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Walking a tightrope: Understanding and managing tensions in social enterprises

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DOCTORAL THESIS

Title	**Walking a tightrope: Understanding and managing tensions in social enterprises**
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Department	**Department of Economics, Finance and Accounting and Social Sciences**
Directed by	**Dr. Daniel Arenas**

ABSTRACT

Walking a tightrope: Understanding and managing tensions in social enterprises
Solange J. Hai
(Under the direction of Dr. Daniel Arenas)

Social enterprises, organizations that pursue both a social and commercial mission, have seen a rise both in research and practice over the past couple of decades. Diverse groups of stakeholders are turning toward this type of organization to respond to pressing challenges in society. Combining the pursuit of positive social impact with a business venture can create tensions from bringing together two opposing forces that bring their own values, goals, and strategies. Although the study of tensions that arise from combining social and business logics has received extensive attention in the literature, it remains unclear what other types of tensions can arise in social enterprises and how those tensions can be managed. Drawing on the theoretical lenses of hybrid organizations, coopetition, and business models, this doctoral thesis aims to bring to light types of tensions that social enterprises can experience at different levels of analysis. Through case studies and qualitative methods, it examines the ways social enterprises can interact with each other at the inter-organizational level, how organizations combine different styles when creating new social enterprises at the firm level, and how leaders manage tensions that arise from combining social and commercial logics at the individual level. This thesis aspires to provide implications both for theory and practice.

Dedication

To AJ, who always wanted me to become a doctor.

Acknowledgements

"I don't mean to make it sound high-flown. It's not. It's discipline and repetition and failure and perseverance and dumb luck and blind faith and devotion. It's showing up when you don't feel like it, when you're exhausted and you think you can't go on. Transcendent moments come when you've laid the groundwork and you're open to the moment. They happen when you do the work. In the end, it's all about the work." - Bryan Cranston, A Life in Parts

In the end, it *has* been all about the work. And I have made it through thanks to people who have helped and supported me along the way. First, I would like to thank my PhD supervisor, Dr. Daniel Arenas. Dr. Arenas has helped and guided me through every step of the way, giving invaluable feedback and guidance. At ESADE, I have also been fortunate to receive unconditional support from the directors of PhD program: Dr. Vicenta Sierra and Dr. Cristina Gimenez. Thank you to those who work behind the scenes to make sure everything runs smoothly: Pilar Gallego, Silvia Espin, and Nuria Fenero. Your willingness to help whenever necessary has made this journey that much easier.

I am grateful to have had the opportunity to participate in the large-scale research project EU-InnovatE during my PhD. I owe a special thank you to my ESADE team: Dr. Jennifer Goodman and Sonia Ruiz. My fellow PhD colleagues have enriched this experience with their advice and encouragement – Basak, Ben, Cristina, Esther, Heidi, Jorge, Mehdi, Myrto, Roy, Ryan, Susanna, and Tanusree. Beyond peers, I would like to thank those professors who, while not directly linked with my research, have always had their doors open – Dr. Annachiara Longoni, Dr. Marcel Planellas, Dr. Roberto Ragozzino, Dr. Jonathan Wareham, and Dr. Frank Wiengarten. I would like to extend a special thank

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Chapter 1: Introduction

1.1 Relevance of the topic

Gijsbert Huijink moved to Spain with his wife in 2005. The Dutch entrepreneur, who had lived in Romania for 12 years running his own furniture business, was looking for a change. "I sensed I needed something new. I wanted a change of air…We wanted to live here but didn't have a clear idea of work or business." Upon buying an old house to renovate, he and his wife encountered a complication: although there were power lines very close to their home, the electric company informed them that the grid was saturated. The electric company explained that they could pay 80,000 euros to increase the capacity to be able to connect their home to the grid. Gijsbert was appalled at the thought of paying an exorbitant amount to be able to access the grid, considering it his right as a citizen. He refused to pay the 80,000 euros and instead installed solar panels in his home to produce his own energy. Solar panels produced enough energy during the day, but none at night. A wind turbine could cover his energy demands at any point in the day, but the high upfront costs of such infrastructure were prohibitive. He looked around for a group of

neighbors or a cooperative to share the costs. Energy cooperatives were quite common in Holland, so he was surprised to not find a single cooperative in all of Spain. This led him to co-found Som Energia, Spain's first 100% renewable energy cooperative, in 2010. Som Energia, *We Are Energy* translated in English, has more than 25,000 members, over 3.5 million euros invested by its members in sustainable energy projects (e.g., photovoltaic, biogas and wind energy), and an innovative triple-bottom line. Other green energy cooperatives have been established in Spain, following Som Energia's model. Som Energia's story is an example of a social enterprise where the organization is dedicated to positive social and environmental impact while being a financially sustainable organization. With Som Energia's growth, Gijsbert has been faced with new challenges: how should Som Energia interact with other green energy cooperatives? How does the organization differ from other social enterprises being formed in the energy sector? How can the financial sustainability of the enterprise be balanced with continued positive social impact?

This thesis is a qualitative investigation of aspects of the social enterprise phenomenon that provides new theoretical understanding about how social enterprises are started, how they interact with each other in the same industry, and how they manage tensions unique to this organizational form. The goal is to contribute to the theoretical discussions on social enterprises by looking at the nature and management of divergent tensions that may arise at different organizational levels. For that purpose, this introductory chapter looks at the phenomenon of social enterprises and how it has been theorized. Second, it draws on organizational theories that can be used to explain the tensions that arise from integrating different elements within this type of organization. Third, the methods used in the central chapters of the thesis are presented. While the method in general has been that of case studies, section 1.3 discusses how it has been

used differently in each chapter fitted to the specific research questions. Finally, this chapter provide an overview of the central chapters of the thesis to present how each contributes to understanding the phenomenon. Taken together, this thesis sheds light on the dynamics within and between social enterprises by understanding the nature and management of organizational tensions.

1.2 Theoretical background

Although the past decade has seen a steep rise in scholarly interest (Battilana & Lee, 2014; Dees & Anderson, 2003; Doherty, Haugh, & Lyon, 2014; Haigh, Walker, Bacq, & Kickul, 2015; Smith, Gonin, & Besharov, 2013), research on social enterprises is still in an initial phase of development (Bacq & Janssen, 2011). Much of the research on social enterprises has focused attention on defining social enterprises (Austin, Stevenson, & Wei-Skillern, 2006; Choi & Majumdar, 2014; Dacin, Dacin, & Matear, 2010; Doherty et al., 2014; Mair & Marti, 2009). Social enterprises are conceptualized as organizations that pursue the simultaneous missions of both financial sustainability and positive social impact (Austin et al., 2006; Chell, 2007; Doherty et al., 2014; Mair & Martí, 2006; Peredo & McLean, 2006; Santos, Pache, & Birkholz, 2015), also commonly termed hybrid organizations (Haigh et al., 2015; Smith & Lewis, 2011). Social enterprises are found between the traditional public, private, and nonprofit boundaries of organizations (Dacin et al., 2010; Doherty et al., 2014; Santos et al., 2015).

Literature on social enterprises has looked at the emergence, management, and performance of social enterprises (Doherty et al., 2014). By integrating the objective of positive societal impact in a financially-sustainable business venture, social enterprises can find themselves with conflicting goals, values, and actions. Within this theoretical discussion, scholars have studied managing tensions that can arise from integrating

conflicting missions (Battilana & Dorado, 2010; Santos et al., 2015; Smith et al., 2013), as well as the strategies that social enterprises might use to resolve tensions to achieve their multiple goals (Haigh et al., 2015).

While this theoretical debate has addressed important issues, little is known about the tensions beyond social-business tensions, as social enterprises continue to rise (Smith et al., 2013). Responding to Dacin and colleagues' (2010) call to look at the growth and rise of social enterprise across contexts, the goal of this thesis is to contribute to the theoretical understanding of the tensions that emerge within and between social enterprises. Given the proliferation of social enterprises, how do we understand the nature and management of tensions within and between social enterprises? The following research questions have emerged for this phenomenon-driven, qualitative study:

1. How do social enterprises interact with each other within the same industry?

2. How is the initial development of a new social enterprise managed?

3. How can leaders manage the tension between the social and commercial missions within an organization?

1.2.1 Hybrid organizing

Drawing on the theoretical framework of hybrid organizing to respond to these three questions, this thesis examines how social enterprises manage tensions within and between organizations. In its roots in the natural sciences, hybridity refers to creating something new from two different, but existing, parts (Battilana & Lee, 2014; Doherty et al., 2014). Hybrid organizing is defined as the resulting actions, processes, and structures from the integration of multiple organizational forms (Battilana & Lee, 2014). In the study of organizations, hybridity has been theorized as the result of blurring sector boundaries (Bacq & Janssen, 2011; Battilana & Lee, 2014; Doherty et al., 2014; Santos et al., 2015).

Although there has been a lack of overarching theories to predict and explain the phenomenon of social enterprises (Bacq & Janssen, 2011; Dacin et al., 2010), the theoretical framework of hybrid organizing allows for studying both the integration of multiple different elements for the creation of a new action, form, or logic and the tensions that can ensue.

