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A dual mission challenge: Best practices for navigating mission drift in social enterprises

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ABSTRACT

In our thesis, we investigate social entrepreneurs and explore the challenges that come with creating, managing, and growing an enterprise with social and commercial ambitions. Through this, we deduce mission drift as neither good nor bad, as previous work has connotations for the concept. Rather, we see mission drift as a practical reality that comes with running an enterprise with a dual mission approach. We present our interviews in the context of a swinging pendulum between the competing forces of social and commercial missions and find best practices for social entrepreneurs to address mission drift through allegorical data.

Key words: entrepreneurship, social enterprise, social mission, mission drift

1. INRODUCTION

In 2018, our interconnected world faces an array of challenges. At the state level, economic strife and social cohesion escalate tensions within sovereign boundaries. At the global level, ecological degradation and public health call for the brightest minds to solve some of our most pressing issues. While academics such as Steven Pinker (2016) (*The Better Angels of Our Nature: Why Violence Has Declined*) and politicians like Matt Ridley (2012) (*The Rational Optimist: How Prosperity Evolves*) espouse our progress, it's undeniable much work remains to be done. Whether one chooses to see the future through an optimistic or bleak lense, we must acknowledge the powerful force of commerce and trade. Social entrepreneurs hope to harness this driving force in creating a better world.

The term “social entrepreneur” can elicit a warm but unconvincing response to the challenges we face as society. Their identity is tied to non-profits and other organizations that have a similar focus on a social mission, yet lack the economic drive we see in some entrepreneurs. In our thesis, we perform a case-based analysis on eight social entrepreneurs split evenly from enterprises in Norway and Thailand. In our interviews, we explore patterns and allegorical data from concept through incubation and expansion as the enterprises scale. Within the context of mission drift, we examine the challenges social entrepreneurs face as they walk the tightrope of social and commercial missions. In order to meet market demands while maintaining credibility with all involved parties, we propose a periodic reevaluation of priorities as social entrepreneurs scale their enterprises.

Mission drift was previously studied within the context of the microfinance industry. However, microfinance represents only one industry in a sea of business that social enterprises stand to change. By studying social enterprise in a broader context, we aim to explore how social entrepreneurs beyond the microfinance industry can successfully scale their enterprises.

Several standard business practices for social ventures surface through our interviews, which validate the choice of our cases. A holistic approach, coupled with multi-disciplinary experiences, and an eagerness to learn and adapt through testing business viability are common among several social entrepreneurs we interviewed. We also see communication as a key hurdle for social enterprises. Educating consumers on the benefits derived from the social entrepreneur's approach is a challenge. This is commonly addressed through simple, non-technical marketing and clear cost-benefit analysis with comparison studies. Another trait

that social entrepreneurs could adopt is focus. This is consistent across all resource constrained enterprises.

While taking a holistic approach to solving a problem is important when implementing a social instrument that can have consequences outside the initial domain, an approach that is too broad is often unsuccessful given the resource constraint of these nascent enterprises. It also appears the enterprises lack a common definition of what constitutes a social entrepreneur. This definition is muddled by mission drift, and challenged by the dual-mission any social entrepreneur carries. Both these topics are central themes throughout this paper. A social enterprise should be a business with a social mission, not a social mission dressed up as a pseudo enterprise. Any company that claims to operate in a sustainable manner as it takes any form of grant funding compromises the term *social enterprise* for entities that operate successfully without subsidy. Without producing a viable business model, the social enterprise risks devolving into a charity or government sponsored organization.

This thesis is comprised of a literature review, research methodology, findings, best practices, discussion, limitations, and implications for future research. The literature review provides an overview of past social entrepreneurial research with a specific focus on research that surrounds mission drift. The research methodology section details our establishment of contact with participating social entrepreneurs and the interview process. The findings section introduces each research subject and briefly discusses the social mission, development, and challenges associated with each project. The best practices section introduces the Pendulum of Purpose (*Figure 1*) where we discuss the oscillating focus from social to commercial mission.

While we see several recurring themes through our interviews, we propose three critical considerations for social entrepreneurs to mitigate challenges associated with a dual-mission enterprise. As these entrepreneurs launch their ventures, we recommend: 1) defining and developing a focus from which an identity can be built; 2) leveraging and exploiting existing business knowledge including, but not limited to, models and tactics; and 3) creating an aligned structure that supports an economically and socially productive enterprise.

2. LITERATURE REVIEW

In order to examine the strategy social enterprises take to address challenges implied by an eventual mission drift, we review the existing literature on social entrepreneurship, dual-mission, and mission drift. This includes the definition of social entrepreneurship as a unique organization, mission drift in social entrepreneurial projects with evidence from previous empirical research, and the suggested strategies in response to mission drift from the previous literature. From the review of literature, we find knowledge gaps in social entrepreneurship that we present at the conclusion of this section.

2.1 Definitions of social entrepreneurship

To our best knowledge, it is difficult to say when and where the concept of social entrepreneurship began. Spreckley (2013) claims the origin of social entrepreneurship in the United Kingdom during the late 1970s following a concept developed to commercialize non-profit organizations. However, the idea of social entrepreneurship was not only coined in the European region. Ashoka, an international organization that promotes social entrepreneurship, was founded by Bill Drayton in 1980. Bacq and Janssen (2011) argue the term *social entrepreneur* as we know it today came after the mid-1990s; prior to that, *public entrepreneur* was more frequently used. Others suggest the multi-billion dollar insurance industry was created by eminent Scotsmen with the social mission to provide a fund for widows and orphans in the event the sole income provider met an early death (Compton, 2016; Scottish Widows, 2016).

Regardless, social entrepreneurs come to their respective industries with differing interpretations (Bacq & Janssen, 2011). The absence of a uniform definition is the beginning of a problematic issue for social entrepreneurship study. In Western Europe, the main concept of social enterprise is not profit maximization, but achievement of social goals with an explicit aim to benefit community (OECD, 1999). On the other side of the Atlantic, the definition of profit-oriented business engaged in socially beneficial activities is used among Harvard Business School, Duke University's Fuqua School of Business, and the Columbia Business School (Kerlin, 2006). This leads to a debate in both form and concept of the social enterprise. Is a social enterprise: 1) a dual-purpose organization that mediates profit goals with social goals? or 2) a non-profit organization that embraces commercial

activity? The question remains unanswered among academics (Abu-Saifan, 2012; Crane et al., 2014; P. A. Dacin, Dacin, & Matear, 2010; Porter & Kramer, 2011).

The clearest example is the debate between ‘Creating Shared Value’ by Porter and Kramer (2011) and ‘Contesting the Value of ‘Creating Shared Value’ by Crane et al. (2014). Porter and Kramer introduce the concept of shared value for social enterprise, arguing all businesses should adopt this practice in order to increase their firm’s competitiveness, and thus, power. The shared value created with society should be central to the business’ core competencies – an area where the business is able to excel. Crane et al. oppose the idea of shared value with the concept known and implemented across Fortune 500 members: corporate social responsibility. From a managerial approach, corporate social responsibility is more of a logistical challenge than process oriented. Simply allocate resources to the desired mission deemed worthy of the company’s name and sign a check. Creating shared value deals with the fundamental abilities of an organization and takes a commitment from every employee involved in making the strategy a success. Yet we see social enterprises taking the approach of creating shared value from its inception.

Scholars struggle to define social entrepreneurship. The alternating focus between social benefits and revenue generation exacerbates this challenge. Many scholars attempt to define both social enterprise and social entrepreneur using the foundation of ‘entrepreneurship’ study. However, a wide and nuanced topic leaves the very concept of entrepreneurship elusive. Scholars cannot agree on a unified paradigm of entrepreneurship itself (Bruyat & Julien, 2001; Shane & Venkataraman, 2000). Introducing the *social* modifier creates more complexity in this definition.

Instead of introducing a new definition that will only add to an already crowded field, finding the patterns in previous literature can help us understand how social entrepreneurship compares to commercial entrepreneurship. At best, definitions from the review of literature on social entrepreneurship provides two main and unique characteristics from which we can approach our research: 1) social mission and 2) innovation. Through this comparison, we find social mission and innovation as unique characteristics that can aid in the management of social enterprises.

First and foremost, social mission rests at the heart of social entrepreneurship (Mair & Marti, 2006; Roberts & Woods, 2005; Zahra et al., 2009).

This implies social entrepreneurship is different from its counterparts that solely focus on profit maximization. This difference leads to different strategic behavior between social and commercial entrepreneurs. Roberts and Woods (2005) noted social entrepreneurs are driven by compassion and altruism while commercial entrepreneurs are driven by economic returns.

Another characteristic of social entrepreneurship is innovation. A number of studies accentuate the importance of innovation for social entrepreneurship (Alvord, Brown, & Letts, 2004; Austin, Stevenson, & Wei-Skillern, 2006; Peredo & McLean, 2006; Weerawardena & Mort, 2006). Driver (2012) suggests capitalism is moving towards shared value creation. To achieve the next phase of capitalism, the business must innovate to serve the social missions that capitalism fails to satisfy today (Porter & Kramer, 2011). Empirical case studies show social enterprises striving for innovation in all social value creation activities when challenged by their competitive environment (Weerawardena & Mort, 2006). Moreover, evidence from successful social entrepreneurship initiatives supports innovative tactics. Successful projects encompass different forms of innovation including capabilities development, new products or services to solve social problems, and building local movements to enhance bargaining power of the enterprises (Alvord, Brown, & Letts, 2004).

As a result, unique social entrepreneurship characteristics produce a challenge for establishing and scaling their enterprise. This forces social entrepreneurs to formulate more sophisticated resource leveraging strategies. These strategies deserve review to help social enterprises to overcome initial challenges.

2.2 Challenge in managing dual-mission

We observe the complexity that accompanies management of social enterprises. The first challenge emerges from balancing the dual-mission as a hybrid organization (Ebrahim, Battilana, & Mair, 2014). The issue occurs with the trade-off between social values and financial returns. For example, Austin, Stevenson, and Wei-Skillern (2006) suggest focusing on a specific social issue may limit the willingness of ventures to engage in social entrepreneurship initiatives. This focus may lead to insufficient financial resources to run the enterprise. Financial stability is required for survival as an organization seeks to fulfill its social mission (Abu-Saifan, 2012). It is not possible to produce social impact from bankruptcy courts.

Maintaining dual-mission blurs the line between social value creation and revenue generation. Simultaneously, the boundary between social and commercial entrepreneurship merges. Swanson and Di Zhang (2010) suggest social entrepreneurship may involve the application of business practices that are normally associated with traditional businesses to solve social issues. Mair and Marti (2006) confirm social entrepreneurs do not have to neglect an earned income strategy to create social value. These parameters should be taken into consideration if social entrepreneurs choose to run their operation as a true enterprise that competes in the free market. Social entrepreneurs must solve the challenge of balancing a dual-mission.

To manage a dual-mission successfully, the social entrepreneur must recognize their enterprise's specific trade-off between innovation and risk. While innovation in products, services, or even business models may lead to social value creation, this benefit comes with risk. Some researchers cite increased risk with attempts to address social issues using untested innovation (Peredo & McLean, 2006; Weerawardena & Mort, 2006). This risk can come in various forms including uncertainty in resources acquisition such as lack of financial and human resources (Tan, Williams, & Tan, 2005). Weerawardena and Mort (2006) find social enterprises concerned with the survival of the organization. Any self-interested organization embraces a managed risk approach to prevent financial insolvency. As a result, the social enterprise's characteristics bring high complexity in balancing social and economic values which requires social entrepreneurs to formulate more sophisticated strategies to sustain the enterprises.

