, each interview provided an opportunity to understand the meaning behind the concepts of moral courage and capitalist tensions and draw out the experiences of the participants (Charmaz, 2014). The grounded theory approach enabled an interactive exploration with each participant.

The recruitment strategies focused on U.S. social enterprises and the executive-level leaders and founders within these organizations. Three primary organizations were used as a source to build an email database and recruit potential study participants. The first organization is the B Lab certification online marketplace. B Lab has certified over 2300 companies that pursue favorable policies for the triple bottom line: people, profit, and planet (Moroz et al., 2018). The second organization was the Miller Center for Social Entrepreneurship. The Miller Center is associated with Santa Clara University, and it supports social entrepreneurs through a startup accelerator program. Both sites were reviewed for social enterprise names, and then a database, RocketReach, was used to identify the founder, CEO, or appropriate executive-level individuals. The result was an email database of U.S. social enterprise leaders used to solicit participation in the qualitative interviews. The third organization was Causeartist, a web-based community and podcast for social entrepreneurs, to promote the recruitment message and screening survey to their members. Through these efforts, the recruitment strategy brought a mix of diverse social entrepreneurs into the study.

A brief screening survey was sent to our database, which included questions on demographics, company size and growth rate, and type of social enterprise company (e.g., Certified B Corp, Benefit Corporation). Within the responses, a random selection was made to get a diverse group in terms of gender and organization size. Gaining a random sample from different genders and organization sizes leads to a stratification approach, ensuring these characteristics were represented in the interviews (Creswell & Creswell, 2018).

During the scheduled interviews, the semi-structured interview protocol included open-ended questions to understand how leaders see moral courage when making decisions involving the three capitalist trade-offs. Questions were designed to elicit rich, thick, descriptive examples of how each entrepreneur viewed moral courage and managed the different capitalist tensions inherent in social enterprises. For example, questions asked were similar to “How does moral courage influence your decision-making when there are tensions between profit and purpose?” An effective constructivist grounded theory interview taps into the stories and experiences of each interviewee, noticing reactions or moments that prompt further discovery (Charmaz, 2016).

Constructivist grounded theory includes involvement by the participants, meaning that the interview process can be additive from the information in a given interview and from previous interviews (Mills et al., 2006). Two essential elements to guide a constructivist grounded theory interview are leaning into moments of interaction and creating space for the interviewee to share their experiences (Charmaz, 2014). An interview guide included open-ended questions as a starting point but remained flexible in asking follow-on questions to obtain more profound experiences on a relevant topic.

To analyze the data, memos were written after each interview, noting themes, discovery of ideas, and other insights. The memoing process generated added questions in subsequent interviews that led to gaining additional perspectives on how respondents approached relevant situations. Each interview presented an opportunity to explore concepts in greater depth. We continued to analyze the data by identifying keywords and patterns. Through several data review cycles, we coded, categorized, and rearranged the data until patterns were discovered (Saldaña, 2015).

Determining the right sample size for constructivist grounded theory interviews can vary. Twelve interviews can suffice if the topic is not controversial, unless surprising findings occur (Charmaz, 2014). While moral courage practices were not contentious or startling, an added step was taken to ensure saturation, where the interviews no longer provide new information, and redundancy, where conceptual categories are reinforced (Dworkin, 2012; Morse, 2015). During the evaluation process, the interviews leading up to the fourteenth one did not provide new information and the concepts collected were being reinforced.

6. Results

The demographics of the 14 participants are shown in **Table 1**. Most of those

interviewed led a business that was a registered Benefit Corporation, certified B Corp, or both. The individuals interviewed matched the research target of social enterprise leaders.

Table 1. Demographic statistics for those participating in the qualitative interviews.

Variable	Frequency	Percentage
Gender		
Male	9	64%
Female	4	29%
Gender Variant	1	9%
Total participants	14	100%
Number of employees		
1 to 49	7	50%
50 to 999	7	50%
Total participants	14	100%
Annual company growth rate		
Up to 5% per year	1	7%
6% to 10% per year	3	21%
10% to 25% per year	3	21%
26%+ per year	6	43%
Don't know	1	7%
Total participants	14	100%
Company status		
Certified B Corp	8	57%
Benefit Corporation and Certified B Corp	4	29%
Social Enterprise only	2	14%
Total participants	14	100%

6.1. Expanding the Moral Courage Practices Repertoire

Participants described an evolution in their moral courage over time that embraced a steeliness to understand new and different perspectives while remaining committed to the social enterprise's mission and ensuring personal well-being. Steeliness, as described by one of the participants, is a steadfastness to engage differing experiences and perspectives with a stubbornness to learn rather than staying fixed in one's own perspective. What changed was not their view of moral courage but their repertoire of practices that helped enable it.

