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Social enterprises as hybrid organizations- A review and research agenda

Bob Doherty, Helen Haugh and Fergus Lyon

Forthcoming in International Journal of Management Reviews

Abstract

The impacts of the global economic crisis of 2008, the intractable problems of persistent poverty, and environmental change have focused attention on organizations that combine enterprise with an embedded social purpose. Scholarly interest in social enterprise (SE) has progressed beyond the early focus on definitions and context to investigate their management and performance. From a review of the SE literature we identify hybridity, the pursuit of the dual mission of financial sustainability and social purpose, as the defining characteristic of SEs. We assess the impact of hybridity on the management of the SE mission, financial resource acquisition and human resource mobilization, and present a framework for understanding the tensions and trade-offs resulting from hybridity. By examining the influence of dual mission and conflicting institutional logics on SE management we suggest future research directions for theory development for SE and hybrid organizations more generally.

Keywords: Social Enterprise, Social Entrepreneurship, Hybrid, Mission, Financial Resources, Human Resources.

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Introduction

The phenomenon of social enterprise (SE) has attracted the attention of policy makers and practitioners around the world (Wilson and Post 2013) and the associated rise in scholarly interest is reflected in the growing tally of publications in the academic press about SE as a distinct category of organizations (Cukier *et al.* 2011; Lepoutre *et al.* 2013; Lumpkin *et al.* 2013). Early SE research was dominated by efforts to define their distinctive characteristics and explain their emergence (Chell 2007) and was succeeded by studies that investigated SE management and performance. Much of the early writing on SE was atheoretical and searching for the positive (Parkinson and Howorth, 2008; Sepulveda *et al.* 2013) and in response more recent research has advanced new theories to explain their emergence (Tracey *et al.*, 2011), management (Battilana and Dorado 2010; Pache and Santos 2011) and, more critically, the ethics, power and emancipatory aspects of SE (Teasdale 2012).

This review contributes to the development of theoretical approaches to explain the management processes employed by SE. SEs pursue the dual mission of achieving both financial sustainability and social purpose and hence do not fit neatly into the conventional categories of private, public or non-profit organizations. From our review of the scholarly literature we find that SEs are a prime example of a hybrid organizational form (Pache and Santos 2012) in that, by spanning across the boundaries of private, public and non-profit sectors, they bridge institutional fields (Tracey *et al.* 2011) and face conflicting institutional logics (Pache and Santos 2012).

Extending previous reviews of SE (Austin *et al.* 2006; Chell, 2007; Dacin *et al.* 2010; Dees 1998; Zhara *et al.* 2009), we provide a theoretical framework to explain how SEs respond to

and manage conflicting logics. This goes beyond the overly positive reporting of the potential of SE and identifies the tensions inherent when organizations attempt to craft a balance between pursuing commercial and social objectives.

By placing SE hybridity centrally we do not seek to provide an exhaustive account of everything written on SE. Instead, we review the literature that examines the characteristics and implications of SE as a hybrid organizational form, drawing on a range of literature on SE and social entrepreneurship. This approach is employed to identify directions for SE research and theory development. Our review is timely and responds to Wilson and Post's (2013) observation that there has been insufficient focus on the nature of SE organizational forms and how these forms are explained by hybridity. In our review of the international literature on SE management we are guided by two questions: What are the critical management issues and tensions arising from bringing together the financial and social objectives of SE? and, how should future research proceed in order to better understand the fields of SE and hybrid organizations more generally? We employ the concepts of organizational form and hybridity to examine SE management and draw out suggestions for theory-building. In doing so we provide an explanation for and critical analysis of the emergence of a part of the economy that is as yet under-theorized, and contribute to wider debates concerning organizational hybridity in management research.

Social enterprise and hybrid organizational forms

In this paper we explore the concept of SE as an organizational form that has emerged as the boundaries between the private, public and non-profit sectors have become blurred and more fluid. An organizational form is an “archetypal configuration of structures and practices” that

is “regarded as appropriate within an institutional context” (Greenwood and Suddaby 2006 p. 30). To be categorised as a distinct organizational form, individual organizations manifest those characteristics that are identified with a specific category of organizations (Romanelli 1991). Interest in organizational forms has focused on defining the boundaries between different forms (Brandsen and Karré 2011; Romanelli 1991), on form convergence (D’Aunno *et al.* 1991; Powell 1987) and on examining the processes through which new forms emerge (Ruef 2000; Nee 1992; Tracey *et al.* 2011). The critical review of the literature presented in this paper identified hybridity as an explanatory concept that captures the complexity of SE management processes and creates a space for theory development to explain their emergence, management and performance. We thus seek to extend the literature on organizational forms by reviewing the impact of hybridity on management processes. This is important, as research has found that internal organizational processes mediate the external and internal demands faced by hybrid organizations (Jay 2013).

By definition, hybrids are the offspring of two different species (OED 2010) and in the organization and management literature the term has been employed to describe organizations that span institutional boundaries (Brandsen and Karré 2011; Jay 2013; Pache and Santos 2012; Smith 2010) and operate in multiple functional domains (Ruef 2000). Drawing on the previous conceptualisations of hybridity, we define hybrid organizational forms as structures and practices that allow the co-existence of values and artefacts from two or more categories. Hybrid organizational forms therefore draw on at least two different sectoral paradigms, logics and value systems, and in the case of SE, relate to the emergence of novel institutional forms that challenge traditional conceptions of economic organizing (Wilson and Post 2013).

In adopting the concept of hybridity to examine SE, we draw particularly on the distinctions between different economic sectors (public, private and non-profit) and the assumption that categories of organizations manifest generic structural features and characteristics that are in some way 'pure' and indicative of these distinct and recognisable sectors (Billis 2010; Somerville and McElwee 2011). Such categories are presented as idealised forms in which organizations, through alignment with categorical logics and discourse, acquire legitimacy. To elaborate, Billis (2010) presents organizational templates for the categories of private, public and non-profit organizations. Thus private sector organizations are guided by market forces to maximise financial return, owned by shareholders, governed according to size of share ownership, and generate revenue from sales and fees. Organizations in the public sector are characterised as guided by the principles of public benefit and collective choice, owned by citizens and the state, and resourced through taxation. Finally, non-profit sector organizations pursue social and environmental goals, are owned by members, governed by private election of representatives, staffed by a combination of employees and volunteers and generate revenue from membership fees, donations and legacies. Specifically, non-profit distributing organizations are legally prohibited from distributing any residual 'earnings' to those with a managerial or ownership interest (Hansmann 1980).