2.3 Mission drift and the dual-mission challenge

While social entrepreneurs find risk a challenge in maintaining a dual-mission, focusing on economic well-being at the expense of the social mission is seen as 'mission drift'. Mission drift can be defined as a shift in the organizational purpose or end game for an enterprise. Mission drift can also explain an organization's reprioritization of its goals or a refocus for firm direction. This could include moving from a social purpose to commercial purpose (Cornforth, 2014). Mission drift can be viewed from the institutional perspective which emphasizes institutional influence on the mission of social enterprises and business models. For example, pursuing both social and economic missions simultaneously can push a

social enterprise away from its original mission to a sub-optimal outcome for the social cause (Crane et al., 2014).

Pragmatic agents that force social enterprise to act in favor of the investors is a major source of mission drift. Epstein and Kristi (2010) recall cases of microfinance institutions (MFIs). Microfinance firms applied a commercial banking management approach to gain trust and legitimacy from investors. As a result, MFIs have come to resemble commercial banks rather than social enterprises. One of the main reasons MFIs adopt a commercial focus is to secure financial stability (Copestake, 2007; Cornforth, 2014).

An unclear definition of social entrepreneurship makes identifying mission drift difficult. Most importantly, the perception towards mission drift will shape behaviors in balancing dual-mission and drifting between social and commercial missions. From the previous literature, scholars agree mission drift has negative connotations for social enterprise (Copestake, 2007; Crane et al., 2014). This is because mission drift is most commonly observed in a single direction: from social to commercial focus. One example of mission drift from this perspective is “a focus on profits to the detriment of the social good” (Battilana et al., 2012). While we accept organizations can compromise their social mission for profits, we question whether this is always the case.

If we assume social mission rests at the heart of social entrepreneurship, this characteristic may create the binary view between two domains of the dual-mission. Thus, drifting away from the original social mission towards a commercial mission is perceived as losing identity and altruism which impacts the social enterprise’s reputation and legitimacy (Jones, 2007; Weisbrod, 2004). Ebrahim, Battilana, and Mair (2014) also clarify mission drift in social enterprise refers to failure in achieving its social mission. According to this premise, the existence of the designation *social enterprise* is rendered meaningless.

Because most studies originate in the MFI, scholars largely associate mission drift with reputational risk. Rejecting the poor and granting loans for credit worthy customers detracts from the MFI’s original mission to help those who lack access to loans. Here, we agree mission drift produces a consequence that conflicts with the original mission (Aubert, de Janvry, & Sadoulet, 2009; Copestake, 2007; Epstein & Kristi, 2010; Hishiguren, 2007; Mersland & Strøm, 2010).

For other types of social enterprise, judging mission drift is ambiguous. For example, we recall Facebook’s announcement at their initial public offering (IPO).

Mark Zuckerberg, founder and CEO, heralded the purpose and social mission of Facebook in a letter to shareholders in February 2012: “Facebook was not originally created to be a company. It was built to accomplish a social mission — to make the world more open and connected” (Facebook, 2012).

Did Facebook abandon its social mission “to make the world more open and connected” when it became a publicly traded company? And if Facebook maintains its original mission, does its profits support the mission? The blurred line between commercial and social mission draws skepticism and criticism of social enterprises’ activities.

When financial goals dictate social goals, drift can lead a social enterprise to mission failure. But what if a social enterprise drifts to a more extreme version of its original mission? Or what if its mission expands? Too much weight on social mission can result in loss of commercial feasibility. This can lead social enterprises to an insecure financial position, and if not managed, extinction. Although Ebrahim, Battilana, and Mair (2014) acknowledge this kind of mission drift in their study, they identify it as ‘revenue drift’. The academics also do not acknowledge the risk of this drift in their study. This drift is not well studied, and we believe overlooked.

Growth and other practical business metrics should be taken into consideration. Observing mission drift from this perspective can find mission drift as a benign consequence. Drifting for social impact or drifting for financial viability are consequences of managing a dual-mission enterprise. Davis (2001) observes mission drift through a moral context and discusses whether it is either good or bad. Stakeholders have a financial incentive for revenue seeking behavior. They may not notice a slight drift from the mission. The communication of this drift is also important to maintain legitimacy. From the agent’s perspective, financial success can provide a stepping stone for more impact in the long run.

Pressures for mission drift manifest in various forms. Social enterprises need various resources including financing, human resource capital, and knowledge. More intangible characteristics such as legitimacy also play a critical role in the success of social enterprises. In the following section, we review the strategic management theories with regard to mission drift pressures and explore how these theories affect strategy in addressing mission drift.

2.4 Resource dependency theory and resource leveraging strategy

In the strategic management perspective, organization survival and performance attribute their success to resources (Pfeffer & Salancik, 2003). One of the most influential theories in strategic management is resource dependency theory. Tiziana and Mikolaj Jan (2005) emphasize survival of the organization relies on how well it can obtain critical resources from the environment. The resource dependency theory can best explain the emergence of social entrepreneurship. Before the 1980s, non-profit organizations acquired resources through donations and grants from the government. During the 1990s, the economic situation and governmental policy in developed countries put pressure on resource acquisition of non-profit organizations. For instance, United States President Ronald Reagan proposed cutbacks in 1983. Federal programs for various social causes were cut to save an estimated 14 billion USD through 1988 (Pear, 1983). In the same period, UK Prime Minister Margaret Thatcher proposed a policy to discontinue government support for the public sector. To replace this vacuum, Thatcher introduced mixed-market policy which increased the role of private sector actors in the public domain (Ogden-Newton, 2013). This change created the need for internal income generation within the public sector. Social enterprises were established in an environment where organizations with altruistic intentions did not have the option to rely on outside sources including grants and donations.

When resources from government and public sector are limited, social entrepreneurs must adapt with the resources they have. This concept is defined as 'bricolage' (Baker & Nelson, 2005). The major process of bricolage is to operate by the current resources available to an organization (Desa, 2012). Di Domenico, Haugh, and Tracey (2010) extend the theory of bricolage to social entrepreneurship by proposing social bricolage processes. This process encompasses the attempts of social entrepreneurs to overcome resource limitation from significant actors leveraging resources and support.

In addition to the social bricolage process, social entrepreneurs usually apply the effectuation approach to social projects (Sarasvathy, 2001). The effectuation approach guides a co-creation process from which social entrepreneurs may start their projects with vague ideas about products or services. Considering their skills and resources, the entrepreneurs shape a business model that will accommodate the limitations (Corner & Ho, 2010). We find resource acquisition much more complicated for the social bricolage and effectuation approaches.

Resource constraints, risks, and various demands from a wide range of stakeholders in the co-creation process carry challenges similar, yet distinct, from traditional entrepreneurs.

In this complicated situation, many social entrepreneurs begin with greenfield and bricolage strategies. Muhammad Yunus' Grameen Bank is a prime example of this. The bank used only local resources in offering small loans to the villagers in Bangladesh. After successful incubation, Grameen Bank has lent over 6 billion USD with a 99% repayment rate (Yunus, 2007). To scale operations, research suggests strategic alliances as the most common tactic. Katre and Salipante (2012) studied 23 social enterprises and found alliances as the key success factor in establishing social entrepreneurial startups. Meyskens and Carsrud (2013) suggest alliances help social enterprises access financial, human, and social capital. Returning to Grameen Bank, Yunus (2007) grew his organization through a collaborative venture when resources were scarce. Grameen Phone, a joint-venture company between Grameen Bank and Norway's Telenor, offered affordable telecommunication services to the poorest of Bangladesh.

Social enterprises formulate the bricolage resources acquisition strategy when governmental and public support are limited. The empirical evidences suggests strategic alliances and networking are the most frequently applied strategies to access necessary resources to scale. Porter and Kramer (2011) also emphasizes the need to scale business operations since scale is necessary to create social value and impact.

2.5 Institutional theory and social enterprise legitimacy

We can use institutional theory to help explain the dyadic relationship between organizations within the context of resource acquisition. In the institutional-based view, institutions shape the interactions between human-and-human or organization-and-organization (Zhou & Peng, 2010). In the resource dependency theory, organizations take dependence and power imbalance between actors into account. However, institutional theory considers external isomorphism from social institutions as a factor for resource acquisition.

North (1990) distinguishes institutions as formal and informal. Formal institutions determine laws and regulations, while informal institutions provide norms, cultures, and ethics. These institutions provide guidance for acceptable behavior. In a similar way, Scott (1995) proposes regulative, normative, and

cognitive as the three pillars of institutions. According to Scott's terminology, regulative institutions are the most formal as they are based on laws and regulations. Normative institutions are less formal and represented by forms of accreditation or other professional standards. Cultural institutions seem to be the most informal as they are defined by the beliefs of a specific group. These three institutions play a critical role in resource acquisition as alliances are negotiated through the legitimacy of organizations (Begley, Khatri, & Tsang, 2010; Suchman, 1995).

Regulative institutions affect social enterprise business models and revenue generation activities. For example, governmental policy in the United States tries to regulate non-profit organizations. Tax authorities must differentiate between types of organizations in order to apply different tax codes (Cordes & Weisbrod, 1998). Tax regulations are a key handicap social enterprises face in comparison to non-profit entities (Kerlin, 2006). This regulative distinction may limit social enterprise's ability to create social value and impact.

In resource acquisition, Suchman (1995) and Dart (2004) suggest social bricolage can help social entrepreneurs by creating three different types of legitimacy: pragmatic, moral, and cognitive. Pragmatic legitimacy is determined by return on investment (e.g., a firm pays its agent by salary, fee, or commission to drive agent's performance). If the activity can offer desired return, then it is legitimate. Moral legitimacy is justified by social isomorphism (e.g., a firm pays its agent a commensurate rate with the market). Social isomorphism legitimizes activities considered as proper to social norms. Cognitive legitimacy is the most intuitive (e.g., a firm pays its agent as the normal value exchange). At the level of preconscious, cognitive legitimacy justifies activities taken for granted and does not need any evaluation. Desa (2012) finds legitimacy helps social enterprises overcome the challenges associated with the regulative and cognitive institutional pillars. Success stories of social entrepreneurs using philanthropic practices (e.g. Yunus) and innovative business models using market attractiveness illustrate two modes to support legitimacy (Nicholls, 2010).

2.6 Organizational identity theory and purpose of social enterprise

Organizational identity theory effectively explains the behavior and strategy of social enterprises. The theory attempts to find the meaning or purpose of the organization (Albert & Whetten, 1985). As previously mentioned, defining *social enterprise* is problematic because the term blurs previously defined camps of for

profit and non-profit organizations. The proliferation of various attempts to define the concept does not resolve the issue. Thus, organizational identity becomes paramount for many social enterprises.

Scholars accept organizational identity is directly related to the strategic decision making of the organization (Ashforth & Mael, 1996; Livengood & Reger, 2010; Tripsas, 2009). Organizational identity serves as the contributing factor for success or failure of the enterprise (Borzaga & Solari, 2001). Several empirical cases show social enterprises struggle to find organizational identity. This ambiguity leads to distrust between stakeholders and the social enterprise (Seanor & Meaton, 2008). A social enterprise that manages to clearly define its identity finds easier access to necessary resources through support of its stakeholders (Grenier, 2006; Hines, 2005).

Organizational identity is not limited to self-perception or public relations. Cornelius et al. (2008) suggest identity of social enterprise can be articulated through culture within the organization using human resources management practices similar to commercial counterparts. However, defining organizational identity with a dual-mission approach is more challenging. Business culture as opposed to altruism can jeopardize a social enterprise's identity (Fenton, Passey, & Hems, 1999). Dual-mission can also lead to multiple identities, resulting in ambiguity. Shepherd and Haynie (2009) find family firms with both family and business identities face a dilemma in strategic decision-making situations. Here, conflicting identities lead to indecisive strategic decision making, which can produce poor performance. Developing a clear organizational identity can help a social enterprise acquire resources and supports from its stakeholders.