The theories of hybridity and hybrid organizing have been used here for their explanatory power to understand the complexity of the tensions within and between social enterprises (Doherty et al., 2014). Social enterprises have been identified as an "extreme case" of a hybrid organization with their combination of business and charity organizational forms (Battilana & Lee, 2014; Doherty et al., 2014; Ebrahim, Battilana, & Mair, 2014; Skelcher & Smith, 2015). The application of the conceptual framework of hybrid organizations to social enterprises as a research setting is appropriate particularly due to the conflicting goals inherent in this type of organization (Ebrahim et al., 2014).

1.2.2 Institutional logics approach

In addition to hybridity, the institutional logics approach has been employed in the study of social enterprises to contribute theoretical clarity to the literature on hybrid organizing (Skelcher & Smith, 2015). Initially developed by Friedland and Alford (1991), institutional logics are considered the set of practices and symbols that a society uses as its organizing principles. The institutional logics approach is conceptualized as a "metatheoretical perspective for studying how individual and organizational actors are influenced by and create and modify elements of institutional logics, which conceivably changes values" (Thornton et al., 2012: 5). Logics are not static, but rather in contexts of multiple logics, the agency of individuals affects how logics are handled and integrated in an organization (Skelcher & Smith, 2015).

In their study of social enterprises, Pache and Santos (2013) found two distinct logics: a social welfare logic and a commercial logic. The social welfare logic responds to social needs by introducing new products and services to the market. The resources leveraged are a means to contributing positive social impact, not an end in itself. Conversely, the commercial logic focuses on products and services being a means to creating profit, making financial resources an end. Efficiency is a strong value that pervades all aspects of the commercial logic. While the research in this thesis does not measure the social welfare and commercial logics, it uses these constructs to understand the tensions that arise around conflicting social and commercial missions.

1.2.3 Alternative theoretical lenses

The key theme throughout this thesis is managing tensions that arise from integrating different elements, not of social and commercial logics, but of others (e.g., actions of cooperation and competition, phases of ideation and implementation) to better understand the different ways tensions can arise in an organization and how they can be managed (Brown, Clark, & Buono, 2016).

The first manuscript uses the coopetition theoretical lens to look at organizational tensions at the inter-organizational level. Coopetition, actions where simultaneous competition and cooperation occur, has been studied across multiple industries such as technology, food, and healthcare (Bengtsson & Kock, 2000; Brown, Gianiodis, & Santoro, forthcoming; Gnyawali, He, & Madhavan, 2006). Although social enterprises may collaborate on their social missions, they may compete for customers, resources, or market share. Managing the tensions that can arise from the integration of cooperation and competition can be a challenge that social enterprises face. The literature on social enterprises has looked at individual organizations and the strategies that they use,

however with the rise in social enterprises across contexts and industries we lack insights in the dynamics of hybridization and tensions at the inter-organizational level (York, Hargrave, & Pacheco, 2016).

To analyze tensions from another theoretical perspective, the second manuscript draws on theoretical discussions from business models and entrepreneurship. Business models have been identified as the central unit of analysis to understand hybrid organizations. Through the business model, hybrid organizations can innovate and manage the alignment of competing goals (Santos et al., 2015). Furthermore, the business model framework is a useful way to understand the integration of two distinct phases in enterprise creation: ideation and implementation (Baron & Ensley, 2006; Bernstein & Singh, 2006; Boons & Lüdeke-Freund, 2013; Cooper, 1983; Grassl, 2012; Schilling & Hill, 1998). These phases of ideation and implementation in business model development can run in parallel and are not always sequential (Schilling & Hill, 1998). While they are not logics, ideation and implementation have different characteristics that can be in conflict with each other. The ideation phase is when the opportunity is recognized (Baron & Ensley, 2006; Bernstein & Singh, 2006; Cooper, 1983), while the implementation phase is where the idea is put into practice (Bernstein & Singh, 2006). In ideation, high intelligence and creativity are required to develop new products or services (Baron & Ensley, 2006), while implementation is centered around project management skills to get the products to market (Bernstein & Singh, 2006). While ideation is characterized by content, implementation is characterized by process (Zott, Amit, & Massa, 2011). In terms of structure, the ideation phase can be rather flexible, where the implementation phase requires more discipline and formality (Bernstein & Singh, 2006). In hybrid organizations, a central challenge is finding a balance between the need to be innovative

in the ideation while at the same time responding the pressure to implement their core business (Battilana & Lee, 2014).

Aguilera and Jackson (2010) call for analyzing new forms of organizing by looking at the configurations of individuals and actors in different contexts. This thesis uses the research setting of social enterprises to allow for a "thick" perspective on how organizations manage tensions that can emerge in hybrid organizing. It also responds to Skelcher and Smith's (2015) call for the study of hybridity from different theoretical angles to understand and explain the phenomenon. Given the phenomenon-driven nature of this study, this thesis uses concepts and lenses that resonate with practitioners and can be implemented in practice (Brown & Forster, 2013; Dentchev, 2009), while at the same time contributing to and advancing current theory on social enterprises.

1.3 Theory building from case studies

Following qualitative methods, the research questions here have been derived from the phenomenon itself (Eisenhardt, 1989), then theory has been consulted and included. Each chapter answers one of the research questions using case studies for either theory building or illustrative purposes. The first two central chapters take an inductive approach by using cases to build theory where the third uses cases to illustrate concepts from theory and practice. The purpose of using the case method is an inductive approach to developing and advancing theory (Eisenhardt, 1989). The case method is appropriate as a means of extending existing theory to help explain phenomena (Yin, 2009). Table 1.1 is a list of the cases included in each chapter.

Chapter	Case type	Industry	Case(s)
Chapter 2	Nested case study	Second-hand charity retail	Roba Amiga program member organizations (15 organizations)
Chapter 3	Multiple case study	Local food	Kartoffelkombinat
			La ruche qui dit oui
			Mi.cibo
			The Radical Market (pseudonym), illustrative case
Chapter 4	Illustrative cases and examples	Retail (clothing, shoes, accessories)	AND1
			Cotopaxi
			TOMS Shoes
			Warby Parker
			The Container Store
			Patagonia
		Consumer products	Clorox
			Procter & Gamble
		Finance/investing	BancoSol
			Acumen Fund
			Grameen
			Kiva
			CommonBond
			Los Andes
		Food/beverage	Whole Foods
			Natura (pseudonym)
			Ben & Jerry's
			Starbucks
			Runa
			SABMiller
			King Arthur Flour
			Plum Organics
		Energy	d.light
		Services	B Lab
			change.org
			Kickstarter
		Other	General Electric
			Cocoon (pseudonym)
			d.light

Table 1.1: List of case studies

Although the case study method is present in all the chapters, each one uses the method differently. All the chapters use theoretical and purposeful sampling where cases are not chosen for their representativeness, but rather for their extremeness and richness in information because they clearly show the phenomenon being studied (Eisenhardt, 1989; Patton, 2002; Yin, 2009). The research questions and the unit of analysis have determined the choice of single or multiple cases. In chapter 2, the case method is particularly useful to understand the uniqueness and complexity of the phenomenon being studied (Stake, 1995). This study employs an in-depth, nested case study (Yin, 2009) where all the organizations studied are part of a larger project and have had frequent interactions with each other for over a decade. Considering the network as the level of analysis, we focused on one case to ensure richness (Stake, 1995). Chapter 3 uses multiple cases to be able to find enough replications within and between cases to build theory (Eisenhardt, 1989). In contrast, Chapter 4 uses multiple illustrative cases as descriptive tools to engage the reader. It uses the case method to illustrate theory in an attempt to allow the reader to have vicarious experiences through the cases themselves (Stake, 1995). Data in Chapter 4 was collected from secondary sources (e.g., newspapers, websites, academic articles).