The evolution of moral courage mentioned by the participants also comprised being unafraid to understand uncommon perspectives and experiences. Rather than running from the differences, several interview participants discussed a practice that involves running towards them with a willingness to say to people, "tell

me more.” An added emphasis to this practice is to ensure differing viewpoints and experiences are present in the decision-making process. As one participant emphasized, “My whole life is running towards the edges because that’s where the juice happens. That’s where the growth happens.” In essence, participants suggested that engaging with differences is a moral courage growth practice.

Several participants embraced what one participant called engaging “relevant colleagues.” Ensuring individuals who are relevant to the situation or decision are involved in the process is vital. If only individuals who agree are participating, then it means a diverse group is unengaged, and they need to be. As one participant stated, “When you want relevant colleagues to weigh in, it’ll be people that may have totally different points of view or people that you know are going to be at odds with your statement, but they’re still relevant to the dialogue and ultimately the decision-making.” The type of diverse engagement indicated by the participants reflects Adam Smith’s concept of the impartial spectator. While the impartial spectator uses imagination to consider the impact on those different from the decision maker, the participants directly engage with those affected by pending decisions to gain their perspectives (Forman-Barzilai, 2010).

6.2. Moral Courage and Profit-Purpose Tensions

Overall, participant’s responses suggested purpose is akin to empowered clarity for leaders. The themes related to the profit-purpose tension are shown in **Table 2**, including how the simplicity of purpose reduces the tension with profit. The profit-purpose tension seems limited because the purpose is central to any trade-off decision. Within the participating social enterprises, examples of their purpose included offering healthy food options to schools, designing and building in an environmentally conscious manner, providing bikes for those with mobility challenges, and serving schools to ensure financial viability. As one participant discussed, “So to me, it becomes much more about how do your values get impacted by financial decisions, less about purpose versus profit. Because when it boils right down to [it], we won’t do work that’s not purpose-driven.” The social or environmental purpose comes first with an understanding that profit funds the purpose of the business.

The participants framed their financial decisions around the organization’s purpose—mission and what is valued. Ultimately, by doing so, remaining committed to their purpose enabled a better strategy and more productive outcomes. In one example, the social enterprise did not make a profit for ten years, even though past leaders focused on the financial elements of the business. The current CEO shifted the focus to purpose only and took actions to support their mission, and the result was the profits began to come. As the CEO stated, “I believe in this business alignment with purpose is totally in sync with sustainable long-term profit.” In essence, the business turnaround happened when the focus shifted from profit to purpose.

While the tension between profit and purpose is limited, it is due to the moral

courage of the leaders to remain true to their purpose and mission. Understanding the financial numbers is vital, but the financial discussions are positioned around their purpose-oriented goals. In one example, leaders within the social enterprise determine how much profit is enough. “What I have learned over time is 10% profitability is a good business, 15% is a great business, and 20% is a phenomenal business. We’ve found for ours somewhere between 10% and 12% has enabled us to do enough for everybody.”

Table 2. Summary findings on how moral courage influences resolving tensions between profit and purpose.

Corresponding Actions	Supporting Quotes
Theme: Moral courage is supported by an alignment with principles, which produces better outcomes in the long-term.	
<ul style="list-style-type: none"> Engage a values-driven financial decision process. Decisions are grounded in beliefs, principles, and philosophies. Determine how much is enough profit, balanced with the understanding that profit enables purpose. 	<ul style="list-style-type: none"> “If there’s not purpose in it, then we won’t do it.” “It’s not purpose versus profit, but it is a values-based financial decision mechanism... So to me, it becomes much more about how do your values get impacted by financial decisions.” “The long-term game almost always favors doing the right thing over doing the more profitable thing.”
Theme: Compromising on purpose is a strategic mistake.	
<ul style="list-style-type: none"> Maintain moral and purposeful intent of the business by ensuring profit does not become the end game. Place purpose first always. 	<ul style="list-style-type: none"> “We try to error on the side of what you’re calling purpose, but what I am calling value, which is ultimately about purpose in what we do... We’re pretty darn consistent that we’re going to err on the side of purpose.”