2.7 Evolutionary theory and social entrepreneurship study

In strategic management, evolutionary theory explains behavior by focusing mainly on mortality. Evolutionary theory seems to be understated within the social entrepreneurship despite limited resources. We see the high risk and early mortality as no different from traditional startups.

The liability of newness and the liability of smallness determine the survivability of the newly established firms (Aldrich & Auster, 1986; Baum, 1999; Stinchcombe & March, 1965). However, an empirical study suggests firms under the liability of smallness prefer to limit themselves because they fear loss of innovation and control (Wiklund & Shepherd, 2003). Similar to commercial

counterparts, social enterprise startups also face liability at the incubation stage. Austin, Stevenson, and Wei-Skillern (2006) argue social enterprises utilize various channels to access resources and overcome these liabilities.

In an interview with Porter, Driver (2012) places emphasis on the importance of scaling social enterprise to produce greater impact for the community. However, Weerawardena and Mort (2006) find limited research that supports how organizations successfully scale. “The foregoing discussion identifies a significant inadequacy in the literature in that social entrepreneurship has been developed within different domains, leading to the lack of a coherent approach.” They also argue social enterprises operate in an ecosystem rather than a vacuum: “Most importantly, we identify that approaches to conceptualizing social entrepreneurship do not reflect the competitive environment within which social enterprises operate.” Focusing on survival gives a different and helpful perspective for social enterprises. Mortality risk may force social entrepreneurs to behave differently. Since social enterprises share many characteristics with traditional business, many theoretical frameworks and their respective approaches apply to this research. Given the previous literature, we proceed to develop our research question.

3. RESEARCH QUESTION

The complication of managing dual-missions and mission drift within social enterprise is where we begin. This study aims to investigate social enterprise’s strategy for maintaining its original social mission while developing a sustainable business model to scale for social impact. Recent literature suggests the importance of the social enterprise’s approach in maintaining the original social mission while acquiring resources. To find a common denominator between the social enterprises, we investigate how each enterprise manages mission drift. We seek case studies using social enterprises outside the microfinance industry and beyond the borders of the researched United States and United Kingdom to extend theory within social entrepreneurship literature (Cornforth, 2014). Therefore, our research question is:

“How does a social enterprise manage dual-mission, address mission drift, and scale to create greater social impact?”

The three main objectives of this study are to:

- 1.) propose best practices as a guide for social entrepreneurs to establish and scale their business;
- 2.) provide empirical evidence within social entrepreneurship literature by engaging several strategic management theories; and
- 3.) extend knowledge to other countries and organizations outside the microfinance industry.

4. RESEARCH METHODOLOGY

To investigate the approach of social enterprise in dealing with mission drift challenges, we use the qualitative method with multiple-cases as a research strategy. In-depth knowledge obtained from the interviews will help provide evidence to generate new insights (Eisenhardt, 1989). With a series of in depth case interviews, we develop a short list of best practices.

4.1 Samples selection criteria

We choose the cases for our study with three different objectives. First, we want to expand the knowledge in social entrepreneurship and mission drift outside of the microfinance industry to the broader range of social enterprises. Second, we focus only on building a case study to gain a rich understanding through comparison. Third, we seek a diverse set of social enterprises to provide better generalizability of our findings. Research site selection with specific criteria is preferable for our study rather than random selection.

Contingent upon the above criteria, we start with practical considerations to select the research sample. An accessible data source is the main criteria. We decided to gather the data in two countries: Norway and Thailand. The simple reason for these locations is our proximity to the network of social enterprises. Moreover, it is beneficial to perform a cross-case comparison across two contexts. We expected the formation and challenges of social enterprises may be different between countries as a result of the isomorphism from social traditions, systems of government, and the local business environment. According to a survey conducted by SEB Bank, Norway is known as developed country with a high standard of living and a trusted social welfare system (Nordics Business Insider, 2016). Thailand is recognized by the World Bank as a developing country with 10 million people (approximately 7.2% of its total population) living in poverty and an ineffective

public sector (World Bank Group, 2018). Pettigrew (1990) suggests studying a limited number of cases can extend the theoretical knowledge by filling the gaps between different theoretical categories and polar types. We follow this suggestion with selection from these two extremely different countries.

After considering practical access to data sources and interest in cross-case comparison, we emphasize the definition of social enterprise as another criterion. As explained in Section 2, defining social entrepreneurship or social enterprise is problematic and ambiguous as scholars have no uniform definition. While the definition of social entrepreneurship and social enterprises have proliferated, we do not intend to introduce another definition for the purposes of this study. Rather, we defer to the definition of social enterprise by Tracey and Jarvis (2007):

“The notion of trading for a social purpose is at the core of social entrepreneurship, requiring that social entrepreneurs identify and exploit market opportunities, and assemble the necessary resources in order to develop products and/or services that allow them to generate ‘entrepreneurial profit’ for a given social project.”

This definition fits our research as there are two distinctive characteristics relevant for mission drift: 1) social purpose is at the core of social entrepreneurship; and 2) to generate entrepreneurial profit. These two characteristics present the challenge as a balance between social impact and profit generation. P. A. Dacin, Dacin, and Matear (2010) describe the tensions social entrepreneurs face with these characteristics.

We did not include organizational size as an attribute of selection criteria, because this research is not to test the impact of size of the social enterprise against the mission drift theory. However, age of the organization is observed to ensure that we can examine the cases with early and later stages. We focus on two characteristics of social enterprise as the main theoretical categories (i.e., profit versus social) that affect mission drift. Moreover, we did not specify successful or unsuccessful cases in dealing with mission drift.

Mission drift occurs at many stages of the entrepreneurial process. We also see entrepreneurs managing drift continuously. Enterprises can drift much like a sailboat. Without a captain to order his crew to jibe the sails, a social enterprise can fall off course. Performance in dealing with mission drift is not obvious from the

general information gathered before the interview. In accordance with a definition from Tracey and Jarvis (2007), the sampling plan will help us to understand the approach in dealing with mission drift in a broader perspective with less bias.

In conclusion, our research site selection encompasses three main criteria: 1) the social enterprise operates in either Norway or Thailand; 2) the enterprise addresses a clear social issue through its mission; and 3) the enterprise has an intention to generate profit beyond an economic break-even point.

4.2 Samples solicitation

Seeking participants in Norway and Thailand, we solicited Thai social entrepreneurs in fall 2017 to generate interest in the study. Once submitting our preliminary thesis, we reached out to Norwegian social entrepreneurs to build a cross-case study. In total, we have eight social enterprises for our study with a response rate of eight out of fifteen (53%) willing participants. The sample is equally balanced with four Thai and four Norwegian enterprises. Mentioned by some prospective participants, we suspect a response rate of about half is related to the tight schedules associated with early stage start up entrepreneurs. We believe eight different cases from two countries will yield insights and shed light on our research question.

Thailand solicitation

We began by requesting a list of Thai social enterprises from the Thai Social Enterprise Office (TSEO), a government agency. Using this list, we invited four social enterprises by email. We also scanned the Stock Exchange of Thailand (SET) database for social enterprises and found an additional four Thai social enterprises to invite to our study. Of the invitations, three social enterprises were willing to participate in our study including Klongdinsor, Relationflip, and Career Visa. To have a balanced study between Norwegian and Thai social enterprises, we asked these three social enterprises to forward our study invitation to other social entrepreneurs in their network. With this endorsement, we found EdWINGS as an ideal match for our sample.

Norway solicitation

With help from Tor Haugnes, a lecturer from the Department of Strategy and Entrepreneurship at BI Norwegian Business School, we connected to Stina Låstad from SoCentral. SoCentral supports social entrepreneurs through the Nordic social incubators in Oslo, Norway. We provided her with the definition of social

enterprises as well as a guide for the type of enterprise we expected include in our study. Stina connected us to SoCentral's network based on our specifications to find a list of prospective samples. Of the three Norwegian social enterprises affiliated with SoCentral, two chose to participate in our study. Through SoCentral, we met with Bevisste and Kjørforlivet (Drive for Live). We also attended an event arranged by MakeSense Oslo, a social entrepreneur community. From this event, we secured two additional social enterprises for our study: Better Living Projects and Choose.

4.3 Data collection instrument

We understand that building case studies and best practices require insights that come from an amalgamation of data. Mintzberg (1979) suggests building theory requires deep and anecdotal data. We decided to apply semi-structured interviews as our main data collection strategy. This approach most appropriately our study's specific focus (Bryman & Bell, 2015). The targeted interviewees are either the founder or a manager of the social enterprise who understands the organization's overall mission and business model. In addition to the interview, we include other sources of data to confirm basic details and supplement information obtained in the interviews. For example, we viewed websites prior to each interview to familiarize ourselves with each social enterprise. We also use public news articles and proprietary documents provided by the social enterprises in order to gain a more complete understanding of their operation.

As we have relatively small samples, gathering anecdotal data helps provide rich information for each sample. Using these anecdotes, the researcher can create themes for cross-case comparison and pattern identification to generate best practices from a systematic data gathering process (Eisenhardt, 1989). To gather anecdotal data, we designed our interview guide to be delivered in three stages (Appendix 1). First, we started with questions about the social enterprise's incubation phase. These questions seek to find the original social mission and explore how the social enterprise developed a business model to generate revenue while creating social impact at the same time. The second part of our interview guide focuses on the strategy for scaling the social enterprise. These questions follow the social entrepreneur as they see an opportunity to create more social impact. We ask about limitations, challenges, and tactics in achieving more social impact and revenue. Finally, the third part comprises probing question to clarify and explore any surface level answers to learn more about specific points of interest

from the first two parts. While businesses have similarities, each social enterprise takes a different path. We provide space in the last section to explore these nuances to provide a rich understanding of how the social enterprises address mission drift. We conduct the final part as an open discussion in our semi-structured interview.

The semi-structured format allows us to compare the responses and find patterns across the different cases. These patterns and common threads help us draw insights for how to successfully navigate mission drift. In all eight cases, we ask the same questions for parts one and two of the interview guide. As emphasized by Eisenhardt (1989), this approach helps us to see the intergroup similarities and differences among cases while we search for patterns.

In the process of designing an interview guide, we attempt to formulate the questions that could help us investigate research questions by extracting relevant data from the interviewees. Most importantly, our research questions are related to mission drift. We acknowledge this may sound negative to social entrepreneurs. The term *mission drift* may mislead interview responses to our question due to social desirability bias. As a result, we did not mention the term *mission drift* in our interview guide. However, if the subject of mission drift is not covered in our discussion, we bring up the topic in part three of the interview. Here, we use probing questions that include language such as compromise, incentives, and evolution.

With our limited number of participants, we need to ensure our interview questions are effective and gather all necessary data. Following an interview guide provided by Bryman and Bell (2015), we employed three essential steps during the testing and revising of questionnaire. We tested the pilot questionnaire with Jesper Bør Lind, a social entrepreneurial advisor at SoCentral. With his help, we reviewed and revised the questions over three sessions for clarity, completeness, and bias. We added this step as a precautionary measure to help ensure clarity during the interviews.

4.4 Interview strategy

We used the same interview guide for Norwegian and Thai participant groups. Although the interviews were a dialogue between interviewee and researchers, we were strict with following interview guide in chronological order. The probing questions and open discussion were brought at the end of the interview after ensuring all questions in the first two parts were answered. We chose this

approach knowing some probing questions in the later stages of the interview could possibly lead to social desirability bias.