1.4 Structure of the thesis

This thesis is structured as a monograph based on manuscripts where each of the central chapters responds to one of the research questions of the dissertation. The first and second manuscripts have been presented at conferences and the third was published in the journal *Organizational Dynamics* in 2016. References cited in Chapters 1 (Introduction) and 5 (Conclusions and future research) are listed at the end of the thesis,

while references and/or bibliography related to the individual manuscripts in Chapters 2, 3, and 4 are included at the end of each chapter

Organization theory scholars acknowledge that institutions operate at different levels of analysis (Thornton et al., 2012). Hybrid organizing as a theoretical framework connects the societal, firm, and individual levels (Skelcher & Smith, 2015). This thesis studies the phenomenon in question at the inter-organizational (Chapter 2), firm (Chapter 3), and individual levels (Chapter 4), as illustrated in Figure 1.1. Consequently, each chapter draws on a different theoretical lens to gain a deeper understanding of the phenomenon (Moran, Seth, & Fischmann, 2016).
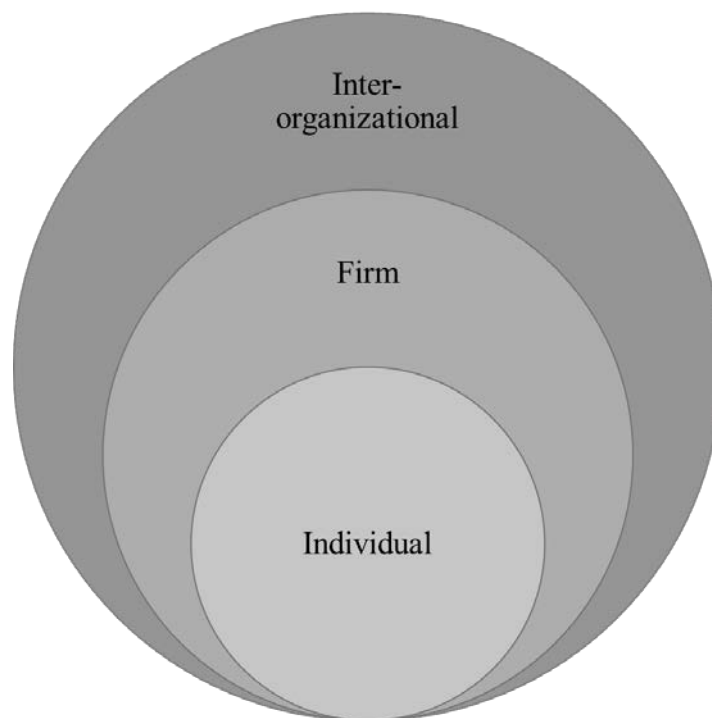
Figure 1.1: Levels of analysis

1.4.1 Manuscript 1

Game of thrones: Inter-organizational coopetition among social enterprises

Starting at the inter-organizational level of analysis, this first manuscript looks at the tensions that arise from managing both cooperative and competitive actions between social enterprises. Drawing on the coopetition theoretical lens, this chapter investigates inter-organizational dynamics among social enterprises. Based on an in-depth, qualitative study with work integration social enterprises in the second-hand charity industry, we uncover the dynamics of simultaneous cooperation and competition. Our analysis shows that coopetition among social enterprises differs depending on the level of action: internal upgrade, customer interface, and environment shaping. At the internal-upgrade level, organizations are concerned with internal operations and improvements. While focused on their customer interface, organizations manage diverse sets of customers throughout their value chain. Coopetition at the environment-shaping level aims at influencing the rules of the game in the industry. At each level, we found two types of coopetitive actions that can occur between organizations. At the internal-upgrade level, organizations benefit from learning from each other and sharing information while at the same time competing for network centrality. The customer interface level is characterized by the tension between stabilizing the perception of the industry and mobilizing resources. Organizations engage in coopetition at the environment-shaping level by participating in collective organizations and creating new organizational forms. We develop a model of coopetitive actions among social enterprises which describes the factors that impact the tensions between cooperative and competitive actions. In terms of the current theory on social enterprises, this study contributes by showing that cooperation and competition can occur simultaneously on each level, rather than sequentially.

1.4.2 Manuscript 2

Something old, something new, something borrowed: An exploratory study of creating and implementing social enterprises

Moving to the firm level of analysis and using the theoretical lenses of business models and entrepreneurship, the second manuscript explores the ways in which social entrepreneurs develop new ways of creating value and of implementing new business models. Based on the findings of an exploratory, inductive, multiple case study analysis, this chapter proposes a model of social value proposition creation and implementation. Our analysis identified three dimensions in the initial phase of social enterprise development: social entrepreneurial drivers, idea novelty, and implementation style. The combination of different styles, both in ideation and implementation, can create tensions due to the conflicting strategies and goals of each. While ideation is reflected in risk-taking, variation, and search, implementation is more characterized by efficiency, refinement, and choice. These two divergent dimensions can be in conflict with each other. By considering the different combinations of the ideation and implementation styles, we present a model with four forms of creation and delivery of value propositions: cautious, organic, developmental, and experimental. This manuscript contributes to current theory in social entrepreneurship with a typology on how the tensions that can arise in initial phase of enterprise development can be managed in a social enterprise.

1.4.3 Manuscript 3

When Missions Collide: Lessons from hybrid organizations for sustaining a strong social mission

At the individual level, the third manuscript draws on the theories of hybrid organizations and institutional logics to look at managers of hybrid organizations and the challenge they face: integrating dual missions that are based on opposing principles and beliefs. Traditional methods of goal conflict were not designed to handle these opposing

beliefs and values, and the social mission is likely to whither in the face of a strong profit mindset. We discuss the deep tension present in the hybrid organization: the mission collision between the social and commercial missions. This tension stems from the opposing logics found in many hybrids: the social welfare and commercial logics. Dealing with, managing, and balancing these conflicting logics is a challenge for managers. While there are cases of organizations losing sight of their social mission when being solely concerned with profit, much can be learned from successful hybrids in which leaders sustain the social mission. This manuscript identifies five strategies that managers use to manage tensions that arise from opposing missions: (1) gaining employee buy-in for balancing the missions, (2) keeping the dual missions alive in the minds of stakeholders, (3) selecting like-minded companies with which to do business, (4) installing a few key balance-minded employees, and (5) legal incorporation as a benefit corporation.

1.5 Presentations and scholarly contributions

Each of the three central chapters of this thesis is an independent manuscript in various stages of the publication process, as summarized in Table 1.2. The first and second manuscripts have been co-authored with Dr. Daniel Arenas. The first manuscript has been presented at the IESE-LUISS Conference on Responsibility, Sustainability and Social Entrepreneurship held in April 2017, in addition to previous versions of the manuscript presented at ARNOVA and IABS. This manuscript has been submitted to the Thematic Symposium of *Journal of Business Ethics* "Social Enterprises: walking ethically on the edge between economic performance and social and environmental impact." The second manuscript has been submitted to the journal *Business & Society* after being presented at the *Organization Studies* Summer Workshop 2017 on the topic

of "Food Organizing Matters: Paradoxes, Problems and Potentialities." The third manuscript was co-authored with Dr. Richard L. Daft and was published in the journal *Organizational Dynamics* in December 2016. There are elements of the style of the chapters that reflect the guidelines of the journal where it has been or is intended to be published (e.g., length requirements, formatting, etc.). For example, *Organizational Dynamics* does not use in-text citations and thus has a selected bibliography at the end, rather than a references section.

Title & authorship	Journal	Status	Conferences
Game of thrones: Inter-organizational coopetition among social enterprises Hai, S. & Arenas, D.	Thematic Symposium of *Journal of Business Ethics*: Social Enterprises: walking ethically on the edge between economic performance and social and environmental impact	Submitted	• ARNOVA 2014 • IABS 2015 • IESE-LUISS Conference on Responsibility, Sustainability, and Social Entrepreneurship 2017
Something old, something new, something borrowed: An exploratory study of creating and implementing social enterprises Hai, S. & Arenas, D.	*Business & Society*	Submitted	• IABS 2016: Workshop on Social Entrepreneurship • Workshop on Embracing the variety of sustainable business models 2016
When Missions Collide: Lessons from hybrid organizations for sustaining a strong social mission Hai, S. & Daft, R. L.	Organizational Dynamics	Published December 2016	• IABS 2016

Table 1.2: Scholarly contributions

This thesis, built around three separate but connected studies, adds to current theoretical understanding of how social enterprises manage tensions that arise from the integration of different organizational forms, given the proliferation of the phenomenon. By using theory building through case studies, and with the use of different theoretical lenses, it contributes to the current theoretical discussions and opens space for alternative conversations in the field on the tensions within and between social enterprises in their goal of being financially-sustainable businesses with positive social impact.

Chapter 2: Game of thrones
Inter-organizational coopetition among social enterprises

"Competition has always existed to a greater or lesser degree but always within a framework of sharing, let's call it the rules of the game." – Esteve Rafols, Adad, Roba Amiga

"…there was a fight of thrones, a game of thrones." – Ana Montoro, AIRES

2.1 Abstract

With the rise of social enterprises, scholars have analyzed this phenomenon from various perspectives: understanding the emergence of social enterprises, the characteristics of social entrepreneurs, and the tensions between conflicting logics. The sum of this research has contributed to a conceptualization of the phenomenon, however we have little understanding of the dynamics at the inter-organizational level between social enterprises. Drawing on the coopetition theoretical lens, we investigate inter-organizational dynamics among social enterprises. Based on an in-depth, qualitative study with work integration social enterprises in the second-hand charity industry, we

uncover the dynamics of simultaneous cooperation and coopetition. Our analysis shows that social enterprises engage in coopetitive actions at three levels of action: internal upgrade, customer interface, and environment shaping. At each level, we found two types of actions as part of the coopetition that occurs between organizations. At the internal upgrade level, organizations benefit from learning from each other and sharing information while at the same time compete for network centrality. The customer interface level is characterized by finding a balance between stabilizing the perception of the industry and mobilizing resources. Organizations balance coopetition at the environment shaping level by participating in collective organizations and creating new organizational forms. We develop a model of coopetitive actions among social enterprises which describes that factors that impact the balance between cooperative and competitive actions. Our findings show that cooperation and competition between social enterprises in the same industry occur simultaneously, rather than sequentially. We conclude with implications for theory and practice.