Organizational forms that are not aligned with the idealised categorical characteristics outlined are labelled hybrids. By pursuing financial and social aims, SEs are thus a classic example of hybrid organizations (Dees and Elias 1998; Defourny and Nyssens 2006; Billis 2010; Evers 2005; Liu and Ko 2012; Murphy and Coombes 2009, Pache and Santos 2010; Young 2001) in that they combine properties associated with private, public and non-profit organizations.

Review approach

Our review encompasses research on SE, community enterprise, social ventures, and social entrepreneurship (Cukier *et al.* 2011) and draws on scholarly work from across the fields of management and entrepreneurship. We include publications that explicitly investigate SE and social entrepreneurship and make reference, directly or indirectly, to hybridity. The review does not include papers that report corporate SE initiatives that aim explicitly to increase shareholder value, the trading activities of public sector organizations, or the literature on SE impact. To ensure that we captured the diversity of SE scholarship a two stage process was adopted to select articles to review. To begin, a key word search using the search engine Proquest was employed to generate a list of articles. The search terms were selected to ensure inclusivity and focus on SE management. Using a series of keywords the search for “social enterprise” and “management” generated 40 papers, “social entrepreneurship” and “management” generated 66 papers, “social entrepreneur” and “management” generated 7 papers and “social entrepreneurs” and “management” generated 29 papers. Combining these searches and deleting multiple references to the same article produced a list of 110 individual papers which we then categorised by journal rating. The first stage of the review is based on the 68 papers published in management and entrepreneurship journals rated as four or three in the Association of Business Schools Academic Journal quality guide prepared in 2010 (Harvey *et al.* 2010). The sample includes articles from Entrepreneurship Theory and Practice (6), Academy of Management Review (4), Academy of Management Journal (1), California Management Review (1), Organization Studies (1) and the Journal of Business Venturing (1). In the second stage we employed a reverse search technique in which additional papers were sourced from the citations in the

selected journal papers. This snowballing technique generated a further 61 papers. The additional articles include journal publications, books and book chapters on SE management.

Analysis of the methodologies adopted in the reviewed papers is presented in table 1. The literature reviewed is dominated by qualitative research and only 15% of papers employed quantitative analysis techniques. This may be explained by the lack of agreement concerning SE characteristics and the consequent problems associated with creating a large population database and identifying valid and reliable analytical variables. Approximately 20% of papers reviewed used exemplar SEs to illustrate theoretical and conceptual propositions. These papers have been distinguished from papers that adopted formal qualitative research methods such as case studies, participant observation and depth interviews. When comparing publications in journals identified in Stage 1 to the articles generated in Stage 2, it can be seen that in higher rated journals there is more emphasis on theory, more rigorous qualitative empirical work and less use of exemplars.

Table 1. Research methodologies in reviewed publications

Analysis of the geographic location of research (table 2) reveals that a greater proportion of papers draw on European evidence - this may be explained by the heightened political interest in SE in Europe. In each geographic area, the proportion of theory-only papers is similar; however more quantitative studies have used data from North America (28%) and Rest of World (29%) when compared to Europe (13%).

Table 2. Geographic location of reviewed publications

The centrality of the concept of hybridity to SE management processes emerged from the analysis of the literature. To structure the presentation of our review we have been guided by the framework created by Austin *et al.* (2006) - the most cited article about SE and social entrepreneurship on Google Scholar (in April 2013). Their framework for analysing social entrepreneurship and its distinctive features when compared to commercial entrepreneurship is composed of: opportunity and mission; capital and the acquisition of financial resources; and people (mobilisation of human resources). However their framework did not elaborate the tensions associated with crafting a balance between the achievement of commercial and social objectives and the operational mechanisms employed by SEs. Using their framework we explore new insights into hybridity arising from SE, which in turn provide a new explanatory lens to further advance their original framework. To situate our review in the existing literature, we first consider the different interpretations and contexts of SE activity.

Conceptualising social enterprise

A SE is an organization that trades, not for private gain, but to generate positive social and environmental externalities (Santos 2012). Definitions of SE are abundant and reflect distinct regional differences (Kerlin 2010). For example, in the United States (US) SE discourse is dominated by market-based approaches to income generation and social change (Austin *et al.* 2006; Dees 1998; Defourny and Nyssens 2010), whereas in Europe SE is located in the cooperative tradition of collective social action (Borzaga and Defourny 2001; Nyssens 2006; Defourny and Nyssens 2010). The UK borrows from both traditions and the government-proposed definition states that an SE is “a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners” (DTI 2002 p.13).

All of these definitions draw out the two defining characteristics of SE: the adoption of some form of commercial activity to generate revenue and the pursuit of social goals (Laville and Nyssens 2001; Mair and Martì 2006; Peattie and Morley 2008; Peredo and McLean 2006). Thus SEs differ from organizations in the private sector that seek to maximise profit for personal gain by prioritising social change above private wealth creation: typical social objectives include reducing poverty, inequality, homelessness, carbon emissions, unemployment etc. (Dart 2004; Murphy and Coombes 2009). Hence, SEs are associated with pro-social motivations of wealth giving, cooperation and community development (Lumpkin *et al.* 2013). For example, a social firm is an organization that, as part of its mission, employs people who are disadvantaged in some way e.g., through disability. The dual mission to achieve financial sustainability and create social value by integrating the socially excluded and disadvantaged into the workplace categorises social firms as a SE (Borzaga and Defourny 2001).

SE strategies to generate revenue from commercial activity e.g., trading goods and services and contracting for services, share some overlap with organizations in the private and public sectors (Wallace 1999) yet are distinct from traditional non-profit organizations that rely on grants, donations and bequests. However, the extent of commercial activity required for an organization to be categorised a SE ranges from minimal to total reliance on trading income (Austin *et al.* 2006; Foster and Bradach 2005; Peredo and McLean 2006). Thus, SEs might rely on a combination of unearned income and commercial revenue or rely completely on trading income to meet their social objectives. For example, 100% Fairtrade certified organizations seek to improve the livelihoods of producers in developing countries by securing corporate compliance with sourcing policies that are designed to enable farmers to receive a fair price for the produce they supply and implement sustainable farming practices (Davies *et al.*, 2010). The strategy of generating revenue from trading in combination with

promoting the economic and social advancement of farmers categorises 100% Fairtrade organizations as SEs.

