

**Introduction**

Stigma, which is defined as “extreme social disapproval” (Tracey & Phillips, 2016:740), has recently appeared frequently in society and threatens organizational survival. An organization becomes stigmatized when salient audiences mark it out, publicly shame its actions as highly inappropriate, and express strong moral disapproval (Devers, Dewett, Mishina, & Belsito, 2009; Goffman, 1963; Hempel & Tracey, 2017; Hudson, 2008). According to previous studies, stigma leads to organizations being isolated and limited in their access to the requisite resources because investors and customers are afraid of the consequences of associating with stigmatized organizations (Hempel & Tracey, 2017; Pozner, 2008; Sutton & Callahan, 1987).

Stigma and stigma-management strategies are an ongoing topic in the management literature. Most prior stigma studies at the organizational level have paid attention to understanding how organizations can manage the risk and occurrence of stigma (Deveers, Dewett, Mishina, & Belsito, 2009; Helms & Patterson, 2014; Hudson, 2008; Sutton & Callahan, 1987; Zhang et al., 2021). “Research has shown that such organizations can manage the dynamics of stigmatization by deploying various tactics that allow them to cope with a stigma’s negative effects (Hudson & Okhuysen, 2009; Vergne, 2012), or even use a stigma to their advantage (Helms & Patterson, 2014; Tracey & Phillips, 2016)” (Hempel and Tracey, 2017: 2175). Zhang and colleagues (2021), for instance, reviewed the literature on stigmatization and classified six stigma-management strategies – boundary management, dilution, information management, reconstruction, cooptation, and emotion work.

However, there are still few studies such as Hampel and Tracy (2017) and Siltaoja et al.(2020)’s paper about destigmatization, meaning how organizations can completely remove stigma and attain social approval. Hempel and Tracey have argued that, “seemingly cheating their fates, some stigmatized organizations not only develop strategies to manage stigma but actually destigmatize altogether” (2017: 2715). They claimed that previous stigma management strategies “do not explain how organizations can eradicate the underlying stigma in the eyes of their stigmatizers” (2017: 2199). In response, Hempel and Tracy (2017) provided “a theoretical explanation for how an organization can remove its stigma in this way and become legitimate among stigmatizing audiences” (p. 2176). Also, Siltaoja et al. (2020) argued that “still, there is a lack of understanding of how stigma removal occurs in the context of an emerging category” (p. 994), and Siltaoja et al. focused “on the stigma removal process (i.e. destigmatization) of the organic farming category in Finland during its emergence” (2020: 994) and developed “a process model for stigma removal of a nascent category through stigma diversion” (p. 995).

Previous destigmatization studies proposed a well-developed process by identifying stigmatizers, isolating stigmatized organizations from them, and redefining the stigmatized organizations themselves. Previous research has shown that “to eliminate stigma, organizations may ally with the stigmatizers and diminish the sense of moral threat (Hempel & Tracey, 2017), routinize the stigmatized practice (Sandikci & Ger, 2010)” (Siltaoja et al., 2021: 994), or diversify stigma – “a process of demarcating the core stigma as an attribute of a particular subgroup, and then actively excluding these meanings from the symbolic boundaries of the broader category” (Siltaoja et al, 2020:1013). However, those studies were mostly conducted by investigating destigmatizing before 1990 that appeared to have significant differences from recent instances of destigmatization, such as the absence of the elite and the inability to identify stigmatizers. Furthermore, the scope of prior studies is confined to the

Western context although research has demonstrated that such findings are not necessarily applicable to the Asian context (Barkema et al., 2015). Therefore, I argue that we need more current empirical exploration of stigma-removal processes in Asia. Focusing on South Korea as the research context, my research objective is to find out what new strategies stigmatized organizations have used to remove stigma.

For addressing this research gap, I will build on archival data to prove the existence of specific stigma that social enterprises have suffered in South Korea and conduct approximately 50 semi-structured interviews with governmental officials, investors, and pioneers of South Korean social entrepreneurs. I will thereby concentrate on social entrepreneurs who a) have removed the stigma associated with their social enterprise by themselves, b) founded social enterprises from the early 2000s to 2010s, and (c) successfully sustain their business with the social approval of Korean society. In the early 2000s, the South Korean government tried to adopt social entrepreneurship in the Korean economy. However, it failed to correctly define social entrepreneurship, and social enterprises became stigmatized (Choi, 2019). Furthermore, pioneering social enterprises were accused to sell low quality products by South Korean consumers and became stigmatized as following the production of inferior products (\*SERI, 2008). As a result, South Korean social enterprises have usually been limited in their access to funding from investors (Choi, 2019). Social enterprises have continuously tried to remove stigma and finally gained social approval.

