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The Remedies to Mission Drift in Social Entrepreneurial
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Navn: Nicholas Bergin, Nuttakit
Charuschanyawong

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Alessandra Luzzi

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INTRODUCTION

The innovative concept of social entrepreneurship (SE) is considered as the transformation of capitalism (Driver, 2012). Porter and Kramer (2011) introduced the idea of 'Creating Shared Value' and urged the business sector to give heed on social issues that the conventional capitalism failed to satisfy. The key recommendation made by Porter and Kramer is to integrate the social value or mission to the value chain of the business, thus the entrepreneurs or enterprises need to embrace innovative business model to achieve both economic and social mission. However, it is always easier said than done. Crane et al. (2014) criticized the shared value creation concept and opposed that Porter's concept leads managements to choose an easy win business model drifting away from the original social mission. This drift leaves the complex social problems unsolved.

Social entrepreneurs may face the challenge in establishing social enterprise especially in resource acquisition process during the incubation stage. The two counterparts namely social entrepreneur and commercial entrepreneurs are driven with different motives, the first one is by compassion and the latter is by profit (Roberts & Woods, 2005). Scholars of social entrepreneurship have debated whether social enterprises should seek profits (Jones, 2007). Although many scholars agreed that social entrepreneurship concept prioritizes the social mission before profit maximization (Mair & Martí, 2006; Roberts & Woods, 2005; Zahra et al., 2009), the empirical evidence showed that social enterprise may not be able to generate profit, but loss (Foster & Bradach, 2005). This makes social entrepreneurial initiative unfavorable among typical ventures. In contrary, business sectors also seek out for legitimacy by integrate social initiative into their business (Driver, 2012; Porter & Kramer, 2011). As a result, social entrepreneurs and ventures may have the different incentives. However, they are still related and influenced by each other. The social enterprises require the resources from social ventures while the latter party may intervene social entrepreneurial mission to make more money leading to 'mission drift' that results in the sub-optimal mission.

Apart from ventures relationship, external isomorphism such as laws and regulations, and social norms can influence the resource acquisition strategy of social enterprises. Desa (2012) study based on Scott's institution pillars showed the importance of institutions in resources leveraging strategy of the social enterprises. The study focused on the relationship between institutions and social enterprises'

resource acquisition process. Nonetheless, it did not go further to question to what extent do institutions influence social enterprises' missions and mission drift.

To examine the causes and effects of mission drift in social entrepreneurship field, most recent literatures focuses on the microfinance industry (Aubert, de Janvry, & Sadoulet, 2009; Copestake, 2007; Marc & Kristi, 2010; Mersland & Strøm, 2010). The main reason why microfinance industry has been an interesting focus for mission drift research is because microfinance institutes have pressure from profitability which leads them to work with the clients that are less poor and pay attention for profits (Aubert et al., 2009). The research in a single industry limits the appropriateness of applying the mission drift prevention strategy to other fields or contexts (Cornforth, 2014). We seek to test the existing theory and add to current research to find how social enterprises maintain their mission. The purpose of this research is to investigate the approach social enterprise takes to maintain their mission through the acquisition of resources (i.e. financing) beyond microfinance.

In the institutional theory perspective, the strategic decision making is explained by institutionalization process and legitimacy is critical to organizational success (Dacin, Oliver, & Roy, 2007). This theory can offer the conceptualization of the relationship between social entrepreneurs and its ventures as mentioned earlier. The major objective of this thesis is to test a theory of mission drift in social entrepreneurship field and provide the remedies or prevention to minimize the chance of mission drift that leads to the sub-optimal social mission. The institutional theory is applied to be an underlying theory for the case studies development. Therefore, we address this topic with the question: *'How does social enterprise manage mission drift pressured by related institutions under the resource acquisition process?'*

To answer this research question, we will apply the qualitative research method by interviewing several social entrepreneurs in Thailand to develop a cross-case comparison. The case studies will help us understand and test the existing theories suggested by the scholars in combating mission drift in social entrepreneurship projects. We expect to add the contributions to social entrepreneurship field and expand the generalizability of the existing theories more than the microfinance industry.

LITERATURE REVIEW

Social entrepreneurial characteristics and challenges

In the academic arena, scholars struggle to define social entrepreneurship. Numerous academic literatures discuss and define the definition of social entrepreneurship, but the universal definition seems elusive. At best, knowledge from the review of literature on social entrepreneurship definitions provide two main and unique characteristics: social mission and innovation.