In summary therefore, different types of SEs, such as social firms and Fairtrade certified suppliers, collectively constitute a population of hybrid organizations that have achieved some success in attracting and anchoring resources in communities, fostering legitimacy with stakeholders and collectively promoting the establishment, growth and sustainability of other SEs. The emergence of significant numbers of SEs, however, differs between countries and in the next section we review the explanations for this variation.

Social enterprise context

The significant growth in interest in SE in many industrialised, emerging and developing economies (Seelos and Mair 2005) has been attributed to four social, economic and political trends. First, changes in the nature of philanthropic giving have pushed formerly donor-dependent organizations to seek more commercial sources of revenue (Dees 1998). Second, new models of public service delivery have created market opportunities for new entrants including SEs (Brandsen *et al.* 2005; Chell 2007; Evers, 2005; Fawcett and Hanlon 2009; Haugh and Kitson 2007; Perrini *et al.* 2010). Third, interest in alternative economic systems and novel forms of capitalism has directed attention and resources towards the market potential of SEs (Amin 2009, Hemingway 2005; Hudson 2009; Wilson and Post 2013). Finally, policy and practitioner responses to deficiencies in economic justice and rising inequality increasingly look to SE as a solution to market failure (Austin *et al.* 2006; VanSandt *et al.* 2009).

The recent academic interest in SE has identified two important contextual considerations.

First, an historical review finds that the meaning of SE has changed over time (Teasdale, 2012). From a temporal perspective, SE is *not* a new organizational form but a product of the evolutionary development of non-profit or voluntary organizations (Billis 1991; Kerlin 2010; Peattie and Morley 2008; Young and Salamon 2002), cooperatives and mutual organizations (Nyssens 2006). This evolutionary account blurs the boundaries between different organizational forms and positions SE at the intersection of the private, public and non-profit sectors (Defourny and Nyssens 2006). A key factor in this explanation is the marketization of the non-profit sector, in which non-profit organizations are encouraged to focus on generating commercial income from service delivery contracts (Eikenberry and Kluver 2004; Liu and Ko (2012). Mullins *et al.* (2012), thus distinguishing between ‘organic hybrids’ (enterprises that have evolved from classical, or pure, voluntary organizations to SEs) and ‘enacted hybrids’ (organizations that are established, from inception, as SEs). There is also some evidence of ‘relabeling’ by organizations to self-define as SEs as the category becomes more widespread in policy and practice (Teasdale *et al.* 2013).

Second, the rate of emergence of SEs is further shaped by country-level institutional factors (Austin *et al.* 2006; Borzaga and Defourny 2001; Dees 1998; Defourny and Nyssens 2010; Kerlin, 2010; Lepourte *et al.* 2013; Nyssens 2006). Their location at the intersection of economic sectors characterised by different norms and practices (Cooney 2006) means that SEs face pressures to respond to conflicting institutional demands (D’Aunno *et al.* 1991), typically these demands are the market/commercial logic to achieve business success and the social welfare/community logic to create social value (Mullins *et al.* 2012; Pache and Santos 2010; Tracey *et al.* 2011). At the same time as both achieving financial sustainability and creating social value (Pache and Santos 2010; Townsend and Hart 2008; Young 2001), the environment in which SEs operate is further characterized by increasing competition

between organizations in the non-profit and private sectors (Weisbrod 1997) and between non-profit distributing organizations (Chetkovich and Frumkin 2003).

Extending the analysis of context presented by Austin *et al.*, (2006) the papers in our review highlighted the institutional differences between countries played out in transnational and national policies to promote SE. In the US rising policy interest has led to the establishment of the Office of Social Innovation and Civic Participation, and in the UK the Big Society initiative has been implemented by the Office for Civil Society (Alcock 2010; Teasdale 2012). More recently, the European Union created the Social Business Initiative to further the agenda of SE (European Commission 2011). These policies have encouraged the establishment of new SEs and the adoption of commercial activity by non-profit organizations. The policies to support SEs have also been critically interpreted as the forced marketization of the non-profit sector which pushed non-profit organizations to adopt commercial strategies that conflicted with their social mission (McKay *et al.* 2011) and contribution to civil society (Eikenberry and Kluver 2004). Mason (2012) argues that successive UK governments have attempted to influence the SE discourse in order to facilitate reform in the public sector. Similarly, the discourse of SE has been resisted by many non-profit distributing organizations that seek to distance themselves from popularisation initiatives that might undermine the achievement of social objectives (Parkinson and Howorth 2008; Sunley and Pinch 2012).

Within these different and changing contexts, there is evidence that SE hybrids face tensions that impact operationally on their goals and acquisition of resources. The relationship between SE hybridity and management is reviewed in the following sections in which we explore mission, access to financial resources and the mobilisation of effort from different

stakeholder groups. We then discuss the how the associated tensions have been managed by SEs.

Social enterprise mission

The impact of SE dual mission is manifest clearly in managing the tensions between commercial opportunity exploitation and pursuit of social mission (Adams and Perlmutter 1991; Zahra *et al.* 2009). Although it is legitimate for SEs to generate profits, they are not profit maximising (Wilson and Post 2013). SEs differ from commercial ventures in terms of the centrality of their social mission (Chell 2007), the fundamental role that the social mission plays in their market offering and the consequent responsibility of SE founders and managers to find ways of successfully pursuing economic and social goals (Santos 2012). SEs have been conceptualised as focused on value creation for the benefit of society or the environment rather than the value capture typical of commercial enterprises (Santos, 2012). The dual mission therefore shapes the processes of opportunity recognition and exploitation in that value capture is tied, either directly or indirectly, to social value creation.

The pursuit of financial sustainability and social objectives requires the generation of sufficient revenue to invest in business activities at the same time as maintaining investment in social projects (Moizer and Tracey 2010) to create social value (Mair and Martì 2006) and drive forward social change (Alvord *et al.* 2004; Steyaert and Katz 2004). This challenge requires SEs to craft a balance between acquiring resources to build and maintain competitive advantage and using resources to engage with their key stakeholder groups. Although the trade-off between economic and social objectives has been acknowledged (Austin *et al.* 2006), an alternative view is that the creation of social value might be closely

linked or even integral to the successful achievement of economic outcomes (Wilson and Post 2013) that in turn generate financial resources to be employed to achieve their social mission (Dacin *et al.* 2010, 2011).

