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RETHINKING THE MANAGEMENT OF HYBRIDITY IN WORK
INTEGRATION SOCIAL ENTERPRISES (WISE)

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Abstract

Work integration social enterprises (WISE) work to help the disadvantaged to enter the labour market and find a job, thereby working to correct a market failure. Research has identified hybridity, the simultaneous work towards two, sometimes contradicting, missions as a core concept of social enterprises. This hybridity can lead to tensions though, which can result in a deviation from the social mission. To maintain the balance between the WISE's two missions, these tensions must be managed carefully. Current literature on the topic is fragmented and we attempt to create a comprehensive framework on tension management in WISE.

To do so, we rely on a single case study. *Sindbad – Social Business* is a WISE operating in Austria, helping disadvantaged adolescents to find a suitable job or further education through a mentoring programme. Data will be generated in interviews with several current and former members of the organisation to collect several different perspectives and triangulate where possible to get a profound understanding of the organisation and its context.

We find that

1. existing academic literature has so far assumed that tensions can be controlled through management once they arise. Our case company, Sindbad, prevents tensions before they arise.
2. The previously identified tools for tension management rest on the assumption that managers are aware of those tensions. This awareness has not received sufficient scholarly attention despite its importance in tension prevention and we make it a prerequisite of our framework.
3. Sindbad identified a suitable gap which allowed it to avoid competition with existing government agencies. This allowed Sindbad to obtain the support and recognition that is so important to its success; it facilitated a cooperative relationship with the government; and facilitates the successful prevention of tensions.

Our results and the framework close an important gap in academia and advance research into the management of hybrid organisations and, more specifically, SEs and WISEs. In light of our key finding, we call for a re-evaluation and a rethink of managerial practices in SEs.

Key Words

WISE • Social Enterprise • Hybridity • Mission Drift • Tensions • Tension Prevention

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Lund, May 2021,



Johannes Krickl



Felix Stamm

Definitions

Hybrid Organisations: are characterised by a dual or multiple purpose. Oftentimes combine contradictory elements in their business model

Tensions: For this thesis, tensions refer to those tensions that arise from hybridity and following a dual purpose. They

Hybridity Management: The management of hybrid organisations and their inherent tensions

Social enterprise: combine a societal mission with a profit mission, thus driven by a dual purpose

Work Integration Social Enterprises: are social enterprises aiming to help disadvantaged people within the labour market

Non-profit organisations: are companies that are not generating any profit or paying dividends to shareholders, and focus on covering the cost solely. Usually depend on philanthropic, external sources of funding

Clients: In SE literature, those entities paying for the products or services offered by the social enterprise are referred to as clients

Beneficiaries: In SE literature, those individuals or entities profiting from the social mission of a social enterprise are referred to as beneficiaries

Mission drift: is described as the prioritisation of either of the dual mission within hybrid organisations. In SEs, this is commonly the profit side.

Abbreviations

BOP: Base (Bottom) of Pyramid

CSR: Corporate Social Responsibility

MFI: Micro-Finance Institution

NPO: Non-profit Organisations

PMS: Performance Measurement System

SE: Social Enterprise

WISE: Work Integration Social Enterprise

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Chapter 1 Introduction

This chapter will introduce the topic of this thesis and provide both a theoretical and practical background to Social Enterprises (SEs). Towards the end, we will discuss our thesis's problematisation, purpose, and relevancy and state our research question.

For decades, the capitalistic system in which we live has provided prosperity, economic growth, and welfare for the masses. Millions of people live in greater wealth now than their ancestors did, and many hail capitalism as the pinnacle of society and economic development. However, in common parlance, all that glitters is not gold, and there are significant shortcomings of capitalism. Despite society experiencing new standards of wealth in a few rich countries, the wealth-income ratios did not change and are very similar to the levels in the 18th century (Piketty & Zucman, 2014). These shortcomings are commonly referred to as market failures (Eichhorst, Marx & Rinne, 2020). Market failures are defined as “the economic situation defined by an inefficient distribution of goods and services in the free market. In market failure, the individual incentives for rational behaviour do not lead to rational outcomes for the group” (Boyle, 2020, n.p.). One of the most striking examples is the steady unemployment rate, even in major economies, which is a fundamental issue of labour markets. Governments attempt to countersteer this development through various labour reforms and policies. When the government tries to set corrective measures to avoid market failure that end up being counterproductive, we can speak of governmental failure.

In other words, while many enjoy wealth and reap the benefits of the system, too many are left behind, relying on non-profit organisations (NPOs). However, simply providing free food or access to housing does not solve the problem, as Nobel piece laureate Muhammad Yunus explains:

When we want to help the poor, we usually offer them charity. Most often we use charity to avoid recognizing the problem and finding the solution for it. Charity becomes a way to shrug off our responsibility. But charity is no solution to poverty. Charity only perpetuates poverty by taking the initiative away from the poor. Charity allows us to go ahead with our own lives without worrying about the lives of the poor. Charity appeases our consciences (Yunus, 2003, p.249).

Clearly, charity cannot be the solution to capitalism's shortcoming and the answer to market failures. This is where SEs step in: SEs combine societal goals with an entrepreneurial spirit.

[An SE] is an operator in the ... economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives (European Commission, 2021, n.p.).

Colloquially expressed, SEs teach how to fish rather than provide a single supper. The importance of SEs in responding to market failures has been described in a 2005 case study:

Traditionally, societies have looked to government intervention to correct these market failures. At times, when a market failure affected a population's access to food, shelter, clothing, medical care, or other basic necessities, charitable organizations also got involved. [... social enterprises] prioritize social impact over the creation of wealth. By shifting their emphasis from financial to social returns, [... they] have been discovering and implementing new ways of creating social and environmental value by serving the needs of poor, disadvantaged, and neglected communities (Phills & Denend, 2005, n.p.).

Alternatively, as the World Economic Forum describes it, SEs "solve market and government failures by serving excluded and vulnerable populations" (Bonnici, 2020, n.p.).

The ongoing global COVID-19 pandemic exacerbated the issues associated with market failure, which has pushed half a billion people to the brink of poverty (United Nations, 2020) and almost 100 million people into extreme poverty (Worldbank, 2020). Before the pandemic, the global extreme poverty rate was expected to decrease to 7.9% of the world's population; instead, it increased to almost 10% (Worldbank, 2020; Kharas, 2020). While some may assume this is limited to low-income countries, the opposite is the case, with up to 80% of those now living in extreme poverty residing in middle-income countries (Worldbank, 2020) and poverty increasing in some of the wealthiest countries on earth, including the US (DeParle, 2020; Sykes, 2020), Spain (Martín, 2021; Lara, 2021), and Germany (Meier, 2020; Walther, 2020). While most governments in the developed world have introduced astonishing aid packages, relief bills, and stimulus payments, millions of people do not qualify for direct support and rely on NPOs and SEs to assist them in this crisis (Morello, 2021; El Confidencial, 2020).

The pandemic has had similar effects on the labour markets, leading to mass unemployment. Of course, conventional measures such as short-time work absorbed the effects of the crisis on

the labour market in the short term but had significant blind spots as well. Particularly hard hit were young workers and students graduating amidst the pandemic since policies frequently oversee this socio-economic group (Eichhorst et al. 2020). As a result, fully developed countries saw rising youth unemployment, with Spain reporting more than 40% at the end of 2020 (Rodriguez, 2021; Varela, 2021) and Austria seeing a 43% increase from 2019 to 2020 (Petermair, 2021).

Since the 19th century already, social initiatives have worked to “enhance social cohesion, inclusion and job creation” (European Commission, 2020, p.15) and some of the early ventures have helped substantially in the creation of the modern welfare state. Over the past decades, SEs have seen a rapid growth trend accelerated by the pandemic, and they play a more vital role in correcting market and government failure now than ever before (Bonnici, 2020).

These ventures received significant media attention, too, and by 2012 SE mentions in print journalism had increased from just 37 in 1997 to almost 15,000 (Battilana & Lee, 2014). Policymakers, too, became increasingly aware of this new form of venture, and in 2011 the EU commission launched their Social Business Initiative (SBI) under the slogan “there is no economic growth and jobs creation without social entrepreneurship” (European Economic and Social Committee, 2012). In 2020, the first EU-wide SE monitor and think tank, the European Social Enterprise Monitor, was founded and is expected to release its first comprehensive report on 26th May this year – the very same day this thesis is due (Euclid Network, 2021). Despite the attention from lawmakers, few countries today have legal forms responding to the needs of SEs, forcing them to register either as a private firm or an NPO (European Commission, 2020).

Substantial factors indicate that the conventional business world is changing, and the private sector, the public sector, and the general public have become increasingly aware of social and environmental problems, leading to the rising importance of social value creation for companies (Ioannou & Serafeim, 2015; Battilana, 2018). Leading the way are SEs, which have become a driving force of economic power in the past decades and, given the growing importance and awareness of social and environmental issues around the world, have become one of the hot topics in business today. In 2018, ‘Deloitte’s Human Capital Trends’ report was titled “The rise of social enterprise” (Deloitte, 2018), and in the same year, global management consulting firm McKinsey established a non-profit branch solely to assist SEs with advice pro bono (McKinsey, 2021). Naturally, the growing sector attracted not only individuals interested in the social benefits but also profit-seeking investors (Battilana & Lee, 2014).

It is essential to understand that SEs constitute a very different phenomenon than the ubiquitous Corporate Social Responsibility (CSR) policies found on almost every company's website nowadays. Although sometimes beneficial for the environment, society, or both, those statements and CSR policies do not represent an adequate response to market failures since the firm's underlying business model is still one that prioritises shareholder wins and profit maximisation.

Naturally, the rise of social enterprises has also attracted significant attention from scholars, who have created a substantial body of literature around the topics of SEs and social entrepreneurship (Battilana, 2018; Battilana & Lee, 2014). One of the key findings of research has been the classification of SEs as so-called hybrid organisations, following two different purposes simultaneously by operating as neither for-profit nor non-profit entities (Battilana, 2018; Battilana & Dorado, 2010; Besharov & Smith, 2014; Mair & Hehenberger, 2014; Ashforth & Reingen, 2014; Short, Moss & Lumpkin, 2009; Santos, Pache & Birkholz, 2015). In fact, SEs are nowadays seen as a prime example of hybrid organisations, and their omnipresence and accessibility have made them prime research locations to understand how hybrid organisations work (Battilana & Lee, 2014; Battilana, 2018). At the core of any hybrid organisation is the duality of its purpose, following two contradicting missions (Raisiene & Urmanavičienė, 2017; Yin & Chen, 2018; Smith & Lewis, 2011; Ranjani & Kumar, 2017; Besely & Ghatak, 2017).

1.1 Problem Discussion and Purpose

This hybridity, however, comes at a cost: hybrid organisations carry an inherent risk to experience tensions arising from their dual purpose. Substantial tensions can, if not corrected, lead to mission drift. Mission drift refers to the prioritisation of either the social or the profit-oriented mission, thus neglecting the SE's other dimension and losing its status as a hybrid organisation (Ramus & Vaccaro, 2017; Ometto, Gegenhuber, Winter & Greenwood, 2019; Battilana, 2018; Battilana & Dorado, 2010). In other words, mission drift is classified as any shift away from hybridity; most commonly, this shift is one towards a stronger focus on the financial goals, away from the social purpose (Battilana, 2018; Young & Kim, 2015; Smith, Gonin & Besharov 2013). To prevent mission drift, researchers agree that an SE needs to

manage and control the tensions characteristic of dual-purpose organisations. The concept has gained popularity in research in recent years, and today there is a considerable body of literature on hybrid organisations, SEs, and their inherent tensions. How these tensions can be managed is less clear, though.

Scholars have consistently called for more research into managing two missions and the prevention of mission drift. As Moizer and Tracey (2010, p.262) state: SEs have “an increasingly prominent role in market economics as a mechanism for addressing a range of social problems, yet relatively little is known about their management and organization.” Similarly, Ramus and Vaccaro (2017) pinpoint the lack of research on the prevention of mission drift and the balancing of social and financial goals at the same time; and Mongelli, Rullani & Versari (2017) find that only very few studies have investigated the strategies, practices, and mechanisms used by hybrid organisations to achieve both goals. Given the increasing awareness of social value creation amongst the public and the importance of SEs in today’s society and as a response to market failure, studies on the combination of economic and social goals and their integration into a single business model are more important than ever before (Ioannou & Serafeim, 2015; Pache & Santos, 2013). While much has been researched, there remain significant gaps in literature, especially on the combination of the two missions (Yin & Chen, 2018; Besharov & Smith, 2014; Park & Bae, 2020). “Research will need to examine the processes and conditions through which integrated activities are constructed, as well as the relationship of these practices with other dimensions of hybrid organizing” (Battilana & Lee, 2014, p.415).

In light of the spike in unemployment worldwide, work integration social enterprises (WISE) have grown in importance. For this thesis, we will utilise a definition by Woodside (2017, p.39): “[a] work integration social enterprise (WISE) is a type of organization that harnesses the excitement around social entrepreneurship to address the chronic unemployment of disadvantaged populations”. In other words, a WISE is any SE working towards the integration of disadvantaged people on the labour market through a wide range of integration activities.

Their expanding prominence increases the need for a better understanding of their inner workings and how they can manage tensions. To the best of our knowledge, there is no comprehensive framework describing the management of these tensions in SE; instead, literature is rather fragmented.

The purpose of this master thesis is to fill this gap in academia, get a better understanding of WISE management and how they can manage tensions to, ultimately, prevent mission drift. To do so, this thesis will attempt to build a comprehensive, all-encompassing framework, combining the fragmented existing literature with new insights to develop a model that fills this high-profile gap in academia and carries substantial managerial implications. Our research question is, therefore:

How do Work Integration Social Enterprises manage the tensions arising from hybridity?

The remainder of this thesis is structured as follows: chapter 2 will review the relevant current literature on hybrid organisations, SEs, the tensions inherent in hybrid organisations, and mission drift, ending on a description of four dimensions of hybrid management we identified in literature. Chapter 3 consists of the research philosophy, research strategy, and data generation, in short, the methods underlying this study. Chapter 4 contains the results and analysis, building the framework. We conclude with a discussion on the practical implications and theoretical conclusions of this thesis in chapter 5.

Chapter 2 Literature Review

We will begin this thesis by building a frame of reference that serves as a knowledge foundation for this thesis and its analysis. As we pointed out, SEs are a form of hybrid organisations. To give the reader a better understanding, we will begin the review with an introduction to hybrid organisations before diving deeper into the topic of SE research. In the following, the tensions caused by hybridity and their potential outcome, mission drift, is introduced. The second half of this review deals with managing those tensions, reviewing the fragmented literature, and identifying recurring topics.

2.1 Method of Review

To identify the relevant literature on hybrid organisations, SEs, and tensions, we applied a systematic approach to the search (Easterby-Smith, Jaspersen, Thorpe & Valizade, 2018; Webster & Watson, 2002). The advantages of a structured approach to the search for relevant academic literature is greater objectivity, accuracy, and minimisation of potential bias or exclusion of relevant articles (Easterby-Smith et al. 2018; Collis & Hussey, 2014). To ensure access to the articles, we relied mainly on Lund University's EBSCO-powered search engine 'LUBsearch', with occasional searches in Thomson Reuter's Web of Science. A more detailed description of our searches can be found in Appendix A.

A total of 113 articles were identified and reviewed for this thesis. Since some of them are more relevant than others to the subject of discussion, not all articles found their way in this literature review. Ultimately, the number of articles used as a frame of reference in this thesis is 87. In line with Webster & Watson (2002), we intend to present other scholars' findings in a neutral tone without criticism or discussion. Naturally, though, debates and disagreements between scholars are pointed out.

2.2 Hybrid Organisations

In its original definition, hybridity refers “to the state of being composed through the mixture of disparate parts ... [and] describes direct constitution from existing elements [; it is the] recombination of existing elements” (Battilana & Lee, 2014, p.400). In a business context, hybrid organisations have been described as firms with a dual purpose or mission, thereby combining different, frequently contradictory elements in their business model (Besharov & Smith, 2014). Although these hybrid organisations have existed for centuries, they did not draw significant attention from scholars until about 30 years ago, when the concept of hybrid organisations moved into the academic spotlight (Battilana 2018; Battilana, Besharov, Mitzinneck, 2017). Academia has not agreed on a common definition for hybrid organisations because the phenomenon can be looked at through different lenses and, depending on their point of view, each researcher brings their own terminology to the debate (Battilana & Lee, 2014; Mongelli et al. 2017; Besely & Ghatak, 2017).

The two elements combined by hybrid organisations have been described as organisational identities (Haveman & Rao, 2006; Hannan & Freeman, 1989; Raisiene & Urmanavičienė, 2017), organisational forms (Lee & Battilana, 2013; Pache & Santos, 2013; Mair, Mayer, Lutz, 2015; Doherty, Haugh, Lyon 2014), or most commonly multiple institutional logics (Battilana & Lee, 2014; Battilana, 2018; Mongelli et al. 2017; Mair et al. 2015; Besharov & Smith, 2014; Mair & Hehenberger, 2014; Pache & Santos, 2010). While scholars use varied terminology to describe hybrid organisations, all the terms are, at their core, describing the plurality of two or more often contradicting missions or purposes within a single organisation or business model. Therefore, hybrid organisations, per definition, embody a paradox (Yin & Chen, 2018), defined in academia as “contradictory, yet interrelated elements – elements that seem logical in isolation, but absurd and irrational when appearing simultaneously” (Lewis, 2000, p.760). We will use the most common theoretical context for the remainder of this thesis, namely that used by researchers looking through the institutional theory lens to frame the context of the problem of tensions.