The interviews with all Norwegian social entrepreneurs were in person and in English, while all Thai social entrepreneurs were interviewed via Skype video calling and in Thai. All interviews were voice recorded with the consent of participants prior to interviewing and transcription. Thai interviews were later translated to English.

During the Norwegian interviews, we used a multiple investigator method. The interviews were conducted by two people, with one person asking the questions following the interview guide while the other observed and recorded significant points for probing question at the end. This method helped us to view the cases from different perspectives. Using this tactic, we were able to extract rich anecdotal data from the probing questions with complementary insights from different investigators (Eisenhardt, 1989). While the Thai interviews were only conducted by one investigator, the other researcher had the opportunity to thoroughly review the translated transcriptions and ask additional follow-up questions where necessary.

4.5 Data Analysis

The interviews resulted in anecdotal data with detailed facts for each participant. We expected a challenge in volume of qualitative data prior to the interviewing. The semi-structured interview method helps us to cope with the difficulty in data comparison, patterns finding, and insights generation. To synthesize our findings in the data analysis stage, we used three steps for dealing with detailed qualitative data.

With-in case data analysis

Similar to single case analysis, with-in case data analysis provides space for the researchers to analyze each case individually before synthesizing the data. With-in case data analysis starts with a case write-up. The objective is to put all data into a structured chronology and become intimately acquainted with each case. Eisenhardt (1989) suggests with-in cases write-up technique will help researchers better understand the case and accelerate the ability to find patterns for cross-case comparison. This process helped us record the findings of each case in pure description using facts according the three different parts of our interview guide.

Data condensation

With eight cases in total, we employed a data condensation technique (Miles, Huberman, & Saldana, 2013) to simplify and remove irrelevant data from the interviews. The volume of the data we collected did not require any computer software to generate pattern coding or analyze trends. We codified data into two levels: 1) time/stage and 2) events. The first level data is time-based according to the stage of the social enterprise. Here, we codify first level data in incubation and scaling phases. The second level data is coded in sub-groups where we categorize meaningful events to help see trends and patterns more clearly. For instance, Relationflip, Klongdinsor, Career Visa, Kjørforlivet, and Choose illustrate the pattern of changes in business model and social impact matrices between incubation phase and scaling phase that are relevant to our research focus. We explore the most significant codified data in the findings and provide recommendations in the best practices section. Table 1 shows the coding structure of the interview data.

1st level coding	Incubation phase	Scaling phase
2nd level coding	- Original social issue/mission	- Scaling opportunities
	- Business model	- Changes in business model
	- Sources of revenue	- Sources of revenue
	- Social impact matrices	- Social impact matrices
	- Key challenges	- Key limitations
	- Stakeholders management	- Stakeholders management
	- Strategic actions	- Strategic actions

Table 1: 2-level data coding

Cross-case patterns finding

Cross-case pattern finding comes with some challenges. During data analysis, the researcher may draw conclusions from patterns prematurely (Eisenhardt, 1989). To avoid this pitfall, we thoroughly reviewed the coded data and grouped the commonalities and differences in various dimensions. In addition to grouping, the two researchers review the data separately. In doing so, we complement and argue findings before determining any patterns as conclusive. The pattern finding process is an iteration to avoid any misguided first impressions of the researchers and to increase the likelihood of capturing novel findings.

5. FINDINGS

Business as we know it encompasses all trade and commerce in the history of mankind. There are few parts of our modern existence that isn't captured in some way by business. From the diversity of our case study, we posit social enterprises cover a similar array and are not confined to any specific set of industries. In fact, by definition, we believe any business that has social impacts has the potential to be influenced and/or disrupted by social enterprise.

Aside from a focus on mission drift, we entered our interviews openly without expectations. The semi-structured interview style allowed us to supplement basic research we conducted prior to interview with the flexibility of probing each enterprise where necessary. We briefly outline each enterprise following this coding structure.

5.1 Relationflip

Relationflip provides a network of psychological support for the modern worker via a database it maintains. Founded in 2016, the enterprise integrates the work-life psychological relationship to maintain mentally robust office workers. The co-founders bring two essential backgrounds to Relationflip: 1) business management and 2) organizational psychology. By developing a platform, individual employees have access to counsellors who are professionally trained to help individuals manage their stress.

During the interview with Relationflip, we noted the evolving perception of mental health in Thailand, and the effect mental fortitude can have on worker productivity. Addressing the perception of mental health was an early challenge for Relationflip. Though Relationflip place more attention on the issue of mental health, they recognize their role in creating a better work-life balance for office workers in Thailand may be part of a larger movement in the same mission.

Initial funding from Banpu PLC (champion for change program) and The National Innovation Association provided adequate financial resources for Relationflip. Facebook provided an affordable option for gathering information and interest during early stage testing of Relationflip as a concept. While the Stock

Exchange of Thailand (SET) did not provide funding, they provided knowledge, expertise, and coaching services in designing the business model.

As the organization scaled, Relationflip saw an opportunity to move from a B2C to B2B revenue model. Winatda Chapa, the founder and CEO, explained, “We can reach out to more beneficiaries and reduce our effort in creating awareness by working with groups rather than individuals.”¹ In the future, Relationflip sees opportunity in partnering with institutions such as The Stock Exchange of Thailand (SET). Companies can use Relationflip’s database and services as an accreditation of sorts.

5.2 Klongdinsor

Klongdinsor literally translates to *the pencil box*. Founded in early 2013, the social enterprise operates as a limited company with a mission to produce products to help the blind create art and graphic design by touch. A tactile drawing kit expands the art beyond seeing and helps the blind find their aspirations. Chatchai Aphibanpoonpon, the founder and current CEO, brings a background in economics and business management. He has partnered with a variety of organizations including Changefusion, The Stock Exchange of Thailand, Thammasat Business School, and Foodpanda – a global mobile food delivery marketplace headquartered in Berlin.

After winning a grant from Banpu PLC, Aphibanpoonpon engaged full-time in the project. Klongdinsor's first product, Lensen, was designed to generate cash flow for the organization. After an unsuccessful launch of its initial product, Aphibanpoonpon invested personal savings into the project and used his network to move the social mission forward. He realized learning media was only a small part of creating a better quality of life for the blind. “During the first three years, we learned and experienced many issues from other organizations. We realized our social mission to help the people with disabilities is wider than we thought.”

Following this realization, they learned about other organizations that work with the disabled. This shift in their approach led the organization to focus on how disabilities are a social issue and served as a catalyst for development. Klongdinsor now has three main social goals: 1) education, 2) career development, and 3) disability awareness. Following the project's success, Aphibanpoonpon explains the

¹ All quotations from Thai interviews were translated by Nuttakit Charuschanyawong.

“Thai Health Promotion Foundation asked us to initiate more projects that help people with disability and others to have an activity together.”

As Klondinsor scaled its operation, Aphibanpoonpon noticed a shift in the operation’s primary challenge. Survival requires a different mindset than managing an operation efficiently. Aphibanpoonpon posits this change following the incubation period is a challenge founders encounter in all enterprises. Aphibanpoonpon also discussed the paradox in creating a business that has a social mission for public good. “It is strange to say it is okay for the enterprise to generate profit by selling tobacco or alcohol; but making profit for doing good is unacceptable. This seems to be nonsense to me.”

5.3 EdWINGS

EdWINGS addresses the gap in the Thai educational system. Although Nathrada Lekatanachol, the founder, conceptualized EdWINGS nearly ten years ago, the company was not formed until October 2016 when she was able to draft a solid business model. Serving as the intermediary between private companies and schools, EdWINGS aims to improve quality of life for the students as an impact-driven organization.

With a background in professional training and development, EdWINGS takes a holistic approach to the situation in recognizing the need for early development. EdWINGS focuses on those who are still in the educational system (children), the people who work with them (employee, staff, or volunteer), and other private companies.

Product fit may seem like a technical challenge, but EdWINGS struggled to find where it could provide the most impact in the educational system. Because of this, Lekatanachol conducted a feasibility study and spoke with several stakeholders in Thailand. After finding resistance to change, Lekatanachol embedded herself in many stakeholder organizations to understand the system in a larger context and to find an appropriate solution.

EdWINGS collected a service fee in the first phase of its operation and offered four services: 1) training, 2) consulting, 3) assessment, and 4) innovation solutions. The feasibility study provided a model EdWINGS replicated in Thailand. Working on a trial and error basis, EdWINGS provided new solutions and adapted them to the business model. Aside from financing, the main challenge is maintaining mission focus. “We help develop the training for the trainer, which is

time consuming,” Lekatanachol explains. “If EdWINGS works like other training firms, we may generate more revenue, but it doesn’t create the sustainable impact as we want.”

While the Thai government does not provide any support, private organizations support EdWINGS programs to create a better talent pool from which they may one day hire. Lekatanachol also mentioned a need for cooperation between the students, government, and educational institutions in providing a vision for the role of education in the future. “This is the major challenge from the mindset of all stakeholders,” Lekatanachol said. “If there isn’t a shift in the way these groups view education, EdWINGS will not reach the desired impact.”

5.4 Career Visa

Career Visa was established in 2014 by a group of social entrepreneurs who see a youth employment issue in Thailand’s labor market. Originally, Career Visa aimed to help new graduates find their passion and dream jobs in Thailand. The hypothesis is new graduates and teenagers who can find a job they really desire will perform better. Career Visa’s business model relies on partnerships with other organizations including educational institutions, leading companies from various industries, and other social enterprises.

Initial funding was an early challenge for Career Visa. Even though 80% of the competitions Career Visa entered did not recognize the organization as a social enterprise, the other 20% provided initial funding. “The model looks very commercial and does not focus on the poor students,” said Wasuthorn Harnapachewin, co-founder. After producing some good publicity, universities started contacting Career Visa to work with their students.

While the universities recognized Career Visa’s value, revenue was still an issue. Career Visa offered a student paid workshop with a fee (1750 NOK per person) to confirm interest in its service. Students don’t just rely on Career Visa for advice, they proactively learn what roles best suit them by discussing opportunities within the network.

The Stock Exchange of Thailand also helped as Career Visa shaped its business model. Career Visa partnered with the corporate sector for sponsorship of its program and workshop. Career Visa’s *Employer Brand* builds custom internship programs for companies to recruit talented students from the universities.

Since Career Visa has generated revenue since its inception, financial resources are not a primary challenge. Rather, Harnapachewin sees the cultivation of human resources as critical in scaling Career Visa. Using software expertise could help bring Career Visa to scale much more effectively and efficiently.

5.5 Kjørforlivet

Kjørforlivet was founded in 2011 by Rallycross champion Knut Ove Børseth. After winning the European Championship in 2009, he noticed kids in his local municipality looking up to him as a role model. Børseth saw a positive impact when he let some of these kids help with his equipment and thought it could be an opportunity to engage *at risk youth* across Norway.

Kjørforlivet provides motivation and assistance for at risk youth. The clubs focus on lifestyle, social competence, team building, and road/traffic safety. Kjørforlivet works with kids ages 10-18, focusing on the younger demographic before they reach the point of dropout. The students are not the only focus: “Many of these kids don’t have really good functioning parental role models in their lives,” said Olav Karlson, International Manager. “We work almost as much with their parents as we work with the kids themselves, because it’s often not the kids fault that they’re acting out.”

Working with municipalities at the confluence of the education and child care systems provides its challenges. Foremost, Kjørforlivet must educate the public on the benefits and payoff from the program it provides. For instance, Kjørforlivet’s impact analysis estimates every 1 NOK yields a seven-fold return by preventing future state expenditures including all programs supported by Norwegian Labour and Welfare Administration (NAV). Explaining this impact to Norwegian municipalities is complicated by the fact the savings municipalities expect to incur are discounted and far removed in the future.