6.3. Moral Courage and Business-Society Tensions

In the business and society tension, most of those interviewed pointed to how their business model changes society. The themes related to the business-society tension are shown in **Table 3**. Participants focused on the concept of values, i.e., that organizational values are placed over personal ones. As one participant said, “We really don’t make decisions like that based on individual values. We look at our organizational values, and they provide a wide path for serving the community.” Another has their personal values embedded in the business. As they stated, “I don’t push my values and views on people, but they accept them when they do business with me.” A result may be that the tension, in the eyes of the participants we interviewed, is more between personal and organizational values than business and society.

When the CEO is the founder, their values are embedded in the organization. It is likely why they started the social enterprise, addressing an issue/purpose that

motivated them. However, as the business matures, organizational values take precedence. Since the social enterprise leaders interviewed emphasize how their business can be a force for betterment in society, the organization needs to be paramount within their identified communities. When a social enterprise delivers on their values, stakeholders within their community benefit.

Table 3. Summary findings on how moral courage influences resolving tensions between business and society.

Corresponding Actions	Supporting Quotes
Theme: Business can be used as an instrument for the betterment of society.	
<ul style="list-style-type: none"> • Make an impact through your business offering. • Participate in societal issues that reflect the demographics and concerns of employees. • Focus on what you can impact and be transparent in what will do (or not), how will do it, and collect feedback along the way. 	<ul style="list-style-type: none"> • “The new school transparency is explaining why we’re doing it, how we’re doing it, and even collecting feedback along the way so people feel heard.” • “I can voice my opinion about things, and I can push for things, and I can advocate for change and policies.” • “If we can see that business indeed is an instrument for transforming the system... then what happens is that you see this as nested not separate.”
Theme: Focus on who you are as a business.	
<ul style="list-style-type: none"> • Discern what is political and what is moral or a human rights issue. • Try to keep politics out of business. • Get people in a conversation. 	<ul style="list-style-type: none"> • “If you focus on who you are as a business, that attracts people. The whole society is based on identifying problems and trying to fix them. Problems are not problems. They’re symptoms of a system...” • “And certainly, we have strong opinions about what we think are right and wrong politics, but we don’t bring those into our business.”

Similarly, the line between politics and business may sometimes become blurry, but the leaders interviewed in this study generally work to keep politics and religion out of their organization. The difference is when a political decision, that is a proposed or enacted public policy, impacts their employees. As one leader indicated, “In my mind, it’s not really a political issue. It’s a moral issue. It’s a human rights issue.” For example, public policy debates related to inclusive hiring and retaining employees are a business issue some of the interviewed participants would wade into. However, the social enterprise leaders interviewed here suggested that they use open conversations and communicate with clarity as to why a political stand is being taken or a business policy is being implemented.

The interviewed leaders know how they set an example, so they understand the role of their personal leadership. Engaging with team members, shareholders, and

other stakeholders is vital so that issues can be understood and potentially addressed by the company. When a policy issue impacts their employees or other stakeholders, the company may need to take a stand or approach the issue in some relevant manner. The leaders interviewed in this study identified the need to be a moral exemplar throughout their personal, policy, and business dealings.

6.4. Moral Courage and Stability-Change Tensions

Since a social enterprise embraces an ideal of betterment in society, change is expected. However, too much change can be disruptive for an organization. Tension arises between how much change can be engaged while keeping stakeholders involved without wearing them out. **Table 4** shows the themes and actions related to the stability-change tension.

Table 4. Summary findings on how moral courage influences resolving tensions between stability and change.

Corresponding Actions	Supporting Quotes
<p>Themes: Lean into change aggressively; change will always happen but ensure your company is sustainable for the long-term. Build co-creative capacity within a community so they become active participants.</p>	
<ul style="list-style-type: none"> • Be willing to break up systems that don't work for everyone. • Develop an image of what transformed system looks like. • Understand what the worst-case scenario is and what you can live with. • Admit when wrong and then pivot. 	<ul style="list-style-type: none"> • "If you're not constantly innovating, pivoting, evolving, developing, and growing, you're sort of doomed." • "What that requires is a destabilization of how we think about our interactions with the community. Instead of coming to a solution and presenting it to them, we advocate always that the community be in the room day one." • "A personal mastery helps you see the system. So, people want to move a system and have courage to do it. I think one of the rules is they have to honor all. They have to honor the current system... heart open and protected."
<p>Theme: There is no stability but try to get to a state of equilibrium. The effort is dynamic, pushing to the edges for creativity and remembering being static is death to the human soul.</p>	
<ul style="list-style-type: none"> • Develop an understanding that change is more of a necessity than an option. • Enlist people who view business as a vehicle for change (especially since people join the company because of this point). • Try to keep things stable but introduce change in a manageable manner (e.g., one to three major changes a year). 	<ul style="list-style-type: none"> • "Each year, we usually try to have one to three major changes within the organization." • "I think good companies will always shift and change. I think your brand stabilizes you through changes." • "Balance is a state of comfort, and that kills us."