First and foremost, social mission rests at the heart of social entrepreneurship (Mair & Martí, 2006; Roberts & Woods, 2005; Zahra et al., 2009). This implies social entrepreneurship is different from its counterparts (e.g., commercial entrepreneurship) that focuses 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). Porter and Kramer (2011) suggest capitalism is moving towards shared value creation. To achieve the next phase of capitalism, the innovative model of business is necessary to serve the social mission that capitalism fails to satisfy today. The 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, the study in successful social entrepreneurship initiatives confirmed successful projects encompass different forms of innovation including capabilities development, new products or services to solve social problems, and building of local movements to enhance bargaining power of the enterprises (Alvord et al., 2004)

From these two unique characteristics of social entrepreneurship, we observe the complexity that accompanies management of social entrepreneurship projects. The first challenge emerged from emphasizing social value over economic returns. Austin et al. (2006) suggest focusing on a specific social issue may limit the willingness of ventures to invest in social entrepreneurship initiatives. To survive and achieve its social mission, financial sustainability is necessary for doing good and expand the social impact to those in need (Abu-Saifan, 2012). The

scholars propose an idea that blurs the boundary between social and commercial entrepreneurship. 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 Martí (2006) confirm social entrepreneurs do not have to neglect earned income strategy to create social value.

Another challenge occurred from the pressure of being innovative. Innovation does not only resolve social issue, but it also creates the risk for social entrepreneurship projects. Many researches mentioned that the attempts to solve problem with innovation that has never been justified may place social entrepreneurs at risk (Peredo & McLean, 2006; Tan, Williams, & Tan, 2005; Weerawardena & Mort, 2006). The risk involved stems from the uncertainty in resources acquisition such as lack of financial and human resources (Tan et al., 2005). Weerawardena and Mort (2006) find social enterprises are concerned over the survival of the organization and tend to embrace the risk management approach to prevent financial insolvency. As a result, the uniqueness of social entrepreneurship characteristics result in resource acquisition challenge which requires social entrepreneurs to formulate more sophisticated resources leveraging strategy.

Resource leveraging strategies in social entrepreneurial field

The strategic management theories suggest three major strategies for growing an organization: greenfield (Davidson & José, 1989), strategic alliances (Gulati, 1998), and merger and acquisition (Trautwein, 1990). For commercial entrepreneurship, the motives to grow the business are obvious. Commercial entrepreneurs use those strategies to extend market scope, increase power, and enhance business capacities. In contrast to social entrepreneurship, social enterprise needs to scale up its business and operations because scaling up is necessary for creating social value and impact (Porter & Kramer, 2011).

In the strategic management perspective, organization survival and performance attribute their success to resources. One of the most influential theories in strategic management is resource dependency theory. Tiziana and Mikolaj Jan (2005) emphasized that survival of the organization relies on how well it can obtain critical resources from the environment. Addressing Weerawardena and Mort (2006) concerns, social entrepreneurs needs other entities to obtain such resources. Since the aforementioned characteristics of social entrepreneurship suggests

resources acquisition is more difficult for the social entrepreneur, actors must rely on resources in their possession. This concept was defined as 'bricolage' by Ted and Reed (2005). The major process of bricolage is to operate by the current resources available to the organization (Desa, 2012). Di Domenico, Haugh, and Tracey (2010) extended the theory of bricolage to social entrepreneurship area by proposing that social bricolage processes encompass the attempts of social entrepreneur to overcome resource limitation by persuade other significant actors to leverage 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 guided a co-creation process that the social entrepreneurs may start their projects from vague ideas about products or services, then they will consider their skills, resources and people who are able to help shape their business models (Corner & Ho, 2010). With social bricolage and effectuation approach, it is notably that resource leveraging context of social entrepreneurship is more complicated as it comprised of resource constraints, risk involved by the innovated business model and various demands from a wide range of stakeholders in co-creation process.

In this complicated situation, many social entrepreneurs started their business 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 up, research finds strategic alliances are the most common strategy. Katre and Salipante (2012) studied twenty-three social enterprises and found that forming partnership alliances is the key success factor in establishing social entrepreneurial startups. Meyskens and Carsrud (2013) elaborated that alliances assist social enterprises to better access to financial, human, and social capital. Grameen Bank is still an example at this stage. Yunus obtained resources through collaborative venture to grow his organization when acquiring resources was challenging. Grameen Phone, a joint-venture company, was established by the collaboration between Grameen Bank and Telenor of Norway to offer the affordable telecommunication service to the poor in Bangladesh.