2.2.1 Background on Institutional Theory

Since we use this theoretical context for the thesis, we think it is vital to overview the concomitant theory briefly. At its core, institutional theory "is a metatheoretical framework for analysing the interrelationships among institutions, individuals, and organizations in social systems" (Thornton, Ocasio & Lounsbury, 2012, p.2). Institutions refer to symbols and metaphors through which individuals and organisations perceive and categorise their activity and infuse it with meaning and value (Thornton et al. 2012).

Moreover, institutional logics are practices, principles or vocabulary used by actors, such as individuals, in a social system to make sense out of their reality, while the definition of the values and beliefs of individuals is developed over time (Lounsbury & Boxenbaum, 2013). For example, the market logic is highly driven by market competition and financial profits. Likewise, shareholder value in companies is part of the market logic. On the other side, the social logic "need not be driven by pure self-interest or by a rational calculation of costs and benefits" (Thornton et al. 2012, p.87). In general, there is a wide range of multiple logics among society, such as family or bureaucratic logic, which are significantly influencing society and organisations (Thornton et al. 2012).

Therefore, institutional theory became a critical approach to understand macro-organisational phenomena and organisations in general better. More specifically, "institutional theory now presents organizations as hypermuscular supermen, single handed in their efforts to resist institutional pressure, transform organizational fields and alter institutional logics" (Suddaby, 2010, p.15). This assumption becomes highly relevant in this thesis, as we are analysing clashing institutional logics resulting in institutional pressure within SEs. With this underlying assumption of organisations, the process of institutional pressure should be better understood. For the remainder of this thesis, we will look at hybridity and tensions through the theoretical lense of institutional theory.

In light of this theory, literature proposes that hybrid organisations should deal with dual logics as equally important parts of their mission and avoid overemphasising one of them (Cetindamar & Ozkazanc-Pan, 2017). As multiple institutional logics shape hybrid organisations, they are characterised by their interrelationships (Battilana & Lee, 2014).

2.2.2 Social Enterprises

SEs are frequently described as prime examples of the combination of two conflicting logics and are, therefore, the most common setting in which hybridity and hybrid organisation management are studied (Battilana, Sengul, Pache & Model, 2015; Battilana & Lee, 2014; Battilana, Lee, Walker & Dorsey, 2012; Battilana & Dorado, 2010; Jay, 2013; Pache & Santos, 2013; Mongelli et al. 2017). The term social enterprise was born and gained widespread popularity in the 1980s and 1990s due to two simultaneously occurring trends: the US government cut several funding programmes for NPOs, leaving them to find alternative funding sources. Soon entrepreneurs began describing such organisation no longer as charities but as SEs, as they began engaging in social and commercial activities (Mia & Lee, 2017).

Simultaneously, European countries had seen persistently high levels of unemployment throughout the 1970s and into the 1980s, leading to the establishment of WISE and social housing programmes (Battilana & Lee, 2014; Defourny & Nyssens, 2017). These crises led academics, NPOs, and for the first time, private companies to look for new ways of conducting business in a financially sustainable manner that would also have a social impact (Jay, 2013; Ramus & Vaccaro, 2017; Battilana, 2018).

The capitalistic system is widely characterised by profit-maximising companies, à la Milton Friedman (1970) and NPOs, mainly focusing on social objectives (Yunus, Moingeon, & Lehmann-Ortega, 2010). However, rethinking business models can circumvent the trade-off between social and profit values (Battilana, 2018; Santos et al. 2015), leading to a “no-loss, no-dividend, self-sustaining company ... with a primary social purpose” (Yunus et al. 2010, p.311). The increasing awareness of the possibility to be a financially independent organisation with a social mission and the growing reputation of SEs being a considerable alternative to solve social problems and market failure led to a well-nigh proliferation of SEs around the world (Defourny & Nyssens, 2017; Ramus & Vaccaro, 2017; Battilana, 2018). During this time, famous and pioneering institutions such as the Grameen Bank in Bangladesh (Battilana & Lee, 2014; Mia & Lee, 2017; Yunus et al. 2010) or a series of low-cost healthcare centres in India (Prahalad, 2006) were established.

Similarly to hybrid organisations, there is not one single, widely accepted definition for SEs (Defourny & Nyssens, 2017). Instead, the term “Social enterprise has ... developed within

academia as an umbrella construct, with wide scope and ambiguous boundaries“ (Battilana & Lee, 2014, p.406). Consequently, SEs can range from:

traditional nonprofit organizations, to commercial projects under nonprofit auspices, to business-nonprofit partnerships, ..., to social cooperatives, to small businesses whose owners dedicate themselves to a social mission, to new legal forms of enterprise such as community interest companies (CICs), ..., and other variations of social purpose business (Young & Kim, 2015, p.234).

This has led to scholars applying differing narrow definitions of SEs (Battilana & Lee, 2014): some use the term to describe any venture promoting a social purpose (Murphy & Coombes, 2009; Zahra, Gedajlovic, Neubaum, & Shulman, 2009); some includes all those ventures using commercial activities to sustain their social operations (Haugh, 2006; Hockerts, 2006; Robinson, 2006; Eiselein & Dentchev, 2020; Young & Kim, 2015; Weisbrod, 2004); and some only use the term SE to define organisations identifying, evaluating, and exploiting opportunities, which are providing a social value (Austin, Stevenson, & Wei-Skillern, 2006; Peredo & McLean, 2006; Perrini & Vurro, 2006).

Since the first group is used too broadly and can be misleading, we will disregard findings made on its assumption. The second and third group are more in line with our understanding of SEs, making them an ideal form of hybrid organisations by combining two competing logics, videlicet the market logic of generating profits and the social logic of maximising social benefits (Battilana, 2018; Yin & Chen, 2018; Santos et al. 2015; Raisiene & Urmanavičienė, 2017; Mikołajczak, 2020). They, therefore, “combine the efficiency, innovation, and resources of a traditional for-profit firm with the passion, values, and mission of a not-for-profit organization“ (Figure 1; Smith et al 2013, p.408). This ability led to SEs being seen as a promising solution to market failure and social problems (Woodside, 2017; Smith et al. 2013; Doherty et al. 2014).

Most scholars commonly agree that SEs are fundamentally different from NPOs since hybrid organisations are combining different institutional logics (Elder, 2017; Doherty et al. 2014; Raisiene & Urmanavičienė, 2017; Besley & Ghatak, 2017; Alter, 2007; Battilana et al. 2012). In other words, what makes SEs unique is the combination of social and profit purposes in their core business model (Battilana & Lee, 2014; Civera, Cortese, Mosca & Murdock 2020). Both logics should be given roughly equal importance (Cetindamar & Okzazanc-Pan, 2017), however, nowadays, many companies have one logic at their core and enact the other occasionally or peripherally (Battilana & Lee, 2014).

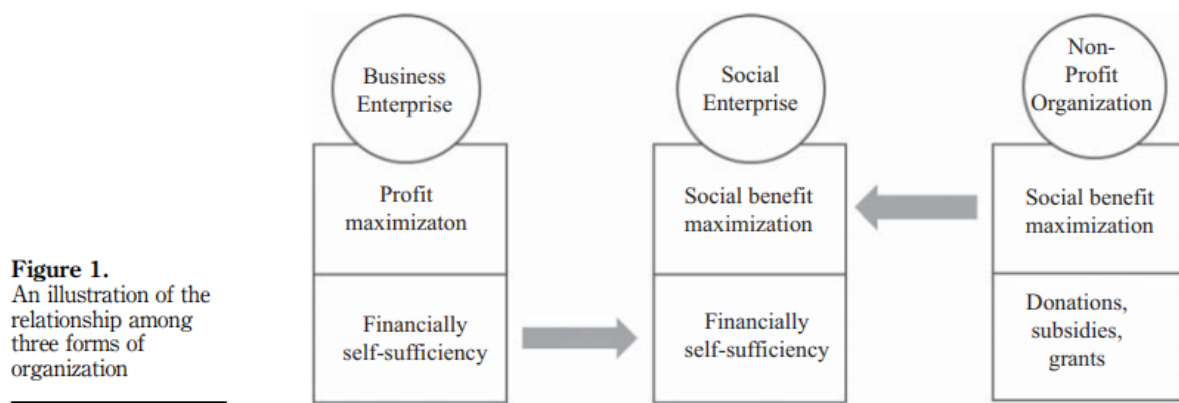


Figure 1: SEs as a combination of NPOs and for-profit companies (Yin & Chen, 2018)

The diversity of social problems has led to the establishment of SEs in several different areas. While SEs are not suitable for any market failure, they proved their suitability as a successful response to many social problems. Some of the most common types of SEs are

- Base of Pyramid (BOP) initiatives, which guarantee access to essential services such as energy or healthcare
- Microfinance institutions (MFIs): guarantee financially excluded access to money by providing microloans to the BOP
- WISEs: focus on the integration of disadvantaged people into the labour market

The latter two have received substantially more attention from scholars, with MFIs being the best-researched type of SEs. All of these organisations aim to combine a social logic with a market logic successfully. This split can lead to tensions and the need for handling conflicting activities on both the individual and the organisational level (Mair et al. 2015; Raisiene & Urmanavičienė, 2017; Ashorth & Reingen, 2014).

Santo et al. (2015) describe four distinct types of SEs: market hybrids, bridging hybrids, blending hybrids, and coupling hybrids (Figure 4). They base their categorisation on whether

- (1) the clients and beneficiaries of an SE are identical or different entities; and
- (2) whether there are automatic or contingent value spillovers. Here value spillovers refer to positive or negative externalities caused by the SE's commercial activity.

Clients here refers to those entities paying for the products or services offered by the SE, and beneficiary refers to the individual or entity profiting from its social mission. Since a value spillover is created by the SE following its activities, "in some situations, these value spillovers

are an automatic result of the commercial activities, while in other situations the value spillovers are contingent on the development of additional interventions because they are not a direct outcome of commercial activities” (Santos et al. 2015, p.42).

Based on these categories, the first type is market hybrids, which have incorporated a business model where their clients equal their beneficiaries, thus demonstrating that the SEs activity results in an automatic value spillover. Such types of SEs are similar to conventional commercial business models and can, thus, scale their commercial activity while at the same time contributing to the social impact as well (Santos et al. 2015).

The second type of SEs, where its clients equal its beneficiaries, can be described as blending hybrids. Their business model is different to market hybrids, as they cannot scale their social impact by further engaging in commercial activities. As a result, such SEs have to put an additional effort into social activities, which refers to creating a contingent value spillover (Santos et al. 2015).

The third type refers to bridging hybrids, which face the challenge in serving their clients and beneficiaries simultaneously, as they differ from each other. Having integrated their activities to serve their clients and beneficiaries, the bridging hybrids can take advantage of this business model, as it creates an automatic value spillover (Santos et al. 2015).

Dimension	Clients = Beneficiaries	Clients ≠ Beneficiaries
Automatic value spillover	<i>Market Hybrid</i> e.g. BOP initiatives for access to essential services (energy, health)	<i>Bridging Hybrid</i> e.g. integrated business model WISE with job matching for people with disabilities, such as bakeries employing handicapped (Specialistern in Denmark)
Contingent value spillover	<i>Blending Hybrid</i> e.g. MFI	<i>Coupling Hybrid</i> e.g. WISE

Figure 2: Types of SEs (based on Santos et al. 2015)

The fourth and last type of SEs are coupling hybrids and do not have commercial activities directly linked to social impact. Thus, they additionally need to engage in social activities. “Such business models are quite demanding for organizational leaders because they need to

constantly balance the competing demands on their attention and resources of their core commercial activity” (Santos et al. 2015, p.50).

Generally, WISE are characterised by clients and beneficiaries differing from each other, thus typically classified as bridging or coupling hybrids (Santos et al. 2015). Therefore, these typologies of SEs will play a more important role in this study, as they have been less researched than the blending and market hybrids, which are typically MFIs (Simatele & Dlamini, 2019).

2.2.3 Tensions arising from Hybridity

Based on the aforementioned paradox of conflicting logics among hybrid organisations (Yin & Chen, 2018), a dual purpose implies sparking tensions regarding the organisational identity (Short et al. 2009; Ashforth & Reingen, 2014; Besley & Ghatak, 2017; Raisiene & Urmanavičienė, 2017; Elder, 2017; Yin & Chen, 2018); tensions regarding the accountability towards stakeholder with different interests (Haigh & Hoffman, 2014); and most importantly, internal and external tensions arising from the combination of different institutional logics (Battilana & Lee, 2014; Battilana, 2018; Battilana & Dorado, 2010; Battilana et al. 2012; Jay, 2013; Pache & Santos, 2013; Mongelli et al. 2017; Yin & Chen, 2018; Mair et al. 2015). These tensions make SEs a prime location for researchers to investigate the tensions and management of conflicting institutional demands. Woodside summarised the differences in institutional logics between the two missions of SEs (2017; Figure 3).

	Institutional logic	Market archetype	Social mission archetype
Table I. Comparison of market and social mission institutional logics: archetypes	Normative expectations	Customer service	Public/client service
	Strategic priorities	Revenue and profit	Public/client service, solidarity, social objectives
	Operational priorities	Guided by market forces and individual choice to maximize financial return	Guided by commitment to social or environmental goals
	Income sources	Revenue from sales and fees	Revenue from grants, donations, membership fees
	Notable activities	Salesmanship, innovative service delivery	Collective action, education, human service provision
	Constraints	Scarce client attention and resources, fiduciary responsibility to financiers	Normative expectations of stakeholders
	Artifacts (carriers)	Business plan, sales brochures	Grant proposals
		Source: Adapted from Billis (2010), Doherty <i>et al.</i> (2014) and Jay (2013)	

Figure 3: Competing Institutional Logics in SEs (Woodside, 2017)

The severity of the arising tensions depends on which of these institutional logics are combined, as there are some more conflicting than others (Mongelli et al. 2017). Still, academia lacks a framework to measure the influence of different institutional logics accurately or accurately describe the pressure resulting from conflicting logics (Pache & Santos, 2010).

Four types of tensions have been identified in academia (Smith et al. 2013):

First, performing tensions arise from the challenge of achieving dual goals, metrics, or fulfilling the demands of multiple stakeholders. This implies that sometimes positive outcomes may be beneficial for one logic but simultaneously lead to adverse effect in the other logic, while at the same time social goals are subjectively measured and financial goals objectively.

Secondly, organising tensions arise from the organisational culture and structures. SEs approach the challenge of getting employees who identify themselves with the social mission and can achieve profitable results as well, as they have two contradictory missions (Smith et al. 2013; Smith & Lewis, 2011). Overall, hiring suitable employees is recognised as a significant challenge for SEs (Battilana & Dorado, 2010; Pache & Santos, 2013; Doherty et al. 2014; Battilana et al. 2015).

Thirdly, belonging tensions are defined as conflicts amongst employees and different stakeholders. The crucial point here is whether the SE manages to avoid subcultures and fulfil contradictory expectations (Smith et al. 2013; Smith & Lewis, 2011). These conflicts can be observed and occur on the individual level (Mair et al. 2015; Raisiene & Urmanavičienė, 2017). Also, even highly institutionalised logics in an organisation might not even be interpreted as a duality by the individual (Ashorth & Reingen, 2014).

Fourth, learning tensions emerge from the development or scale of SEs over time, and the long-time social mission stays in conflict with short-term financial pay-offs; especially, as the social mission might cripple financial growth and vice versa. SEs need to manage short-term and long-term goals at the same time to avoid tensions arising from different time horizons (Smith et al. 2013; Smith & Lewis, 2011).

All these tensions must be managed carefully to balance different missions and logics (Smith et al. 2013; Young & Kim, 2015; Crawford, 2014). If they are not able to sustain and balance their dual mission and fail to manage these tensions, they might lose equilibrium, which can ultimately lead to a phenomenon called mission drift (Crawford, 2014; Cetindamar & Okzazanc-Pan, 2017; Weisbrod, 2004; Jones, 2007; Bruneel, Staessens, Cherchye & Kerstens, 2017).

2.3 Mission Drift in Social Enterprises

A central problem faced by hybrid organisations is mission drift, which is the prioritisation of or movement to either of the logics. Academia commonly considers mission drift in SEs a one-way street where the profit-oriented market logic mission becomes dominant of the social logic (Cetindamar & Okzazanc-Pan, 2017; Dichter & Harper, 2007; Bruneel et al. 2017; Battilana, 2018; Raisiene & Urmanavičienė, 2017; Young, 2012; Civera et al. 2020; Battilana & Dorado, 2010). The concept is visualised in Figure 3, where a hilltop represents the balancing act, and a shift towards either side leads to mission drift. An organisation not getting out from either valley ends up in the organisational cemetery, which is the “complete loss of stability and continuing deterioration” (Young & Kim, 2015, p.240). This implies that any movement away from the hybrid hilltop ends up delivering lower overall social impact, as the equilibrium of financial success and social mission is lost (Young & Kim, 2015).