To create social value, SEs have developed innovative strategies, new resource configurations (Austin *et al.* 2006; Zahra *et al.* 2009) and novel governance structures (McCarthy 2012; Membretti 2007). The strategic innovativeness of SEs is frequently asserted (Alvord *et al.* 2004; Bridgstock *et al.* 2010; Weerawadena and Mort 2006) and has been attributed to managing the demands of multiple stakeholders (Bridgstock *et al.* 2010), combining resources in new ways to meet social needs (Mair and Marti 2006), building social capital (Evans and Syrett 2007) and finding new ways to advance social change (Murphy and Coombes 2009; Steyaert and Katz 2004). The innovativeness of SEs has also been linked to resource constraints that in turn have created opportunities for new markets, products and services (Mair *et al.* 2005; Seelos and Mair 2005; Di Domenico *et al.* 2010).

Innovative capacity is known to vary over time and public policies have played a major role in stimulating innovation through programmes that encourage and reward innovation (Osborne *et al.* 2008). A critical reading of the SE literature reviewed finds limited contributions to understanding the determinants and processes of SE innovation and the relative innovativeness of SEs when compared to other organizational forms. More generally, Austin *et al.* (2006) propose that innovation in commercial enterprises usually focuses on the creation of new products and services, in contrast to SE where the social mission is more often about the reconfiguration of existing products or services to create social value for disadvantaged groups. In addition, the innovation imperative is not universally appropriate and many SEs achieve sustainability through delivering tried and tested services (Amin 2009).

From a critical perspective, recent studies of the pursuit of dual mission have challenged the overly positive accounts of SE and explain how hybridity may lead to mission drift (Carroll and Stater 2009; Jones 2007, Pache and Santos 2010) in which the social objectives of the SE are sacrificed to achieve financial sustainability (Brandsen and Karré 2011; Eikenberry and Kluver 2004). Managerial tensions arise from the attempts to maximise both financial and social performance (Battilana and Dorado 2010; Zahra *et al.* 2009) when the pursuit of social goals conflicts with managerial rationality, which prioritises financial objectives. A shift in organizational mission from social to commercial orientation also impacts on stakeholder perceptions of SE legitimacy (Dart 2004; Nicholls, 2010c). Although the rationale of SEs is to create social value (Perrini *et al.* 2010), Pache and Santos (2010) propose that SEs face conflicting institutional demands arising from the dual logics embedded in different regulatory, social and cultural environments in which they operate. They identify two types of conflict, namely where stakeholders agree on the objectives but disagree on the means of achieving them - this situation is mildly challenging for SEs and is mainly dealt with by compromise and avoidance - and where stakeholders disagree over the goals themselves - this is more challenging and unlikely to result in compromise. Empirically it was found that SEs managed their hybridity by selective coupling and strategically incorporating intact elements from both logics (Pache and Santos 2013).

To maximise social impact, SEs have adopted strategies to grow and increase the scale of their activities. Strategic growth is critically examined in studies of SEs that seek to scale up both their financial and social (or environmental) impact (Vickers and Lyon 2012; Hockerts and Wustenhagen 2010). SEs that pursue greater social value creation might either exploit opportunities to expand organically by increasing market penetration and the scale of their own activities, or share ideas and encourage the replication of a successful model by other organizations (Bloom and Chatterji 2009; Lyon and Fernandez 2012). Growth in social

impact might also be generated by social franchising models (Bradach 2003; Dees *et al.* 2004) in which, in exchange for a fee (and additional payments), the franchisee purchases a business format that has already been tested for financial viability and social impact. The low uptake of SE franchise opportunities has been explained by difficulties associated with identifying a format that can be packaged and licenced (Dees *et al.* 2004), attracting franchisees with sufficient assets to purchase a franchise as well as the desire to navigate the space between financial and social objectives (Tracey and Jarvis 2007) and using a standard commercial format and social intervention to respond to local conditions (VanSandt *et al.* 2009).

In examining the processes and challenges associated with achieving a dual mission, same-sector and cross-sector partnerships have emerged as an important theme in the strategic management of SEs (Di Domenico *et al.* 2009; Sakarya *et al.* 2012). The hybrid nature of SEs increases the complexity of management processes, in that each partner seeks to maximise the returns to the goals of their own organization as well as achieving the aims of the partnership. By building on the resource complementarities of the partners, the intended outcome is that both partners gain from the partnership (Sakarya *et al.* 2012). Partnerships might involve commercial relationships between organizations in the supply and distribution chain of either the SE or the partner i.e., a form of vertical alliance (Lyon 2012), or be related to the achievement of the social mission of either partner (Nwankwo *et al.* 2007). Davies and Ryals (2010) identified that the type of partner changes during SE evolution. In the pre-venture and early stages of SE creation ‘family members’ who share purpose are recruited and as the SE increases in size and impact, new resources are acquired through adding new more distant ‘network partners’.

To conclude this section, the framework set out by Austin *et al.* (2006) identifies the importance of SE mission and the extent to which this is shaped by the pursuit of both commercial and social objectives. Austin *et al.* (2006) also note that dual mission could be a source of tension; however they leave unexplored the nature of these tensions, such as mission drift and stakeholder perceptions of legitimacy. By exploring how mission is shaped and legitimised by the adoption of a hybrid organizational form, further insights are provided in this paper into how SEs innovate and grow. The critical perspective also reveals how mission can be obscured, or lost, through hybridisation. We now turn to the influence of hybridity on SE acquisition of financial resources.

Social enterprise and financial resources

This section examines the financing of SEs in more detail and identifies the tensions and challenges associated with generating revenue and managing multiple income streams. Although Austin *et al.* (2006) emphasise the difficulties SEs encounter when mobilising financial resources and suggest that tensions could be overcome through partnerships to leverage and manage financial resources, the papers in our review extend their analysis to include the impact of hybridity on access to financial resources and their deployment. Dacin *et al.* (2010) note that SEs are good at managing resource dependence and use their community embeddedness and relational ties with stakeholders to secure external resources that in turn create opportunities for social action. SEs leverage relationships with stakeholder groups to initiate creative mechanisms that overcome barriers to accessing resources in the external environment. The strong relational ties with stakeholders are thus the conduit for resources and the foundation of cooperative working arrangements that seek to fill institutional voids. The SEs social mission is a source of legitimacy (Dart 2004) that in turn

is a critical resource that can be leveraged with internal as well as external constituencies. Although combining commercial activity and social purpose in one organization might seem paradoxical, by spanning categorical boundaries organizations signal increased flexibility (Pontikes 2012) and gain wider access to resources and multiple sources of legitimacy (Minkoff 2002).