2.2 Introduction

Social enterprises have seen steady growth since the 1970s and experienced more rapid growth in the 1990s and 2000s (Bosma, Schøtt, Terjesen, & Kew, 2016). This increase in social enterprises has in turn sparked academic debate and study (Haigh, Walker, Bacq, & Kickul, 2015). One stream of research looks at the boundary spanning between the nonprofit and for-profit sectors (e.g., Dees, 1998; Dees & Anderson, 2003). Another stream of literature has focused on defining the boundaries of the phenomenon (e.g., Austin et al., 2006; Kerlin, 2013; Lepoutre et al., 2013). Others have studied internal aspects such as the institutional logics and tensions (e.g., Battilana, Sengul, Pache, & Model, 2014; Pache & Santos, 2013; Skelcher & Smith, 2014; Smith & Lewis, 2011),

motivations and determinants (e.g., Zahra, Gedajlovic, Neubaum, & Shulman, 2009), and outcomes (e.g., Battilana & Lee, 2014; Doherty, Haugh, & Lyon, 2014; Ebrahim, Battilana, & Mair, 2014; Lepoutre et al., 2013) of social enterprises.

While these are all important aspects in the study of this phenomenon, we have little understanding of what is going on at the inter-organizational level between social enterprises in the same industry. With the expansion of social enterprises within the for-profit and nonprofit sectors, what happens between social enterprises in the same industry? Do they interact with each other? If so, do they compete or cooperate with each other, or both simultaneously? And what factors explain these dynamics?

In current theoretical discussions on social enterprises little attention has been paid to inter-organizational dynamics, and even less to simultaneous cooperation and competition. Research in the nonprofit sector has revealed a crowding out effect where organizations with the same social mission compete for resources from donors (Andreoni & Payne, 2003; Brooks, 2000; Nikolova, 2015). Organizational crowding out can cause fierce competition for resources and projects. Although these organizations have the same social aims and could be supporting each other in the pursuit of those aims, this does not always ensure cooperative relationships.

Recently, research has been done on the dynamics of simultaneous competition and cooperation, also known as coopetition (Bengtsson & Kock, 2000), in the marketing and technology fields. Examples of coopetition that have been studied include: (1) the Swedish brewery industry where firms compete in the distribution and selling of their products (full bottles) to wholesalers while cooperating on the bottle returns (empty bottles) (Bengtsson & Kock, 2000); and (2) the joint venture between rivals Samsung and Sony to develop and produce LCD TV Screens while still competing in other product markets, including the flat TV market (Gnyawali & Park, 2011).

Our qualitative investigation of interorganizational dynamics uses a unique nested case of a network of 15 social enterprises in the second-hand charity sector in the same geographic area established in 2002 with a two-fold purpose: positive social and environmental impact. Since the beginning, the network has gone through a series of changes due, in some part, to external shocks, such as shifts in funding priorities, and internal readjustments, such as efforts to scale operations. In this study, we develop a coopetition framework to further understand the dynamics between social enterprises. Our goal is to use this research setting to extend theory on social enterprises by exploring the coevolution of cooperation and competition among social enterprises.

This article proceeds as follows. First, we provide a summary of the theoretical background for this study, with a strong emphasis on coopetition at the inter-organizational level. Second, we describe our in-depth, qualitative approach with special emphasis on the research setting, data collection, and data analysis. Third, we present our findings and conceptual model for inter-organizational coopetition between social enterprises. Finally, we conclude with the discussion on how our results contribute to the current theoretical discussions on social enterprises, as well as implications for practice.

2.3 Theoretical background

Organizations can interact with each other in inter-organizational collaborative relationships where the relationship between them is not bound by market or hierarchical control tactics but rather is a negotiated process (Hardy, Phillips, & Lawrence, 2003; Majchrzak, Jarvenpaa, & Bagherzadeh, 2015). The collaboration ranges from more cooperative to more competitive. Often this leads to organizations interacting with each other in coopetitive relationships, meaning simultaneously pursuing both cooperative and competitive goals (Bengtsson & Kock, 2000; Gnyawali & Park, 2009, 2011).

Smith and Lewis (2011) explored choices that organizations make when faced with divergent strategies and goals. These choices over time can create tensions which are persistent, rather than resolvable. Understanding the tensions that arise in inter-organizational interactions can lead to increased success in both short and long term goals (Smith & Lewis, 2011). We explore how tensions at this level of analysis, such as the tension between cooperation and competition, are similar or different to social-business types of tensions previously studied (Smith, Gonin, & Besharov, 2013).

Coopetition as a theoretical framework has been studied in recent years mostly in the marketing and strategy fields with some examples in the boundary of for-profit and nonprofit (Arenas, Sanchez, & Murphy, 2013; Brown, Gianiodis, & Santoro, forthcoming; Khavul, Chavez, & Bruton, 2013). These cooperative and competitive dimensions are important to analyze among organizations in the same field that create value from the same products and services. Coopetition and coopetitive relationships are complex because there are conflicting interests which lead to hostility between organizations on the competition end of the spectrum, and simultaneously there are also common interests which tend to engage friendlier relations at the cooperation end of the spectrum. Using the theoretical lens of coopetition, we can unpack the assumptions behind each extreme: that actions are taken for personal interest maximization in competition and for achieving common goals in cooperation (Bengtsson & Kock, 2000).

At the industry level, organizations can take action and interact with each other for various reasons. For instance, it can be costly to develop new tools or technologies alone, to enter new markets, and to compete with larger organizations. Creating economies of scale and scope for development can allow access to new resources, to deal with uncertainty in the market and external environment, and to develop sector or industry standards (Gnyawali & Park, 2009). Actors within the same industry may interact with

each other, understand their relative positions of power, and know the "rules" of the game considered legitimate based on shared understanding of what is at stake (Lounsbury, Ventresca, & Hirsch, 2003).

Gnyawali and Song (2016) call for more research to contribute to the theoretical debate on coopetition that looks into the dynamics of the phenomenon, both for more depth rather than breadth and for how context-specific industry settings influence outcomes. The inter-organizational level has been identified as an appropriate level to study interactions of firms to further understand the dynamics of coopetition (Gnyawali, He, & Madhavan, 2006; Majchrzak et al., 2015). The inter-organizational level is not only where interaction takes place but is also the outcome of the interaction as the relationships and rules are affected by the actions of the members (Bengtsson & Kock, 2000). Across an industry, not all organizations have the same resources, power, or position. When analyzing coopetition between firms at the inter-organizational level, it is important to understand the differences between (1) smaller, more passive actors who tend to accept and play within the rules of the game and (2) larger actors, or "giants", who have the goal of becoming market leaders, as well as influencing and defining the rules of the game (Gnyawali & Park, 2011).

With the theoretical framework of coopetition in for-profit industries shedding light on inter-organizational actions and dynamics, the expansion of social enterprises within and across different industries opens the door to questions about how social enterprises, with their strong social focus, will interact among each other in the same industry and geographic region. Motivated by Mongelli, Rullani, and Versari's (2013) call to apply novel theoretical frameworks to the study of social entrepreneurship, our research question is as follows: what are the inter-organizational dynamics between social enterprises in the same industry?

2.4 Methods

To explore our research question, we employ an in-depth, qualitative approach using a nested case study of 15 work integration social enterprises (WISEs) in the second-hand charity retail sector in Catalonia, Spain. We chose a qualitative approach because our object of study has received little attention in research and we believe that an in-depth, rich study of inter-organizational dynamics between social enterprises will contribute to the understanding of dynamics in the field (Eisenhardt, 1989; Yin, 2009). This research also contributes to both Gnyawali and Song's (2016) and Mongelli and colleagues' (2013) calls for more in-depth research into the coopetition and social entrepreneurship phenomena, respectively.

2.4.1 Research context

Second-hand charity retail organizations collect used clothing and household items donated from individuals and organizations (e.g., Goodwill and Salvation Army in the US and Canada, Oxfam in the UK and Europe). Although the activities of clothing collection, sorting, and resale look similar between organizations, the purpose behind them can differ from a focus on providing a social service (e.g., work integration or recycling services) to raising awareness about a charitable cause (e.g., information centers or leaflets) (Horne, 1998). We chose to study WISEs that provide a social service in the second-hand charity retail sector in Spain because certain characteristics make theoretical issues more visible. First, the second-hand charity sector exists in many industrialized countries and the experiences and operations are similar across geographies. Second, Spain as a geographic focus allowed our study to look at a country where the economic crisis led to five consecutive years (2011-2015) of unemployment rates above 20%

(Eurostat, 2016), and thus effects due to environmental events can be clearly identified. Third, the research setting is a nested case study with multiple organizations involved in the sector; they are united under the same brand name and participate together in programs and projects but have distinct and separate missions. In addition, the organizations compete with other nonprofit and for-profit firms in the same industry. This field has seen rapid professionalization over the past 20 years. Fourth, the advantage of using a nested case study allows for grounding our understanding in processes that are culturally meaningful to better understand the actions and strategies used (Eisenhardt, 1989; Yin, 2009).