Since change is expected within a for-profit social enterprise, it needs to be embraced through a co-creation approach with relevant stakeholders. As one participant describes, this co-creation approach requires an “open heart and protected.” What this means is having the courage to listen, absorb differing viewpoints, understand the current system, and honor it. An open heart keeps them listening and learning while the protection comes in not becoming individually defensive.

Another participant offers how there are rules, but there is an edge around the rules. The edge is where the new ideas, creative solutions, and growth come from. As a different participant states, this idea is “enlightened disruption.” While a system may need to be stabilized before change can occur, the enterprise then needs to build the capacity to do the transformational work. As these participants suggest, the tension between stability and change can be resolved by leveraging and honoring stability and then collaborating to change the system.

While system change was mentioned by participants, the systems change approach described is collaborative but balanced with active engagement and pursuit of understanding beyond the present. Many interviewed leaders underscored how crucial it is to be adaptive and engage creativity. Balanced with this approach is the need to understand how much change an organization or stakeholder can handle and clearly communicate why change is necessary. Another leadership requirement mentioned by the participants is to build capacity for transformation and work with all stakeholders to build this capability.

7. Discussion

To effectively develop the moral courage capacity of social enterprise leaders, a grounded understanding of the concepts and themes connecting moral courage with capitalist tensions is needed. This discussion weaves together insights from the social enterprise leader’s experiences revealed in this study with previous scholarship on the topic of professional moral courage. As noted by the participants, moral imagination supports moral courage when making friction-based decisions. Courage aims at the long-term organizational goals and purpose, and moral courage delivers the will to persist through the embedded resistance, focusing on the greater good (Detert & Bruno, 2017). While moral currency is about feeling proud of the work being done, moral struggle is understanding the risks from a human perspective and determining a bold path forward. Exploring the edges beyond comfort zones while navigating the tensions does require moral courage. It also means adapting to societal changes and engaging stakeholders to navigate the necessary changes and transformations. A relentlessness comes into play here, too, as does being unafraid to work with those who differ in perspective and background. To keep their leadership perspective refreshed, social enterprise leaders need a self-awareness that drives how they show up in their organization and communities. It may be why inner calling and personal strength appear in how they define moral courage.

As participants in this study noted, moral imagination enlivens moral courage.

Moral imagination facilitates awareness of our actions while framing a problem using moral alternatives (Godwin, 2012). The concept of the mirror test was mentioned by one participant. Practicing the mirror test or being able to sleep well at night, feeling good about decisions made, delivers fulfillment. A point made by a participant was, “Courage will win in the end. I feel like I have been able to give a lot, and somehow there’s a moral currency that comes back to me in feeling good. I can sleep at night.” Preparing social enterprise leaders to think about how they will feel about themselves at the end of the day or after a challenging decision is vital. Moral currency grows by engaging in new practices and being unafraid to revisit a decision. Being able to look in the mirror at the end of the day delivers healthy self-awareness through self-reflection.

A morally attentive individual incorporates creativity to navigate ethical issues more effectively, using moral imagination to understand context and trade-offs (Whitaker & Godwin, 2012).

Definitions matter for these social enterprise leaders. Social entrepreneurs cannot sidestep difficult decisions; they must understand and define the decision-making process. Along with defining the decision-making process, these leaders spoke about ensuring diverse and differing experiences and perspectives were included. Similar to the ideas from Moberg & Seabright (2000) about moral imagination seeking the perspectives of others, positive intent is an embedded outlook and approach within these social enterprise leaders. Rather than assuming differences divide, they realize how diversity offers a better way forward in deciding and acting.

A uniting lesson learned from the participants’ descriptions of their experiences with the tensions is a robust belief that a company can make a difference in people’s lives, and a leader can create a better outcome, imagining how the world can be rather than the way it is today. Evaluating a moral choice engages elements of the present and future and sets the stage for more prosocial behaviors going forward. As noted by Werhane (1998), a link between what is possible and what is practical is paramount to applying moral imagination effectively when making decisions. A quote from one of the participants highlights this leadership ethic, “part of caring discernment is developing our capacity to accurately read the appropriate gap between where an entity is right now and the shift that would be most effective for them in the process.” The lesson is knowing when a community is ready and having patience when it is not ready. Still, as one participant stated, “The more relentless you are, the more people will find you.” The lesson does not include giving up but digging in to find a better connecting element to inspire others to join the change effort.