The inward flow of financial resources is essential to sustain an organization and might be derived from commercial revenue, internal reserves, grants, donations or forms of loan finance. Teasdale (2010) shows how SEs draw on different aspects of their hybrid identity to attract commercial revenue, grant funding, private donations and other forms of philanthropy. SEs employ their dual mission in a form of organizational impression management (OIM) through which they seek, and achieve, legitimacy by constructing different marketing communication narratives to meet the expectations of different stakeholder groups (Teasdale 2010). The SE dual mission to generate economic and social value also creates opportunities for generating commercial income from ethical consumers (Doherty *et al.* 2009; Golding and Peattie 2005; Zahra *et al.* 2009) and contracts to deliver public services (Bridgstock *et al.* 2011; Mullins *et al.* 2012; Munoz and Tindsley 2008). Challenges arise in terms of measuring the social value, however, in that the markets in which SEs operate may put greater emphasis on economic value rather than social impact, and thus poor financial performance is punished more readily than poor social performance (Austin *et al.* 2006).

Although it has been reported that SEs increasingly seek finance from banks and venture capitalists (Bryson and Buttle 2005), research by Sunley and Pinch (2012) found that the majority of SEs with asset locks restricting individual pecuniary gain continued to rely on

public sector grants and were cautious about adding debt to their financial architecture. In addition, strong relationships with key stakeholder groups (e.g., philanthropists, social activists, campaigners, customers and volunteers) can all be leveraged for access to capital (Mair and Martì 2006). In this way SE hybridity confers flexibility and legitimizes the acquisition of finance from both commercial sources and philanthropic sources (Chertok *et al.* 2008). Dees (1998) notes that as most SEs are neither purely commercial nor philanthropy-dependent they can leverage their dual mission to gain access to below market-rate capital and secure preferential terms from financiers. This is especially valuable for early stage SEs and those operating in resource scarce environments.

More critically, two factors constrain SE access to finance. First, the requirement to internalise social costs means that SEs generate less profit than might be created if they adopted full economic costing (VanSandt *et al.* 2009). This is supported by Liu and Ko (2012) who propose that in some SEs economic benefits maybe foregone in order to adhere to social mission e.g. Fairtrade certified SEs commit to paying the Fairtrade stipulated minimum price to producers of raw materials even when this is above the market price. Dees (1998) also identifies that the dual-pricing strategies typically adopted by SEs that set the price of refurbished furniture and electrical products on the basis of family income impacts on the financial performance of the SE. Lumpkin *et al.* (2013) therefore propose that commercial ventures are more attractive to investors in terms of generating cash flow and therefore have a greater chance of securing traditional bank loans or venture capital.

To overcome the capital constraints faced by SEs new legal forms have been established to make it easier to raise equity (Lasprogata and Cotton 2003). These include the Low Profit Limited Liability Company, the Benefit Corporation and Flexible Purpose Corporation in the

US (Battilana *et al.* 2012), the Community Interest Company in the UK (Nicholls 2010a) and social cooperatives in Italy (Thomas 2004). These new legal structures redress the previous costs associated with the requirement for SEs to create two legal structures to accommodate their dual mission - one to trade or access capital, and the other to secure the fiscal advantages of charitable status for receiving grants, donations and bequests.

More recent developments in social investment vehicles have created new sources of finance for SEs. This new and evolving category of funds is financed by investors seeking opportunities to lend to organizations that create social value at the same time as generating some financial return (Nicholls 2010b). The range of different forms of social investment that aim to meet the need for funds that combine financial returns with social and philanthropic goals includes investment programmes that offer loans at preferential terms for SEs and philanthropic venture capital such as the Acumen Fund (Lumpkin *et al.* 2013, Scarlata and Alemany 2012).

SE hybridity also impacts on the volume and speed of returns on investment. Although the financial returns are lower than those generated by private organizations, investors accept the negative differential in exchange for social return on investment. The time required to generate social returns requires investors to be patient, and some investors are focused on more long-term change (Murphy and Coombes 2009; VanSandt *et al.* 2009). Research that has explored the emergence of social investment funds has found that take-up of funds is influenced by SE investment readiness and debt aversion (Mason and Kwok 2010; Pinch and Sunley 2012). However, the relative newness of social investment funds on the financial landscape means that the volume of financial capital available is less than the traditional venture capital market (Nicholls 2010b).

To conclude this section, SE hybridity can both help and hinder access to financial resources. Although SE hybridity has been noted to provide access to a wider range of resources (McCarthy 2012), it is also a source of confusion as SE products and services do not fit neatly into established funder categories (Bridgstock *et al.* 2010). By combining different institutional logics (Battilana and Dorado 2010; Pache and Santos 2010), hybrid organizations are by definition sites of contradiction, contestation and conflict. Organizations that are difficult to categorise suffer disadvantages in terms of loss of legitimacy (Brandsen and Karré 2011; Minkoff 2002) which in turn reduces access to resources (D'Aunno *et al.* 1991) and increases organizational mortality (Barron *et al.* 1994). SEs manage these tensions by striving to balance the positive and negative impacts of hybridity on the acquisition of financial resources.

Social enterprise and human resources

Human resources are the third construct in Austin *et al.*'s (2006) framework: namely managers, employees, volunteers and trustees. The majority of SEs are small, resource-constrained (Bridgstock *et al.* 2010) and do not have sufficient financial resources to pay the market rate to employees; they thus rely on non-financial incentives to motivate staff (Austin *et al.* 2006; Dees, 1998). More recent studies exploring employment and volunteering has found the social component of the dual mission to be instrumental in enabling SE leaders to recruit (Battilana and Dorado 2010), and mobilise effort from, employees, volunteers and supporters (Haugh, 2007; Membretti 2007; Thompson *et al.* 2000). The combination of enterprise and social mission has frequently been cited as a motivating force that provides employees with the intrinsic rewards of job satisfaction and contributing to community

impact (Bacchiega and Borzaga 2001). Non-pecuniary incentives are used to recruit and motivate both paid staff and unpaid volunteers from other sectors and, in turn, have been linked to managerial problems associated with employees from the private sector transitioning to SE practices, processes and values (Battilana and Dorado 2010). The successful achievement of dual mission requires SE managers to seek a balance of staff with both commercial and social sector knowledge (Liu and Ko 2012). However, existing research has not explored the operational tensions faced when managing teams in which members bring different practices and hold differing values. Although Austin *et al.* (2006) note that managing relationships with volunteers and stakeholder brings new management challenges, the nature of these challenges and their resolution is not elaborated.