Kjørforlivet initially received funding when it was picked by the Crown Prince and Princess’ Humanitarian Fund, KPPFond. Kjørforlivet is now an alumni-portfolio member of both KPPFond and FERD Sosiale Entreprenører. Currently, Kjørforlivet receives state funding and its programs are purchased individually by Norwegian municipalities. Kjørforlivet sees the affiliation with the Norwegian government as an endorsement for its work, and the organization currently has 25 clubs across 45 municipalities in Norway. Leveraging the resources from these municipalities can provide an option for Kjørforlivet to scale its operation.

More recently, Kjørforlivet partnered with Aberia Healthcare, a commercial healthcare provider and subsidiary of the Norlandia Group. The partnership, which involves an equity stake, opens a strategy to provide for a specific niche within child care services at scale. “What we call *onbud* in Norway is divided in different regions,” Karlson explains. “An entity like Aberia can provide everything that this region needs and we’re part of that. And that would help us scale our clubs even faster.” Kjørforlivet’s trade for exposure may help with their plans to open ten new clubs and expand to Sweden in the coming year.

5.6 Bevisste

Bevisste was established in 2017 to create more people focused real estate and property projects. By connecting the real estate and property development industries to social enterprises’ solutions and products, Bevisste aims to create more livable spaces across Oslo.

Its founder, Knut Halvor, noticed developments with little consideration for the final tenants. They noticed opportunities in residential (tenant demographic distribution, access, etc.) as well as commercial spaces (materials, amenities, etc.). Still a new organization, Bevisste was initially financed by a grant from Innovation Norway as well as funding from four companies within the industry.

Bevisste currently charges an annual membership fee of 50,000 NOK to connect its members to a network of social entrepreneurs. Halvor’s previous real estate experience provides the network from which Bevisste draws its subscriptions. Given the time scale on which real estate developments operate, Bevisste may experiment with the revenue model that delivers on a project to project basis. They have also investigated a consultancy program that helps with CSR strategy.

While membership serves as Bevisste’s primary metric for performance, the company aspires to make Bevisste into a certain standard for real estate developers. “There are a lot of environmental standards with certain guidelines,” Faye Mayrhoo, CEO, explains. “We want people to build with integrated social solutions as well.” The real estate market is highly regulated and consists of several independent bodies. For instance, government regulation can stall a project that does not have appropriate permits in place. Adding another standard layer to this already bureaucratic process is a challenge for developers.

Further, developers and financiers that have grown accustomed to the robust demand for residential and commercial buildings in the growing Oslo region. These

actors do not currently have appropriate incentives to provide an extra social benefit for the tenants who plan to occupy the facilities. “[Real estate] is a very conservative industry,” Mayrhoo explains. “In order for us to do what we’re doing, we also have to create some form of perspective shift and awareness around why they should [use Bevisste].” Education of such benefits for the builders and marketing of such standards to the end consumer could help Bevisste become a recognized designation much like LEED certification.

The education does not stop with the real estate industry and the end consumer. Institutions that already command the attention of the real estate industry, such as Norway's Communication Bureau and Norway's Housing and Building Department, could be powerful allies in promoting Bevisste's mission.

5.7 Better Living Projects

Better Living Projects began as an idea while Rune-André Tveit was backpacking through India in 2015. He saw an opportunity for rural India to attract business by providing tourist accommodation. After returning from his travel, he partnered with Cecilie Kjeldsberg to form a *forening* in 2016. The community guest house evolved to become an operation with a restaurant, but this was not feasible given the financial resources. To focus on women's empowerment, Better Living Projects defines itself today as a socially conscious textiles producer. Its aim is to provide 30 women with financial independence by 2023.

Better Living Projects is financed by a matching grant of up to 400,000 NOK. Because of this matching grant, the founders chose to fund the project through sponsors and donors rather than investors. Tveit and Kjeldsberg believe this approach will help them remain true to their mission. But the mission they seek to address remains elusive.

After referencing the 2013 building collapse in Bangladesh, the founders discussed the consumer shift to ethically produced clothing. “Reaching socially conscious consumers in Amsterdam, Berlin, and Portland could help the company scale as its production grows,” said Tveit. The founders work toward finding the right balance between their competing, while aligned, narratives. “Finding that balance between focusing on the ethical trend that's going on now and the women's story,” Kjeldsberg said.

Other challenges remain for Better Living Projects. As a nascent player in a multi-layered industry requires knowledge of accounting, legal, logistical, and

administrative support for the production. Local partners in Norway, including Studio Bazar in St Hansahaugen, have agreed to help launch Better Living Products once they're ready for market.

5.8 Choose

Choose was founded by Andreas Slettvoll, a corporate lawyer with a background in the oil industry, and four other partners in 2017. The other founders bring engineering experience from the oil industry, business development, marketing, and communication expertise to support a robust business unit. Slettvoll saw the opportunity to flip the carbon market by allowing private citizens to purchase carbon credits. By removing these credits from the carbon market, Choose effectively drives up the price for big industries and polluters who must comply within a regulatory framework or pay a fine.

After being rejected by Katapult, an impact accelerator based in Oslo, Choose went on to attend Extreme Tech Challenge in Las Vegas where it was ranked as one of 2018's Top 10 Companies (Extreme Tech Challenge, 2018). Like many other social enterprises in this case, education was a primary challenge for Choose. Not only are carbon markets a familiar yet foreign concept to many people, the message must be tailored to each market. Since climate policy can be so politicized, communicating information about Choose could look completely different even within the same country. For instance, a message to an audience in Houston would vary from an audience based in New York.

From its inception, Choose focused on the scalability and sustainability of its business model. "You have to have a very clear thought on a business model," said Slettvoll. Choose tracks one key performance indicator to measure its performance: number of tons of CO₂ eliminated. "We are laser focused on climate, but happy to contribute to the other ones," Slettvoll said. Choose began using a B2C subscription model, which it still offers, but saw an opportunity in offering a B2B service for large companies. For instance, one of Choose's first customers, a large Norwegian tech company, provided 1,000 customers with only one subscription. This mentality challenged the organization to question how they could bring their platform from three blocks in Oslo to three continents around the world. Automating the sign-up process was important in order to create a platform that scaled.

Choose also recognizes its part in the larger frame without losing focus of its mission. “We address many STGs even though we only commit to one,” Slettvoll explains. “The last project we supported...was a wind farm in India. Because that farm operates and is able to make profits due to donations like ours via carbon credits, they are able to fund quite substantial CSR program: a girl’s school in one of the poorest parts of India. Choose addresses so many other STGs which are super important to us because even though we’re a commercial business, we’re an impact company.”

6. BEST PRACTICES

We draw several common threads from the interview findings. In these commonalities, we see best practices to help social entrepreneurs establish and scale their enterprise while building an economically viable entity. Our best practices outline four major stages where social enterprises address mission drift. We depict these stages in the form of a pendulum that we call the pendulum of purpose (Figure 1). The pendulum represents the continuous swing of a social enterprise’s focus as a result of competing pressures from the social domain (mission, credibility, etc.) and the commercial domain (financial viability, generating capital to scale operations, etc.) at any given point in time (T). The pendulum will inevitably swing between the commercial and social domains given the social entrepreneur’s passion for their mission and the market’s indiscriminating pressure to perform. Social enterprises are only able to successfully navigate this path in their infancy by carefully balancing the two domains.

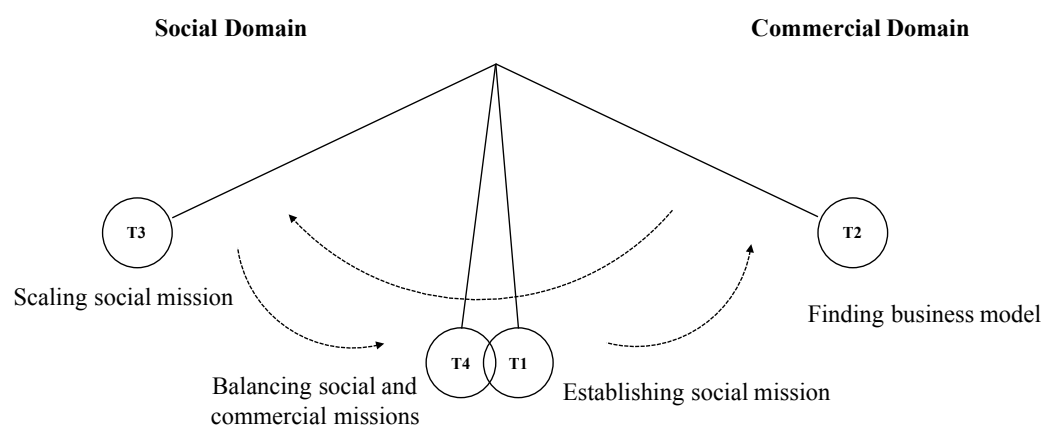


Figure 1: Pendulum of purpose

6.1 Establishing a social mission (T1)

Scholars suggest social entrepreneurship places social value at the core of their business (Mair & Marti, 2006; Roberts & Woods, 2005). Zahra et al. (2009) emphasize social entrepreneurs initiate an idea with social value creation or by identifying a social gap. In contrast, social entrepreneurial behavior is driven by social value and compassion of social entrepreneurs while commercial entrepreneurs strive for financial return (Roberts & Woods, 2005). This implies that social enterprises often outline their social mission before devising a commercial plan for bringing their mission to market.

Our findings support previous research. All social entrepreneurs we interviewed confirmed their enterprises began with a seed from the founder's experience or the passion to address certain social issues before developing a commercial model.

“Relationflip was founded in 2016. This project was built on the belief that we can change the Thai perception of counselling services... At this moment, Thai people still take counselling service as a therapy or rehabilitation, but not the prevention to mental illness.”

Winatda Chapa, Relationflip

“Klongdinsor was founded around seven years ago when I had a volunteer experience at a school for the blind in Bangkok. I found it was very difficult for blind children to do their homework when they cannot see or read... The quality of teaching material was not good enough... I saw an opportunity to help them by some teaching material.”

Chatchai Aphibanpoonpon, Klongdisor

“With training consultant backgrounds, we want to transform the educational system in Thailand to be more effective...The first objective is to help corporations improve CSR activities to help schools with more relevant support from the private sector.”

Nathrada Lekatanachol, EdWINGS

“We saw the same problem among Thai university students and office workers. They didn’t know themselves and never discovered their career passion. The consequences impact both students who will never enjoy working life, the universities that will fail to achieve an acceptable employability rate, and the employers that have high employee turnover. This is totally an unhealthy working environment for all. We established our enterprise to bridge the gaps between these three parties.”

Wasuthorn Harnapachewin, Career Visa

“Drive for Life started [when the founder] became the European Champion in rally cross in 2009. He saw many of the kids in his local area suddenly looked to him as a role model...So [the founder and his wife] started working with an idea of how to welcome these kids into an arena where you could work with them. Try to empower them in a way that would get them through school. That would help them succeed in life.”

Olav Karlson, Kjørforlivet

“[Knut] has over 30 years of experience with the industry...He realized there is not a lot of consideration for the final user of the [property development] project. For example, if you’re building apartments or commercial buildings, there’s nothing that creates a social value for the people that live and work in these buildings, so he realized there was something that needed to be done.”

Faye Mayrhoo, Bevisste

“I was backpacking in India for five months in 2015 and 2016, and in January of 2016 I came across a community called Bugaya...and then one of the first people I met was running his own community-based organization for about 13 years...We started to develop a plan to build a community guest house.”

Rune-André Tveit, Better Living Projects

“We were able to flip my knowledge on the carbon markets for how the big industries and polluters operate, and we saw there was room for one more player at that table doing the exact opposite thing. It’s fully possible to buy carbon credits and not use them – just rip them apart.”