In conclusion, social enterprises under the resource acquisition challenge often apply bricolage and effectuation as the strategy in the incubation stage. After

the firm establishment, strategic alliance will be an effective strategy to scale up the social impact as the alliance will provide the access to necessary recourses and capabilities for the social enterprises.

Social Entrepreneurship in the institutional theory lens

As resource acquisition is a dyadic relationship between the organizations, the institutional-based view or institutional theory has importance in understanding this relationship. In this view, institutions shape the interaction between human and human or organization and organization (Zhou & Peng, 2010). In the resource-based view, social enterprises require the possession of critical resources to achieve their social missions. However, the institutional theory addresses that the external isomorphism from social institution does matter for success in resource acquisition.

North (1990) distinguishes institutions into two main domains: formal and informal. The formal institutions include laws and regulations, while the informal regulations cover norms, cultures, and ethics. In a similar way, Scott (1995) proposed the three pillars of institution consisting regulative, normative and cognitive 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 in forms of accreditation or other professional standards. Cultural institutions seem to be the most informal as they are defined by the beliefs of the specific groups. These three institutions play a critical role in resource acquisition of social enterprises because the institutions govern the power or limit the ability to build alliances and negotiation through legitimacy of the organizations (Begley, Khatri, & Tsang, 2010; Suchman, 1995).

In resource acquisition process of social enterprises, Suchman (1995) and Dart (2004) suggested that social bricolage process can help social enterprise to ease the resource acquisition by creating three different types of legitimacy including pragmatic, moral and cognitive legitimacy. The first one is pragmatic legitimacy. This is best described by the concept of return on investment. If the activity can offer desired return, then it is legitimate. The second is moral legitimacy, which is justified by social isomorphism. Social isomorphism legitimizes activities considered as proper to social norms. Last, cognitive legitimacy is the most basic. At the level of preconscious, cognitive legitimacy justifies activities taken-for-granted and does not need any evaluation. Desa (2012) study found that legitimacy would help social enterprises to overcome the

challenges from the regulative and cognitive institutional pillars. In addition to the social bricolage process that creates legitimacy, the success stories of social entrepreneur as an individual (e.g. Yunus) and innovative business models are two important factors that support legitimization using philanthropic practices and market attractiveness respectively (Nicholls, 2010).

Mission Drift in Social Entrepreneurship

Mission drift can be defined as a shift in the organizational purpose or end game for an enterprise. Mission drift can explain 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). There are multiple sources of mission drift. They can be viewed from institutional perspective which emphasizes institution influence on the mission of social enterprises and business models. For example, the difficulty in pursuing both social and economic mission simultaneously can push social enterprise away from the original mission to the easy win and sub-optimal mission (Crane et al., 2014). The pragmatic institution that forces social enterprise to favor the investors is a major source of mission drift. Epstein and Kristi (2010) recites the cases of microfinance institutions (MFIs) that microfinance firms applied commercial bank management approach to gain trust and pragmatic legitimacy from investors. As a result, MFIs are becoming more like a commercial bank rather than social enterprise. One of the main reasons why MIFs adapt themselves and shift the mission towards profit maximization is because of financial sustainability (Copestake, 2007; Cornforth, 2014).

However, an unclear definition of social entrepreneurship makes identifying mission drift difficult. 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."

The problem of this example is whether the organization abandoned its social mission when it became a publicly traded company. If Facebook does maintain its original mission, do the profits support the mission? The blurred line between commercial and social mission draws skepticism and criticism of social enterprises' activities.

Although mission drift has been mentioned in many social entrepreneurship studies, most research fell into the microfinance industry and in western regions, particularly the U.S. and the U.K. (Aubert et al., 2009; Copestake, 2007; Epstein & Kristi, 2010; Hishigsuren, 2007; Mersland & Strøm, 2010). The findings from a single industry has limitations in generalizing theory to other contexts. This makes us question whether mission drift is a strategic problem. The scholars seem to agree that mission drift has negative consequences to social enterprises. Ebrahim, Battilana, and Mair (2014) explained that the mission drift in social enterprise refers to the failure in achieving social mission, which makes the existence of social enterprise meaningless.