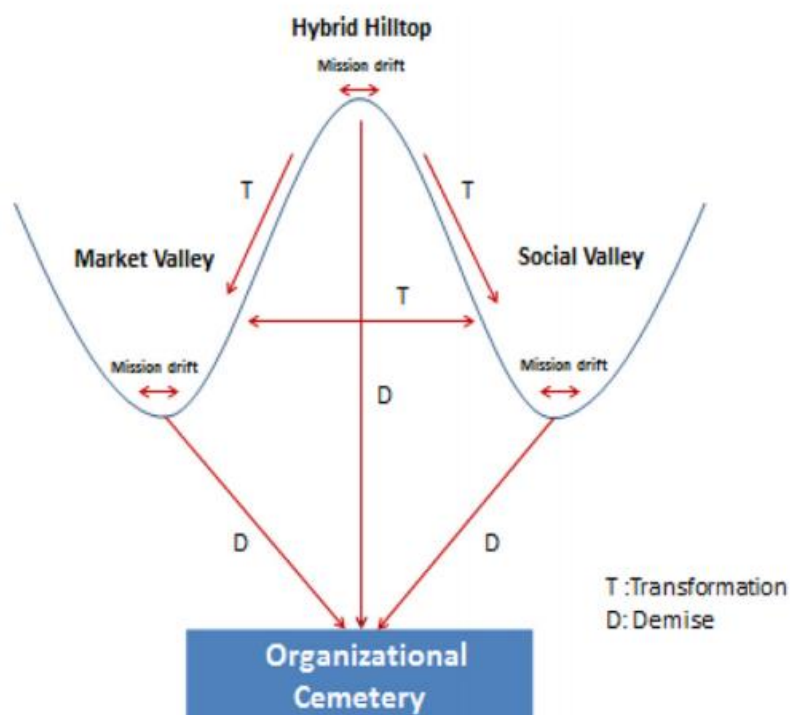


Figure 4: Visualisation of Mission Drift (Young & Kim, 2015)

While academia generally agrees with the here presented definition of mission drift, there is a small body of literature taking a slightly broader perspective: mission drift is here seen as a socio-cognitive phenomenon, which is the public perception of organisational actions that are

inconsistent with the firm's purpose and mission statement, thus representing a discontinuity of organisational legitimacy (Grimes, Williams & Zhao, 2019; Grimes, Williams & Zhao, 2020; Klein, Schneider & Spith, 2019). In other words, mission drift refers to a shift in organisational actions that is no longer compatible with the stated mission or purpose of an organisation and thereby leads to a mismatch between organisational actions and the public expectations based on the mission statement. The important difference for these scholars is that mission drift does not necessarily imply a shift away from hybridity (Grimes et al. 2020); since instead, any organisation can experience mission drift if its actions are no longer perceived to be in line with its mission statement (Grimes et al. 2019). Therefore, this perspective considers all enterprises and is not limited to hybrid organisations (Grimes et al. 2019; Grimes et al. 2020). This public perception directly affects stakeholder and customer behaviour and often negatively affects the firm's integrity and legitimacy (Smith, Cronley, & Barr, 2012). While this definition is not limited to hybrid organisations, they do not lose their validity and are therefore considered relevant for this thesis.

In the best-researched type of SEs, MFIs, scholars are divided over the question where scaling up ends and mission drift begins. "The attraction of microfinance lies in the proposed win-win situation that lending to the financially excluded is an effective and potentially profitable anti-poverty intervention ... By definition, therefore, microfinance organisations of any kind ... strive for the double bottom line; profit and social benefit" (Simatele & Dlamini, 2019, p.226).

There is a debate amongst scholars researching mission drift in MFIs, at what point mission drift begins and to what extent MFIs need to generate a profit to ensure the success and sustainability of their social operations. In line with a near-sigh cult-like paper written by "the 'father of microfinance', Professor Yunus, [in which he] expressed his unhappiness and fears about the future of microfinance due to surging profit-seeking", one faction of scholars argues that any shift away from providing loans to the very poorest of the poor is considered a mission drift and, thus, objectionable (Ranjani & Kumar, 2017, Mia & Lee, 2017; Ebrahim et al. 2014; Cull, Demirgüç-Kunt, & Morduch, 2009; Quayes, 2012).

The other faction argues that slight increases in loan sizes and thus attracting more somewhat wealthier clients will increase profitability, which will allow MFIs to increase their outreach to beneficiaries since traditional microloans do not generate enough money for sustainable operations (Rhyne, 1998; Christen & Drake, 2002; Mersland & Ström, 2010; Getu, 2007; Armendáriz & Szafarz, 2011; Adhikary & Papachristou, 2014; Freixas & Rochet, 2008). The debate between these factions can be seen as a debate on whether "the increasing

commercialisation of micro-finance organisations represents a process of mission drift or just a maturing of this particular market” (Cornforth, 2014, p.4).

2.3.1 Sources of Mission Drift

Mission drift can occur in all types of SEs (Young & Kim, 2015; Defourny & Nyssens, 2017; Santos et al. 2015) and all parts of the organisation, including internal benchmarks and objectives, public mission statements and announcements, hidden in daily business practices or communication, or the quality of services provided to beneficiaries or clients (Bielefeld, 2009; Cornforth, 2014).

Scholars agree that mission drift is possible at any stage in the life cycle of an SE, but most likely while scaling up (Ometto et al. 2019). Scaling up an SE is defined as the expansion of the organisational size and incrementally implementing formal processes and practices (Ometto et al. 2019). One primary reason for the tensions arising from scaling is the lack of measuring the long-term social benefits of the organisation, while short-term financial pay-offs are very tangible. As a result, “these different time horizons can drive conflicting prescriptions for strategic action” (Smith et al. 2013, p.413). Therefore, whether an SE is likely to experience mission drift or not depends on the strategy to scale up its business (Huybrechts, Bauwens & Dufays, 2019).

In some cases, however, mission drift is simply caused on an individual management level if managers do not understand the implications of their decisions on the balance of both logics (Ramus & Vaccaro, 2017).

2.3.1.1 External Relations as a cause for Mission Drift

Another source for mission drift can be found in the relationship between the organisation and its environment (Cornforth, 2014). The resource dependency perspective analyses all market participants connected to the organisation and supply it with necessary resources. In the case of SEs, this usually refers to funding, which can negatively affect duality if the organisation is strongly dependent on a single provider of funds (Battilana & Dorado, 2010; Mia & Lee, 2017, Ebrahim et al. 2014; Bennet & Savini, 2011; Smith et al. 2012). Especially, “if the capital structure is such that the main source of funding is the private sector with profitability as the

primary goal, mission drift will result.“ (Simatele & Dlanini, 2019, p.239). Depending on the funder’s level of power, an SE is more or less likely to be directed or forced towards one mission or the other (Cornforth, 2014; Jones, 2007; Moizer & Tracey, 2010; Bennett & Savani, 2011). Additionally, the struggle for financial resources in SEs can increase the risk for mission drift when the allocation of scarce resources undoes the equilibrium of social and market logic (Battilana & Lee, 2014).

Further, “institutional theory suggests the environment may place demands on organisations in two ways” (Cornforth, 2014, p.7). These two ways are market demands, consisting of economic and technical demands, while the social and cultural demands need specific organisational measures to operate appropriately. Both can put pressure on the organisation, which are amplified when multiple demands appear simultaneously, thus leading to mission drift (Cornforth, 2014).

Based on Ramus & Vaccaro (2017), self-interest and financial objectives are highly institutionalised in different market environments, which might drift the organisation undiscovered and successively to the financial mission. On the other side, social and cultural demands can stem from the government, which poses the risk of misusing the SE for its own political agenda, likewise nurturing the risk of mission drift (Barinaga, 2020). The “power dynamic between established state- and emergent non-state-actors ... [leads to] agency when collaborating with the dominant institutional actors” (Barinaga, 2020, p.447).

2.3.1.2 Consequences of Mission Drift

SEs can experience mission drift temporarily without significant long-term consequences (Young & Kim, 2015). However, if the organisation takes no countermeasures and experiences a permanent drift, the outcomes are considerable, often resulting in a fundamental transformation or failure of the SE (Bielefeld, 2009; Park & Bae, 2020; Figure 3). If the SE fails to fulfil the social mission, its potential impact diminishes, thus not solving social problems or even causing a new one, which means ending up in market failure (Santos et al. 2015; Bielefeld, 2009; Grimes et al. 2019).

Another potential consequence is the loss of support from stakeholders, which exacerbates the mission drift, thereby pushing the business model of the SEs away from hybridity (Young & Kim, 2014; Grimes et al. 2019; Klein et al. 2020; Park & Bae, 2020). Therefore, publicly recognisable shifts lead to questions about the organisation’s legitimacy (Moizer & Tracey,

2010; Grimes et al. 2019; Klein et al. 2020), oftentimes creating significant scepticism towards SEs among the general public (Battilana & Dorado, 2010). As mission drift itself causes substantial cognitive tensions and emotional stress amongst employees, the organisational culture and structure are destabilised (Ashforth & Reingen, 2014).

Temporary mission drift can affect resource allocation by prioritising the already overemphasised side, which amplifies the momentum further, leading to a vicious cycle (Battilana, 2018; Cornforth, 2014; Moizer & Tracey, 2010). Generally speaking, though, the risk for mission drift is so significant that some argue that SEs are bound to succumb to organisational tensions (Cetindamar & Okzazanc-Pan, 2017; Ebrahim et al. 2014). Similarly, Doherty, Haugh & Lyon (2014) and Bruneel et al. (2017) describe SEs as fragile organisations, which are very likely to experience mission drift due to arising tensions. More radically, Weisbrod (2004) argues that any form of commercial activity is likely to result in mission drift. SEs are constantly evolving and in a dynamic change, exacerbating the risk of losing sight of their dual mission (Defourny & Nyssens, 2017).

However, the increased research output on SEs over the past decades has led to several discoveries how these tensions can be managed and how, by extension, SEs can mitigate the risk for mission drift (Santos et al. 2015; Battilana & Dorado, 2010; Young & Kim, 2015; Ramus & Vaccaro, 2017; Ometto et al. 2019; Park & Bae, 2020; Pache & Santos, 2010).

2.4 Managing Tensions Arising From Hybridity

Scholars have identified several frameworks on hybrid organisation management (Pache & Santos, 2010; Bennett & Savani, 2011; Eiselein & Dentchev, 2020; Yin & Chen, 2018; Battilana & Lee, 2014; Mair et al. 2015), as well as the essential aspects and strategies for dual-purpose management. The current academic literature on the management of tensions arising from conflicting institutional logics in hybrid organisations shows recurring themes and dimensions. We grouped them into four broad categories: (1) Organisational structure, (2) Leadership & Governance, (3) Human capital management, and (4) external relations. We will elaborate on these dimensions in the following paragraphs. It should be noted that communication and organisational culture are reoccurring themes in academia, too. However,

they directly affect all of the aforementioned dimensions significantly and can, thus, be found in most of the factors described below.

2.4.1 Organisational Structure

When it comes to the underlying organisational structure firms should choose to avoid mission drift, there is no unanimous consensus amongst scholars (Battilana & Lee, 2014; Battilana, Besharov & Mitzinneck, 2017). While most research agrees that the two logics need to be integrated on an organisational level, some argue that a strict separation of the two competing missions is desirable. Some argue that the organisational structure should depend on the type of SE (Ebrahim et al. 2014). We will present the arguments in favour of the two sides below.

2.4.1.1 Compartmentalisation of the two Logics

A strict separation of the two missions in all areas of an organisation helps SEs overcome the tensions that arise from duality (Cornforth, 2014; Mongelli et al. 2017; Smith et al. 2013; Mair et al. 2015). This separation should stretch across all business areas and represent a complete decoupling of any financial activities from social activities. The result presents compartmentalisation, where each employee feels a strong affiliation with their tasks, eradicating the risks of individuals emphasising one mission over the other (Civera et al. 2020). This structure allows the top management to scan for potential mission drift by simply looking at each compartment's and employee's day-to-day activities since each worker responds to one mission only (Bielefeld, 2009). The potential for mission drift in this structure is low on the individual level but rather significant at an organisational level since the balance between the competing logics is only managed and controlled by a small number of top managers, and hybridity is an element barely found within the organisation (Pache & Santos, 2013; Cornforth, 2014; Civera et al. 2020). To ensure appropriate levels of attention to both units, managers should split any investments roughly equal between the social and the business compartment (Moizer & Tracey, 2010) and strictly separate conflicting activities to avoid any tensions (Battilana & Lee, 2014).

This compartmentalisation works for some types of organisations, mainly those with differentiated beneficiaries and clients. The most notable forms of SEs in this category are WISE, charities, and regular companies investing parts of their profits in a good cause (Ebrahim

et al. 2014; Cornforth, 2014; Bennet & Savini, 2011). Although the separation of two logics in a hybrid organisation is common practice, there is a potentially significant downside, found by Jay (2013) called the service paradox. This implicates that the social enterprise has contradictory commercial and social activities in place, where the success of one goal is contradicting the other (Jay, 2013).

To prevent this, closer integration of the two logics is recommendable for some types of SEs (Battilana & Lee, 2014). Integration offers the opportunity to combine:

people, the environment and profit within corporations, with the potential of helping transform our economic system and recognizing the various ways in which individuals and organizations can contribute to society beyond mere economic value creation (Battilana, 2018, p.1294)

2.4.1.2 Integration of the two Logics

The integration of different, sometimes competing activities is critical in preventing mission drift because compartmentalisation, as described above, alone is unlikely to solve the inevitable arising tensions. Therefore, even those scholars calling for separation in some parts of the business agree that certain activities need to be integrated and combined to ensure the survival of SEs (Cornforth, 2014; Battilana & Lee, 2014; Battilana, 2018; Pache & Santos, 2013). The partial separation and partial integration of activities is referred to as selective coupling in academia (Pache & Santos, 2013). With selective coupling, organisations can erase some of the problems associated with a strict separation of activities while carefully selecting a combination of activities, which would yield the greatest benefit for the overall organisation. Thus, fulfilling both missions without the need to fake compliance (Pache & Santos, 2013; Mair et al. 2015). However, Moizer and Tracey (2010) draw attention to the risks involved in semi-integration, leading to deeply embedded tensions within the organisation if not done well. For example, “in the case, decisions about resource allocation are more complex and fuzzier because the link to a clearly defined outcome is less apparent” (Moizer & Tracey, 2010, p.262).

One of the key advantages of integrating the activities is the creation of a coherent perception of the company (Grimes et al. 2019; Civera et al. 2020; Klein et al. 2020; Maiborn & Smith, 2016; Battilana & Lee, 2014). Doing so facilitates the establishment of partnerships with other SEs, alleviates the risk of public misperception, increases allegiance amongst employees, and fosters better communication both internally and externally (Battilana & Lee, 2014; Cornforth,

2014; Pache & Santos, 2013; Smith et al. 2013; Ebrahim, Battilana & Mair, 2014; Civera et al. 2020; Maiborn & Smith, 2016;). It further allows the SE to ensure that their overall purpose is adhered to in the recruitment process (Cornforth, 2014).

Complete integration is commonly used by SEs whose beneficiaries and clients are identical, such as MFIs (Ebrahim et al. 2014; Serrano-Cinca & Gutiérrez-Nieto, 2014). In this structure, employees need to understand both logics and work autonomously towards either one or both simultaneously, thereby managing the tensions on a micro-level, facilitated by social responsibility and freedom of action (Maiborn & Smith, 2016). Ometto et al. (2019) suggest close employee participation and involvement on two levels: a more formal, inward-looking space designed to manage the tensions arising from a dual purpose and ensuring that neither of the two gets neglected; and an outward-directed level to link the SE to its ecosystem and institutional context.

Fully understanding the company's context helps the company develop a compass for the organisation and assists employees to understand the context of the SE (Ometto et al. 2019). This deep understanding of the organisation, its purpose(s), and its context mitigates the risk of negative, external influences pushing the firm towards one goal, neglecting the other (Cornforth, 2014). Prior experience and their socialisation in either one institutional logic highly influence employees, making it even more challenging to establish a strong hybridity culture within the SE (Battilana & Lee, 2014).

The debate amongst scholars has been summarised by Yin & Chen (2018, p.1365):

The differentiation approach keeps the two goals independent and avoids jeopardizing social goals by commercial activities, especially when the two goals are in drastic conflict. However, the symbolic separation of identities may intensify conflicts among different stakeholder groups and diminish organizational efficiency. Integrating dual goals into one shared identity involves all stakeholders and requires reciprocal operating strategies. Creating integrative goals instead of competing ones and embedding economic objectives into social service reduces the risk of prioritizing one over the other.

2.4.1.3 Monitoring and Controlling

Regardless of the degree of integration or separation, SEs must monitor their internal activities and performance (Battilana, 2018; Bennett & Savini, 2011; Ramus & Vaccaro, 2017). Both the

financial and the social logic need to be controlled to maintain the balance between them. Having commercial and social KPIs helps prevent mission drift (Santos et al. 2015; Mia & Lee, 2017). Financial controlling makes the SE more resilient and helps ensure survival (Young & Kim, 2015) while measuring the success of the social logic prevents the firm from prioritising profit over social impact (Battilana, 2018; Mia & Lee, 2017).

While the design of financial objectives and KPIs has received significant attention in research (Venanzi, 2010; Stewart, 1996; Rappaport, 1986), measuring social impact is substantially more complex and less researched (Smith et al. 2013). Given the risk of adverse external influences by stakeholders pushing their interests, Ramus and Vaccaro (2017) call for a stakeholder criterion: tangible dimensions along which partners and stakeholders are selected, such as strong institutionalised social commitment. Moreover, their results suggest establishing a compensation system that incentivises long-term social goals, as “a social enterprise easily prioritizes commercial metrics over social ones” (Ramus & Vaccaro, 2017, p.319). A well-designed performance measurement system (PMS) can help hybrid organisations retain a stable balance between competing logics (Mia & Lee, 2017; Santos et al. 2015). To design such PMS, SEs rely on strong leadership.