With regard to managing human resources, the hybrid nature of SE organizations has raised concerns that exposure to markets will re-orient their shared cultural values towards competition and away from public benefit (Weisbrod 1988). This has the potential to impact on their leadership, employee relations, recruitment, culture and the management of relationships between employees and volunteers (Royce 2007; Young 2001). Also, due to the relative small size of SEs, some large customers such as public sector organizations use their greater power to overly influence, even dictate, the culture and human resources practices of SE (Cornelius *et al.* 2008).

Volunteers are an important resource for SEs, especially when facing skills shortages (Salamon *et al.* 2003). To create a harmonious environment in which employees and volunteers work together, SEs need to find effective strategies to manage the needs of these different stakeholder groups (Borzaga and Solari 2001). More critically, unlike paid employees who might be expected to comply with the managerial demands, volunteers are

free to withdraw their labour if they disapprove of the strategic direction the organization is pursuing (Royce 2007). Also, according to Liu and Ko (2012), staff turnover is higher in SEs with employees and volunteers when compared to employees only and thus, prior to recruiting and relying on the efforts of volunteers, the costs and motivational advantages of volunteers needs to be carefully evaluated. In addition, due to the focus on external social impact some SEs neglect investment in internal social responsibility issues, particularly the management of their own human resources (Cornelius *et al.* 2008).

SE hybridity also blurs the distinction between client and beneficiary stakeholder groups, which in turn impacts on operational issues. The business model of Work Integration SEs (WISE) and Intermediate Labour Market SEs (ILM) is to employ and train the long-term unemployed to enable them to then secure mainstream employment (Nyssens 2006). For these SEs hybridity is manifest in terms of employees occupying the dual role of client and employee and the use of resources to both assist the personal development of the employee (as a client) as well as the performance of the employee (as an agent). Although the investment of resources generates social value for the client and society, the additional costs of achieving the social mission would not be incurred in a commercial organization that recruited fully-trained employees.

Within the SE and social entrepreneurship literature, much attention has been given to the founders of SEs (Thompson *et al.* 2000; Nga and Shamunganathan 2010). However, research that investigated the psychological traits of SE founders has been criticised for prioritising the role of the heroic individual at the expense of the collective endeavour of teams (Corner and Ho 2010) and focusing on corporate social entrepreneurs who pursue social value creation from within corporate structures (Hemingway 2005). More recently

attention has shifted towards understanding the personal values of social entrepreneurs and how the tension between individualistic orientation and collectivist sense of duty can be alleviated through SE dual mission (Moizer and Tracey 2010). What is clear, however, is that growth in interest in SE activity has created a situation in which the demand for leaders with appropriate skill sets exceeds supply (Salamon *et al.* 2003).

SE founders and leaders also influence the choice of structures and processes to monitor and control strategic and operational activity and ensure accountability to stakeholder groups (Cornforth and Spear 2010). SE boards are reported to be highly diverse and vary in governance structure (Mason 2010; Smith and Teasdale 2012). In contrast to trustees of private enterprises, SE board members are rarely remunerated (Cornforth 2004, Stone and Ostrower 2007). Although SEs are more likely to recruit board members on the basis of expertise (Low 2006), restrictions on remuneration may impact negatively on SE capacity to recruit trustees with both commercial skills and a full understanding of the social mission (Smith 2010). According to Lumpkin *et al.* (2013), SE dual mission means that different stakeholder groups have salient, yet different, claims on the performance of the SE which in turn increases the complexity of appropriate governance structures and accountability processes.

The democratic principles and community-based structures of SE organizations such as cooperatives increases the extent of stakeholder involvement in their governance (Cornforth 2004; Low 2006; Somerville and McElwee 2011; Wilson and Post 2013). Although stakeholder governance structures facilitate greater accountability to staff, clients and beneficiaries, there is evidence that SE board members are not necessarily representative of their communities, especially in relation to gender representation (Lyon and Humbert 2012).

Naturally, governance structures and processes will be determined, at minimum, by the legal form and reporting obligations of the SE (Mason 2010), however SE dual mission means that board members are simultaneously exposed to institutional pressures to achieve financial sustainability, generate social value and build and maintain close relationships with a range of different stakeholder groups.

As with the review of literature on mission and financial resources, this section has reviewed how SE hybridity impacts on the management processes related to managing relationships with a range of stakeholder groups. Of particular importance is the impact of the respective values and approaches of different stakeholder groups whether employees, volunteers, or board members. Different stakeholders hold their own views concerning the appropriate balance between commercial and social mission. Managing internal and external governance tensions and ensuring accountability to stakeholders is thus a key management challenge faced by managers of hybrid organizations.

Discussion

In their recommendations Austin *et al.* (2006) called for further research to examine how the characteristics of SEs affect their management, particularly with regard to mission and resource mobilization. Subsequent analyses by Zahra *et al.* (2009) and Dacin *et al.* (2011) have provided further insight into SE distinctiveness; however the implications of conflicting logics on SE management have previously not been explicitly drawn out. Hybridity emerged from our review as fundamental to SEs and thus an appropriate and useful lens through which to critically analyse the challenges associated with managing conflicting institutional logics. In hybrid organizations, previous research has noted that strategies to respond to

mission as a force for strategic direction (Lumpkin 2013); and finding the optimum conditions where the generation of commercial revenue can be linked successfully to the creation of social value.

Secondly, SE hybridity impacts on the acquisition and mobilisation of financial resources. Although by spanning institutional boundaries SEs signal increased flexibility (Pontikes 2012) and leverage multiples sources of legitimacy (Chertok *et al.* 2008; Dart 2004), the focus on social value creation is perceived to be less attractive to mainstream banks and venture capital organizations as they may generate less profit than other clients (VanSandt *et al.* 2009). In addition hybridity makes it difficult for financiers to categorise SEs and they are poorly understood by mainstream sources of finance (Battilana and Dorado 2010; Bransden and Karré 2011). This creates tensions in relation to the prioritisation of commercial over social objectives. Trade-offs to resolve the tensions include dual pricing strategies and generating social returns at the expense of financial return on investment (see table 3). Management mechanisms include cross-subsidisation business models, leveraging mixed funding streams, accessing social investment funds and the adoption of new legal forms for SE that accommodate dual mission and make it easier to raise equity (Battilana *et al.* 2012; Nicholls 2010a).