2.4.2 Case overview

The beginnings of the second-hand charity retail sector in Spain started in the 1980s when NGOs and social enterprises were founded to formalize the work done by churches in collecting second-hand clothing and home items and distributing them to people in need. These organizations were in some cases founded by churches and in others were secular initiatives to contribute to social value by monetizing these activities. In the 80s and 90s, these new organizations were formed to collect, sort, and sell second-hand clothing and household items to hire people at risk of social exclusion.

The growth of organizations in this industry in Catalonia spurred the formation of a collective association to coordinate the work being carried out by work integration and social organizations. A collective association was formed at the regional level: The Inter-Sectoral Association of Recyclers and Social Enterprises of Catalonia (AIRES). Within AIRES there was a task force dedicated to organizations that focused on waste management, which for the most part included these second-hand charity retail organizations. AIRES was a way for these organizations to come together and share

learning and insights about the field. This collective association was also a way to mobilize resources from European projects, private institutions, and foundations to further activities for improved management and operations of the organizations, both individually and for the sector as a whole.

The One World Foundation, the social responsibility branch of a large bank in Catalonia, approached this collective association with a large project with a long-term vision. Rather than each organization working on its own, the foundation proposed the organizations come together under one brand even if they would continue maintaining their separate operations. Within this framework, the Roba Amiga Program was founded in 2002 with a clear goal: to organize and improve the overall management of textile waste by several social enterprises specializing in the collection and sale of second-hand clothes. All the organizations that joined the program had to have a strong focus on second-hand clothing collection and sale with work integration activities. By joining together 15 organizations at the time, they were able to boost the amount of textile waste managed, thereby achieving their common goals better, namely: (1) to create jobs for people at risk of social exclusion; (2) decrease the volume of textile waste. With this joint effort, the Roba Amiga Program achieved a leading position in the textile waste collection sector in Catalonia.

In 2008, the institutional setting changed considerably when the One World Foundation ceased funding the Roba Amiga Program due to a change in its strategic focus. The One World Foundation was concerned about the future of the program and pushed for a new organizational form to be created. After a series of deliberations, the Roba Amiga Cooperative was established between five of the organizations involved in the original program. The remaining organizations did not join the cooperative for different reasons, such as the desire for more autonomy in decision making or frustration

with how the cooperative was being formed. The goal of the Roba Amiga Cooperative was to further exploit synergies and increase the organizations' efficiency and capacity to manage textile waste. At the same time, a new regional collective association was established for all WISEs, the Federation of Integration Enterprises of Catalonia (FEICAT), making AIRES's role redundant which led to its closing.

In 2011, the Roba Amiga cooperative was awarded a one-million-euro project to build a new plant and take measures to grow and scale operations. One cooperative member withdrew from the project but still maintained membership in the cooperative. In an attempt to simplify operations in the new plant, two of the organizations decide to create a new organization, Roba Amiga Work Integration Social Enterprise (RA-WISE), for the work done within the new project. As of 2013, RA-WISE began operations in the new plant with increased capacity and infrastructure. Based on the case, we developed a process visual map of the Roba Amiga case and critical events in Figure 2.1. In summary, we have an inter-organizational network of 15 organizations involved in a donor-funded program, of which five formed a cooperative, of which two created a new WISE together.

Process Visual Map of Roba Amiga Case Development and Critical Moments
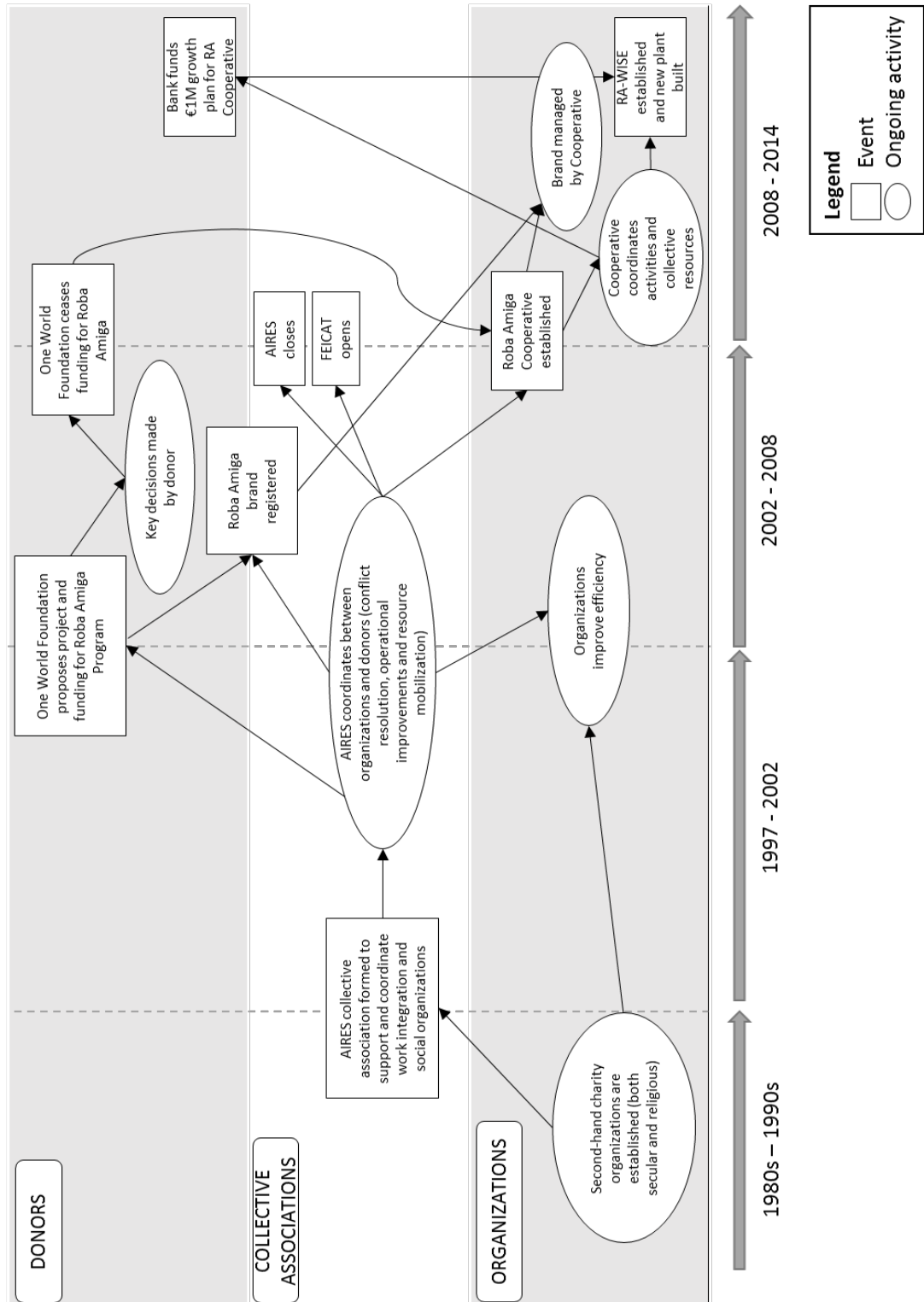
Figure 2.1: Process visual map of Roba Amiga case development and critical moments

2.4.3 Data collection

Our primary source of data for this study was interviews. Interviews were carried out by one author between May 2014 and June 2015. As described in Table 2.1, a total of 18 interviews were conducted with managers and employees at nine of the 15 organizations involved in Roba Amiga and one of the collective associations. Fourteen of the interviews were recorded and transcribed and the remaining were documented in field notes directly after the interaction took place. The interviews were semi-structured critical incident interviews, where interviewees were asked about moments when their organization went through a change. Critical incident interviews are useful with the data collection of retrospective data at one point in time: the interviewee recalls a specific point in time rather than reconstructing the entire story (Butterfield, 2005; Flanagan, 1954).

In addition to the interview data, we also compiled documents from these organizations, such as annual reports, audit reports, webpages, and business plans. We complemented that data with archival sources such as news stories, a TV documentary, case studies, and reports published by other entities. This supplementary data was used to triangulate findings from the primary sources as well as to develop a clear chronology of the events.

Organization	Type	No. Interviews	Secondary data	No. employees (2014)
Adad	WISE	1 + field notes	Yes	30
Andromines	WISE	0	Yes	20
Dimas	WISE	0	No	30
Emaus	WISE	2 + field notes	Yes	10
Engrunes	WISE	1 + field notes	Yes	71
Formacio i Treball (FiT)	WISE	3 + field notes	Yes	140
Arca	WISE	0	No	N/A
Horitzo	WISE	0	No	N/A
Recibaix	WISE	1 + field notes	Yes	20
ReciclaGirona	WISE	0	No	N/A
Recollim	WISE	0	No	8
Solidanza	WISE	2 + field notes	Yes	58
Tapis	WISE	0	No	15
Troballes	WISE	5 + field notes	Yes	24
VolemFeina	WISE	0	No	N/A
Roba Amiga Work Integration Social Enterprise (RA-WISE)	WISE	1 + field notes	Yes	22
AIRES (Intersectoral Association of Recyclers and Social Enterprises of Catalonia)	Collective association	2 + field notes	Yes	N/A
FEICAT (Federation of Integration Enterprises of Catalonia)	Collective association	0	Yes	N/A
AERESS (Spanish Association of Social and Solidary Recyclers)	Collective association	0	Yes	N/A

Table 2.1: Roba Amiga member organizations

2.4.4 Data Analysis

The data analysis was carried out in three main stages. First, we developed a narrative account of the case to understand the growth of the field and the chronology of the major events that took place (Eisenhardt, 1989). The narrative account included both a written document and a visual map (Langley, 1999). Some extensive reports had previously been published about the history of the case, but from one of the organizations' point of view, without taking into account organizations that have opted out from organizational changes over time. Reconstructing the narrative to include multiple points of view was important to better recount the history of Roba Amiga as it underwent different phases and organizational forms.