8. Building Moral Courage Capacity: A Model

Developing moral courage capacity within leaders and stakeholders requires paying specific attention to the diversity of those involved in the decision-making process, the capacity of those involved to embrace a purposeful change, and the

potential impacts of the proposed decisions, especially as economic and social frictions intensify. The model presented next includes three empirically and conceptually supported concepts when trying to develop moral courage capacity among business enterprise leaders, i.e., 1) narrative curiosity, 2) unafraid openness, and 3) outcome ideation.

Figure 1 highlights the moral sentiments trilogy to guide and focus efforts of leader and stakeholder development. As learned from the qualitative interviews, business leaders can guide the conversations, but it takes a community of stakeholders to achieve the desired outcomes. In listening to social entrepreneurs, we found that an initial openness to these practices is evident; however, the actual moral courage capacity requires added strength in these practices to engage and follow through on each. Building moral courage capacity starts with the social enterprise and business leaders. Through their active engagement, greater capacity is realized among relevant stakeholders. An example is set to inspire moral courage momentum within other stakeholder leaders. In this section, each element of the moral sentiments trilogy is explored as a way to expand capacity and empower moral courage to understand and resolve issues and decisions involving economic and social tensions.

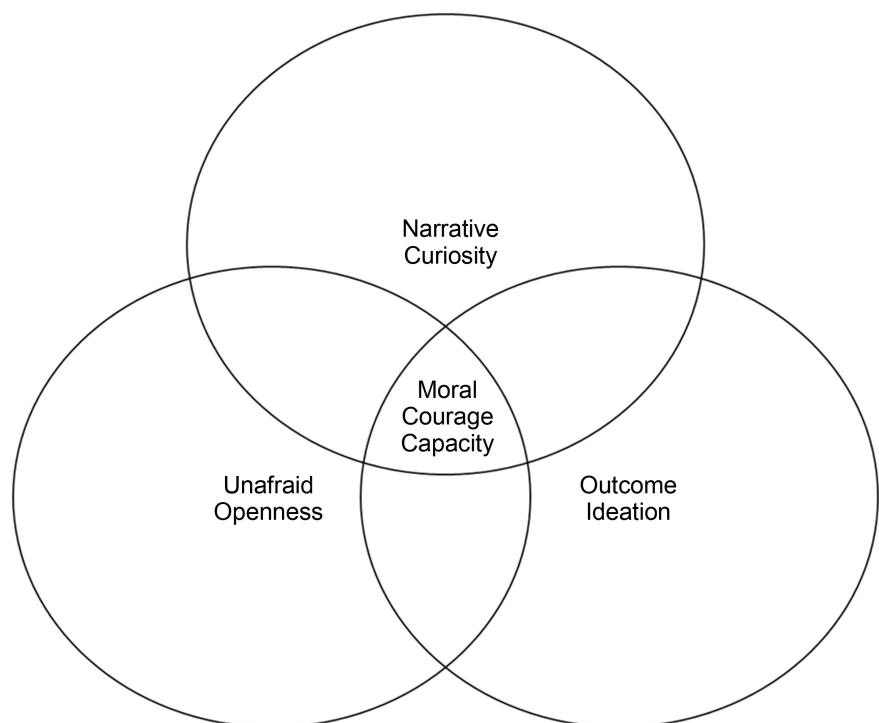


Figure 1. Moral sentiments trilogy.

8.1. Narrative Curiosity

The first practice needed to develop moral courage is narrative curiosity. Narrative curiosity encompasses the capabilities of many of the social enterprise leaders discussed in this article. The practice of narrative curiosity involves asking questions

to understand the differing and unique experiences and perspectives of varying stakeholders. Rather than storytelling, it is story-listening, exploring while hearing the prompts to ask more questions. Inviting others to “tell me more” becomes an instinctive practice. Leaders can exemplify this practice in how they approach diverse stakeholders and develop the stories they hear from them. While it may be uncomfortable to lean into the differences of those telling the story, it enhances their listening skills while converting what they heard into a narrative to be shared and used when making decisions.