Andreas Slettvoll, Choose

Sinek (2009) discusses how companies can inspire their organizations with a purpose, cause, or belief. He suggests companies should *Start with Why*. In a time where many companies struggle to find meaning or purpose in their organization, these social enterprises should take advantage of this defining characteristic. Identifying the social mission and scoping the issue at the foundation of the enterprise is important for two reasons: 1) identity and 2) legitimacy.

First, Livengood and Reger (2010) provide an important perspective from organizational identity theory. They suggest organizational identity guides and shapes organizational decisions and actions, which is reciprocated when the actions reinforce and reshape the organizational identity. At this point, a clear social mission helps the social enterprise define itself. Once an organization has a firm identity, its actions determine the future direction of the enterprise.

The majority of our sample (all except Better Living Projects) stated they will never rely on donation. For instance, Choose decided to pursue a strictly commercial model and never applied for grant funding. Bevisste, Klondinsor, and Career Visa also operate with a commercial model and are registered as private companies. On the other hand, Kjørforlivet relies on a partnership with municipalities and government agencies. Kjørforlivet believes its affiliation with the Norwegian government serves as a credential for their work. This identity shapes their actions by the continued partnership with municipalities throughout the Nordic region as they expand to Sweden.

Second, the institutional theory perspective states legitimacy defines the existence of the organization and determines support or constraint from the stakeholders (Desa, 2012). In turn, stakeholders influence the entrepreneur’s actions. Within the context of social entrepreneurship, a clear and solid social mission enables the social enterprise to establish and access necessary resources using moral legitimacy (Dart, 2004). Moral legitimacy can help the organization to gain social acceptance and support by convincing stakeholders on ethical-based principles (Melé & Armengou, 2016).

Both Norway and Thailand find a commonality in social enterprises with a clear social mission. Even enterprises without a credible break-even strategy can gain support during the incubation phase by mobilizing support through their stakeholders via legitimacy.

In Norway, we find social entrepreneurs received support from different stakeholders. Kjørforlivet developed the collaborative agreement with municipalities and Barnevern, Norway's Child Welfare Services. "It kind of legitimizes what we're doing," said Olav Karlson. "Getting state funding is sort of a stamp of approval on the work that we're doing." Better Living Projects received support from the government as a non-commercial organization for social value. Their mission also secured help from well-known Norwegian designers for product design and exposure. Bevisste has several partners within the real estate industry that were brought on as investors. Strategically, Bevisste reached out to Estate Media (communications bureau for the real estate and property industry in Norway), the Senter for Eiendomsfag (an educational institution offering courses on the real estate and property industry in Norway) and Norsk Eiendom (an association for private property actors in Norway with approximately 220 members).

The Thai social enterprises also sought strategic partnerships. Career Visa and EdWINGS gained support from the universities and schools. They also launched their projects using social media to generate interest and activity around their social mission with little to no cost as they bootstrapped their projects. These findings demonstrate the importance of identifying the social gaps and publicizing the social mission.

In building moral legitimacy, social enterprises can gain partnerships and stakeholders to extend the runway of their enterprise and accelerate lift-off much like early seed startups looking for angel investors to get their product off the ground before generating income. Finding the right partners is crucial for early stage ventures. To do this, Slettvoll (Choose) notes the importance of developing a clearly defined mission before reaching out to investors and external stakeholders. "I think at least in a starting phase, it's quite important not to spread yourself too thin, and to be very clear on one message." By simplifying the mission to its core, entrepreneurs can cultivate a more appropriate group of stakeholders. Slettvoll (Choose) continues, "And with customers and subscribers and partners, you sort of build that story during a year."

However, mismatch between a social mission and stakeholder interest can be a source of constraint and cost for the social enterprise. Choose was initially rejected by Katapult, an impact accelerator in Oslo. Similarly, Lekatanachol remembered EdWINGS struggle to raise funds: “During the competitions, it was a hard time as most of the competitions usually grant the award for the tech-driven idea or solutions which is not EdWINGS.” Harnapachewin (Career Visa) noted a disagreement on the very definition of social enterprise when he recalled “Eighty percent of the competitions [we entered] determined Career Visa is not social enterprise because we don’t focus on the poor students.” Klongdisor also struggled with their initial pitch.

A mismatch could undermine an enterprise’s moral legitimacy and affect the support of its stakeholders. Finding suitable partners with an aligned vision is crucial to build the initial momentum to start any enterprise on a solid foundation. Even without support from some institutions, these enterprises managed to secure funding through their own tenacity and conviction. With a firm social mission and initial funding, the social enterprises we interviewed looked toward how to maintain their organizations financially.

6.2 Finding a business model (T2)

From evolutionary theory, the liability of newness and smallness suggests newly established organizations are less likely to survive (i.e. mortality rate) due to lack of experience and resources (Aldrich & Auster, 1986; Stinchcombe & March, 1965). We suspect this challenge similarly affects social entrepreneurs that are not well established as they enter the competitive free market. Slettvoll (Choose) notes the importance of generating revenue as soon as possible to confirm financial viability. “[It is extremely important] to have a very clear thought on a business model; and not necessarily to fill my pockets, but to not rely on grants.”

Focusing on the commercial domain may sound nefarious for social entrepreneurs. The suggestion that a business should be able to profit while *doing good* raises eyebrows in a best-case scenario. However, a social enterprise must be financially sustainable if it hopes to survive whether it regards itself as a for-profit, non-profit, or hybrid organization.

All of these forms require a business model to generate income rather than simply relying on grants, donations, or government subsidies. Aphibanpoonpon remembered the urgency of generating cash flow for Klongdisor: “The first measure

when the enterprise was established was not the social mission. It was all about cash flow. Not even the profitability. I hired one employee to design the product and monitor the production process. The key challenge was how the company can sustain cash inflow to pay for his salary.”

Lekatanachol (EdWINGS) felt a similar conflict. “Because we focus mainly on social impact, we ran into financial problems. We had to lay off some staff and scale down.” Growing too fast or an overextended expansion is experienced by eager businesses. But the consequences at an early, fragile state can be irreparable.

The decisions necessary to finance any venture often comes down to pragmatism. If the enterprise is not generating sufficient revenue, something must change to create a sustainable approach. “The first thing we would do is reevaluate the model. If the membership model wasn’t working and people were not willing to become members of Bevisste, we could work with a project-based fee,” Mayhroo (Bevisste) explains. “But that’s not compromising, it’s more reevaluating.”

Most simply, Chapa (Relationflip) explains her logic for a resource strapped social venture: “It is better to heal and not completely solve the issue than to dissolve because lack of commercial feasibility.”

In response to this condition, the theory of social bricolage suggests social entrepreneurs use any existing and available resources at the moment to create social impact (Baker & Nelson, 2005). We often hear of scrappy startups and tales from Sam Altman’s (2014) Startup Playbook where new companies are challenged to innovate quickly by testing many approaches. Bevisste currently offers several services as its first customers give credence to the idea of social impact real estate developments. Mayrhoo confirms revenue from a percentage of any contracts signed through their network as well as fees for industry education on sustainability and the benefits of socially focused real estate developments. Bevisste also collects consultancy fees for ad hoc projects that include CSR strategy. We see the benefit of this approach from two perspectives. Using the resources at hand (e.g., time, skills, financial resources, networks, etc.) can help social entrepreneurs develop new approaches to old problems. At the very least, ancillary activities and incomes can provide a revenue stream as agents find a sustainable business model for their primary product.

The exploitation of commercial business models is an obvious strategy we observed from our samples. Chooose started their business by replicating the subscription model used by modern software companies. “The first customer was a

quite large Norwegian tech company with about 1,000 customers,” Slettvoll explained. By turning the Norwegian company into a subscriber, Choose was able to generate monthly recurring revenue for their enterprise.

Using a commercial entrepreneurial model to generate cash flow is of course not an innovative idea. Yet from this illustration, we can see where leveraging accepted and proven business model for social enterprises will free resources for better use. The main force here is the resource limitation of the startup organizations. Explained by resource dependence theory, availability of internal and external resources directly impacts an organization’s action. While relying on external resources from other organizations leads to uncertainty and risk, opportunity to exploit such advantages cannot be overlooked. The exploitation of a commercial counterpart’s model, technology, go-to-market strategy, or any other resource could provide a strategic edge for social enterprises looking to generate cash flow quickly.

Relationflip employs a business model similar to an online travel agency. “We use the idea of booking platforms like booking.com, but instead of using the hotel and accommodation network, we create the online booking platform for psychologists,” Chapa explains. “In the first few months, it was just idea testing...We wanted to test the market feasibility and learn how many people are interested in our service.” Kjørforlivet, Career Visa, and EdWINGS share the same model with professional service firms. Klongdinsor and Better Living Projects started with a traditional production model.

As a result of moral legitimacy in T1, social enterprises are able to pursue commercial business models in T2. If executed properly, social enterprises are able to stabilize themselves financially during the incubation phase. Table 2 summarizes our social enterprises’ initial funding, business model, and revenue model.

	Funding	Business Model	Revenue Model
Relationflip	Founder investment Incubator prize award	Advertising, agency and merchant	Service fee
Klongdinsor	Founder investment Incubator prize award	Productized	Sales revenues Sponsorship
EdWINGS	Founder investment and loan Incubator prize award	Educational, professional, and consultancy service	Service fee Sponsorship
Career Visa	Incubator prize award	Educational, professional, and consultancy service	Service fee Sponsorship
Kjørforlivet	Founder investment	Educational and professional service	Workshop fee
Bevisste	Founder investment	Membership Professional service	Annual membership fee
Better Living Project	Founder investment Crowdfunding	Productized	Sales revenues (prospective)
Choose	Founder investment	Subscription	Corporate subscription Individual subscription

Table 2: Summary of our social enterprises' initial funding, business model, and revenue model

Our research suggests exploitation of a commercial business model can be useful for social enterprises to survive financial pressures during the incubation phase. Too much focus on the social mission without commercial viability will lead to financial insolvency. Despite the need for financial stability, we see this resource stability and accumulation as an accelerator for social enterprises to increase impact. This is clear as the social enterprises aim to scale their missions.

6.3 Scaling social mission (T3)

All enterprises discussed scale of their organization during the interviews. These enterprises intend to create a positive social impact in their respective spheres. Doing so challenges each enterprise to reach as many beneficiaries or stakeholders as possible through their organization. Two factors limit an enterprise's ability to achieve greater social impact: 1) resource instability and 2) an immature understanding of the social issue.

First, the interviews conveyed a desire for enterprises to scale their operations. Resource readiness in the form of stable financial footing, human resources, or technology is the sign of cautious entrepreneurs. As the resource limitation is the main obstacle of the incubation phase, stabilizing the revenue

stream through a solid business model will reduce uncertainty and risk. Without financial resources secured, it is almost impossible for a small enterprise to scale. At best, financial uncertainty results in an inability to plan for the future; at worst, the mortality of the social enterprise.

“Scaling is kind of painful,” Slettvoll recalls the challenges of rapid growth at Choose. “We kind of had to take a step back this year because we were growing quite fast and we hadn’t sat down and truly automated everything. Applying either available technology or being early in adopting new tech in order to create a platform that scales is one of the most important things that we did.”

Harnapachewin remembered a similar uncertainty as Career Visa approached expansion: “Even though the advisor from the Stock Exchange of Thailand also gave the advice that all founders should feed the investment into the enterprise to scale up faster and in the wider range of service, we all agreed that we were not ready to invest until the current revenue stream was stable.” Relationflip and Klongdinsor also reported waiting until their models for generating revenue were tested and financial resource were stable before scaling their social vision.