Second, we used NVivo 10 to code the data in first-order themes that were then aggregated into second-order concepts (Gioia, Corley, & Hamilton, 2013). We began close to the data before extending into higher levels of abstraction. Examples of codes in this stage of analysis include themes such as "competition and distrust in new organizational forms" and "maintain the quality of the brand together." We then began a process of axial coding where we thread similar themes together in more abstract second-order concepts. In the process of axial coding, some of the core theoretical constructs emerged, such as cooperation and competition. The organizations within Roba Amiga competed with each other in certain contexts and cooperated in others. Comparing these concepts to the literature, we continued clarifying our emerging concepts and dimensions to begin to build a model.

Third, we began a selective coding process (McKague, Zietsma, & Oliver, 2015) looking for more contextual insights regarding competition and cooperation at the inter-organizational level. To do this we took a process analytic view relating the themes and concepts back to the process map and narrative account to understand when and under

what conditions the dynamics of cooperation and competition took place. Through this process, we found that cooperative and competitive actions occurred in all phases, thus finding evidence for coopetition.

Understanding that temporal factors did not determine the actions, we then grouped our second-order concepts into theoretical dimensions (Gioia et al., 2013). The theoretical dimensions constitute the inter-organizational levels of action ranging from internal to external, related to operations and actions with respect to the network. The internal upgrade level includes actions for improvements in operations and daily routines. The next level (i.e., customer interface) is where organizations begin to take more outward-oriented actions towards their multiple and divergent stakeholders. The third level (i.e., shape environment) is the most outward-oriented level where organizations engage in actions to influence the industry as a whole. Each theoretical dimension was comprised of two second-order concepts: one cooperation-dominated and one competition-dominated. We then compared the axial coding with the size and influence of the different organizations. Our analysis found that all organizations engaged in actions in the first two levels (i.e., upgrade internally and customer interface). Conversely, the third level (i.e., shape environment) had higher engagement from the larger and more influential organizations in the network. The data structure can be seen in Figure 2.2.

Data Structure

| 1st-order themes | 2nd-order concepts | Aggregate dimensions |

- Buying and selling between network members
- Sharing learning between organizations for improvement
- Implement comprehensive management across organizations

Bilateral learning and sharing (cooperation-dominated)

- Each organization invests in their own plant for improvement
- Snatching bilateral agreements
- First of their kind to implement
- New infrastructure

Network centrality (competition-dominated)

Upgrade internally

- Formal decisions to mark brand boundaries
- Maintain quality of brand together
- Defining "correctness" of how to work
- Organizations have common objectives when facing customers

Maintaining quality and boundary definitions (cooperation-dominated)

- Donor resource scarcity increases competition
- Competition for clothes
- Disregarding agreements for geographic boundaries between organizations
- Each organization fighting alone for resources

Resource mobilization (competition-dominated)

Customer interface

- Coming together to be stronger
- Collective associations as a formal space to share
- Together against common enemies and threats
- Strength in numbers and mission

Collective associations (cooperation-dominated)

- Competition is rule of the game
- Differences appear when creating new organizational forms
- Power struggles in new organizational forms development

New rules and organizational forms (competition-dominated)

Shape environment

Figure 2.2: Data structure

We developed the model of coopetition from the second-order concepts and theoretical dimensions (Gioia et al., 2013). The theoretical dimensions constitute the levels of action where organizations engage in coopetition. The second-order concepts are the types of actions found at each level where the tension of coopetition is embedded.

For each second-order concept we named it to better depict the action and corresponding tension. At the internal upgrade level, we termed the two actions networking and trailblazing to illustrate the actions involved in simultaneous bilateral sharing and aspirations for network centrality. Likewise, at the customer interface level, we named the actions stabilizing and mobilizing to show the tension between maintaining quality and mobilizing resources. Finally, at the environment-shaping level, we called the actions coalescing and iconoclasm to represent the inherent tension between participation in collective organizations and the creation of new organizational forms.

2.5 Findings

Our analysis of the data collected from the member organizations of the Roba Amiga initiative uncovered simultaneous cooperation and competition, also known as coopetition, at the inter-organizational level. The coopetition emerged at three levels of action: *internal upgrade*, *customer interface*, and *environment shaping*. In this section, we examine the types of coopetitive actions, either cooperation-dominated or competition-dominated, at each level. To serve as a guide to this section, we present our model of inter-organizational coopetitive actions in Figure 2.3.

2.5.1 Upgrade internally

The data pointed to cooperative and competitive actions at the firm level for internal operations and improvements. The member organizations in the Roba Amiga program have been concerned over time with improving collection strategies, increasing yield with the second-hand items collected, and better serving their beneficiaries (i.e., people at risk of social exclusion).
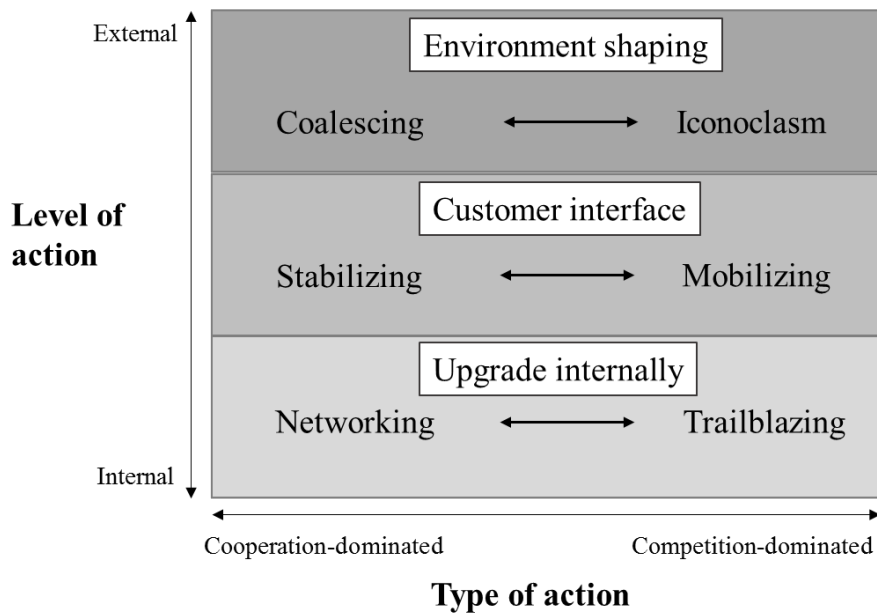
Figure 2.3: Model of inter-organizational coopetitive actions

Networking. The cooperation-dominated actions were linked with organizations connecting between each other which allowed for developing bilateral network relationships and sharing learning. We have termed this type of action as *networking*, where improvements are made by developing relationships and exchanging experiences with those close and in the same industry. Networking with other organizations allows to establish cooperation in areas where the organization itself is incapable or does not have the resources to take action itself.

> "What we do with the clothing is collect and classify it; we keep good quality clothes and save it to sell in our stores and the rest (that cannot be sold in stores) we sell to another organization in the Roba Amiga group who exports it." (Interview Emaus)

The activities of collecting the clothes and the initial classification are done by the organization itself but, in this example, the organization does not have the capacity to export clothing that cannot be sold at its stores. In this case, it sells the clothing to other

member organizations who do have a system to export clothes. These types of cooperative agreements can go beyond pure buying and selling, and take on more of a support relationship:

> "We tried to come to an agreement with an organization in the cooperative, Adad, who has said they want us to be part of the cooperative. We are selling them clothes, but we want a professional relationship that is not solely commercial but rather supportive." (Interview Engrunes)

Working together with like-minded organizations in cooperative agreements and relationships gives the organization the possibility of reaching economies of scale and moral legitimacy in the sector and area where they work. Since the social mission of these social enterprises is strong, they could risk losing moral legitimacy if they worked with purely for-profit organizations.

> "We are working in all of Catalonia. Well, actually, in one part of Catalonia there has been a change. We are managing clothing here from Lleida (Troballes) but that will change soon. We are managing clothing from Zaragoza and Salamanca. We have made relationships on a national level and we manage it all from here. More than 50% of the volume managed here is from social enterprises in Catalonia. We work with 10 different organizations." (Interview Adad)

While each organization implements their internal improvement strategies on their own, they can learn from each other to develop faster or decrease uncertainty with regards to internal upgrades. Sharing learning with organizations gives the advantage of knowing what steps to take next, especially when other organizations have already been through it before. Organizations in the same network with cooperative relationships can use this

type of action to decrease the learning curve or to take advantage of economies of scale by working together.