Appreciative inquiry is a model to support narrative curiosity. Appreciative inquiry does not try to persuade or solve an identified problem. Instead, it begins with positive questions to understand what is (i.e., the present) and what might be (i.e., the future) (Cooperrider & Whitney, 2005). Any new understanding begins with inquiry, and a stakeholder’s story plays a role. Through inquiry, individuals tell their reality based on their past, present, and future stories, and the listener must not assume to know someone’s perspective (Mishra & Bhatnagar, 2012). Instead, the listener constructs their understanding through listening and grasping a stakeholder’s story experiences.

An emerging and complementary approach to appreciative inquiry is deep canvassing. Deep canvassing is typically used with social justice issues with the objective of guiding an individual through a series of questions to potentially see a better perspective on a divisive issue (Brennan & Jackson, 2022). While deep canvassing is designed to bridge political differences, the action is to ask questions, inspire deeper conversations, and gain a level of mutual understanding (Giridharadas, 2022). In the moral sentiments trilogy model, the objective of narrative curiosity is to gain an appreciation of new views on a complex issue. Deep canvassing can help achieve this outcome. If more thoughtful dialogues happen, it is less about persuasion and more about uncovering meaning in a particular situation (Demetrious, 2021).

Storytelling and story listening are essential for productive appreciative inquiry and deep canvassing. Understanding someone’s story is discovery, weaving together different stories to gain a new story of what a future transformation can mean for those unlike the inquirer is what leaders practicing moral courage can work on (Richards, 2016). New relationships can be built, just as new dialogues can create new opportunities.

Adam Smith used the concept of the impartial spectator to imagine what someone else would feel about the potential impact of a decision, but the name spectator implies being a bystander in this imaginative interaction (Marshall, 1984). Instead, many of the social enterprise leaders interviewed in this study engaged directly with those with different perspectives to understand the prospective impact. When practicing narrative curiosity, the concept of an impartial spectator shifts to a direct and impartial curiosity exchange with relevant individuals or groups of stakeholders.

Gaining a shared moral reasoning unfolds through candid narratives, positive

inquiry, and deep listening. Rather than acting as an impartial spectator, reasoning happens through probing questions and determining how to treat societal segments better than the current situation is offering (Sen, 2009). Early social theorist John Dewey understood how better direct listening can enhance an openness between unique narratives (Demetriou, 2021). Shared moral reasoning is a desired result of narrative curiosity.

Supporting better decision-making and outcomes requires a practice of narrative curiosity. By asking questions and inviting others to engage in productive and deeper conversations, the idea of being an impartial spectator shifts to practicing narrative curiosity with better listening and robust narratives to support the decision-making process and understand the ideal outcomes for as many stakeholders as possible. Social enterprise leaders can exemplify this practice and build their moral courage capacity by exploring unfamiliar perspectives more productively.

8.2. Unafraid Openness

The second leadership practice needed to develop moral courage capacity is unafraid openness, and it pairs well with narrative curiosity. Being willing to absorb what differing experiences and insights offer is vital. An openness to understanding is required. Just as finding meaning in differences is a part of deep canvassing, it requires an unafraid spirit of a leader to listen, absorb, and be open to change (Demetriou, 2021). With unafraid openness, leaders can learn from new information rather than be defensive against it. One of the participants discussed the idea of “open heart and protected,” which meant having the courage to understand the current system, honoring it, and then listening and absorbing differing viewpoints.

Unafraid openness aligns with the principles of adaptive leadership. Adaptive leadership encourages a pattern of moving from the dance floor to the balcony, encouraging a change in perspective from being in the action while shifting to a place of broader observation (Heifetz & Linsky, 2017). Some level of courage is required to leave where the activity is happening, but by doing so, a broader perspective is realized. The results are more effective leadership when pursuing a purpose. Unafraid openness challenges leaders to leave their comfort zone and learn from others beyond their immediate circle.

Adaptive leadership practices enliven appreciative inquiry goals, especially when the desire is to obtain a truthful assessment of a current situation (Richards, 2016). While on the balcony, it is time for reflection and observing what change may be required or a new direction to undertake. An adaptive leader must be a steady presence during change while taking “the heat with grace” (Heifetz & Linsky, 2017: p. 146). Taking the heat with grace is essential to showing moral courage when facing situations requiring being unafraid to engage and communicate the results of what has been learned from differing stakeholders.