2.4.2 Leadership and Governance

Leadership and governance have been identified in literature to play a crucial role in managing hybrid organisations. During the inception, the founders of SEs establish the organisational culture that will guide the enterprise and serve as the backbone for all its activities (Battilana, 2018; Ashforth & Reingen, 2014). Therefore, the founders must establish a mission or a fantasy to work towards; their capability to create these values and pass them to employees is critical to prevent mission drift at later stages (Zheng, Bronson & Lin, 2020). This goal needs to be deeply embedded in the organisation if the SE wants to avoid succumbing to the risk of mission drift (Kenny, Haugh & Fotaki, 2020; Smith & Lewis, 2011). It is the organisational culture created by the founder that sets the course for SEs (Battilana & Lee, 2014; Battilana, 2018). If the SE is characterised by different organisational cultures or identities and does not share a uniformity of mindsets, the consequences are internal conflicts, which potentially cultivate mission drift (Battilana & Dorado, 2010).

At a later stage, low power distances across the organisation are advisable in SEs, the overall strategy should be decided upon in a democratic process, and the top management needs to have an open ear for the employees' concerns (Eiselein & Dentchev, 2020; Ashforth & Reingen, 2014). Additionally, a flat hierarchy allows employees to find their fulfilment and strengthen the emotional bond between firm and employee (Yin & Chen, 2018). Lastly, low power distance leads to increased agility and responsiveness to external shocks, making the organisation more resilient (Young & Kim, 2015).

Once the organisation becomes too big for the founder to manage alone, the establishment of suitable governance structures is critical in ensuring long-term success and balancing social and financial goals (Mair et al. 2015; Quélin, Kivleniece & Lazzarini, 2017; Battilana, 2018; Bennett & Savini, 2011; Young & Kim, 2015; Defourny & Nyssens, 2017). Governance mechanisms can be used to safeguard an SE's mission (Young, 2012; Cornforth, 2014; Simatele & Dlamini, 2019; Defourny & Nyssens, 2017). To establish a second level of governance and supervision, Civera et al. (2020) advise two-tier board structures. Both boards need to be characterised by outstanding communication and a profound belief in the SEs mission (Eiselein & Dentchev, 2020). Cornforth (2014) suggests that stakeholders from both the financial and the social mission be represented to create a culture that "encourages a full and respectful airing of disparate views" (Ashforth & Reingen, 2014, p.510). This representation can be ensured through well-designed recruitment processes.

2.4.3 Human Capital Management and Recruitment

One aspect of SE management that deserves special attention is the management of human capital. Since SEs frequently suffer from cash constraints, human resources are critical (Yin & Chen, 2018). Research indicates that having accountable managers helps avoid mission drift (Ebrahim et al. 2014) and that those managers need to be carefully selected by the founder or CEO. To ensure like-mindedness, managers need to communicate the organisation's values clearly. Employees should always identify themselves with both missions rather than just one aspect of the firm, which is especially crucial for highly integrated enterprises (Eiselein & Dentchev, 2020). However, in practice, workers often have value preferences for either the social mission or the drive for more profit (Eiselein & Dentchev, 2020) and focus their tasks accordingly (Besley & Ghatak, 2017). Participative activities involving both employees with a

preference for the social and the market logic help overcome potential internal conflicts (Eddleston & Kellermanns, 2007). The employees must be driven by values similar to those of the organisation and act in the firm's best interests rather than working for a personal benefit (Eiselein & Dentchev, 2020; Besley & Ghatak, 2017). Further, a strong team spirit and allegiance should be fostered (Maiborn & Smith, 2016). Given the importance of the organisation's mission and teamwork in SEs, research has concluded that the employee-founder relationship should be inspired by stewardship theory rather than agency theory (Tricker, 2015; Eiselein & Dentchev, 2020).

To maintain the culture established by the founder and continue successful operations, scholars identified the recruitment process to carry particular importance in hybrid management (Maiborn & Smith, 2016; Battilana & Dorado, 2010; Battilana et al. 2015; Battilana, 2018; Eiselein & Dentchev, 2020). Battilana and Dorado (2010) found two approaches as hiring practices.

The mix-and-match approach prioritizes individual capabilities and therefore leads to hiring people who are carriers of the logics the organization is attempting to combine; the tabula rasa approach emphasizes socializability above all, thereby prioritizing individuals not steeped in either of the logics being combined (Battilana & Dorado, 2010, p.1432).

Further, to attract the right people, SEs need to clearly communicate their values and check for a fit of values in applicants in a purpose-driven recruitment process (Besley & Ghatak, 2017). In line with stewardship theory, SEs should look for pro-organisational behaviour and mission-sympathetic characteristics rather than selfish motivation (Eiselein & Dentchev, 2020; Besley & Ghatak, 2017). As part of the previously described PMS, Ometto et al. (2019) suggest regular meetings to discuss potential value conflicts and ensure that no employee experiences individual mission drift. These meetings can also be used to create awareness for the integration of competing logics and train employees to master the art of 'hybrid organising', the act of creating an activity that works towards seemingly competing logics (Battilana & Lee, 2014; Battilana, 2018; Battilana et al. 2015). One of the activities included in hybrid organising is the management of external relations.

2.4.4 External Relations

Partnerships and stakeholder relations are the final dimension in tension management that can be found in academia (Yin & Chen, 2018; Battilana & Lee, 2014; Battilana, 2018; Eiselein & Dentchev, 2020; Moizer & Tracey, 2010; Grimes et al. 2019; Klein et al. 2020). Collaboration should not be limited to either for-profit, non-profit, or hybrid organisations but rather include firms operating with different missions and purposes as well as neighbourhood associations and other groups (Yin & Chen, 2018; Eiselein & Dentchev, 2020). Also, establishing a dialogue with external stakeholders can increase their social awareness, thus aligning their perception with the social goals of the SE. The communication and involvement of external partners with the activities and goals of the SEs can reduce administrative barriers, thus making the organisation more flexible (Eiselein & Dentchev, 2020). As a result, constructive communication with external stakeholders opens the possibility to improve social skills and capabilities (Ramus & Vaccaro, 2017). However, SEs should carefully watch their partnerships with the public or social sector since this collaboration might be significantly influenced by political interests and highly institutionalised actors (Barinaga, 2020).

Well-balanced and established partnerships with different stakeholders help create an image of a firm that cares and truly lives up to its stated missions and dual purpose (Moizer & Tracey, 2010; Mair et al. 2015). Thus, managing external relations is an important dimension of image management, building trust and showing the SEs trustworthiness (Yin & Chen, 2018). Well managed external relations can lead to dual registration: gaining legitimacy and approval from different stakeholders simultaneously (Yin & Chen, 2018).

Chapter 3 Methodology

This chapter will elucidate on the means used to obtain the data required and the research process to answer the research question. We will begin by providing an overview of some of the philosophical assumptions we hold that strongly impact our research strategy before elaborating on the paradigm chosen for this study. Subsequently, we will outline a research strategy and methods for data generation and analysis. We end with brief discussions on the reliability and validity of our findings as well as ethical considerations.

3.1 Research Philosophy

Before we elaborate on the research strategy, we consider it important to devote some time to research philosophy to describe and explain some of our underlying beliefs and assumptions. A clear understanding thereof will make it easier to understand our analysis and add credibility to our results by placing them in the context of our beliefs. Additionally, while some scholars call for researchers to begin their enquiry by deciding on either qualitative, quantitative, or mixed methods and then choose their paradigm and assumptions accordingly (Creswell & Creswell, 2017), we cannot agree with this point of view and, instead, take on the position of Burrell and Morgan (1979). They state that every researcher carries values and beliefs, which, in turn, will lead to certain assumptions made at every stage of the process. As Morgan and Smircich (1980, p.499) explain:

A preoccupation with methods on their account obscures the link between the assumptions that the researcher holds and the overall research effort, giving the illusion that it is the methods themselves, rather than the orientations of the human researcher, that generate particular forms of knowledge. The development of organization theory, like other social science disciplines, would be better served if researchers were more explicit about the nature of the beliefs they bring to their subject of study.

There are, of course, other biases and factors that play into methodological choices and, one might argue that as long as the researchers answer their research question adequately, their philosophical assumptions are irrelevant. However, philosophy of sciences has always played a pivotal role in social sciences, and since the subsequent determination of a research paradigm

significantly affects all other stages of the research process (Zukauskas, Vveinhardt, & Andriukaitienė, 2018; Crotty, 1998; Johnson & Clark, 2006). Consequently, we see it important to explain our stand on the issue to add to the context of justification for our research.

Having explained why we think it is essential to understand the philosophical assumptions we hold, we can explain what these assumptions and beliefs are. Research philosophy, in a broad meaning, is “a set of systems of beliefs [stemming from] the study of the fundamental nature of knowledge, reality, and existence” (Waite & Hawker, 2009, p.685). In other words, it is a system of beliefs and assumptions concerning the creation of knowledge (Saunders, Lewis, & Thornhill, 2009). In the context of a thesis, research philosophy can be described as “a system of the researcher’s thought, following which new, reliable knowledge about the research object is obtained” (Zukauskas et al. 2018, p.121).

Research philosophy includes “assumptions about human knowledge (epistemological assumptions), about the realities you encounter in your research (ontological assumptions) and the extent and ways your values influence your research process (axiological assumptions)” (Saunders et al. 2009, p.124). These assumptions form a research paradigm (Easterby-Smith et al. 2008), a comprehensive structure encompassing the basic set of beliefs held by the researchers, which guides their actions, defines their perception of the world, and describes their awareness of different theories and practices to conduct research (Guba, 1990; Cohen, Manion, & Morrison, 2007; Zukauskas et al. 2018; Collis & Hussey, 2014; Denzin & Lincoln, 2011; Kaushik & Walsh, 2019).

We believe that humans construct the social world; it is intersubjective and built upon shared meanings. Intersubjectivity refers to the influence of a “bundle of self-reinforcing perspectives, hypotheses, experimental methods, debates, communities and institutions, [which] inevitably binds us to remain within self-enclosed conceptions” (Di Paolo & Jaegher, 2015, p.1). In other words, an inter-subjective reality is shaped and influenced by our individual perceptions but shared with those with a similar background and beliefs.

Since “life is not what we live; it is what we imagine we are living” (Mercier, 2009, p.214), one’s reality exists only in one’s mind. We believe that this reality can be captured scientifically, and the shared meanings can be captured accurately. Social life has an internal logic that needs to be understood by the research by diving deep into the social structures constructed around us (Goldkuhl, 2012). Additionally, as institutional theory sets the frame of our research problem,

we follow Suddaby's (2010) recommendation to adhere to an interpretivistic paradigm when investigating institutional logics. As he explains:

We must accept and extend the notion that organizations engage in structured patterns of collective interpretation which involves the attachment of meaning to events and the infusion of value into organizational processes and outcome (Suddaby, 2010, p.18).

3.1.1 Interpretivism

Interpretivism is loosely based on Kant's ideas, namely idealism and the *Verstehen* school of thought. It was born with the rise of capitalism and industrialisation and the concomitant expansion of research into fields other than natural sciences as a critique of positivism (Saunders et al. 2009; Collis & Hussey, 2014). As described above, it is the paradigm we agree with in terms of values and assumptions. However, our research question calls for interpretivism since the “overwhelming complexity of the social world ...[and] the reflexive nature of any statement... researchers make” (Smith, 1983, p.12) do not allow the discovery of laws like they can be found in natural sciences. Interpretivism with its idealistic roots and *Verstehen*, on the other hand, make “it possible to understand specific business situations” (Zukauskas et al. 2018, p.128); indeed, it is “highly appropriate in the case of business and management research” (Saunders et al. 2009, p.141) since it allows the researchers to dive into the subjectivistic and constructed reality of an organisation. The purpose of research conducted following this paradigm is to develop a rich and profound understanding (the literal translation of *Verstehen*) that we can interpret, using our knowledge and subjective perception. To better understand interpretivism as a paradigm, we will briefly describe the fundamental assumptions of this paradigm below.

3.1.1.1 Ontological assumptions

Ontology is commonly described as “the nature of reality” (Collis & Hussey, 2014, p.47; Saunders et al. 2009, p.127). It is the theory of existence (Hitchcock & Hughes, 1989) and describes the way researchers assume their reality and objects. The key ontological assumption on which our research rests is that social reality is inter-subjective and socially constructed. It is, therefore, specific in nature and highly dependent on the researchers' background (Easterby-Smith et al. 2008; Collis & Hussey, 2014; Zukauskas et al. 2018).

However, while we acknowledge that knowledge is inter-subjective and that findings may only hold limited reliability, we argue that a different form of objectivity can be found in our study: the realm of the knower. As Smith (1983, p.10) explains:

Objectivity in [...interpretivism] requires that the following claim be taken as fundamental: Our view of the world and our knowledge of it are inevitably based on our interests, values, dispositions, ... objectivity is, therefore, nothing more than social agreement: What is objectively so is what we agree is objectively so. ... If researchers see the world in the same way, it is not because the results of research compel agreement (where not to agree is to be irrational or not face the facts), but rather because they happen to have similar interests, values, dispositions, and so on. Agreement rests not on the duplication of results but on a commonality of perspective, which in turn produces similar results.

This, however, does not imply that new research would be pointless since it is only true in the eyes of the researchers. Instead, it should be understood as an analytical lever to create new facts within a particular setting.

3.1.1.2 Epistemological assumptions

Epistemology concerns assumptions about knowledge, what constitutes knowledge, what makes it valid, and what we accept as knowledge (Burrell & Morgan, 1979; Saunders et al. 2009; Collis & Hussey, 2014; Zukauskas et al. 2018). These assumptions usually rest on ontological beliefs (Sale, Lohfeld, & Brazil, 2002; Cohen et al. 2007; Denzin & Lincoln, 1998). We believe that knowledge is based on experiences and inter-subjective interpretations of the data available, and we, as researchers, must interact with the phenomena under study to obtain the information required to answer our research question. To do so, researchers need to minimise the distance between the subject under study and themselves and engage in a participative enquiry by directly interacting with what is being researched. Consequently, the act of researching a phenomenon affects it directly and immediately. This implies that the data needs to be generated by the researcher; it cannot simply be obtained (Goldkuhl, 2019). The purpose is to gain an interpretive understanding, influenced by the researcher's perception of the phenomenon.

3.2 Research Approach and Strategy

The following section will describe the methods and strategy used to answer our research question. We will outline a plan detailing how we decide on the setting to generate data and how said data will be analysed; in other words, this section serves as a ‘blueprint for our study’ (Philliber, Schwab, & Samsloss, 1980; Yin, 2014; Nachmias & Nachmias, 1992). Given that the purpose of this thesis is the development of a comprehensive framework, it is written with inductive reasoning, meaning that the result will be analysed in the context of current literature (Creswell & Creswell, 2017; Collis & Hussey, 2014; Easterby-Smith et al. 2018).

To do so, a small sample in a natural setting seems appropriate (Collis & Hussey, 2014). To answer our research question, we will need to generate rich, qualitative data that fosters a deep, although subjective, understanding of the phenomenon under study (Collis & Hussey, 2014; Creswell & Creswell, 2017; Morse, 1991). While we are interested in changes over time, time constraints restrict us from using a longitudinal design. Instead, this study applies a cross-sectional time horizon, with all observations and data generation taking place within a few weeks.

While a small body of literature describes methods as either qualitative, quantitative, or mixed (Creswell & Creswell, 2017), we agree with Collis & Hussey (2014) and Easterby-Smith et al. (2018) that the methods serve to generate data and are not limited to one type of data. We want to depict a holistic account, and the best-suited research strategy to create the data we need is a case study. Case studies are used for descriptive and exploratory purposes and serve to create theories (Normann, 1970). Further, they offer thick descriptions of a phenomenon and are thus the tool of choice when a phenomenon is of extraordinary interest and research is drawn to details of interaction within a specific context (Stake, 1995). Additionally, case studies are recommendable in situations when (1) the main research questions are “how” or “why” questions; (2) a researcher has little or no control over behavioural events; and (3) the focus of the study is a contemporary (as opposed to entirely historical) phenomenon” (Yin, 2014, p.2). Our broad research question requires the understanding of multiple perspectives within the same organisation. To accurately capture the aforementioned holistic picture, we will hear several opinions and different aspects and points of view will be taken into account. These factors lead us to believe a case study to be the ideal strategy to answer said question. Furthermore, the research strategy must be in line with our outlined assumptions and beliefs.

Case studies are ideal to reflect multiple realities and depend highly on interpretation and *Verstehen* (Stake, 1995).

Case studies are an “empirical enquiry that investigates a contemporary phenomenon (the case) in depth and within its real-world context, especially when the boundaries between phenomenon and context may not be evident” (Yin, 2014, p.16). Expressed differently, we want to understand tensions within a real-world case and need to comprehend its context first, since the phenomenon under study and the context are not always distinguishable (Yin & Davis, 2007; Collis & Hussey, 2014; Stake, 1995). The use of case is instrumental rather than intrinsic since the case serves to answer our research question and respond to our drive to answer our research question (Stake, 1995; Easterby-Smith et al. 2018). We acknowledge that “case study is among the hardest types of research” (Yin, 2014, p.70) and “one of the most challenging of all social science endeavours [and, therefore,] do not underestimate the extent of the challenge” (Yin, 2014, p.3).