Through this research, I provide an extended scientific discussion about destigmatization strategies. In addition, I contribute to entrepreneurship research by extending current understanding of destigmatization in the Western countries to the Eastern context. This research will not only contribute to theoretical improvements but can also help social enterprises be able to expand their range of destigmatization strategies. Most research has dealt with stigma cases in industries such as arms and tobacco. However, I believe that this research can help other stigmatized organizations in different contexts gain an understanding of how to remove stigma. Moreover, this research may provide enough information to allow the Korean government to understand the current stigma situation facing social enterprises in South Korea and enhance Korean policies and support for social enterprises.

## **Method**

### **I. Research Context: Social Enterprises in South Korea**

Social Entrepreneurship is highlighted by Korean society as a key theme to solve local problems and high unemployment rate (Choi, 2018). However, in early 2000s when South Korean government tried to adopt social entrepreneurship in the Korean economy, the Korean government legislated/instituted a law, the *Social Enterprise Promotion Act*, to define social enterprise as an organization which must be certified by the government, aim to pursue social mission, and need main recourses from governmental funding or public donation (Korean law, 2007; Choi, 2019:9). Based on the law, social enterprises were stigmatized in South Korea as organizations which lack survival and growth rate (Choi, 2019). Moreover, without full of understanding about social entrepreneurship, previous collaborations between profit-oriented firms and social enterprises produced bad quality of products and services. This led to social enterprises being stigmatized as an organization which provides bad quality of product (The *Ajunews*, 2019; The *Joongang*, 2014).

In 2010s, there were pioneers who understood a meaning of social entrepreneurship correctly and who were passionate to operate own social entrepreneurial business. However, the pioneers could not access to

stigmatizing audiences such as conventional Venture Capitals and consumers when they called themselves as a social enterprise with the same name of what the government legislated. As a result of the pioneers' successful destigmatization, according to surveys conducted by SMEsRI in South Korea in August 2021<sup>1</sup>, 967 new social ventures have been created in 2019. The total number of social ventures in 2021 is 2,031. This means that the number of social ventures in South Korea became doubled from 2019 to 2022. There are approximately 50.9% of total social ventures which have sustained longer than three years, and the average year of this 50.9% social ventures is 12 years. This mean that most pioneer social enterprises successfully removed their stigma about their low survival rate by their everlasting business operation. For evidence of eradicated stigma about products, according to \*KIBO's (2020) the survey of social ventures, social ventures evaluated both competitive advantage for their technologies and customer satisfaction about their products as very high with the score of the average 4 of 5.

## II. Data Source/Collection

We mainly use two empirical data: interviews and archival media texts (see Table 1 for a summary).

**Primary data/Formal Interview** We conducted 50 interviews with governmental officials, investors, and pioneer of South Korean social entrepreneurs in order to do theoretical sampling at the first and snowball sampling by asking interviewees potential candidates who can be fitted to the research cases. Researchers have “to clarify that the purpose of the research is to develop theory not to test it, and so theoretical (not random or stratified) sampling is appropriate” (Eisenhardt & Melissa, 2007: 27). To apply this recommendation, we concentrated on social entrepreneurs who a) have removed the stigma associated with their social enterprises by themselves, b) founded social enterprises from the early 2000s to 2010s, and (c) successfully sustain their business with the social approval from Korean society. We addressed own five themes for social entrepreneurs' interviews: development of social enterprise, experiences of stigmatized environment (i.e. obstacles), strategies of destigmatization (i.e. turning points), and outcomes and evolution of the movement.

Specially, we use semi-structured interview so that we try to flesh out each social entrepreneur's destigmatization strategy and to find unorthodox strategies. According to Brinkmann, Svend, and Steniar Kvale's (2015) book, the author claimed that semi-structured interview is used for “openness to new and unexpected phenomena”. (pg. 33) Also, we aim to do oral history interviewing because “oral history involves the collection of oral narratives from ordinary people in order to chronicle peoples' lives and past events” (Kathryn, 2011: 23). South Korean social enterprises' stigma cases are related to historical period when South Korean government tried to adopt social entrepreneurship in the economy in the early 2000s. However, there are only few documents which directly show stigma because of low interest and social pressure which led people not to talk about stigma avowedly. Thus, we adapt life history interviews to do “theorizing about those lives in relation to broader contextual situations and issues” (Cole and Knowles, 2000; Kathryn, 2011: 25).

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<sup>1</sup> This survey is only focusing on social ventures which pursue both profit and social value creation. We do not use the survey about social enterprise which the main government conducted even though the government also included social ventures for its survey. It is because that investors sectors (seem to) desire to ignore the wrong definition of social enterprises which the government made a boundary for, and the government tried to destigmatize by using redefining strategy.