An organization and stakeholder ecosystem can develop a culture or folklore, which can limit moving beyond the forces that want to sustain the status quo

(Heifetz et al., 2009). The social enterprise leaders indicated a path of honoring the past while building capacity for a better future for more and differing stakeholders than before. Balancing and honoring what exists while working toward future betterment takes moral courage and unafraid openness capabilities. Navigating this tightrope requires social enterprise leaders to understand the perspectives supporting the present and future and then have the moral courage to make friction-filled decisions and design a new path forward. Engaging in conversations without fear or self-interest bolsters moral reasoning, especially when hosting conversations beyond those the leader is most comfortable with (Gunia et al., 2012).

Several social enterprise leaders discussed how they are willing to make tough decisions. They also were willing to adapt when new information became available. Adaptive leaders build capacity for systematic change, which is aligned with the objectives of social enterprise leaders, and it requires being open to adjustment when new learning is realized (Heifetz et al., 2009). Being unafraid of change, adaptation, and diversity is essential to build moral courage capacity. While each leadership practice in the moral sentiments trilogy builds moral courage capacity, they also work together for added fortitude to make the best choice possible in challenging situations.

8.3. Outcome Ideation

The third and final leadership practice in the moral sentiments trilogy is outcome ideation. Imagination was discussed earlier as an ability to hold differing perspectives as a way to gain moral insight for conversion into relevant actions (Moberg & Seabright, 2000). Many social enterprise leaders interviewed discussed the need to construct creative capacity within a stakeholder community and use imagination to visualize what a transformed system can be. While Adam Smith relied on moral imagination to connect individuals to society, social enterprise leaders use imagination as a way to understand the outcomes of different scenarios (Hühn, 2017).

Outcome ideation is the practice of sketching and visualizing the impact of a decision and its likely scenario. When deciding trade-offs between various decision paths, it is helpful to imagine what the future could look like, given a specific choice. It enables an understanding of possible outcomes and how different stakeholders may be impacted based on the decisions made. Outcome ideation is supported by narrative curiosity and unafraid openness because openness encourages the option to change when new information is gained and the narratives developed support positive outcomes.

Scenario planning is a strategic tool for working to understand possible futures based on available information and insights (Amer et al., 2013). While it is used to determine a course of action best for the organization, in this instance, it is used to enlist creative capacity and understand the best options for relevant stakeholders. Scenario planning has two components, first formulating differing scenarios

around a decision to be made, and second, analyzing the scenarios to understand the potential results of each one (Soste et al., 2015).

Scenario planning enables productive systematic change. Participatory scenario planning (PSP) becomes vital in these transformations. PSP entails bringing together diverse and relevant stakeholders to understand interests and goals, and forming a collective action to pursue a strategic outcome (López-Rodríguez et al., 2023). Practicing outcome ideation through the use of PSP creates an engaging environment for stakeholders. Collaborating with diverse stakeholders creates more robust scenarios and better-defined potential outcomes for each. As noted previously the overlapping nature of the trilogy demonstrates how the different moral courage capacity development practices support each other. In this case, outcome ideation requires narrative curiosity and unafraid openness to explore the various scenarios and potential outcomes.

While most social enterprises have an embedded purpose, the best course of action entails imagining and documenting the possible outcomes and how the varying results may uniquely impact different stakeholders. Outcome ideation enables social enterprise leaders to hold varying outcomes simultaneously and then understand possible paths to pursue the best moral outcome among the available choices. Herein lies a problematic challenge. Which outcome is the best one?

The concept of duality can provide a path forward. Duality embraces the outcomes in each scenario but also views the different outcomes as interdependent (Farjoun, 2010). Potential consequences are not separate and independent. Instead, outcome ideation practiced by the social enterprise leader helps invite engaged stakeholders to find connections between the varying outcomes of each scenario. Exploring the interdependence of possible outcomes and identifying common links between differing outcomes can remove restrictive views (Jackson, 1999). Holding varying scenarios and expected results together at the same time requires imagination. As highlighted earlier, moral imagination requires a capacity to use the scenarios and their outcomes to resolve dilemmas and decide the best one to pursue (Heath, 2020). Duality and moral courage support each other when discerning the options, in that moral courage helps keep leaders open to selecting a scenario that may combine or weave multiple good options together.

Social enterprise leaders who engage in the practice of outcome ideation think beyond their organization. Outcome ideation leverages the narratives crafted from unique and potentially competitive stakeholder perspectives. When practicing outcome ideation, leaders are often better able to communicate why a decision was made while being open to adjustment as early results and other information become available. One social enterprise leader we interviewed said, “A personal mastery helps you see the system. So, people want to move a system and have courage to do it.” Leaders must invite stakeholders to be curious about the complete system and motivate others to craft better outcomes. Using outcome ideation helps create a compassionate connection to the results, which was noted by several interviewed participants as essential to their success.