While these papers suggest a negative connotation with mission drift, we question whether it deserves such a response. Are there scenarios in which mission drift could be positive for the well-being of the social enterprise and the consumer which it serves? And are there reasons for mission drift beyond the artifice we associate with social entrepreneurs who *sell out*? Should we judge mission drift on the basis of internal (e.g., profit, ideology) and external (e.g., social pressures, legislation changes) incentives differently? These are questions worth consideration as we investigate the fundamental purpose of social enterprise. Further, other examples detail social enterprises that do not face mission drift. By including these cases in our study, we may find a correlation of circumstances that accompany mission drift or an alternative that illuminates circumstances that preclude mission drift.

Nevertheless, mission drift is perceived as a culprit of social enterprises' reputational risk (Jones, 2007; Weisbrod, 2004). This makes it worthwhile to investigate and test the prior theory of how social enterprises prevent mission drift. The recent literature suggests the importance of the social enterprise's approach to maintaining the original social mission while acquiring resources. The case studies developed upon empirical data in various context using situations beyond the microfinance industry outside the U.S. and the U.K. will extend theory in the social entrepreneurship field (Cornforth, 2014). In creating a more robust theory, managers can help social enterprises maintain their original mission and better resolve social issues.

RESEARCH DESIGN

To investigate the approach of successful social enterprise in dealing with mission drift challenges and construct theory based on empirical evidence in the social entrepreneurship field, this study will engage the approach of case study research (Eisenhardt (1989)).

Research question

This study sets out to investigate mission drift within social enterprise: “How does social enterprise manage mission drift under the resource acquisition process?” This grounding construct for the case is the success in maintaining the original mission of the social enterprise. Although the mission drift is difficult to observe, collecting the historical data of the research case will help to measure the change in social enterprise’s mission over time. For business activities construct, it is impossible to establish the theory from the clean slate. Therefore, relevant literatures suggested strategies in mission drift prevention will be used as the framework to measure the approach used by social enterprise. The suggested strategies include 1) governance mechanism 2) structuring hybrid organizational between social and commercial activities and 3) integrating organizational strategies (Cornforth, 2014; Ebrahim et al., 2014; Epstein & Kristi, 2010).

Research site selection

Selecting research site is critical because the samples will affect the degree of generalizability (Eisenhardt, 1989). To extend the knowledge in social entrepreneurship field, we would like to examine the cases outside of U.S. and U.K. regions. The cases will be drawn mainly from Thailand and other South East Asia countries if possible. There are two main reasons why Thailand and other South East Asia countries could be the suitable research sites. First, Hall, Matos, and Martin (2014) suggest serving the Base of the Pyramid (BOP) (i.e., those living on less than 2USD per day) requires social enterprises to innovate their business models by bricolage approach or creating something from sub-optimal resources and the BOP market also provides opportunities for social enterprises to legitimate themselves. Second, the researcher has the connection with the organizations, including the Stock Exchange of Thailand and Changefusion, and can leverage the network relationship to get access to the relevant data sources.

Moreover, the research sites will be picked up from other industries besides microfinance where there are plenty of cases and research in mission drift as mentioned earlier. Admittedly, defining social entrepreneurship is ambiguous as there is no uniform definition. As the definition of social entrepreneurship is elusive, we defer to the definition used by Zahra et al. (2009), '*the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner*'. This definition is most appropriate for the research setting as it covers a wider sample and describes social entrepreneurship in a process-oriented view which is ideal for a resource leveraging setting.

Research instrument and data collection

This study will utilize semi-structured interview as the major tool for data collection. The questions will be based on existing theory of social entrepreneurship mission drift and remedies. The semi-structure interview will offer two advantages for answering the research question. First, interviewing participants from multiple research sites with the same questions will allow us to conduct cross-cases comparison and enhance the degree of generalizability of the results. Second, flexibility of a partially unstructured format will provide room for understanding the case in detail, allowing us to probe ambiguity as well as extending the knowledge from existing theories used in interview question design (Alan & Emma, 2007).

We will conduct the interview via online method using video conference application as the participants are running their business in Thailand. Phone interview or emailing to follow up and data reconciliation may be applied in case the research requires any additional information for data analysis.

We are aware of social desirability issue that could possibly take place as participants may perceive that mission drift is negative and risky for their reputation. Prior to interviewing, we will shape the interview question to be subtler and ensure that the questions will not lead to the bias in responding. Moreover, the research team consisting two observers will participate in the interview to obtain the different perspectives in viewing the information from different observers (Eisenhardt, 1989).