> "Working together is adding to joint knowledge. It is a test of when knowledge is joined together and the work is regular, not sporadic. A meeting every month to move forward, move forward, move forward. It is a great achievement to move forward when we get together, when we share. And this is what the cooperative has done, and this was when the member organizations professionalized ourselves… And during this period it was good, there was funding and support from foundations. In our case, we took advantage to structure the clothing, that is we were able to mechanize part of the selection process with these opportunities. We added an elevated selection station, a bigger truck, and a baler." (Interview Solidanza)

The cooperative action of shared learning requires not only openness to other organizations to share information but in addition there needs to be structure around the regularity of meetings. Cooperation-dominated actions were most prevalent in upgrading internally when the different organizations would come together for meetings on a regular basis: "We would really meet every month, and we made all the decisions, for example, implementing an IT test between all of us to unify the management." (Interview Recibaix)

Although organizations implement internal upgrades for themselves individually, our analysis of the data has shown that they rely on each other for decreasing risk and uncertainty (through sharing learning) as well as for complementing areas where they themselves are not as developed (through bilateral agreements).

Trailblazing. The data analysis also uncovered competition-dominated actions on the internal-upgrade level of action. At the other end of the cooperation-competition

spectrum from networking, we found the desire to be at the center of the network to be able to set standards between organizations or how to make the work more efficient. We refer to this type of action as trailblazing: defining the path forward. One way organizations displayed this was by being the first organization to try out a new process or technology. This way when they shared it with others in cooperative activities, they could set the standards for what do to.

> "Adad, the member organization in Olot, during quite a few years has really been the spearhead of the cooperative in the sense that they were always ahead: they bought a press even before they had products or clients, two years before, but they had the press to be able to make bales. It was sort of like instead of working with foresight, they preferred being ahead of the rest. This worked out well for all us because we also learned what they did right and what did not work. They were the first to start exporting and to make their selection process broader." (Interview FiT)

When an organization is the first to make major improvements, they want the other member organizations to recognize the step they made. For example, after building a new plant with a one-million-euro loan, the RA-WISE organization members wanted other organizations to make agreements with the new organization to take advantage of the investment.

> "I would like Engrunes and Andromines to make an agreement with the new plant in Sant Esteve and that they participate in it, in some way or another, and that they take their clothing to the plant. Why? Because we have invested a million euros and it is amortized quicker with more clothing coming in. You have a plant where you can manage clothing, that hires integration employees, that has all the necessary legal permits, that does its work well: take advantage of it." (Interview

Recibaix)

We find that coopetition tension on the internal-upgrade level is the simultaneous interactions between the networking and trailblazing actions. On the one hand, the organizations benefit from sharing information and learning and by making agreements to ensure a more comprehensive management in their facilities. On the other hand, organizations might try to be at the center of the network: to be *the* organization that all the others look to for standards and the way forward.

2.5.2 Customer interface

The second level of action identified in the data analysis was how the organizations dealt with their multiple and divergent stakeholders, which can also be conceptualized as different customer groups. The organizations in this study, like many social enterprises, have a diverse set of customers at different points of their value chain. For example, people who donate clothing through the containers or stores can be seen as customers and they have a perception of the organization and the work that it does, as well as a perception of where and how the clothing or items they donate will contribute. There are also the customers of the stores, who buy the second-hand clothing and items. The organizations also interact with donors and municipalities from whom they receive subsidies and support for the work these organizations do, such as permits for having containers on the streets.

Stabilizing. At the customer interface level of action, we found the cooperation-dominated actions in the stabilizing type, where the actions are focused on maintaining quality standards and boundary conditions for the work they do. The organization and the network of organizations have a lot at stake when it comes to their customer interface because this is what they rely on to continue their work and carry out their social mission.

Thus, they all individually contribute to the collective quality perception of the network, and even the industry. This is an area of cooperation because the organizations of the network continually work towards maintaining (stabilizing) what has been put in place in terms of their reputation. One organization explains:

> "What are we trying to do? We're trying to serve the rest of the member organizations no matter how small, because it is important for all of us, not just for our organization but everyone should take care of the brand, do good service, have good conditions, have good maintenance, have stores in good shape, among others. Because anything that anyone does in Catalonia under the brand of Roba Amiga and is not in those conditions, affects us all. And, well, some organizations have had a hard time understanding that." (Interview FiT)

All of the organizations are affected when another member of the network does not maintain the agreed-upon levels of quality. This area of cooperation is delicate because, in the end, each organization has an idea of how they want their work to be perceived; some organizations have taken a more social, nonprofit style of management, while others have setup an organization more business-like, based on high efficiency and yields. Using this extreme case of organizations that share a brand together allows for observing dynamics between organizations that interact with each other regularly. We believe that these findings also translate to interactions between organizations working in the same industry but have less formal connections with each other.

Mobilizing. On the same customer interface level, there can also be fierce competition because the resource mobilization is done at that level, including donations in-kind, cash, and subsidies. These organizations, because they are in the same geographic region, compete for the same resources to varying degrees: "It is competition: competition for clothes which, by extension, is competition in everything." (Interview Adad)

One of the main sources of income for these organizations is the clothing donations they receive. All their activities are funded by and function around collecting enough clothing to continue running a sustainable business. At the customer level where they receive the clothing, they face competition between each other due to the scarcity of these resources. For the most part they have been able to agree on distributing municipalities and neighborhoods in and around Barcelona to get public contracts and distribute the street collection containers, but they do sometimes even compete in areas that are supposedly not contested:

> "Yesterday, [FiT] called me on the phone in the afternoon and said, 'I've seen that a public tender has come out for the collection of clothing for [your municipality]. Are you as Emaus willing to work with us?' I told him that right now it is important to work together because more and more the clothing sector is becoming more saturated, and more companies are coming from abroad. So it is good that small groups work together, etc., etc. And in addition, FiT has experience. He said, 'Well, if you're not willing to work with us, we as FiT will present an offer for the public tender.' I told him, 'Do whatever you want. I cannot guarantee that we'll work together. I am interested in working with you because of your experience but don't blackmail me saying that if I don't work with you, you'll present on your own. So, look, do whatever you want.'" (Interview Emaus)

What starts out looking like an attempt at working together to mobilize resources becomes a source of competitive action at the customer interface level. One organization sees the opportunity to add a new locality to their scope of action by working together with another organization in the network. The other organization perceives this as some of their resources being taken away and adopts a more defensive position against the other organization.

This competition goes beyond the resource mobilization in terms of income and subsidies and grants, and goes into the income from the sale of the clothing in stores. Some organizations described instances where one organization set up a store within a few blocks of another network member's store. One organization explains:

> "Solidanza's manager had a problem with the first manager of Recibaix. And up until this day it continues in the sense that they do not trust each other. These are things that stretch out. Solidanza opened a store 200 meters away from us. They took a municipality of ours and tried to get another one in our zone. It is complicated but these things happen. Is there competition? Yes, but I don't think it's bad that there is." (Interview Recibaix)

In sum, coopetition at the customer interface level strikes a balance between stabilizing the outward image of the sector and mobilizing the resources that can be collected.

2.5.3 Environment shaping

The third level of action includes actions that are meant to influence how the industry works through participation in associations and creating new organizations. This level is referred to as environment shaping.

Coalescing. On the cooperative side of the spectrum, organizations participating in this level of action become active members in collective associations to influence the industry in areas having to do with supporting and planning larger, long-term projects and helping other nonprofit organizations outside the immediate network. We refer to cooperation-dominated actions at the environment-shaping level as coalescing: where organizations come together to contribute to a better environment for all. These collective

associations tend to have more horizontal structures where all members contribute to moving the sector forward in a specific geographic region. "Over time what we've tried to do as member organizations is join together to be a little stronger." (Interview Engrunes)

The strength of joining together in collective associations is one of the main motivations behind cooperating at the level of shaping the environment. Each of them on their own cannot play at that level but together they can influence the rules of the game beyond internal improvements or interacting with customers. For example, one of the collective associations established at the national level, Spanish Association of Social and Solidary Recyclers (AERESS), has made an objective for social second-hand clothing organizations to set up bilateral agreements to buy and sell clothing between each other, beyond the Roba Amiga network, rather to external, possibly for-profit, organizations. This step by a collective association demonstrates how they contribute to influencing industry standards among WISEs.

When these collective associations played active roles in the network, there were clear benefits to continuing along the same lines. Structures and processes were put in place so that organizations had ways of resolving conflicts and that the collective association itself noticed the conflicts as they appeared, rather than after the fact.

> "Here we've seen it all because there is always difficulty in understanding, and even anger. But I think that there were some very good years in AIRES, with much collaboration. We made a map to divide the zones for containers so that there would be no conflict. It's true that at some point there was conflict but we also had an ethics commission where we could talk about the problem and solve it."
> (Interview AIRES)

The coalescing action is closer to the cooperation-dominated extreme of the spectrum due to the nature of the type of relationships created. Actions in this group benefit the whole rather than each organization individually.