Through Brinkmann, Svend, and Steinar Kvale's (2015) book, we adapted a phenomenological interview for this research. "The goal (of phenomenological interview) is to arrive at an investigation of essences by shifting from describing separate phenomena to searching for their common essence." (Brinkmann, Svend, and Steinar Kvale, 2015: 31) We need to find which essential elements made social enterprises able to remove their stigma. Each enterprise might suffer different phenomena depending on its industry, but through phenomenological interviews, we can find common essence of stigma phenomena in South Korea and essential elements of destigmatization. Qualitative interviews are not aimed for testing their hypostasis, but "the goal of phenomenological analysis is to uncover the essences of experiences." (Brinkmann, Svend, and Steinar Kvale, 2015: 36)

**Secondary data/ Archival data** Based on arguments of interviewees, we searched official documents and articles in which interviewee's arguments appeared directly and even indirectly. We collected archival data mainly from South Korean governmental institutions. We accessed and focused on research articles and survey reports which were conducted by universities and research institutions published by governmental institutions' websites. We also collected few news stories which dealt with interviews with social entrepreneurs and about their stigma. We searched archival data through using key words: 사회적기업 (social enterprise), 소셜벤처 (social venture), and 사회적경제기업 (social economy enterprise). We paid attention which definition each data used for the key words because of chaotic use of terms between *social enterprises*, *social ventures*, and *social economy enterprises*. From 2008 to 2011, Korean government started to use *social enterprise* and it became stigmatized. From 2011 to 2018, a new term of *social ventures* was come out, but *social ventures* were only used by few researchers and usually used with *social enterprises* in turn/alternately. Since 2011, a few agencies and newspaper articles have started to use *social ventures* and *social economy enterprises* instead of using *social enterprises*.

We also collected additional archival data including IR (Investor Relation) slides, websites, customer surveys, and speech and marketing videos. These additional data were used for understanding destigmatization strategies which Korean social enterprises have taken. Also, social entrepreneurs occasionally mentioned their stigma from their speeches and presentations. Thus, we used these data as additional evidence of existence of stigma.

### III. Data Analysis

Based on Hempel and Tracey (2017) and Siltaoja et al.'s (2020) process of removing stigma, we adapted abductive analysis and tried to do "track bound research to find neglecting spot" (Sandberg & Alvesson, 2011) of previous destigmatization strategy/concept/theory. Timmermans & Tavory "argue that abduction, rather than induction, should be the guiding principle of empirically based on theory construction" (2012: 167). Also, "track bound research follows procedures and uses other work and empirical observations as positive signposts and building blocks to stand on when formulating research questions." (Sandberg & Alvesson, 2011: 39) Thus, we followed especially Hempel and Tracey's (2017) process of removing stigma and tried to find neglecting spot because of lack of empirical support of destigmatization topic. To resolve the spot, we conducted three steps with referring to Tracey & Phillips' (2016) approach.

In the first step, we collected primary (formal interview) and secondary (archival) data in order to produce an event history data base (Garud & Rappa, 1994; Tracey & Phillips, 2016: 744). “To help interviewees improve the recollection of past events and the validity of their reports” (Brinkmann, Svend, and Steinar, 2015: 52), we also used the database made from the first step in order to help interviewees to “allow time for recall and assure the interview that this normal, provide concrete cues, use typical content categories of specific memories to derive cues, ask for recent specific memories, use relevant extended time line and landmark events as contextual cues, ask the interviewee for a free and detailed narrative of the specific memory” (Thomsen and Brinkman, 2009; Brinkmann, Svend, and Steinar, 2015: 52).

“In the second step, we conducted an open coding process in which initial concepts were identified and grouped together into first-order categories. To do so, we examined each source of data (...) looking for similarities and differences between them. This was done inductively.” (Tracey & Phillips, 2016: 745). We concentrated on understanding social enterprises’ challenges caused by their stigma, responses to remove their stigma, and reaction of audiences.

“In the third step, we relied on axial coding, a process in which first-order codes are related to one another using both inductive and deductive thinking (Strauss & Corbin, 1990). This enabled us to collapse the first-order categories that we had developed into a smaller group of second-order themes, and to more fully conceptualize the patterns in our data” (Tracey & Phillips, 2016: 745) We focused on the first-round codes to understand the specific processes which each social enterprise had taken. We then tried to create the second codes as a simple map with arrows to describe each strategy’s process instead of using few words as “conceptual choices and labels” (Siltaja et al., 2020: 999). Until the second-round analysis, we didn’t compare our analysis to Hempel and Tracey’s (2017) process. We iteratively compiled and compared processes of codes and identified three main strategies. Based on the second-round codes, we compared the social enterprises’ strategy processes to Hempel and Tracey’s (2017) process and looked for differences between recent and existing processes to remove stigma. “To further increase the trustworthiness of our findings, we used member checks (Lincoln & Guba, 1985)” (Hempel and Tracey, 2017: 2181). Moreover, “to test our interpretations of the data, we also discussed the preliminary results with members” (Siltaja et al., 2020: 1001) of the social entrepreneurs, Impact investors, and governmental institutions. We summarized data structure of each round in Figure 1.

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