RESEARCH SITES

As we mentioned that finding research sites in developing country will allow us to find the social enterprises that engage bricolage approach and innovate their business model as the processes of legitimization and may be challenged by mission drift pressure. We have contacted several social enterprises in Thailand. There are four possible social enterprises that agree to participate in our study. Ebrahim et al. (2014) suggest that social enterprises are at risk of mission drift when they are starting focus on profitability. We selected these four social enterprises based on their clear business models for generating revenue. The overviews of the enterprises are as follow:

1. Klong Din Sor (The pencil box)

Klong Din Sor, by its name means the pencil box, is the social enterprise operating in the form of limited company. The company was founded in early 2013. The major mission of the enterprise is to produce the product that helps the blinds to create the graphic design or arts through the touch from the fingertips. A tactile drawing kit expands the art beyond seeing and helps the blinds to find their aspirations. Chatchai, the founder and current CEO, has background in economics and business management. He partners with a variety of organizations including Changefusion – Thailand social entrepreneurs network, Banpu – the energy company that offers financial support, The Stock Exchange of Thailand, Thammasat Business School, and Foodpanda – a global mobile food delivery marketplace headquartered in Berlin. More information of the company can be found at <http://www.klongdinsor.com>

2. Career Visa

Career Visa was established in 2014 by a group of social entrepreneurs who see the issue in employment of the new generation and teenagers in Thailand labor market. The original mission of Career Visa is to help new graduates to find their passion and dream jobs in Thailand where new graduates or teenagers have no idea what they really love to do and how to get the job they really desire. Their business model is relied on partnerships with other organizations such as educational institutes, leading companies from various industries, and other social enterprises. More information regarding services and activities can be found at <http://careervisathailand.com>

3. *Relationflip*

Relationflip is an online psychologist database that offers active listeners for people who need help from stress and mental illness. The enterprise was founded in 2016 with the solid aim to be a medium to create the smooth work and life psychological relationship and ultimately to build the healthy mental fitness of the office workers. The current CEO has background in business and management while other co-founders has background in organizational psychology. Relationflip developed the platform for individual employees to get access to their analytical counsellors who are professionally trained to help individual distress. More information about mission, business model and services of Relationflip can be found at <http://www.relationflip.com>

4. *Sidekick (Creative & Media Agency for Social Change)*

Sidekick was founded in 2014 by a group of journalists, artists, filmmakers, graphic designers and photographers who shared the mutual interest in making social change through the media content and communication. They believed in power of communication that could make the impact on social movements. The company works with both for-profit and nonprofit organizations in Thailand and adjacent regions. In 2017, the company communication campaigns have reached out to more than 92 million people through both social media and communication mainstream channels that created social impacts in various aspects such as depression and sexual harassment issues. The company overview is available at <http://www.sidekick.asia>

We are expecting the maximum of two or three case studies to be developed in this master thesis due to time constraint. The thorough site selection for case studies will be decided again when the theoretical framework and semi-interview questions are fully constructed to ensure that the research sites suit the research question.

As the study will use semi-structure interview as the main data collection instrument, the interview will be fully recorded, transcribed and documented. Most of the participants mentioned that they prefer the interview to be in Thai which we have no problem to translate and transcribe the interviews. We also put the relevant ethical considerations into our consideration. All participants will be given as much

information as needed to make an informed decision about whether they wish to participate in a research prior to arranging the interview. As we will use the voice recorder in the interview, we will offer the confidentiality agreement to all interviewees and all participants will be clearly acknowledged about the terms and conditions prior to signing the agreement.

PROJECT TIME PLAN

The overall process of this study will take approximately 7 months to complete. The timeline and key milestones of the research project are as follows:

15 January 2018

Submit preliminary thesis report.

15 January – 15 February 2018

Additional literature review in theoretical framework as the foundation to develop interview questions.

16 February – 15 March 2018

Designing data collection tools and interview scheduling with selected research sites; set meeting to review interview questions with thesis adviser, Alessandra Luzzi.

16 March – 26 April 2018

Data collection. If our research warrants, we may plan a research site visits in Bangkok during this time.

27 April – 15 May 2018

Data analysis, findings and enfolding relevant literature (compare the similarity and conflicts to other literatures).

15 June – 31 July 2018

Finalizing the case studies and master thesis report.

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