3.2.1 Case Study Design

To answer our research question, we decided on a single case study. While a multiple case study can be considered more robust and compelling (Herriott & Firestone, 1983; Yin, 2014; Easterby-Smith et al. 2018; Collis & Hussey, 2014), our broad research question and the purpose of building a comprehensive framework call for profound and in-depth data and several different perspectives from within the same organisation. A single case can be extremely stimulating in exploratory studies and we face time constraints, a single case is ideal (Collis & Hussy, 2014). Additionally, a single case study helps get a deeper understanding of the company chosen and its institutional logics, building the theoretical context of the research problem we look at. In other words, a single case study approach aims to understand better the different practices, principles, and vocabulary of the actors in the social system while combining two different institutional logics, which are the market and social logic.

We will follow a holistic design that requires just one single unit of analyses. Identifying the unit of analysis is crucial in designing case study research (Easterby-Smith et al. 2018; Yin, 2014; Stake, 1995). It is provided by our research question and elaborated on in the literature review: the inherent tensions that arise from a hybrid structure.

Before selecting the case, we have to define the sampling frame, the “record of a population from which a sample can be drawn” (Collis & Hussey, 2014, p.131). Our sampling is theory-guided (Easterby-Smith et al. 2018), and the resulting sampling frame consists exclusively of WISE that are currently scaling up, located in central Europe. We chose this geographic area since it is vital to understand the context of cases (Yin, 2014), and both authors are most familiar with this geographic area. A broader geographic area would have impacted validity negatively since it is hard to conclude vastly different contexts (Yin, 2014; Stake, 1995; Miles & Huberman, 1994). Within this sampling frame, we attempt purposive sampling.

Since the first criterion in case selection should be how much and what we can learn and how insightful the data will be (Stake, 1995; Yin, 2014; Collis & Hussey, 2014), we select the sample based on their likelihood to struggle with internal tensions – as far as this evaluation is possible from the outside. After gathering insights into a number of SEs through several online resources, such as reports, social media accounts, blogs, newspaper articles, and webpages, we identified a shortlist of potentially suitable companies we contacted. However, given the low response rate among the desired cases and the importance of access and the willingness of participants to share information, the final selection partially represents a natural sample (Yin, 2014).

3.2.2 Case Setting

Sindbad – Social Business is a WISE with the purpose to assist socio-economic disadvantaged adolescents between 13 and 19 years old who are still in mandatory education, ultimately helping them find work and lower the unemployment rate. These adolescents are commonly deciding for further education or already entering the labour market via apprenticeship upon finishing compulsory primary education in Austria. Sindbad does this through a twelve-month mentoring programme, creating a one-to-one relationship with a mentor, who is between 20 and 35 years old and matched with the mentee based on a personal interview. Sindbad refers to this one-to-one relationship as a team. Once a certain number of teams has been matched and created in a specific geographic area, the programme commences. The adolescents receive personal support and assistance in decision making to ensure that they find an apprenticeship, further education, or a job they like. The objective of these teams is, thus, to reduce the school drop-out rate and, in the long run, improve the socio-economic position of the target group.

Most of the mentors are volunteers who sign up on their account and receive no financial compensation for their mentoring and assistance. The mentoring programme, where mentors and mentees get in touch, is representing Sindbad's social activities. What makes it an SE, though, is its commercial activity.

The most important commercial service Sindbad offers is a leadership programme with the objective to foster employees' personal development and social leadership skills. Companies buying this service send their employees to Sindbad and participate in the mentoring programme described above as mentors for disadvantaged adolescents. Thus, not all of the mentors are volunteers; many have been registered for the programme by their employers, who pay for their participation. Additionally, these employees receive workshops from professional coaches. This creates a unique win-win situation for the companies and disadvantaged adolescents: companies' employees develop their leadership and social skills, assisting them in their personal development while the programme directly benefits the disadvantaged adolescents who present Sindbad's beneficiaries. The cost of this leadership programme is 1,900 € per employee in addition to a 5,000 € service fee.

Additionally, Sindbad offers an employee development programme for a company's apprentice trainer or the apprentices themselves. The objective of this programme is to increase overall employee satisfaction and reduce the quitting rate amongst adolescents. The programme consists of workshops with professional coaches and costs for both target groups 8.000 € for a full day or 4.000 € for half a day. Customers can decide whether they need this service for their apprentice trainers or the apprentices.

3.2.3 Data Generation Process

In line with our interpretivist position, data cannot simply be collected. Instead, it is generated in an intricate interplay between researcher and informants (Goldkuhl, 2019). Thus, the researcher is a substantial part of the data generation and directly involved in producing meaningful data. When it comes to data generation, "there is always too little time" (Stake, 1995, p.51). However, since preparation and thoroughness are critical for this stage of conducting research (Yin, 2014; Stake, 1995), we will not move precipitately and instead ensure we are well prepared for the data generation process.

In case studies, evidence and data can stem from “documents, archival records, interviews, direct observation, participant-observation, and physical artefacts” (Yin, 2014, p.102) and others (Norman, 1970). A good case study should use as many different sources of information as possible to triangulate wherever possible (Yin, 2014; Easterby-Smith et al. 2018; Collis & Hussey, 2014). We will mainly rely on interviews for our thesis while using other data sources when possible for triangulation (Easterby-Smith et al. 2018; Collis & Hussey, 2014; Creswell & Creswell, 2017). Interviews are well aligned with our interpretivistic paradigm and the *Verstehen* approach, which often uses hermeneutics to interpret spoken words (Morgan & Smircich, 1980; Smith, 1983; Saunders et al. 2015).

Participants for the interviews will be selected based on knowledgeability and likelihood to provide insightful information, as we want to gather wide-ranging perspectives on the tensions (Stake, 1995; Collis & Hussey, 2014; Easterby-Smith et al. 2018; Yin, 2014). Additionally, we consider the most important sources of mission drift and tensions in SEs based on current literature for selecting relevant participants. Therefore, we will get in contact with Andreas Lechner, who is one of the founders. He stepped down from managerial activities in 2019. We expect to get substantial insight into the company and his rather external point of view. Further, we acknowledge the importance of the founder's influence on the organisation (Battilana, 2018; Ashforth & Reingen, 2014).

Since Sindbad has individuals heading their units of social or commercial activities respectively, talking to both Laura Stockert, head of business and Janet Kuschert, head of social, is highly important to obtain specific information on how those two units interrelate and gather their respective understanding of Sindbad's activities. Moreover, the SE has several local managers responsible for operative activities and more distant from the headquarter in Vienna. We will interview Andreas Maierhofer, president of the branch in Graz. Lastly, to gather detailed insights on how the organisation works and represents itself to the outside, we expect interviewing a former volunteer participant of the mentoring program to yield valuable data. This is supported as academia considers a coherent perception of the SE as a significant factor (Grimes et al. 2019; Civera et al. 2020; Klein et al. 2020; Maiborn & Smith, 2016; Battilana & Lee, 2014). Figure 5 provides an overview of the participants.

Company: Sindbad – Social Business			
Name & abbreviation used in the analysis	Position	Information	Interviews
Andreas Lechner (AL)	Founder; only in supervisory role nowadays	Still advising the company as a non-operative chairman	28.04.2021 45 Minutes
Laura Stockert (LS)	Head of Social	Responsible for the Sindbad Mentoring Association, which is organising Sindbad's social activities.	16.04.2021 2 hours
Janet Kuschert (JK)	Head of Business	Responsible for the Sindbad Chanceproduktion, which is offering social services and consulting for companies.	20.04.2021 2 hours
Andreas Maierhofer (AM)	President for a local association	Is part of the lower management and responsible for operative processes and activities at one location.	08.04.2021 2 hours
Anonymous Volunteer (AV)	Volunteer	Participated in the mentoring program of Sindbad. (Mentor)	19.04.2021 1,5 hours

Figure 5: List of Interviewees

Throughout the process, we will “keep a focus on learning the meaning that the participants hold about the problem or issue, not the meaning that the researchers bring to the research or that writers express in the literature” (Creswell & Creswell, 2017, p.258). In line with our paradigm, we will, therefore, take on the role of an interpreter, meaning that we listen carefully, study the phenomenon in its natural context by investigating tensions in hybrid organisations rather than talking to regulators or other external players, and thereafter make connections and interpret the information we obtained (Stake, 1995). Throughout the process, we acknowledge

that we are the key instrument in conducting case study research and the need to be patient, cautious, and reflective (Stake, 1995). Following the principle that four eyes see more than two, both authors will be present for all interviews. This decreases the risk of misinterpretation and leads to theory triangulation (Stake, 1995; Collis & Hussey, 2014).

Another critical aspect to consider when conducting interviews is the location and the setting where these will be conducted (Miles & Huberman, 1994; Yin, 2014; Easterby-Smith et al. 2018; Creswell & Creswell, 2017). Although face-to-face interviews provide more insight than online interviews since the researchers get a more comprehensive understanding of the setting and the case (Collis & Hussey, 2014; Easterby-Smith et al. 2018; Stake, 1995), we will sadly not be able to conduct in-person interviews due to the COVID-19 pandemic. Consequently, we will rely on video call software by Microsoft, Zoom, or Google, depending on participants' preferences. With the participant's consent, we will record all interviews. If requested by the participants, interviews can be conducted in other languages if at least one of the researchers is fluent. While this cumpers the data analysis and increases the risk of details getting lost in translation, we believe that the comfort and the possibility for informants to express themselves confidently and detailed outweigh the negative consequences.

Conducting interviews usually requires the development of a new set of questions for each participant to ensure maximum information and discover each informant's unique experience (Stake, 1995). The interviews should not be a plain Q&A round but rather directed conversations evolving around selected topics that have previously been identified by the researcher (Easterby-Smith et al. 2018; Yin, 2014). Therefore, we will rely on semi-structured interviews, loosely following a topic guide that includes several topics we want to cover in blocks and several questions and aspects to investigate within each block (Collis & Hussey, 2015; Easterby-Smith et al. 2018; Saunders et al. 2015; Yin, 2014). This system should ensure that the interview resembles a guided conversation more than a structured query (Yin, 2014; Rubin & Rubin, 2011). As distinguished from Stake (1995), we do not see the need to develop a new topic guide for each participant. However, minor changes will be made to adapt the questions and topics more specific to the context of each participant and informant. Additionally, we apply an emergent design, implying that the design of topic guides is an iterative process, and we may alter blocks, questions, or structures after initial interviews to reflect the personal learning of the researchers (Collis & Hussey, 2014; Easterby-Smith et al. 2018). To maximise the likelihood of generating the data required, we will discuss the topic guides with interview experts (Stake, 1995).

The majority of questions will be open-ended since they provide better insight and avoid bias (Easterby-Smith et al. 2018; Collis & Hussey, 2014). We will use probes to verify information, establish a sequence of events and actions or understand additional details (Collis & Hussey, 2014). We are prepared to ask questions that elicit descriptions of events, anecdotes, and interactions to get specific examples. At the end of each block, we will ask summary questions to ensure the correct understanding by the researchers (Collis & Hussey, 2014). The blocks and the topics covered move from general to more specific topics (Appendix C). Whenever we are not fully satisfied with the information obtained from an initial question, we will apply the laddering up technique described in Easterby-Smith et al. (2018), effectively pinning down a participant without making them uncomfortable until they cannot share any further information.

Both researchers are familiar with and prepared to use the critical incident technique. Initially developed by Flanagan (1954) for positivist paradigms, it can be adapted to qualitative interview methods (Easterby-Smith et al. 2018) to generate “data about a defined activity or event based on the participant’s recollection of facts” (Collis & Hussey, 2014, p.139). This practice will be applied if we discover that a specific event led to the experience of tensions or helped in preventing mission drift.

We are aware of the risk that participants may not be willing to share the whole truth with us (Lee, 1993; Collis & Hussey, 2014), especially given the sensitivity of our topic. This poses a severe risk to our investigation, and we hope that the aforementioned questions and techniques will help us get an accurate depiction of events. While we acknowledge the ineluctable entanglement of researcher and informant (see epistemological and axiological assumptions), we will attempt to remain neutral, avoid interview bias, and avoid influencing participants as much as possible to ensure accurate information (Easterby-Smith et al. 2018). Within hours after the interview, we will sketch up the essential ideas, findings, and results (Stake, 1995) before debating and discussing the results and debriefing the interview (Collis & Hussey, 2014).

To ensure correct understanding, we will send both the transcripts and the final thesis to all participants before publication. Lastly, it is worth mentioning that, throughout the entire data generation process, we will apply Yin’s (2014) four principles for data collection (Appendix B).

3.3 Data Analysis

While the aforementioned debrief sessions after each interview and the case study protocol will help us to understand our data better, “despite students’ prayers, ... theory does not magically emerge from data” (Morse, 1994, p.25) and a more structured approach to the analysis is called for. We will move in steps through the analysis, following four cognitive process stages developed by Morse (1994), described below. We chose this model because Morse’s assumptions align well with our paradigm and have proven helpful in case study research in academia before. It develops theory based on a structured amalgamation and concatenation of primary and secondary data, thereby accentuating the dependency on and the influence of the researchers’ previous knowledge and experiences, and thus pinpointing the implicit subjectivity at the core of interpretivistic research. Since it is a cognitive process stage model, it can be supplemented with other, more tangible methods in each stage, outlined below.

3.3.1 Stage 1: Comprehending

“The process of comprehending is often a painful process of maturing, from examining piles of seemingly unrelated bits of knowledge to identifying something that is patterned, is predictable, and that ‘flows’” (Morse, 1994, p.30). This first stage involves developing complete comprehension of both the literature reviewed and the data collected. Primary and secondary data need to remain strictly separated in this phase to avoid any contamination of the findings. Full comprehension can best be reached if the following conditions are fulfilled: (1) “the researcher should enter the setting as a stranger” with an open mind (Morse, 1994, p.27); (2) “the researcher must be capable of passively learning – of absorbing nonjudgmentally and with concentrated effort – everything remotely relevant to the topic of interest” (Morse, 1994, p.28); and (3) “the participants must be willing to tolerate intrusion and to share their world with the researcher ... [and] to respond to the researcher’s questions” (Morse, 1994, p.28). When we realise that no new information can be learned, and when the interviewees begin repeating themselves, saturation is reached, and the comprehension stage is complete.

3.3.2 Stage 2: Synthesising

At this stage, the researcher fully understands the stories and cases associated with each interview conducted or article read. This step involved sifting, the separation of the significant from the insignificant. Researchers can accurately begin to describe patterns, norms, and aggregate stories. Synthesising has been reached when the researchers can “with confidence and without referring to notes, [describe] composite descriptions of how people act or relate or respond when suffering [or when they have developed] the ability to provide specific stories as examples to illustrate the generalisation” (Morse, 1994, p.31). At the end of this stage, the researchers can clearly identify which variables, factors, and stories will be relevant in developing their theory by providing the ‘average’ response of interview participants in a context with existing literature.

To do so, we will code the data obtained following the coding principles developed by Charmaz (2006). Coding qualitative data is “the process of defining what the data are about, ... naming segments of data with a label that simultaneously categorizes, summarizes, and accounts for each piece of data” (Charmaz, 2006, p.43). As previously mentioned, the focus in the interviews will be on facts, specific events, and examples. Coding is the first step in making analytical interpretations and moving beyond factual statements. To construct the codes, we will partially use keywords identified in previous literature, as suggested by Miles & Huberman (1994); but we will also use words from our primary data (Charmaz, 2006; Glaser & Strauss, 1967). We will code each interview transcript twice: in an initial phase, each segment will be named, and in a second phase, the most significant and reoccurring codes will be selected and ordered, integrated, synthesised, and organised (Charmaz, 2006; Easterby-Smith et al. 2018). For the initial coding, we will use comments in Microsoft Word; the second phase of grouping will take place in mind-maps in MS PowerPoint.

3.3.3 Stage 3: Theorising

When developing theory under an interpretivistic paradigm, this theory is usually nothing more than a best guess (Morse, 1994; Morse, 1991; Collis & Hussey, 2014). In line with our paradigm, “interpretative theory ... assumes emergent, multiple realities; indeterminacy; facts and values as linked; truth as provisional; and social life as processual” (Charmaz, 2006, p.126).

Theory is what “gives qualitative findings application. Without theory, qualitative results would be disconnected from the greater body of knowledge” (Morse, 1994, p.32). In this stage, the researchers develop several theories until they find the one best describing their findings, answering their research question. This is “a process of speculation and conjecture, of falsification and verification, of selecting, revising, and discarding. ... It is a way of discovering the insignificance of the significant and the significance of the insignificant” (Morse, 1994, p.32). It is imperative to understand that this process takes time. Researchers need to avoid drawing conclusions or moving to the subsequent stage too quickly to ensure finding the best model. The theory needs to be grounded in the complete and comprehensive understanding of the researcher's primary and secondary data throughout the first two phases.

To develop theories, we will apply several tools by Miles & Huberman (1994), such as causal models, plots, and other visualisation methods, as well as tools to uncover connections suggested by Charmaz (2006) and a template analysis (Easterby-Smith et al. 2018). All of these will be conducted in MS PowerPoint or Canva, and throughout all theorisation processes, both researchers will be working together to reflect on each other's ideas and generate the best possible theory.

3.3.4 Stage 4: Recontextualising

“Recontextualising is the real power of qualitative research” (Morse, 1994, p.34). This step involves developing the emerging theory to make it generalisable and applicable to other, similar settings. It is closely linked to our definition of generalisability (see 3.4.1). At the end of this stage, the researchers’ model should be placed in the context of existing literature, rest on reliable data, and contribute to academia.