Thirdly, hybridity also provides an important avenue to advance understanding of SE management of human resources. Due to financial resource constraints SEs are reported to pay employees below the market rate (Zhara *et al.* 2009) and this limits access to skilled employees. However, SE social mission is believed to be a non-pecuniary incentive for employees, volunteers and other stakeholders (Battilana and Dorado 2011; Haugh 2007; Membretti 2007). Many SEs also rely on the efforts of volunteers and trustees who donate

their knowledge and skills free of charge. Although volunteers may provide important skills, Liu and Ko (2012) noted tensions existed between employees and volunteers, particularly if SE social mission has drifted towards greater commercial focus. This may lead to trade-offs between paying high salaries to attract skilled employees and investing resources in recruiting and training volunteers which in turn reduces the resources available to create social value and the attractiveness of the SE to social investors. In addition, SE boards are responsible for overseeing the achievement of financial sustainability and social value creation at the same time as meeting the accountability demands of a wider variety of stakeholders than for profit organizations (Wilson and Post 2013). This leads to tensions in securing the appropriate board representation of commercial and stakeholder engagement expertise. Management mechanisms to cope with SE hybridity include skills-based trustee recruitment, explicit use of social mission to motivate stakeholder groups and cross-training of employees, volunteers and trustees (see table 3).

Future research suggestions

Our review of the literature has investigated the implications of hybridity for SE mission, finance and people, and in doing so has highlighted several gaps in our knowledge concerning the enactment of SE management processes. We now build on the review by proposing four research questions that offer opportunities for theory development.

To what extent have different institutional frameworks and contexts supported or discouraged the establishment of hybrid organizations?

The persistent global problems of poverty, inequality, and development suggest that demand for hybrid organizations that successfully pursue the dual mission of achieving financial

sustainability and social value creation are likely to increase. Yet our knowledge of SE management internationally is, as yet, partial. Few studies have investigated SE management beyond Australasia, North America, Northern and Western Europe, and a small number of countries in South America. We encourage scholars to gather more information about SE and social entrepreneurship in countries and contexts about which we know relatively little e.g., African nations, China, countries in the Middle East and Russia. Specifically it would be worthwhile to investigate the institutional conditions that promote the establishment and growth of SEs, and those that hinder their creation and growth. What lessons can be learned from successful and impactful SEs in different countries and contexts that would inform our understanding of the influence of institutional conditions on the emergence of hybrid organizations?

How do hybrid organizations successfully pursue conflicting objectives and secure competitive advantage?

Strategic management theory suggests that organizations achieve competitive advantage from the single-minded pursuit of one objective (Hunt and Morgan 1995). Attempts to combine social value with financial sustainability might be expected to lead to trade-offs (Austin *et al.* 2006). However, as alluded to by Dacin *et al.* (2010), might there be circumstances in which financial performance is enhanced by the social mission of an SE? The simple dichotomy between economic and social purpose has been challenged by the Fairtrade movement, in which long-term investments in building sustainable supply chains that involve local farmers have been fundamental to ensuring production continuity (Nicholls and Opal 2005). Theory development to explain and predict the conditions under which SE dual mission can be achieved would enhance our knowledge of how, why and where hybrid organizations are most effective. The dual mission also raises challenges for

measuring performance and impact. There is, therefore, a need for greater understanding of how organizations account for both social and financial value.

How are the resource requirements of hybrid organizations satisfied, and to what extent does hybridity influence innovative resource exploitation?

The inward flow of resources is essential for SEs to achieve financial sustainability and generate social and environmental value. SEs exploit commercial opportunities to develop revenue streams and create a surplus that can be reinvested in their social aims. However, we know little about how SEs create and sustain a balanced income portfolio and how they decide on the appropriate level of surplus or profit. There is also a need to examine how SEs continue to use grants, philanthropic funding and unrestricted donations to give them time to establish commercial sources of income. SE with a mixed income portfolio might simultaneously be endeavouring to balance receiving donations and generating a profit.

SE involvement in different markets creates opportunities for investment from internal surplus and external financial resources, whether in the form of grants, loans or even equity investment. While there is much attention to the supply of such external finance, evidence of the location of the demand for different types of loan finance is lacking. Where SEs take on loan finance and equity investment, there may be an effect on the organisational values and culture, yet little is known of such consequences. A theory to explain how SEs sustain relationships with an array of stakeholders that have competing objectives at the same time as developing market-based strategies would advance our understanding of how hybrid organizations create and leverage resource portfolios.

How do board members, managers, employees and volunteers of hybrid organizations respond to the tensions inherent in the contrasting value systems of private, public and other non-profit distributing organizations?

SE hybridity means that employees, volunteers and board members face the challenge of trying to achieve a balance between pursuing and satisfying multiple organizational and personal goals. When working for a hybrid organization, SE staff and volunteers also seek to combine multiple shared values related to competition in the private sector, the collaborative ethos of cooperatives, the social values of charities and the public service ethos of the state.

SE hybridity also creates challenges related to establishing effective governance structures and accountability processes to report to multiple stakeholder groups. Research that explored how a functioning balance is achieved between governance and accountability would provide insight into the cultural environment of SEs, their propensity for culture change when working in partnership with other organizations – e.g., cross sector partnerships and collaborations - and develop new knowledge about employee and volunteer recruitment, motivation and rewards. The pursuit of dual mission requires SEs to navigate between the demands of different stakeholder groups who each make claims on the organization's objectives. Some SEs are hierarchically structured while others have a tradition of cooperative governance and democratic ownership in which the staff, beneficiaries and users are co-owners. Wider stakeholder involvement may engender increased accountability, however little is known about the effect of consultation processes, which may be lengthy and combative, on strategy development and implementation. Research that investigated the processes adopted for securing stakeholder support at the same time as protecting organisational ability to respond swiftly to conditions in competitive markets would be of theoretical interest to scholars interested in the processes and dynamics of flexibility and legitimacy in hybrid organizations.

Conclusion

This review is at a point in time when SE research has matured beyond definitional debates and embraced the analysis of institutional and organizational processes associated with their creation and management. SE research is characterised by approaches that have bridged organization theory, management practice, social policy, sociology, geography, political science, environmental science and economics. In our review we adopted an interdisciplinary approach to bring together contributions from across these domains. The eclectic disciplinary approach is reflected in the recent diversity of theories employed by scholars as SE research matures. Although much attention in the leading academic journals has focused on advancing institutional theory, other relevant areas for theory development include social innovation, value creation, ethics, power and social finance.