8.4. Moral Sentiments Trilogy Summary

Adam Smith discussed moral sentiments as a matter of feelings, using sympathy and imagination to understand those different from us (van den Brink, 2015). The moral sentiments trilogy brings together the vital leadership practices gleaned from previous scholarship and real leader experiences that help to develop moral courage capacity. Narrative curiosity, unafraid openness, and outcome ideation form a basis for growing moral courage capacity within social enterprise leaders. Engaging diverse individuals to listen to their different experiences, engaging those differences from a place that is unafraid, and developing complete scenarios to decide the best moral outcomes are all needed to practice moral courage. When leaders face current economic and social tensions, moral courage will provide the stamina to address these issues more comprehensively and meaningfully.

9. Limitations

For-profit social enterprise firms are unique, so the results may not apply entirely to other companies or organizations. Additionally, the selected social enterprise firms were based in the U.S. What the results show in the U.S. may not apply to other countries. Each country has unique business and cultural traits. For example, in Germany, laws require companies to have employees on the board of directors (Fauver & Fuerst, 2004). Employees involved in board-level decisions create a different dynamic, and the U.S. outcomes may not be applicable given the country-level differences.

While grounded theory states that the interviewer should be open-minded and without preconceptions, the constructivist ground theory approach undertakes the research in an interactive way between the interviewer and interviewee (Charmaz, 2014). Protecting against bias required adhering to the methodology and reporting the results as-is. The limitation was addressed using the transcripts for coding and writing memos after each interview. Despite efforts to maintain objectivity, the researchers' biases and perspectives may have influenced the study design, data analysis, and interpretation of the results.

10. Future Research

Further research could be conducted in several ways. One is to conduct more interviews on the practice of moral courage when economic and social tensions arise, expanding to mid-sized and large corporations whether they embody social enterprise principles or not. Enlarging the base and diversity of interviews would generate added insights into the role of moral courage when resolving tensions. Another expansion could be within an organization, gaining multiple insights from a blend of individuals within a company.

Another area for future research is to explore how Adam Smith's moral sentiments can be applied to business leadership. Just as Milton Friedman, through the University of Chicago, used the *Wealth of Nations* to popularize the shareholder

view, academic research should explore and publish an evaluation and application of relevant concepts from Adam Smith's *The Theory of Moral Sentiments*. A more comprehensive view needs to be explored and offered, especially since Adam Smith has been positioned as the father of capitalism. Adding to ethical, moral courage, and virtue-based leadership in business is a growing opportunity for research, offering practical concepts and models to be used. Within this research, other leadership practices and qualities could arise as essential to building moral courage capacity.

Finally, leaders who adopt a moral courage-centered approach can be studied to understand where the practices are robust and where they may need further enhancement. As leaders work with diverse stakeholders, a greater understanding can be gained of how a moral lens can enhance these relationships and achieve outcomes that balance economic and social solutions. This added research may expand focus areas for building further leadership capacities.

11. Conclusion

Taking conscious actions every day to sustain positive change is vital to social enterprise business success. Each of the leaders interviewed in the current study exhibited a desire to do their part in making a difference through how they lead their businesses. The struggle with capitalist tensions was real, yet it inspired them to step up in better ways when needed or step back until others were ready to join in. As environmental and societal tensions intensify, leaders will need greater capacity for moral courage within themselves, their organizations, and their stakeholder community. Therefore, developing the capacity for moral courage is imperative.

The moral sentiments trilogy serves as a moral courage capacity-building model. It includes narrative curiosity, unafraid openness, and outcome ideation. Each element can add moral courage capacity for relevant leaders and stakeholders. When moral courage capacity increases, curiosity grows and supports deepened moral senses and insights. Additionally, duality expands so that the present and future can be held at the same time while developing solutions for better outcomes. A similar duality element is holding the different impacts on different stakeholders at the same time to view and determine the best path forward. Moral courage embraces the mindset and behaviors to work through the process and build the necessary competence to lead within a stakeholder model. A result is a moral currency within those involved; it is what "comes back" to the leader in the form of being able to "sleep at night." The outcome is a powerful identity of moral courage for individuals and organizations, driving significant economic and social impact.

Social enterprise leaders exemplify the shift to stakeholder capitalism, highlighting the challenges while demonstrating a path forward to embrace both economic and moral outcomes in their decisions. A stage is set for all business leaders to learn from their experiences and develop enhanced leadership practices.

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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