3.4 Other Considerations

3.4.1 Reliability, Validity, and Generalisability

In social science research, the “researchers have great privilege and obligation: the privilege to pay attention to what they consider worthy of attention and the obligation to make conclusions drawn from those choices meaningful” (Stake, 1995, p.49). This privilege, however, comes at a cost. Positivist studies are high in reliability, meaning that the same study conducted by other researchers would yield the same result, and replication is high. In our interpretivistic worldview, however, this is not the case. The intersubjective nature of our investigation and the unavoidable interpretation based on the researchers’ experiences and impressions implies very low reliability since other researchers with different background and experiences would likely draw different conclusions. We will attempt to increase reliability by using a case study protocol, a chain of evidence (Yin, 2014). While the reliability issue cannot be fully resolved, studies following the *Verstehen* approach lead to findings with high validity (Collis & Hussey, 2014). Validity is the extent to which a test measures what the researchers want it to measure, and the results reflect the phenomena under study.

The effect on generalisability is less profound than one may imagine. While positivist studies attempt to draw conclusions that will always hold for an entire population, the goal of a case study is to do generalising for theoretical propositions, not to populations (Yin, 2014). By making analytical rather than statistical generalisations, case studies can be generalised from one setting to similar settings and contexts (Norman, 1970; Yin, 2014; Easterby-Smith et al. 2018). Within the sampling frame, it is possible to generalise from very few or even just one case (Norman, 1970). This different perception of generalisation is in line with our paradigm and our belief in an inter-subjective truth and an important factor to keep in mind when evaluating our framework.

3.4.2 Ethical Considerations

We acknowledge that interviews, especially those touching upon sensitive topics, are slightly intrusive (Stake, 1995; Collis & Hussey, 2014), which is why we take the protection of the

informant as the main priority throughout the data generation process (Yin, 2014). A first step to do so is the conduct of interviews in familiar surroundings (Stake, 1995). This is ensured by using video software and thereby allowing the informants to choose their preferred location. Additionally, we will follow the following principles compiled from Yin (2014), Collis & Hussey (2014), Lee (1993), and Easterby-Smith et al. (2018) to ensure we do not harm in any form:

- Ensuring fully informed consent of all participants, informants, and those responsible for the case firms. This includes making them aware that this thesis will be published
- Protecting informants from any harm, physically, mentally, or otherwise, including avoiding deception and respecting their dignity
- Protecting the privacy and confidentiality of informants and information. To ensure this, we will offer complete anonymisation to all participants and the case firms
- Taking special precautions to protect especially vulnerable participants and those providing particularly precarious or sensitive information
- Avoiding bias in participant selection and avoiding any form of discrimination
- We affirm to neither receive nor pay any form of monetary compensation for this thesis or the participation in interviews
- We affirm to avoid any misinformation, misleading or false reporting of findings, and we will protect the integrity of the research community by communicating our findings and practices transparently and honestly

Lastly, we declare no conflict of interest in researching, writing, and publishing this paper.

Chapter 4 Results and Analysis

Due to unexpected findings and to avoid repetition, we decided to integrate the results section with the analysis. The primary data is, consequently, not presented separately but rather in an interplay with secondary data. This chapter contains, therefore, an analysis of our findings in the context of the academic literature reviewed in chapter 2. We will then provide a detailed description of our framework, answering our research question.

4.1 Fear of Mission Drift

We set out in this thesis to answer the question “How do Work Integration Social Enterprises manage the tensions arising from hybridity?”. To do so, we obtained primary data from Sindbad, a WISE operating in Austria, that we plan to combine with existing literature in this chapter. Since Sindbad is a typical SE, operating mainly as a bridging hybrid, it faces, per definition, the risks of tension and mission drift. Our frame of reference revealed that research on hybrid management made tremendous progress over the past decades. The concepts of hybridity, SEs, and the tensions arising from a dual logic are largely understood. Scholars also advanced current literature by developing several frameworks and identifying a number of dimensions as critical to managing these tensions and hybrid organisations in general. The most common, reoccurring themes in tension management literature we identified are the organisational structure, leadership and governance, human capital management and recruitment, and external relations.

Before these tensions can be managed, though, managers and founders of SEs must be aware of them. One of our early key findings is that the leaders of Sindbad are acutely aware of the tensions that can arise from hybridity and the potential for mission drift in SEs, which would harm their dual-purpose mission. One of the founders, the respective heads of business and social, and the director of the branch in Graz all expressed that, at points, they were concerned about internal tensions potentially influencing the centrepiece of the organisation.

This question of whose interest preponderates where and when – speaking of mission drift – yeah that is, of course, a question that we have to ask ourselves. When is whose interest more justified, and how do we handle diverging interests? ... It helps to talk

about these [divergent interests], and it is good that Laura and I have our respective points of view sometimes. ... We had, actually, this was before I started here, but there was this idea that basically Sindbad could simply find apprenticeships for its mentees and sort of take on the role of a headhunter for apprentices. But they realised fairly quickly that this is a major conflict of interest – on one side getting the brokerage fee from the company and, on the other side, maybe the mentee would like to do something different, but we took the fee. So it became apparent that the core target group would suffer from this model (JK).

Of course, yeah, for sure. Nothing tragic, but when you are running a company ... you also have sort of entrepreneurial and enterprising objectives. You might think, “oh there’s this and that we can still offer, and then we can sell that to companies; and then we can develop that as a new target group” so, in a way, you are constantly trying to think ahead in commercial terms (LS).

Sindbad’s concern about the risk for mission drift or these tensions arising from within has alarmed the organisation to such an extent that it drafted a so-called *Herzstück*. The *Herzstück* is a written centrepiece or linchpin summarising what the organisation is about. It is a written doctrine that determines the mission, purpose, funding sources, and sets boundaries regarding what can be done and what crosses the line or is incompatible with its mission. The creation of such a centrepiece is encouraged in literature, which highlights the importance of developing a compass for the company but falls short of providing detailed specifications (Ometto et al. 2019). The importance of this *Herzstück* for management, how it guides and influences decisions, and how much managers rely on it became apparent in multiple interviews:

We have crafted a *Herzstück*, which basically incorporates everything Sindbad is and is about. And with every action, every strategic move, every decision, and every development, we need to make sure this is in line with the *Herzstück*. If that is not the case, there needs to be a formal request and approval process. And, well, the *Herzstück* can be changed, it is not set in stone, but that is a difficult cumbersome process (LS).

[When asked about the purpose of the *Herzstück*, A/N] When making decisions or changing some part of the organisation you need to evaluate before and while you do this. Of course, things can change and, I think it is really important to look closely and ask yourself, ‘does this still make sense? And for whom does it make sense, who benefits? And is this what Sindbad was originally intended to do? (JK).

This may be best exemplified by the head of business, who, following her aforementioned statement about her thinking in commercial terms, acknowledged:

The target group and our activities are summarised in the *Herzstück*, so that is very clearly defined ... and of course, sometimes there are discussions because we [the profit side, A/N] see potential to grow our commercial activities somewhere. Maybe as an example, the *Herzstück* defines the age limit of mentors at 35, and companies often do not want to participate in the programme because they do not want to discriminate against certain age groups internally who will not be able to participate. This is a case where we see the potential for much more revenue by simply lifting the age limit, but that is not compatible with the Verein [the social side, A/N; see 4.3.1.1] because they want to keep the mentors' age within 20 years of the mentee. ... We always find solutions, but we debate those a lot and, in the end ... I think these debates help to move things ahead for both sides. ... On the one side, we kind of support the Verein to see a somewhat bigger vision and, on the other side, the Verein stops us from stretching out our [the GmbHs] tentacles everywhere and remain focussed on the social mission (LS).

We argue that the acute awareness of tensions and the resulting creation of the *Herzstück* reveal something bigger, videlicet an underlying fear of mission drift and of tensions that arise. There is a substantial concern present in founders and managers alike to lose control or balance and, in the process, neglect Sindbad's social mission. While this is nothing either founder or manager would allow to happen willingly, they appear to be aware of the risks inherent in hybrid organisations and the possibility of the organisation shifting due to tensions unintentionally or even unnoticed. We argue that the creation of the *Herzstück* is the attempt to prevent these tensions from arising by clearly defining what the organisation is about, its purpose, its means to achieve this purpose, and restricting it in actions that would harm the social mission or even carry the potential for conflict.

The awareness and fear of mission drift are unaccounted for in literature. Current academic research has focussed much on the management of tensions and understanding hybridity as a concept (see chapter 2) but falls short of asking the fundamental question of whether founders and SE managers are aware of these risks. This is especially true for WISE, which carry a high risk of mission drift (Santos et al. 2015) but have not received the scholarly attention that MFIs have attracted in the past decades. This ground-breaking discovery, though, is part of an even more significant finding which can be seen as a result of this underlying fear. Current academia has focussed on how tensions can be managed (Pache & Santos, 2010; Battilana & Lee, 2014;

Mair et al. 2015; Cornforth, 2014; Ebrahim et al. 2014). Our primary data indicates that, instead of managing tensions once they arise, tensions have to be prevented. While some of the existing research on SEs and hybrid organisations can be seen as tension prevention, this term has not received attention from prominent scholars of this field and has not come up during our research for this thesis. We argue that, often, it is too late for the organisation to correct its course once tensions have arisen, and it is already in the market or the social valley (Figure 3).

4.2 Prerequisites to prevent tensions

The fear of tensions that we found in Sindbad led its founders and management team to set up practices that prevent tensions from arising. To avert tensions, managers made all members of the organisation aware of them and ensure that no decision and action carries an increased risk of mission drift – a process that is made significantly easier by the *Herzstück*.

This awareness of tensions is the first prerequisite to prevent tensions from arising successfully. Additionally, we found another equally necessary precondition that helps SE to succeed: before inception, SEs need to identify a gap in the market between different institutions. This gap should avoid any competition, particularly with government institutions, and offer a unique solution to a social problem – often one that lies in between two government agencies, representing a shortcoming of state-run aid. This gap can be described as ‘market failure light’. We found that Sindbad recognises that it is an organisation responding to this market and government failure. Several participants indicated their awareness in interviews:

It is really rather sad, but it turned out that the demand for a project like Sindbad, for this kind of help and support for adolescents, is there and it is needed. The topic of youth unemployment is in one of the wealthiest countries in the world is highly present. There are thousands who are unemployed after completing the mandatory education. This is why I wanted to found a social business (AL).

There is a demand for organisations taking these teens by their hand or simply saying ‘I believe in you’ – that one statement makes such a difference. And then, of course, we prepare them with everything they need to successfully take the next step in their lives.

We are basically something that should be the government's task, so, technically Sindbad should not have to exist (LS).

This gap left by the government and Sindbad's response to the concomitant market failure is acknowledged by patrons and donors too, some of whom supposedly stated that they think it is fantastic that Sindbad is there for the beneficiaries and it is fantastic what it does, but terribly sad that there is a need for it to exist since this should be the government's job.

Despite Austria's well-functioning welfare state system, we found that there is a significant demand for an organisation such as Sindbad. The high demand is, at least partially, explained by the perfect situation of Sindbad, which is precisely in between two government agencies: Sindbad is not competing with schools or the ministry of education because it acts as a mentor for the adolescents to be better prepared for the labour market. Likewise, though, the unemployment agencies acknowledge that Sindbad cannot be compared to them since Sindbad starts working with and mentoring the adolescents at a much younger age. Therefore, Sindbad's business model is placed in between the government's social services, highlighting the government's shortcoming in this area. The gap avoids competition with either agency, ensuring smooth operations and potentially harmful external influences from the public sector. One founder we spoke to described Sindbad as

a stopgap or filler to step into this transition between school and apprenticeship or the labour market. It is a transition that, oftentimes, is not well accompanied by the system, and that is where [Sindbad] steps in, preventatively, to prevent unemployment. ... We realised that we are closing a gap in the transition of education to the labour market (AL).

Being in this gap averts tensions from arising by avoiding competition or pressures from the government, NPOs, or other external parties. The head of social mentioned that she had "never encountered anyone who, once they understood what this is about, who did not like this or said this does not make sense" (JK). This commonly positive perception and prevention of negative external pressures are critical in light of current research, which found that stakeholder influences constitute a significant source for mission drift (Smith et al. 2013; Barinaga, 2020; Yin & Chen, 2018).

Consequently, we argue that SEs cannot solve all social problems. Some issues simply must be addressed by the government, and, at most, SEs can provide an additional service. As the head of social summarised:

Still, I am convinced that this is not the solution to every social problem we have. For some, we have good social concepts, and for others not. In some areas, the government needs to handle social problems (JK).

To summarise, a first key finding is that Sindbad prevents tensions, rather than manage them. Once they arise, it is often too late, and the organisation is already situated in either the social or the market valley (Figure 3; Young & Kim, 2015). To stand a chance to prevent these tensions, the case of Sindbad suggests that two key prerequisites must be fulfilled: firstly, the SE needs to identify a gap between government agencies, NPOs, or other players to avoid competition that would harm its purpose. Secondly, the founders and managers of SEs need to develop an awareness of the inherent risk of tensions arising from hybridity to prevent them. These findings are largely unaccounted for in academia.

Once these prerequisites are fulfilled, our findings suggest that the organisation relies on several pillars to prevent tensions from arising. These pillars will form our framework and can be split into those belonging to the organisational structure (pillars 1-2) and those being part of organisational processes (pillars 3-7). The pillars and prerequisites are visualised in our framework (Figure 6), and we will discuss them in detail below.

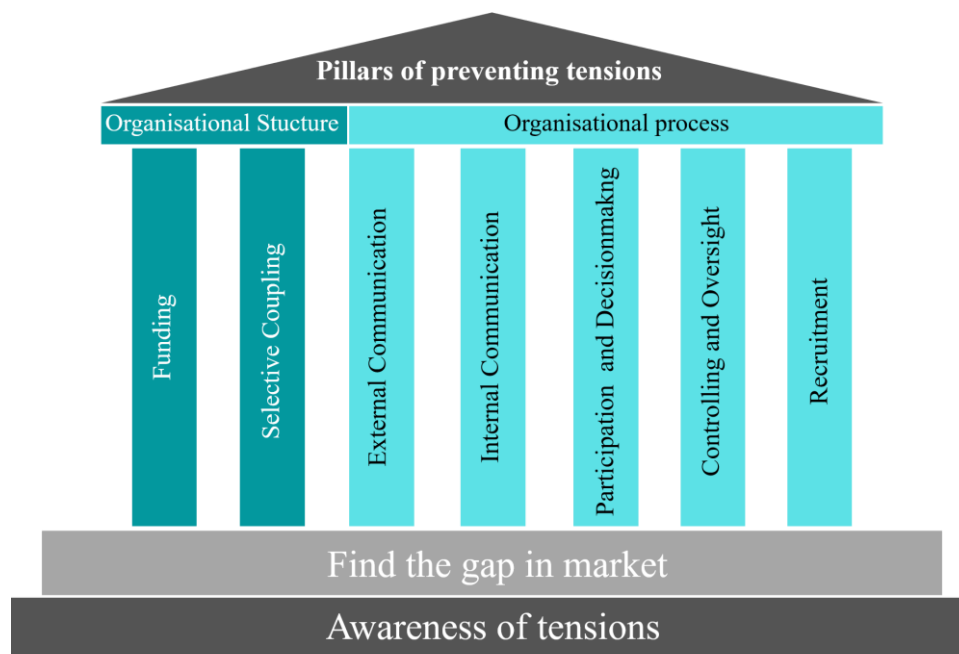


Figure 6: The Seven Pillars of Preventing Tensions

4.3 The seven Pillars of Preventing Tensions

4.3.1 Organisational structure

The first dimension we identify to be of importance in preventing tensions is the organisational structure. Literature states that the commercial and social activities of WISE should be separated since the clients differ from the beneficiaries (Cornforth, 2014; Bennet & Savini, 2011). Therefore, the first pillar in this dimension is the formal separation of activities.

4.3.1.1 Selective Coupling of Integration and Separation

In line with academia, Sindbad is officially structured as a holding comprising the GmbH¹ and the Verein². Thus, formally the market activities are strictly separated from the social activities, with the GmbH being a registered, taxpaying for-profit company and the Verein, a tax-exempt entity, allowed to receive public funds in support.

Apart from this being the recommended structure for WISE, another reason for this formal distinction can be found in the lack of legal alternatives in the EU (European Commission, 2020):

There is no formal form of SE, at least not in Austria and not yet, so it is very important for us that we have this formal separation. And actually, this is also important for the customers to be able to tell them, ‘Look, we are a GmbH, we really do offer a proper service, not just some social or CSR project’ (LS).

Workers often prefer one of the logics, and their tasks are focussed accordingly (Eiselein & Dentchev, 2020; Besely & Ghatak, 2017). We found this to be no different in our case company: while every employee, including those working in the GmbH and working with the customers, shares a passion for Sindbad’s social mission, they have their designated tasks within their entity. Several participants mentioned that this formal encapsulation could lead to fewer tensions. Having one head of business and one head of social, overseeing the GmbH and the Verein, respectively, is beneficial, too (JK): in important decisions, both meet and present their arguments. Representing a side that, sometimes, may even go beyond one’s personal opinion leads to fruitful discussions and outcomes that are better for Sindbad as a whole, thereby averting tensions that may have arisen without sufficient communication. Eddlestone and

Kellermanns (2007) find that these participative activities, which involve employees representing both logics, help overcome internal tensions.