Second, entrepreneurs want to make sure they have a mature understanding of the relevant social issue. From our interviews, we found the enterprises learning as they gained more exposure. “[Choose], externally and inside our heads, has matured like crazy over the last eight months. Starting with selling carbon credits to people and then evolving it into a full employee benefits program,” said Slettvoll. “Now we’re leveraging blockchain technology to boost impact. All of that, if you told me a year ago, I would probably think you’re crazy.”

Understanding the complexities and nuances of a social issue is a prerequisite to scaling. “We see how to further develop the product by applying more layers of tech in order to boost the impact,” remembers Slettvoll. If Choose moved forward without technological improvements on their back end, they would not be able to service all the incoming requests from the carbon credit market.

Klongdisor also experienced a learning curve as their organization matured. “During the first three years, we learned and experienced many issues from other organizations. We realized our social mission to help the people with disabilities is wider than we thought,” said Aphibanpoonpon. To address their social mission more completely, Klongdisor expanded its services to tackle broader and deeper social issues.

In its efforts to scale, Kjørforlivet learned to more effectively communicate its value as they expanded through Norway. “The delivery to the municipality, what we deliver on, is the same. But how we sell it and pitch it varies,” said Karlson. “Strategy changes with every municipality, because no municipality is like another.” Even with a good product, a business can fail to communicate the desired value to the intended market. Table 3 summarizes our social enterprises’ mission, challenge, and plans for scaling.

	Mission	Challenge	Scale
Relationflip	Integrates the work-life psychological relationship to build mentally robust employees.	Confidentiality; Thai perception of counselling;	Uses a platform for access; work with corporate partners; move from B2C to B2B model
Klongdinsor	Improves the quality of life for blind people	Sustaining cash flow; keeping focus on the mission after realizing the scope of the issue	Association with Thai Health Promotion Foundation; shifting organizational structure
EdWINGS	Addresses the gap in the Thai educational system	Financing, lack of government support; focus on core project	Use clout from other organizations to integrate with the educational system
Career Visa	Helps match new workers to appropriate careers	Scaling the platform; convincing social projects are not reserved for the poor	Partners with educational institutes, leading companies, and other social enterprises.
Kjørforlivet	Provides motivation and assistance for at risk youth	Must educate the public on the benefits and payoff from the program	Can scale by leveraging resources from municipalities
Bevisste	Improves the social impact of real estate projects by connecting developers with social partners	Education; project timeline/horizon for real estate developers	Will serve as a network; do not have a plan for scale outside of Oslo
Better Living Projects	Produces textiles in an ethical manner	Defining market segment; focus on core project	Seeks to develop a model for small scale replication
Choose	Accelerates the green shift by removing carbon credits from the carbon credit market	Education; implementing software solutions to meet demand/scale	Global presence with sales teams in Europe and America

Table 3: Summary of social enterprises’ mission, challenge, and plans for scaling

Most social issues are complex – a lack of understanding may backfire and create more issues instead of alleviating or solving them. In this phase, social entrepreneurs can rest assured they have made an impact. Whether their organization stands the test of time remains to be seen. In the final phase of the pendulum of purpose, we explore the ideal of balance and relative homeostasis.

6.4 Balancing social and commercial missions (T4)

We found the need for balance as an important theme throughout our interviews the social entrepreneurs. As Chapa (Relationflip) realized the need for

pragmatism, she also recognized the need for balance as it relates to mission. “I believe that social and commercial should be balanced in the middle. I have seen the case where social entrepreneurs were too extreme in maintaining their social mission and ideology.” Noticing the need for this balance is key to moving forward successfully as an entrepreneur.

Challenges associated with the liability of smallness and newness cause the social enterprise to drift from its mission. This disruption will affect the enterprise’s identity and could lead to irreparable consequences if not addressed. With the adoption of previously mentioned business models, our research suggests social enterprises find a balance between their commercial and social missions (T4). Hybrid organizations with dual-missions can make alignment challenging. A social enterprise with two incongruent missions exacerbates this challenge (Whetten, 2006). While mission incongruence occurs in social enterprises, it does not mean alignment within a dual-mission approach is impossible.

Typically, a commercial mission can be easily measured by financial matrices such as revenue or profitability. However, social mission is much more difficult to measure. The uniqueness of social missions cannot be traced by the common or basic accounting principle as social enterprises are dealing with different social issue which have no common *social currency* (Luke, Barraket, & Eversole, 2013). Our findings demonstrate examples of how social enterprises can align their performance evaluation between commercial and social domain by defining social metrics that are positively correlated with financial metrics.

“We have one main KPI, and that’s how many tons of CO₂ have we reduced.” Slettvoll explains Choose tracks many performance metrics, but only focuses on CO₂ reduction. Full alignment of social and commercial mission is demonstrated here. Slettvoll continues, “They are closely connected...[and] it’s more motivating than: *What’s the turnover?*”

Klongdinsor measures its success both quantitatively (number of beneficiaries) as well as qualitatively (the success story of its beneficiaries). “After our financial situation [stabilized], we started to measure our social impact by counting the numbers of people with disabilities who participate in our project,” explains Aphibanpoonpon. “That is our only quantitative social focus. However, we pay more attention in qualitative measurements such as observable changes in people with disabilities.” These cases prove that the term *social enterprise* is not an oxymoron.

Less obvious approaches can be equally effective. “We can measure what we see against the reference group. We see 87% of our participants stay in school at least one year.” Karlson (Kjørforlivet) acknowledges the challenge in measuring something that does not exist because it does not occur. Yet the organization is not deterred by the undefined baseline. “We work with the schools even though the schools cannot really be a buyer of our product, we still have to talk to them because many of the kids that we work with are still in school.” An efficacy metric with a longer scope would be ideal, but it’s not practical for an organization that requires more immediate feedback to sell their product.

Some struggle to find a social mission metric that positively correlates with financial metrics. This process requires a deep understanding of the social issue, business model, beneficiary interests and stakeholder interests. To illustrate this challenge, Bevisste measures the number of members in its database. Even though the number of members is directly correlated with revenue, and membership suggests a correlation with impact through socially responsible real estate development projects, this number does not directly reflect the beneficiary welfare or social impact as project scale of each member can vary widely.

Lekatanachol (EdWINGS) faces the same challenge. “We measure the number of schools, students, teacher, and cooperatives that we offer training and education. The more schools and students that joined our program reflects more income from the service we offer.” While the metric clearly reflects revenue for EdWINGS, the number of training sessions does not measure impact, only quantity.

In cases where organizations struggle to find a social metric that aligns with commercial success, Emerson (2003) suggests a blended value proposition. This framework encourages social enterprises to consider their financial efficiency and sustainability in tandem with social impacts. Eventually, the social enterprise will merge its missions to capture both values simultaneously while maintaining financial sustainability and moral legitimacy. Once established, a social enterprise can move to optimize their mission.

While measuring social impact is important, communicating the right metrics to stakeholders and consumers determine whether a social enterprise will thrive. Social enterprises that fail to quantify their progress will not impress their investors. Neglecting documentation and reporting is another stumbling block. Undocumented outcomes lead to a challenging justification process, an under-appreciation of social impact from stakeholders, and a possible loss of legitimacy

(Emerson & Cabaj, 2000; Luke, Barraket, & Eversole, 2013). Without a dashboard to track progress, social entrepreneurs may steer their enterprise off course.

Leveraging data can also help organizations make better decisions for the enterprise. Karlson demonstrated how Kjørforlivet leverages data bring on new clients: “When we scale into new municipalities that don’t really know what Drive for Life is about, we have to make sure that the message is received – that they understand what we’re working with.” Data helps organizations keep focus on their mission. This will result in a better outcome for both social and commercial missions if they have mission alignment through a mechanism such as a North Star Metric.

Understanding such data collected by these social entrepreneurs can help effectively build and manage impact organizations. The North Star Metric is a popular measurement that has guided many Silicon Valley companies as they grew from small startups to tech giants. According to Hegde (2018), “The North Star Metric is the *single metric* that best captures the core value that your product delivers to customers”. The North Star Metric serves as a primary focus and guide for teams that may have multiple metrics or many metrics from which they can measure progress or success. It is meant to move beyond surface level “vanity” metrics in favor of something that will represent genuine impact on the well-being of a business’ health. A North Star Metric can also replace multiple signals with one common denominator.

Our research supports a need for social entrepreneurs to have a pulse on the status of their business through quantifiable metrics. By determining a North Star Metric that aligns both social and commercial missions, social enterprises can help maintain balance regardless of where market or social pressures cause their focus to drift. We unite the competing missions unified with each social enterprise’s North Star Metric in Table 4.

	Social Mission	North Star Metric	Commercial Mission
Relationflip	Integrate psychology to work-life balance to build mentally robust employees.	Satisfaction of employees; employee attrition rate	Sell corporate and individual counselling
Klongdinsor	Improve the quality of life for blind people	Number of program participants	Sell products and services for the blind and disabled
EdWINGS	Address the gap in the Thai educational system	Number of training sessions (room for improvement)	Sell programs to schools; train and advise corporations
Career Visa	Help match students and new workers to appropriate careers	Number of sponsored placements	Sell workshop and training to students and new workers
Kjørforlivet	Provide motivation and assistance for at risk youth	Program graduation rate/ Student program enrollment (cohort analysis)	Sell programs to municipalities
Bevisste	Improve the social impact of real estate projects by connecting developers with social partners	Number of socially responsible units created (commercial and residential)	Sell subscriptions to real estate developers
Better Living Projects	Produce textiles in an ethical manner	Number of women employed	Produce and sell ethically produced textiles
Choose	Accelerate the green shift by removing carbon credits from the carbon credit market	Number of CO ₂ tons eliminated	Sell carbon credits on the open market

Table 4: Summary of social enterprises' social mission, north star metric, and commercial mission

7. DISCUSSION

Through our research, we do not see drift with any negative connotations. In fact, we do not see drift between commercial and social domains as good or bad – we see it simply as a step in the evolution of the business' existence. Drift is pronounced in the social sector because both metrics are so fundamentally tied to the enterprise's identity and success. Drifting too far towards the commercial domain challenges a social enterprise's moral legitimacy. Conversely, drifting too far towards the social domain limits a social enterprise's growth or pushes it to insolvency. We see mission drift as a benign adaptation mechanism for enterprises operating with a dual-mission and propose three key considerations to young social entrepreneurs who bring fresh ideas to tackle social issues.

First, although the definition of social enterprise is vague and debatable in among scholars, organizational identity theory suggests defining purpose is the root of moral legitimacy. Since moral legitimacy is so closely tied to the initial funding and reception of social enterprises, getting this story right is crucial. Many social entrepreneurs start a project to address one issue, and then realize it's much more complex than they originally thought. Keeping focus on the primary social

obligation will help social entrepreneurs tell a concise story, while limiting scope of the enterprise will help ensure resources are allocated efficiently.

Second, scholars push for innovation at the core of social entrepreneurial projects. Some social issues are complicated while others are ignored. We must first recognize a wide array of social value creation along with an opportunity to address social issues by *thinking outside the box*. Some social entrepreneurs seek to solve a social issue without formal business education or practical experience. These lucky optimists bring creativity with their naiveté and propose innovative solutions to challenge traditional business acumen. If such innovation does not offer an appropriate return on investment in a timely manner, social entrepreneurs can exploit existing business models to address social challenges.

Last, social entrepreneurs are super entrepreneurs. A great social enterprise is much more than a well-curated story with good intentions. The entrepreneur must have the determination and perseverance to deliver both social and economic profits in highly constrained markets. These entrepreneurs seek rewards for their contributions and have a fully aligned structure for the enterprises they run. Social entrepreneurs do not aim to change the world. Instead, they recognize they are enablers and encourage others to take the leap. Creating social benefit can be both economically and socially productive.