Three broad themes were investigated: mission, financial resources and human resource mobilization. In each theme we reviewed the main debates and identified the key question that remains unanswered in each domain. More generally, we find that: the SE literature contributes to important debates concerning the role of markets, government and civil society in the provision of public goods around the world; there is an emerging evidence base concerning SE establishment and growth in many, but not all, countries; and SE discourse in different countries and contexts is closely linked to policy debates and interventions. By exploring the concept of hybridity in organizational behaviour, management and entrepreneurship, wider theoretical implications can be drawn for management studies. As the boundaries between organizational forms become increasingly

blurred there is a need to understand how dual, or multiple, mission affects organizational processes.

This review has critically analysed much of the literature on this emerging area of management studies, however the process of identifying the relevant literature has three limitations. The review approach included papers in more highly cited journals and not all the literature in other publications has been included. Secondly, the articles are dominated by qualitative studies, several of which have advanced new theoretical contributions.

Quantitative SE research remains rare and is a major priority for developing statistically robust national, and international, analyses. There is also a geographical bias, although this is partly explained by the nature of the existing peer reviewed research outputs. Literature on SE is largely Western and given the importance of SE developments in Africa and Asia, this is a gap future studies should aim to address.

Our review provides insights into both SE theory and practice. Firstly, we build on previous SE reviews and develop a framework to explain the tensions and their resolution that are created by the pursuit of dual mission. The pursuit of dual mission makes SEs challenging organizations to establish, lead and manage - the emphasis on 'entrepreneurship' at the expense of the 'social' and has often focused attention on the role of the enterprising social entrepreneur and their heroic characteristics. Our review clarified the need to consider the development of a wider range of human resources, competences and skills in SE management. SE managers face challenges in managing the identity of a hybrid organization, responding to market pressures from customers and competitors, and integrating the typical mix of employees and volunteers. The hybrid form both creates tension and allows the space to cope with competing logics. This paper shows how there is a

need to build on existing research distinguishing SE as an organizational form, and to draw on recent theoretical developments in the field that have examined how SE organizations have found ways of balancing the positive and negative effects of hybridity, such as mission drift and challenges to legitimacy. The review provides evidence that hybrid organizations develop management processes to respond creatively and innovatively to conflicting logics. In this regard SEs provide examples of the potential benefits of managing the tensions associated with bridging institutional fields.

In practice, the challenges we summarised need to be addressed at the same time as maintaining commitment to social mission and nurturing relationships with stakeholders. SE managers also need to be skilled in acquiring and leveraging resources and developing and enhancing organizational capabilities. In many SEs, strategic choices are driven more by social and ethical values rather than economic considerations, especially when compared with private or public sector organizations. The evidence informs us that most SEs tend to be a coalition of multiple stakeholder groups each with their own, often diverging, priorities. In practice, this means that the strategy development process will involve time and resources devoted to networking, communicating, lobbying and negotiating with stakeholders to achieve a consensus on key issues to avoid mission drift, build and retain legitimacy contemporaneously with developing new approaches to mobilise financial resources and manage people. The framework presented summarises the challenges, tensions, trade-offs associated with SEs and is offered as a guide to scholars and practitioners who manage, advise, teach and research the field of SE.

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Table 1. Research methodologies in reviewed publications

	<i>Number of papers</i>	<i>Qualitative</i>	<i>Quantitative</i>	<i>Exemplars</i>	<i>Theory only</i>
	N	%	%	%	%
Stage 1 (in higher ranked journals)	68	42.6%	14.7%	14.7%	44.1%
Stage 2 (other literature referred to in stage 1 papers)	61	26.2%	14.8%	26.2%	32.8%
All Papers	129	34.6%	14.6%	20.0%	38.5%

Note: some papers adopt more than one methodology

Table 2. Geographic location of reviewed publications

	<i>Number of papers</i>	<i>Europe</i>	<i>North America</i>	<i>Rest of the world</i>
	N	%	%	%
Stage 1 (in higher ranked journals)	68	52.9%	42.6%	19.1%
Stage 2 (other literature referred to in stage 1 papers)	61	68.9%	29.5%	13.1%
All	129	60.0%	36.2%	16.2%

Note: Papers were classified according to the source of empirical evidence. In theory only papers the institutional location of first author was used.

Table 3 Implications of SE Hybridity

Distinctive Features	Challenges	Tensions	Trade offs	Examples of Management Processes
Mission	<p>To achieve business and social goals</p> <p>To manage the demands of multiple - stakeholders and maintain legitimacy</p> <p>To develop relationships with partners with different logics</p>	<p>Conflicting demands between needs of clients and needs of other stakeholders</p> <p>Disagreements on priorities held by different groups</p> <p>Ensuring mission does not drift away from multiple goal achievement</p>	<p>Sacrificing social value creation for economic value capture</p> <p>Purposefully not seeking profit maximisation</p>	<p>Use social mission as a force for strategic direction</p> <p>Find optimum conditions where social value creation leads to profitability and competitive advantage.</p>
Financial Resource Mobilisation	<p>SEs may not be perceived as viable clients by mainstream financial institutions</p> <p>Lack of understanding of SE and social value by those controlling access to financial resources</p>	<p>The relative importance of earned versus other income</p> <p>Ethical issues involved in access to different sources of income</p> <p>Conflicting expectations and demands between different stakeholders</p> <p>Operating under financial constraints due to inadequate financial resources</p>	<p>Dual pricing strategies for different client groups</p> <p>Investors persuaded to accept a lower and slower rate of return in exchange for social value creation</p>	<p>Cross subsidisation by targeting income sources that generate a surplus for reinvesting in social mission</p> <p>Leveraging a mix of financial capital from both commercial and philanthropic sources</p> <p>Access to lower than market rate capital from social investors</p> <p>New legal forms to encourage investment</p>
Human Resource Mobilisation	<p>Limited financial resources constrain SE salaries and wages</p> <p>Skill shortages and lack of competences in combining social and commercial objectives</p> <p>Attracting and retaining volunteers with appropriate skills</p>	<p>Managing motivation and rewards of employees and volunteers</p> <p>Volunteers not perceived to have skills and experience in some areas of service delivery</p> <p>Selection process of board members to provide a balance of social and commercial expertise</p>	<p>Balancing payment of higher SE salaries and investing in achieving social mission</p> <p>Recruiting volunteers versus high turnover of volunteers</p> <p>Higher SE salaries and wages reduce the attractiveness of SE to donors, volunteers and other stakeholders</p>	<p>Balance of staff and board members with social and commercial and skills</p> <p>Use of non-pecuniary measures to motivate and reward employees, volunteers and trustees</p> <p>Social and commercial training for trustees and other stakeholders</p>