In daily business, the organisation has created a more integrated culture. Everyone works closely together and, while each unit and each employee has their responsibilities, there is no strict separation between the Verein and the GmbH. The head of business described it as

The GmbH is a company, and the closest partner for cooperation is the Verein. ... The GmbH and the Verein work really closely together. Everyone knows about everyone, we discuss all proposals and decisions, we act in concert, and overall, in the bigger picture, we have the same goal, and that is to help as many adolescents as possible (LS).

Another participant described the atmosphere as “very close, integrated, and family-like. We are not working next to each other or let alone against each other but with each other” (AM). Throughout all interviews with both internal and external participants, we found that Sindbad is highly integrated in most ways. As one of Sindbad’s founder explains, he did this intentionally:

We tried from the beginning to highlight that we are not *either-or*, but *as-well-as*; social and business integrated. I think that the current services create a win-win situation because the more employee development services are provided, the more we help socially disadvantaged mentees (AL).

This creation of a shared culture and mindset is in line with academic literature, which argues for establishing an organisational culture that will act as a backbone of the SE and a fantasy to work towards (Battilana, 2018; Ashforth & Reingen, 2014). While the culture and the organisations’ members’ mindset are further described below, we argue that the establishment thereof can be seen as a part of the organisational structure.

Keeping the GmbH integrated into the holding on paper with limited rights on its own, tight control, and unable to maintain its business model without the Verein ensures that the GmbH cannot shift away – an important finding when considering the risk of tensions. The holding and the Verein exercise substantial power over the GmbH so that “not even in theory could [Sindbad] drift away that much from its social mission” (AM). Instead, we found that all employees are interested in making it work, and Sindbad has achieved a stable balance between the profit logic and the social logic by separating the different logics sufficiently while maintaining an integrated, open culture that facilitates communication and frequently averts tensions before they can arise and cause bigger problems. This partial separation and partial

integration of activities is referred to as selective coupling (Pache & Santos, 2013; Mair et al. 2015). In line with existing literature, we found that selective coupling allows SEs to reap both integration and separation benefits while avoiding the major shortcomings of either of the structures. Thus, the first pillar of our framework is the selective coupling of activities to prevent tensions that can arise from a strict separation or integration, particularly performing tensions (Smith et al. 2013).

Therefore, Sindbad managed to successfully link its business model to its institutional context (Ometto et al. 2019), thereby preventing institutional pressure within the organisation. This contributes to the understanding of institutional theory, that “organizations as hypermuscular supermen, single handed in their efforts to resist institutional pressure, transform organizational fields and alter institutional logics” (Suddaby, 2010, p.15). Additionally, it is coherent with the findings presented in 4.1, as literature so far mainly focused on managing tensions rather than preventing them (Crawford, 2014; Cetindamar & Okzazanc-Pan, 2017; Weisbrod, 2004; Jones, 2007; Bruneel et al. 2017).

4.3.1.2 Funding

The second pillar of the organisational structure is the funding of an SE. Poorly established revenue streams or dependence on one single source of income pose a substantial risk of mission drift (Cornforth, 2014; Jones, 2007; Moizer & Tracey, 2010; Bennett & Savini, 2011; Mia & Lee, 2017; Ebrahim et al. 2014). To avoid this dependency and minimise the risk, thereby averting potential tensions, we found that Sindbad holding has an idiosyncratic, somewhat innovative funding model. This model rests on three different funding streams:

- 1) Self-generated income. This pillar presents the income from the sale of professional services through the GmbH. It is the pillar that turns Sindbad into a hybrid organisation and an SE and differentiates them from most other social-purpose organisations that rely on grants and goodwill for funding
- 2) Public grants. This is money that state and local governments and government bodies such as local education ministries provide. These grants may only be used by the Verein, not by the holding and their use is strictly restricted. Since public money is taxpayer money, the government imposes conditions on these grants, implying substantial restrictions and requirements regarding their use.

- 3) Philanthropic donations. These are regular donations from associations or private donors who support Sindbad's cause of educating and assisting adolescents.

The GmbH is entirely financed through pillar one, whereas the Verein receives money from all three pillars for its work. In a sense, the GmbH is, thus, a sponsor of the social mission of the Verein. All participants with whom we discussed funding see this three-pillar model as highly beneficial for Sindbad. The biggest advantages are independence, flexibility, and freedom. In light of the underlying concern regarding potential mission drift, we argue that participants identified these characteristics since they assist substantially in preventing tensions from arising. By not relying on one predominant source of funding, Sindbad avoids the potential for tensions highlighted in academia and, in the process, blights tensions before they can arise (Mia & Lee, 2017; Battilana, 2018).

Currently, the GmbHs income accounts for only about 20% of Sindbad's total funds. Sindbad is, however, in the process of scaling up their professional service offerings significantly and intends on growing the GmbHs profits over the following years until they reach a little over one-third of the holding's total income.

Given that too much reliance on a single source of funding increases the risk of mission drift substantially (Battilana & Dorado, 2010; Mia & Lee, 2017, Ebrahim et al. 2014; Bennet & Savini, 2011; Smith et al. 2012), we argue that this splitting into three of different funding sources will minimise the risk of tensions arising and is, therefore, a critical finding for our framework. There are other reasons, too, though: the head of social mentioned that the government, for example, should never be cut out "because it is a topic that, technically is the task of the state" (JK).

Capping the growth of the business aspect until it reaches just over 35% of total revenues also limits the risks commonly associated with scaling up SEs (Ometto et al. 2019; Huybrechts et al. 2019). In line with the awareness for tensions mentioned above, the head of business explained that her intrinsic, entrepreneurial desire to be self-financed is subordinate to the organisational expansion plans and her focus on the social mission:

We want to become a big player and grow, but the adolescents' level of care and support needs to be maintained. This is, of course, always the most important thing. If we fail to look after them like we want to, we, uhm, there needs to be a line drawn in the sand (LS).

Consequently, Sindbad is a unique situation that, currently, both their professional offerings, directly impacts their beneficiaries, the adolescents. The value spillover is automatic, making Sindbad's core business offering a bridging hybrid (Santos et al. 2015; Figure 2). By introducing the split-into-three funding mechanism, we argue that Sindbad has successfully introduced a cap on the profits from business activities. Tying revenues to the outreach of its social impact prevents the GmbH from growing after a certain point without also growing the social impact. By creating synergies between the two logics, Sindbad managed to avoid the service paradox (Jay, 2013), which states that contradictory objectives on the social and the business side will result in organisational failure.

Conclusively, tensions can be prevented on the structural level by diversifying funding and creating synergies between the two logics. Bridging hybrids appear to be the organisational form minimising the risk of tensions the most. In line with academia, the two functions of WISE need to be formally separated (Cornforth, 2014). Nevertheless, their respective logics may not compete to avoid the service paradox (Jay, 2013); Instead, the logics need to become integrated where beneficial. This selective coupling, we argue, is key to the integration or separation debate on SEs found in current literature. No logic is allowed to grow without leading to growth in the other logic, too. This growth cap is a crucial building block of preventing tensions before they arise, thereby mitigating the risk of mission drift.

4.3.2 Organisational processes

The second dimension of tension prevention in SEs we identified comprises organisational processes on different levels. Carefully crafted, these processes become an essential tool to avert tensions.

4.3.2.1 Internal Communication

The most important process and driver of preventing tensions from arising is facilitating communication within the organisation. This pillar has received attention from scholars previously as a tension management tool (Battilana & Lee, 2014; Maiborn & Smith, 2016; Grimes et al. 2019), which is why it was a part of the four dimensions we identified in chapter 2. Our findings are largely in line with previous research in this field.

We trace the aforementioned feeling of integration that participants described back to well-oiled channels, facilitating accessible communication between the different areas of responsibility, branches, and organisational members. One participant compared the communication and team spirit to a football team where each player is assigned a role, whether it is marking goals or keeping the ball away from one's own goal, but in the end, the team works together for a shared purpose. The head of social described the cooperation and communication between herself and the head of business as particularly beneficial:

It turned out really beneficial for us to have one person in charge of each area [social, business, A/N], and we need to communicate constantly and find compromises that keep us both and our respective sides happy. ... We need to communicate and find solutions that benefit both of us more than it damages or harms one of us. There will always be things where one part benefits more than the other, but as long as we both sort of benefit and do not suffer damage, it is all good. Of course, there might be decisions where the business part profits more than me [the social side, A/N]. That is ok, as long as it is not harming us in the long term. Naturally, before making a decision that leads us to a business model which is harming the social mission, we would have to search for other options (JK).

This ease of internal communication within and across offices and formal levels helps manage conflicts and divergent opinions (Eiselein & Dentchev, 2020; Eddleston & Kellermanns, 2007). This internal communication works vertically across all offices, branches, teams, and units as well as horizontal between different management levels, the holding, GmbH, and Verein. Given the importance of communication in both academic literature and our findings, it builds the first two pillars of organisational processes.

4.3.2.2 External communication

We label the second pillar of organisational processes external communication. It involves all those activities and the communication required to convey the public image wanted by the organisation. In other words, the management needs to clearly communicate the SE's purpose to the outside and to external stakeholders to build and represent Sindbad's reputation and perception (Moizer & Tracey, 2010; Mair et al. 2015; Yin & Chen, 2018). Leaders decide on the message they want others to receive about their SE and then work towards communicating this precise message to avoid false perceptions. This is exemplified by Sindbad, which is

currently working towards shifting the perception that many for-profit firms – potential customers – have of them. Sindbad’s coaching and professional service offerings are seen as a form of CSR commitment, a photo opportunity for a company’s website to showcase their social outreach and engagement:

I think this is more of social cooperation and commitment from the companies currently. I wished they would see us more as a full-on service firm and they would understand that we do offer proper professional coaching while also adding a value for society, but at the moment, too often we are seen as a social project that looks good on a company's website. ... I think it is still an enormous challenge for us to communicate this hybrid model, because many have difficulties to grasp it. We got asked a few times ‘so, is this CSR, or is it staff training/development?’ and that just shows that it is important for us to clearly communicate to different stakeholders, partners, clients who we are, and that is a challenge to get it across right. ... Sindbad should not be perceived as the tough business people. But Sindbad should also not be perceived as the helpless NPO. (AL).

The problem starts with the clients’ understanding of the concept of SEs. For many firms, the combination of profit with a social purpose seems abstract. If communicated well, the concept of an SE leads to enormous public approval and can increase the belief in the mission (Eiselein & Dentchev, 2020). The head of social stated that she has “never encountered anyone who, once they understood what this is about, did not like this or said this does not make sense” (JK). The volunteer we talked to similarly said that “it is not difficult to understand, but many people simply do not know about SEs. ... [But] “they really focus on being transparent” (AV).

To do so, multiple participants stated that ‘if it says Sindbad, it is Sindbad’ – implying that Sindbad always presents itself as *Sindbad - Social Business* and not as the GmbH or the Verein. They mentioned that external stakeholders, no matter their interests, should have a deep understanding of what Sindbad does and both its market and social activities. Establishing legitimacy through transparency is one of the key drivers of external communication (Yin & Chen, 2019). As the president of the Graz office told us:

We are very transparent for all stakeholders, and there is nothing we hide. All of them know how Sindbad works, what we spend money on. There are certain restrictions what we can use the money generated in each pillar for. ... [Sindbad] would sort of undermine our own purpose if we would, on the one hand, always say 'hey we are a social institution and that is why we need you to work for free please' and on the other hand present

ourselves as highly professional and get the firms to pay a lot of money for our services. There is a line you have to find and walk (AM).

Walking this line is facilitated by the selective coupling of activities. One of the key advantages of partial integration is the establishment of a coherent public image. It facilitates entering partnerships, mitigates the risks of misperception that Sindbad is struggling with, and increases allegiance in employees (Grimes et al. 2019; Civera et al. 2020; Klein et al. 2020; Maiborn & Smith, 2016; Battilana & Lee, 2014; Maiborn & Smith, 2016)

We found that cooperation with governments has another advantage: two participants stated that educational institutions, ministries, or state governments add legitimacy to the firm. This backing attracts more donors and makes it easier for other organisations to trust Sindbad as an entity. Moreover, the credibility and legitimacy added by this support will entice more volunteers to get involved for intrinsic reasons.

Concluding, we found that this development of a holistic organisational image and its communication are critical for the success of SEs and to build what Grimes et al. (2019; 2020) call organisational legitimacy. This legitimacy is driven by transparency and homogeneous communication with all external stakeholders.

4.3.2.3 Participation and Decision making

The third process that can actively be used to mitigate the risk of arising tensions is the active involvement of employees and all members of the organisation in decision-making processes. We found that both the founders and the current top management team at Sindbad value and ensure a flat hierarchy, thereby creating an environment where every employee can voice their concerns or opinions. Both the head of social and the head of business expressed their support for this flat hierarchy:

The opinion of every employee is equally important, but not everybody can take decisions. Thus, we do have some meetings solely with the top management, but we have plenty of decisions in which we involve a broad range of people and ask them about their opinion on proposed matters or ideas. Because, you know, in the end, they are the employees who have to deal with those decisions (JK).

It is important to allow informal influence, especially in a social business, since our people are really motivated to advance the organisation. This sort of democratic decision making has worked really well so far for us (LS).

These findings are in line with academia, which calls for low power distances, democratic processes, and a culture in which all employees find a sympathetic ear (Eiselein & Dentchev, 2020; Ashforth & Reingen, 2014; Yin & Chen, 2019). The head of business and the head of social both stated that leaders should always be approachable, a statement backed up by the volunteer we talked to who was offered face-to-face time with the head of social while being a part of the organisation. She further met one of the founders at a career fair and described both as “always there for us [the volunteers, A/N] and happy to help out” (AV). Similarly, the president of the Graz office described that “there is no need to simply accept everything the holding says”. An additional advantage of an open culture and low power distances can be found in increased organisational agility, making the SE more resilient (Young & Kim, 2015).

Overall, we argue that the involvement and participation of employees, coupled with Sindbad’s flat hierarchy and well-established and functioning communication channels conduces substantially to the preventions of tensions by ensuring that concerns and disagreements can be discussed before they accumulate to a tension that poses a risk.

4.3.2.4 Controlling and Oversight

Controlling and oversight can help the organisation stay on track and prevent tensions before they can arise by keeping a close eye on organisational actions. Therefore, these practices are another essential process in averting tensions and preventing mission drift (Mia & Lee, 2017; Santos et al. 2015).

Before the performance of an organisation can be measured, objectives and goals need to be set up (Venanzi, 2010). Sindbad has only a few formal goals and, instead, visions of how to develop in the future. We identified two key visions in our interviews: (1) the desire to help more adolescents, achieved through greater outreach; and (2) the desire to be recognised as a top professional service provider in leadership coaching. There are no measurable targets and objectives along the way and no deadline when this should be achieved either.

In line with the idea of employee involvement and participation, we found that there is very little top-down or day-to-day management and controlling, which is a positive aspect for the long-term success of SEs (Eiselein & Dentchev, 2020; Ashforth & Reingen, 2014). Instead,

employees and lower-level managers, such as the directors of different branches, are given high levels of autonomy and freedom in terms of their work routine, and there is no monitoring:

I have never felt controlled by any employees of Sindbad. We sign a contract that determines how often we should meet with our mentee, but given that we all signed up for this voluntarily, that is really rather unnecessary. It is probably more of a formality to ensure nobody can neglect or ignore the children. I would say that all of us volunteers are driven by intrinsic motivation to do this. Therefore, we do not need to be supervised, and we do not need objectives (AV).

The same autonomy is found within each office: team members are usually assigned tasks and know what to do. They work on these tasks individually, coordinating their work within their office. The tasks and responsibilities are oftentimes very broad since most smaller offices are only staffed with a team of two or three. The director of the branch in Graz explained that no course and no studies could prepare employees for such a broad variety of tasks and the high level of autonomous work required when working in teams this small with broad responsibilities. Generally, current research sees several advantages in working autonomously in SEs, such as managing tensions on the micro-level (Maiborn & Smith, 2016).

In line with this freedom, the low power distances, and family-like culture, performance measurement and controlling are not prominent features of Sindbad's processes. There are quarterly team updates, filled in by both the mentors and mentees as well as by managers in each branch and representatives from the GmbH and the Verein. These updates provide an overview of the current mood in the organisation and amongst its target group, the adolescents, and their mentors. While there are a few more activities the holding and respective heads of business and social do to monitor progress and overall organisational performance, the entire process is relatively insignificant compared to most similar-sized for-profit companies. While current literature calls for a well-designed performance measurement system (PMS) to ensure stability (Mia & Lee, 2017; Santos et al. 2015), our findings indicate that this may not be needed when the organisation is set up well from the beginning.

This low level of human capital management and a high degree of autonomy are made possible by a factor that was mentioned by several participants: the mindset of those working at Sindbad. The mindset of everyone working in the organisation is what ties it together and what frequently prevents tensions. As the head of social described:

[The mindset is] different from NPOs or other do-good organisations because there is always some form of peace of mind involved -; it is good to know that there is no dependence but that we do something good here but there is also a bit of self-generated money coming in. The value of social businesses generally, to society and what we do; and working in a social business – this does something to your mindset.

We found that this mindset places the social mission first at all times, even when much of the daily work is not directly social work but frequently regular office or business-related tasks; and that this mindset helps substantially in preventing organising and belonging tensions (Smith et al. 2013).