Ellis (2010) suggests social entrepreneurs will succeed only when society does not distinguish between types of entrepreneurs. This is a vision we hope social entrepreneurs embrace as they embark on their next venture. Like Mueller et al. (2011), we agree the dichotomy between social and commercial entrepreneurship should be rejected. By focusing on the core identity derived from the social mission, leveraging the tools of previous entrepreneurs, and having the hutzpah to pursue economic rewards, we believe social enterprises will have a higher probability for impact with their social ventures.

8. LIMITATIONS

Through the composition of this thesis, we recognize two limitations that warrant discussion: 1) reliability and 2) validity.

8.1 Reliability

Meeting external reliability requirements for qualitative research is a challenge. The very definition of social entrepreneurship and social enterprise

remains contested in academic literature and is problematic for the replicability of our study. Any replication of this research must adhere to the assumptions we bring to our methodology.

The interview questionnaire we used for our data collection tool has been tested in the Norwegian and Thai social settings. Both settings produced comparable results. We believe this data collection tool is unbiased and will suit other social settings for research that can add to the comparability of our initial research.

In addition to external reliability requirements, we also consider internal reliability. Inter-observer consistency technique (Bryman & Bell, 2015) was integrated with our methodology during the cross-case patterns finding stage. By this process, two observers interpreted data independently to prevent contamination of the findings and subsequent conclusions. We took this measure to increase the trustworthiness of our results.

8.2 Validity

We believe the small sample size impacts the validity of this study. Small sample size produces a limitation in external validity and in the ability to generalize our results across other social settings. We acknowledged this limitation prior to designing our methodology and decided to expand our sample from a single social setting (i.e., Thailand) to two social settings (i.e., adding Norway). We expect this expansion and added diversity will increase the validity of our study. In accordance with Silverman (2013), we are aware the small sample limits our understanding of the nuances found within the vast array of social enterprises. However, we believe there are key traits within our samples that are generally applicable for the majority of social enterprises.

We apply a balance between theoretical frameworks and empirical observations to account for the internal validity of this study (Bryman & Bell, 2015). We applied various strategic management concepts and theories including resource dependency theory, institutional theory, organizational identity theory, and evolutionary theory. The best practices and discussion sections are built upon these theories by integrating relevant academic literature with our empirical research. We expect comprehensive implications and validity of our research as a result.

9. FUTURE RESEARCH

This study addresses the existing gap in social entrepreneurship by including multiple industries where most empirical studies focus on the microfinance industry (Cornforth, 2014). By conducting a case-based investigation of these industries, we contribute a broader understanding of the social enterprise landscape. Nascent social entrepreneurs often bring unconventional academic backgrounds and experience to business. Without a formal business education, these entrepreneurs contribute a child-like perspective that lends creative solutions to the business climate that has since grown mechanized and systematic. Because of this, these entrepreneurs are able to push the bounds of what we currently consider *business as usual*. We close by suggesting two areas of focus for future research as more social entrepreneurs comprise the business landscape: 1) institutional change and 2) quantitative research.

9.1 Challenging institutions

Our research draws upon evolutionary theory and focuses on strategy for young social enterprises to overcome the liabilities of newness and smallness during incubation through initial scaling phases. We recognize a need for further understanding as to how entrepreneurs can execute strategy that creates social and business impacts at the mainstream level.

In agreement with commentary from Ellis (2010), we hypothesize social entrepreneurs will succeed once their enterprises are indistinguishable from traditional commercially focused enterprises. We point to two social enterprises that compete in the mainstream market. Toms Shoes won international recognition with their One for One[®] purchasing and giving model (TOMS, 2018). This model where Toms gives a new pair of shoes to an impoverished child for every pair of shoes it sells has since been replicated by Warby Parker among others (Warby Parker, 2018) Patagonia, an American outdoor clothing company that focuses on sustainable and ethical production, commits 1% of its total sales or 10% of its profit to various environmental groups (Patagonia, 2018). Research on these mature enterprises could provide understanding and guidance for future social enterprises. We also believe such research could comment on what constitutes *good business* for the future of commerce and trade.

9.2 A call for quantitative research

Our research suggests competing social and commercial missions require a sensitive balance. This continuous recalibration challenges the existing institutional belief of social enterprise. Non-profit and hybrid organizations that focus less on commercial missions may very well be part of social enterprises at a specific point in time. However, these same enterprises are not limited by such altruistic models. This study introduces a new paradigm for social enterprises as organizations that oscillate between social and commercial goals. We posit social enterprises should define a social impact metric that is positively correlated with financial success.

Quantitative research stands the best chance to strengthen this hypothesis. By working closely with social enterprises, researchers can track key metrics (i.e., an enterprise's *North Star*) to analyze how firms organize and align their missions while traversing the dual-mission landscape. With the growth of computing power, measuring success in a bespoke manner becomes an accessible possibility. Additional quantitative research examining the proposed best practices may clarify the generalizability of our findings. The study of large social enterprises paired with further quantitative research may help guide fellow social entrepreneurs to success as they push to change the world through commerce.

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11. APPENDIX

11.1 Appendix 1: Interview guide

Interviewee: <Name>

Date:

Time:

Objective:

With the recent rise in social innovation and social entrepreneurship projects, we are curious to understand these projects. Our research focuses on the foundation of social enterprises and subsequent actions.

This interview will take approximately 30 minutes, and we request your consent to voice record the interview and transcribe it thereafter. All correspondence can be directed to the researchers at nuttakit.nch@gmail.com or nicholas.j.bergin@gmail.com.

INCUBATION:

Q1: When and why was the enterprise founded?

Q2: What social issue does the enterprise address?

Q3: What is your role within the organization?

Q4: What was the initial measure in performance for solving the social mission?

Q5: What is the social enterprises' revenue model?

SCALING UP:

Q6: Did you see at some point or do you see now any opportunity in scaling the enterprise?

- Discuss reaching more beneficiaries for more social impact.

Q7: How did you scale your business to the current capacity or how do you plan to scale your business if you are at that point now?

- What strategy (if any) does your enterprise have for procuring the following resources: Financial, Human Resources, Legitimacy among business network
- Discuss public and private sectors, self-funding, bootstrapping
- Discuss sources of resources and support and strategy to scale up.
- Discuss plans for growth.

Q8: If altered from the initial goal, what is the social enterprises' goal today?

Q9: Have the performance measurements evolved since the foundation of the social enterprise?

Q10: How does your social enterprise generate revenue?

- Discuss about the current business model

PROBING QUESTIONS:

Q11: How do you see your social enterprise evolved from the beginning to this stage?

- Discuss the development and evolution of business model changes between incubation and scaling phases.

Q12: Are there limits your social enterprise?

- If so, please specify.
- Resource constraint? Legal? Economic competition? Not practical.

Q13: What support from external stakeholders would help scale your enterprise?

- Networks? Introductions?

Q14: Do external stakeholders have any conditions for their support?

- What strings are attached to the money? Influence? Connections?
- How do you plan to overcome that challenge?

Q15: Has the business model changed/evolved to accommodate stakeholders?

How and why?

- Discuss reciprocity or misalignment between SE and stakeholders?

11.2 Appendix 2: Forenklet vurdering fra NSD Personvernombudet for forskning



Alessandra Luzzi
Nydalsveien 37
0484 OSLO

Vår dato: 26.04.2018

Vår ref: 60174 / 3 / LT

Deres dato:

Deres ref:

Forenklet vurdering fra NSD Personvernombudet for forskning

Vi viser til melding om behandling av personopplysninger, mottatt 04.04.2018.
Meldingen gjelder prosjektet:

60174	<i>Addressing challenges in the early stages of the social enterprises</i>
Behandlingsansvarlig	<i>Handelshøyskolen BI, ved institusjonens øverste leder</i>
Daglig ansvarlig	<i>Alessandra Luzzi</i>
Student	<i>Nuttakit Charuschanyawong</i>

Vurdering

Etter gjennomgang av opplysningene i meldeskjemaet med vedlegg, vurderer vi at prosjektet er omfattet av personopplysningsloven § 31. Personopplysningene som blir samlet inn er ikke sensitive, prosjektet er samtykkebasert og har lav personvernulempe. Prosjektet har derfor fått en forenklet vurdering. Du kan gå i gang med prosjektet. Du har selvstendig ansvar for å følge vilkårene under og sette deg inn i veiledningen i dette brevet.

Vilkår for vår vurdering

Vår anbefaling forutsetter at du gjennomfører prosjektet i tråd med:

- opplysningene gitt i meldeskjemaet
- krav til informert samtykke
- at du ikke innhenter [sensitive opplysninger](#)
- veiledning i dette brevet
- Handelshøyskolen BI sine retningslinjer for datasikkerhet

Veiledning

Krav til informert samtykke

Utvalget skal få skriftlig og/eller muntlig informasjon om prosjektet og samtykke til deltakelse.

Informasjon må minst omfatte:

- at Handelshøyskolen BI er behandlingsansvarlig institusjon for prosjektet
- daglig ansvarlig (eventuelt student og veileder) sine kontaktopplysninger
- prosjektets formål og hva opplysningene skal brukes til
- hvilke opplysninger som skal innhentes og hvordan opplysningene innhentes

Dokumentet er elektronisk produsert og godkjent ved NSDs rutiner for elektronisk godkjenning.

- når prosjektet skal avsluttes og når personopplysningene skal anonymiseres/slettes

På nettsidene våre finner du mer informasjon og en veiledende mal for [informasjonsskriv](#).

Forskningsetiske retningslinjer

Sett deg inn i [forskningsetiske retningslinjer](#).

Meld fra hvis du gjør vesentlige endringer i prosjektet

Dersom prosjektet endrer seg, kan det være nødvendig å sende inn endringsmelding. På våre nettsider finner du svar på hvilke [endringer](#) du må melde, samt endringskjema.

Opplysninger om prosjektet blir lagt ut på våre nettsider og i Meldingsarkivet

Vi har lagt ut opplysninger om prosjektet på nettsidene våre. Alle våre institusjoner har også tilgang til egne prosjekter i [Meldingsarkivet](#).

Vi tar kontakt om status for behandling av personopplysninger ved prosjektsutt

Ved prosjektsutt 31.07.2018 vil vi ta kontakt for å avklare status for behandlingen av personopplysninger.

Gjelder dette ditt prosjekt?

Dersom du skal bruke databehandler

Dersom du skal bruke databehandler (ekstern transkriberingsassistent/spørreskjemaleverandør) må du inngå en databehandleravtale med vedkommende. For råd om hva databehandleravtalen bør inneholde, se [Datatilsynets veileder](#).

Hvis utvalget har taushetsplikt

Vi minner om at noen grupper (f.eks. opplærings- og helsepersonell/forvaltningsansatte) har [taushetsplikt](#). De kan derfor ikke gi deg identifiserende opplysninger om andre, med mindre de får samtykke fra den det gjelder.

Dersom du forsker på egen arbeidsplass

Vi minner om at når du [forsker på egen arbeidsplass](#) må du være bevisst din dobbeltrolle som både forsker og ansatt. Ved rekruttering er det spesielt viktig at forespørsel rettes på en slik måte at frivilligheten ved deltakelse ivaretas

Se våre nettsider eller ta kontakt med oss dersom du har spørsmål. Vi ønsker lykke til med prosjektet!

Vennlig hilsen

Marianne Høgetveit Myhren

Lis Tenold

Kontaktperson: Lis Tenold tlf: 55 58 33 77 / lis.tenold@nsd.no