Additionally, there is another stakeholder who, due to its involvement in funding, acts as an external monitor, the government. As described above, public grants and public funds carry very specific limitations and restrictions regarding their use. Therefore, the Verein and its branches have to prove precisely what they spent the money on; there is no chance of misusing this money for not-intended purposes since Sindbad is required to account for every euro that stems from the public sector. Since they will stop funding Sindbad if they get the impression Sindbad does not live up to its mission anymore, the director of the Graz office sees the local government there as an important regulatory and controlling body ensuring that Sindbad does not drift away from its mission, especially given the low level of control from the headquarter in Vienna. We argue that SEs that have identified a gap in between two government agencies can rely on the government as an external monitoring entity. This relationship is highly beneficial for the organisation and allows for less internal oversight. SEs must be careful, nevertheless, since partnerships with governmental institutions can be subject to changing political agendas (Barinaga, 2020).

Once the SE has reached a certain size, literature calls for establishing a two-tier board structure (Civera et al. 2020). Boards add an additional governance and oversight layer and can be used to safeguard the mission (Young, 2012; Cornforth, 2014; Simatele & Dlamini, 2019). Boards should include representatives of both logics (Ashforth & Reingen, 2014; Cornforth, 2014), between whom communication is of utmost importance (Eiselein & Dentchev, 2020).

Sindbad has taken a slightly different approach to oversight by boards and established two boards with particular purposes: a patroness board and a scientific board. One of the founders expounded his motivation:

The patroness board was indented to get us the contacts we need, as a door opener for certain stakeholders, such as mentors, investors or partners, and as multipliers of the company. On the other hand, we realised that the founder team had not a classical educational or social background, thus we were in the need of having an evidence base to manage the company more professional, which is why we established the scientific board. ... Since at the very beginning of the company everything was so fragile and uncertain if the business model of Sindbad actually works out. ... We wanted to create a friendship like relationship to our boards, as we did not aim for a formal counterpart to our management. But this would be very important to have such a counterpart in the governance structure at a certain scale of the company (AL).

The establishment of those boards is not only another indicator for the founders' awareness of tensions but also shows how boards can be used to fill a lack of capabilities or competencies. This finding indicates that the use of boards may be broader than assumed in literature and deserves future attention.

To conclude, we argue that a shared mindset amongst all members of the organisation and a suitable gap that leads to external support can replace a strict PMS in SEs. The mindset ensures that all employees work towards the social mission of the SE and actively prevent tensions from arising in their daily activities. External stakeholders can act as a watchdog and ensure that the SE stays on track. Combined, they form a system of internal and external monitoring that mitigates the need for the PMS called for in literature.

4.3.2.5 Recruitment

As we described in chapter 2, academia has identified the recruitment process to be of particular importance to ensure the continuation of the desired culture and prevent tensions, particularly organising tensions (Smith et al. 2013; Maiborn & Smith, 2016; Battilana & Dorado, 2010; Battilana et al. 2015; Battilana 2018). The aforementioned mindset is one of the key criteria Sindbad is interested in when recruiting new employees. This hiring strategy of looking for pro-organisational behaviour and a passion for the mission in recruits is a form of stewardship theory (Besley & Ghatak, 2017; Eiselein & Dentchev, 2020).

Additionally, a deeply-rooted team spirit is vital to ensure smooth operations: “we need to have a decent group of people that can work well together, people need to understand that mentoring is the social part, the work we do is a lot of meetings with the city, stakeholders and more” (LS).

Mindset, motivation, and team fit are the most important factors because, unlike specific skills, they cannot be learned but need to be present right from the beginning. Sindbad needs to communicate these needs to potential recruits to ensure finding the right people to join the organisation.

The salary system of Sindbad assists further in getting the right employees. The director of the Graz office worked full-time while only receiving the salary for 25 hours a week for almost a year before the organisation had the financial means to compensate him appropriately for his work. Even then, however, employees receive only a fraction of what many for-profit companies pay and are, instead, rewarded with autonomy and the satisfaction of knowing the impact of their work. Those factors can be described as a “natural filter to avoid people purely motivated by money coming to Sindbad, ... which is probably better for us” (AL). Hence, the mindset automatically ensures a value fit between the organisation and recruits, reducing the risk of tension within the organisation. Additionally, Sindbad does not operate a bonus compensation scheme and no sales ranking internally, thus preventing inner tensions within employees who may see incentives in selling more than would be compatible with the mission.

Together with the high degree of autonomy and flexibility given to employees, those aspects also draw recruits to the organisation. As the director of the Graz office put it:

If you come here and you want to do only business or only the social side and you reject the idea of selling something as an SE, you are in the wrong place. If someone is joining who only wants to sell professional services and has zero interest in the mission and the purpose, we would notice quickly and try to sort this out”, with one of the founders adding: "some people might not be attracted to Sindbad, as we are either too social or too business-like. When some employees realised they do not fit the company, it is totally fine the distance themselves, as it is a finding process.

Literature has referred to this as the tabula rasa approach (Battilana & Dorado, 2010), emphasising socialisability above all else. Notwithstanding, several participants acknowledged that currently, in the growth phase of the organisation, specific roles need to be filled by people with the respective background and expertise. Those roles include sales and accounting position for which previous knowledge and a background in the respective field is important. Battilana & Dorado (2010) refer to this as the mix-and-match approach. It emphasises individual capabilities and often leads to hiring those who carry one of the logic substantially more than the other. In Sindbad, these employees hired using the mix-and-match approach have little

involvement with the social side of the business. Nevertheless, the organisation considers their commitment to the social mission as highly important to maintain team spirit and morale.

In conclusion, we argue that recruitment practices are the final pillar of organisational processes and the final pillar of our tension prevention framework. The organisation's stability can only be ensured when recruits share the mindset that ties the SE together and when new personnel shares the values that are so fundamental for the enterprise.

Chapter 5 Conclusion and Discussion

The final chapter of this thesis will summarise the key findings and results of this paper, filling the identified gap in academia. Subsequently, we discuss managerial implications, limitations, and future research suggestions.

5.1 Theoretical Implications

The purpose of this thesis was to answer the research question “How do WISE manage tensions arising from hybridity?” by combining the fragmented existing literature with primary findings into a comprehensive, all-encompassing framework. We conducted several interviews and secured detailed insights into *Sindbad – Social Business*, a WISE operating in Austria. This information allowed us to draw some critical, partially rather unexpected conclusions:

1. We found that existing academic literature has so far assumed that tensions can be controlled through management once they arise. Our case company, Sindbad, prevents tensions before they arise. However, to the best of our knowledge, no research paper realised that the most promising way to handle these tensions is to prevent them from arising altogether.
2. Academia has identified several meaningful tools managers can use to prevent mission drift, and much other research has been conducted, but all of these contributions rest on the assumption that managers are aware of those tensions. This awareness has not received sufficient scholarly attention despite its importance in tension prevention. We contribute to academic literature by making this awareness a prerequisite of our framework.
3. Sindbad identified a suitable gap which allowed it to avoid competition with existing government agencies. This allowed Sindbad to obtain the support and recognition that is so important to its success; it facilitated a cooperative relationship with the government; and facilitates the successful prevention of tensions. This finding is unaccounted for in academia and suggests that SEs have to find this gap between established players to ensure a favourable environment.

We can, therefore, conclude that we have partially answered our research question: while we made no contribution regarding the management of tensions, we found that it is best to prevent them from arising altogether and, therefore, claim that this finding, unaccounted for in academia, contributes near-sigh groundbreaking new information in the field of hybrid-management and particularly WISE management.

We do not claim that our framework will be applicable to all forms of SEs in this form, but certain elements, including the three key findings mentioned above, are likely generalisable to other forms of SEs, too.

5.2 Managerial Implications

In addition to our contributions to academic literature, our findings carry significant managerial implications. Those interested in solving a social issue or a market failure situation employing an SE will find use in this thesis while designing the SE's business model. While we stop short of suggesting unexploited gaps for SEs to exploit, we believe that the prerequisites we identified serve as a good starting point for those interested in establishing an SE. They should be taken seriously and need to be fulfilled.

The seven pillars we identified, which can be used to mitigate the risk of tensions arising from competing logics, add additional value for SE founders and managers. We believe that much of the analysis can be used by managers. Therefore, to avoid repetition, we will only briefly describe the key takeaways in less academic language.

1. Separate the two sides of your business on paper but maintain an integrated mindset and culture in which everyone comes together to advance the social mission
2. One key to do so is the facilitation of internal communication, both formally and informally
3. Diversify funding to avoid reliance on a single source of income
4. You filled a gap with your SE – communicate this gap to ensure wide-ranging support from different stakeholders
5. Don't apply a hierarchical top-bottom management approach; engage, include, and involve your employees and coworkers

6. Getting the right people is highly important, but don't worry about it too much – a well-positioned SE will often attract the right people for your organisation
7. Measuring a social impact is difficult, so don't overdo it regarding performance measurement. Only measure what you can and what you have to

5.3 Limitations

Naturally, our research is not perfect, and there are certain limitations. For a start, Sindbad has a rather unique business model. Hence, we are not sure to what extent the findings hold for WISE with other business models.

Similarly, our results are limited by stemming from a single case company. While this allowed us to gather more detailed insights and collect different perspectives, it reduced the level of reliability.

Additional limitations arise from the data generation process. Firstly, as stated in the methodology, in-person interviews are preferable whenever possible. Due to the Covid-19 pandemic and the concomitant travel restrictions, we could not travel to Austria and meet our participants in person. Secondly, interviews are one of the most challenging means to generate data (Easterby-Smith et al. 2018), and both researchers have only limited experience. A more senior researcher may have been able to generate even more data.

Lastly, our research is limited by the paradigm under which it was carried out. Parahoo (1997) and Pope and Mays (1995) argue that the lack of distance between researcher and phenomenon under study and the direct involvement in the data generation process lead to personal impressions rather than reliable empirical data. However, as we explained in chapter three, we acknowledge this limitation and the fact that researchers with very different backgrounds, who do not share our intersubjective understanding of the topic, would have come to very different results.

5.4 Further Research Suggestions

For a start, we call for researchers to test our framework in 1) other WISE with differing business models, 2) other forms of SEs, including market, bridging, and blending hybrid organisations (based on Santos et al.'s (2015) classification of SEs). Scholars should investigate to what extent our pillars hold in these forms of SEs and where differences in tension prevention arise.

We also encourage research into a comparison of tension management and tension prevention. We do not attempt to draw a strict line between the two and place existing literature suggestions in either category. As became clear in chapter four, the line where tension prevention stops and tension management begins is blurry, and further research here is needed to clarify how much of the existing literature needs to be re-evaluated as tension prevention.

Additionally, we encourage research to see if the role of the government needs to be further re-evaluated in SE literature. Our case firm is located in Austria, and our geographical focus area of Central Europe represents one of the wealthiest regions in the world with well-established welfare states. It would be interesting to evaluate the extent to which government agencies can assist SEs in countries characterised by a different political system or in another stage of their economic development.

Lastly, we found that Sindbad uses boards to overcome a lack of founder expertise. We believe that the role of boards in SEs needs to be reevaluated and call for further research into this topic.

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Appendix

Appendix A : Literature Review Searches

All searches were limited to results in English, peer-reviewed articles, and publications in reputable journals. We began initially with searches for ‘mission drift’, ‘hybrid organisation’, and ‘mission drift AND hybrid organisation’, but quickly realised we would have to include several synonyms used throughout literature. This awareness allowed us to include more relevant key words that increased the rate of relevant findings significantly. Subsequent searches were conducted with the following search terms, limited to title, abstract, and keywords or topic:

‘Hybridity’	‘Hybridity AND mission drift OR tension’
‘Hybrid Organising’	‘Dual Purpose AND mission drift OR tension’
‘Hybrid Organis*’	‘Hybrid organis* AND mission drift OR tension’
‘Dual Purpose’	‘social enterprise AND mission drift OR tension’
‘dual logic’	‘social venture AND mission drift OR tension’
‘multiple logic’	‘SE OR Social Enterprise OR Social Venture OR Social Purpose AND Mission Drift OR tension’
‘Mission Drift’	‘Institutional Logics AND Mission Drift OR tension’
‘Mission AND Drift’	
‘Purpose AND drift’	

In addition to the articles identified through literature searches with the described terms, we followed up on leads identified in the previously reviewed articles using. Further, we identified several scholars who published multiple highly relevant and informative papers on the topic of interest and systematically went through their publications to identify additional potentially interesting research publications by these scholars.

Key findings were summarised in shared documents and grouped by topic. A list of all identified articles was maintained and kept updated at all times with brief notes on the relevance and key topic and findings of each article. Together with daily virtual catch-ups, these measures ensured that both authors have the same understanding of and knowledge about the topic even though each article was only read by one.

Appendix B: Yin's four principles of Data Collection

1. Use multiple sources of evidence. This is more important in case studies than anywhere else
 - a. Patton (2002) argues that there are four types of triangulation:
 - i. Data triangulation (of data sources)
 - ii. Investigator triangulation (among different evaluators)
 - iii. Theory triangulation (perspectives of the same data set)
 - iv. Methodological triangulation (of methods)
 - b. Slightly less important when following a realist paradigm (such as interpretivism). It is still important, but it may be enough to talk to informants twice, counting as 'several sources'
2. Create a case study database. The way of organising and documenting the data
 - a. Includes field notes, audio files, all sorts of documents obtained, tables, and more
3. Maintain a chain of evidence
 - a. Increases reliability
 - b. The creation of documentation that allows someone to follow every step taken
4. Exercise care when using data from electronic sources

Appendix C: Interview Guides

In most interviews we relied on the following topic guide (attached only in English, by the researchers prepared and used in both English and German):

1. *EXAMPLES*
2. *AVOID FEEDING THEM WORDS – USE THEIR OWN TERMINOLOGY*
3. *AVOID GENERALISATIONS*

Introduction – About us

Block 1: The enterprise

- Tell us about your organisation
 - When and how it was founded, the story behind it
 - Social Mission & Purpose
 - How do you fund yourselves?
 - How they generate revenue
 - Size today (number of employees, people ‘helped’, revenue)
- What are the greatest advantages about being a hybrid organisation?

Block 2: The tensions

- What would you say are the most important stakeholders of the organisation?
 - What are the main interests of those stakeholders?
 - What do they ask from you?
 - Why are they important for you?
- What are the struggles and challenges arising from your business model catering to vastly different stakeholders?
- What do you do to foster cooperation and communication amongst employees, different business units?

Block 3: Management of tensions

- Integration/Separation: What’s your organisational structure?

- Can you tell us about a situation where stakeholders had different requirements? How did you go about it?
 - Can you tell us about a situation in which you had to prioritise one stakeholders' demand over another's?
 - Can you give me an example in which you felt the organisation was pulling away from its original mission? What happened? What were the pulling actors/factors? How did you respond?
 - What are your hiring and training practices?
 - Could you give us an example of some goals the organisation has? How are they monitored? On an individual or team level?
-

Alternative topic guides prepared included this, somewhat longer one:

Block 0: About us

- Introduction of ourselves
- Introduction of the research
 - Background
 - Purpose
 - Methods
 - Desired outcome
- Permission for recording
- Informed consent
- Clarification that this will be published, but potential for complete anonymisation of company and participants
-

Block 1: About your organisation, yourself

- Tell us about your personal background
 - Tenure; professional background
- Why do you work for this company?
- What's great about working in an SE?
- Could you describe the business model of this company in your own words?
-

Block 2: Hybridity and SEs

- What's your understanding of the term "hybrid organisation"?
- What's your understanding of the term "Social Enterprise"?
 - Are SEs always hybrids?
- In literature, SEs have a dual purpose, if you imagine a seesaw with a basic for-profit enterprise on one side and an NGO or non-profit organisation on the other side, where do you see this company in terms of activities and importance of those activities?
- What are the greatest advantages about being a hybrid organisation?
 - The best of both worlds?
- What are the struggles and challenges arising from hybridity?
 - Group them together/classify them?
- Do you see any challenges arising from following two missions?
 - Daily business
 - Big strategic decisions
 - Was it preventing you from growing at some point?

Block 3: Handling of dual purpose

- Can you feel these tensions in your daily work?
- What do you think the top management does about it?
- Do you think the top management's management in this regard make sense? Are they good, bad?
- So, these challenges and tensions, do you handle them by keeping the two purposes and missions separate or do you integrate them as much as possible?
 - Why?
 - How?
 - integrated/separated?
 - Any game-changing points or moments that made you restructure your business?

Second half of the interview**Block 4: Governance**

- Do you think the current governance structures make sense in regard of managing those tensions?

Block 5: Culture

- In your opinion, does working here feel more like working in a regular for-profit company or more like working in an NGO/a non-profit organisation?
- What are the values of the organisation?
 - How are they communicated?

- Tell us about the working atmosphere here – cooperation, everyone pulling on the same string?
 - Any differences between business people and those with a social background?
- Power distance?
-

Block 6: Communication (internal & external); Partnerships

- Is communication here a one-way street, top-to-bottom? Or do managers and leaders always have an open ear for any employee?
- Can you tell us about the communication and interaction between those employees working on the profit side and those on the social side?
-

Block 7: Monitoring, controlling, performance measurement etc

- Do you receive any specific goals or targets from the top management?
 - If yes, social or profit?
 - If yes, individual or team level?
-

Block 8: Specifics about mission drift

- Have there ever been key events that altered the company significantly in terms of purpose, business model, culture, or otherwise?
- Do you think the top management is doing a good job at keeping the company on track in between the social and the profit mission?

Do you have any questions for us?