Iconoclasm. On the environment-shaping level of action we also found competition-dominated actions, which we bring together under the grouping of iconoclasm, best defined as actions that reject or break established institutions to create new ones. As the purpose of this level of action is the definition of rules for the sector, one way to set the rules is to create new organizational forms which include these new rules. These new organizational forms, unlike the collective associations, are more vertical in nature (i.e., one organization is in charge). New organizations can be created as a defensive or competitive response to how the organizations have been interacting. For example, if there has been a conflict between two organizations, one can create a new organization including others that agree and excluding the one or ones that do not.

> "In AIRES, we had meetings with the whole group. Chema was also there. There was no consensus that we should wait to see what everyone thinks and to reflect. Because Andromines is not the same as FiT, and Recollim cannot compare with Engrunes. Each one had its status, its nucleus of power. So what happened? Engrunes, which was the strongest at that time, stronger than the others, much more than FiT at that moment, wanted to continue using the brand Roba Amiga and wait a period of time to see how there could be space where each of the organizations in the program could continue without pressure. I think there were quite a number of disagreements between those who had a clear idea or wanted to be the main organization and this was an opportunity." (Interview AIRES)

These new organizational forms can be a competitive response to increased interaction between organizations. The new organizational forms are created to formalize

or institutionalize the competitive relationships. They can create a stronger "us vs. them" mindset because some organizations join while others opt-out of the new proposal. Somewhat in contrast to the traditional nonprofit "spirit", these new organizational forms adopt a more enterprise approach by taking advantage of economies of scale by joining organizations together under a common structure, albeit more hierarchical. Organizations that have been in positions where they are making decisions and have had influence in the network, vie for the higher positions within these organizational forms:

> "What happened when this plant was started? [Adad] wanted to have more participation here, shares, and leadership. But I told them, 'How can we do this? We have a team of engineers here that works every day to put this together. What would you do? Send someone here every day? Or we meet daily on Skype, or do you not have enough time? Will you not send clothing?' The ones who are the most involved here, who are affected with the money, the integration employees, the external image, and other issues, are two organizations who have abandoned our activities where we were doing them before and brought them here. Logically, the final decisions, the final decision is ours, it cannot be what [Adad] proposes. Considering the issue of leadership, participation, and other issues, I originally proposed to Esteve [at Adad] that we build the new plant in the metropolitan area but close to them and that we share it. They thought it over and said no, they did not want to share their plant because they had their integration employees there, which is understandable, but what is not understandable is that you have your plant there that you manage your way, and you also want this plant to be managed your way." (Interview FiT)

Without a strong role in these new organizational forms, some organizations can struggle with feeling they can define the rules and prefer not joining and entering into more competitive relationships with others in the network.

In summary, when shaping the environment, the organizations involved have more at stake because this is where the larger rules for the industry are influenced. Organizations choose between more cooperative actions, such as participating in collective associations, or more competitive actions, such as creating new organizational forms that might exclude those with whom they are in conflict. This dynamic between the cooperative and competitive actions defines the coopetition at the environment-shaping level.

2.6 Discussion

Through the process of analyzing how social enterprises interact with each other at the network level, we have developed a model of coopetition among social enterprises differentiating between different levels of action. While we agree with Rao's (2009) conclusion that cooperation between organizations in a growing industry enhances each other's legitimacy and cultural acceptance, our model builds theory on how social enterprises simultaneously compete and cooperate with each other in the same industry when crowding out becomes more intense.

Our findings show that cooperation and competition between social enterprises in the same industry can occur simultaneously. Previous research on interactions between social enterprises by Khavul and colleagues (2013) in the microfinance industry described stages in the industry development where competition was a phase in the process when the industry was contested between actors. Our study shows that both through external shocks, such as loss of donor funding and the financial crisis, and through uncontested

periods, there are coopetitive relationships between organizations in the same field. While we agree with Khavul and colleagues (2013) that this process is evolving, rather than discrete, we also propose that the dynamics of coopetition can be seen throughout rather than looking at it as separate contested (i.e., competitive) and resettled (i.e., cooperative) phases in the development process.

In comparison to current theoretical debates on organizational tensions, we have analyzed the tensions that can arise from the combination of cooperation and competition among social enterprises on three levels: internal upgrade, customer interface, and environment. While studies of coopetition have found the logics of coopetition being separated in the value chain between upstream and downstream activities (Bengtsson & Kock, 2000), our findings contribute to previous theoretical discussions showing that these levels, and their respective tensions, have different characteristics. Like Smith and Lewis (2011) and Smith and colleagues (2013), we agree that not all tensions are alike, and different characteristics allow for a deeper analysis into the nature and management of tensions. In this study, we focus on the tensions that emerge from managing cooperative and competitive actions between organizations, what we refer to as inter-organizational coopetition. By drawing on the theoretical lens of coopetition, we can better understand the inter-organizational dynamics among social enterprises in the same industry. In terms of current understanding of organizational tensions, we contribute by examining inherent and persistent tensions that can arise at each level.

First, the internal-upgrade level of action, where the tension between networking and trailblazing occurs, can compared with Smith and Lewis's (2011) organizing tension where the combination of systems can create competing processes and structures. Smith and colleagues (2013) posit that the organizing tension can arise from divergent internal issues, practices and processes. The organizing tension is related to organizational

decision-making processes, agendas, and day-to-day behavior and routines (Smith et al., 2013). This can be seen in the tension between routines and change, between control and flexibility. The tension identified in our internal-upgrade level, while it is related to internal improvements, is focused on the dynamics between organizations of cooperating to learn and improve (networking) and the competition of being the center of the network (trailblazing). Our findings contribute to current theoretical understanding of tensions by uncovering a dynamic interplay between the more cooperative activities of creating bilateral relationships and shared learning with the more competitive activities of becoming the center of the network.

Second, the customer interface level in our model deals with the multiple and divergent customers that interact with social enterprises. Smith and Lewis (2011) describe the performing tension as the conflicting goals and strategies that emerge from managing multiple customer groups. The tension between stabilizing and mobilizing on the customer interface level in our model, while similar to the performing tension, depicts what pushes and pulls organizations to engage in coopetitive actions while interacting with customers. Our theory describes how, in the case of social enterprises, this level is highly sensitive to and influenced by customers and thus the coopetitive activities are aimed at balancing on the one hand the goal of collectively maintaining the quality of the reputation of the network while competing for and mobilizing scarce resources and customers.

Finally, the tension that arises at the environment-shaping level between coalescing and iconoclasm can be linked to the belonging tension from Smith and Lewis's (2011) model. The belonging tension deals with the conflict between individual and collective identities, while the meaning level focuses on actors or groups legitimizing (or delegitimizing) through frames and meaning. Framing pulls different actors together

under the same definitions and meanings specific to their context or field (King, 2007). The tension emerges from the divergent goals of working together as one entity and aiming for distinction. Our environment-shaping level with the coalescing and iconoclasm actions contributes to current theory by focusing on the identity of the organization in the environment, where symbolic actions taken at this level go beyond the actual operation of the organization to influencing the environment at large.

While the increase in the number of social enterprises in literature and practice might enhance positive social impact, this trend could have further implications at the inter-organizational level. The more social enterprises that are created could create more competitive environments for social enterprises. This is not a negative outcome in itself, but should be considered. If social enterprises are built on the assumption of contributing to positive social impact with other organizations that have the same or similar goals, they may be surprised when find themselves managing coopetition, rather than solely cooperation.

2.7 Conclusion

Our study is an early attempt at understanding inter-organizational coopetitive relationships and actions between social enterprises. While we consider our findings novel, we see areas for future research to continue to understand these dynamics further. One area could be to look at how coopetition affects the effectiveness and performance of these organizations. We do not know whether more competitive or more cooperative relationships lead to better functioning organizations or networks. We also suggest more research into the dynamics of networks of organizations with and without collective associations to understand their role more clearly in terms of what they can contribute to individual organizations and to the field as a whole.

We also consider our study to be relevant to practitioners and managers who are in the social enterprise field or considering embarking on a social enterprise. While the idea of a social mission carries with it the assumption of friendliness and cooperation among like-minded organizations, competition is a given and managers might benefit from learning to take on the mindset of engaging in coopetition with friends rather than resisting the dynamic.

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Chapter 3: Something old, something new, something borrowed

An exploratory study of creating and implementing social enterprises[2]

3.1 Abstract

Social entrepreneurship has received much attention over the past decade and is still a growing field, both in theory and in practice. Social entrepreneurs are finding new ways of creating value by offering new products and services and by implementing new business models. Current theoretical discussions in the field have analyzed how tensions can arise in social enterprises from the combination of the goals and values in idea generation and implementation style. Based on the findings of exploratory, inductive, multiple case study research, this article proposes a model of social value proposition

creation and implementation. Our analysis identified three main dimensions in the initial phase of social enterprise development: social entrepreneurial drivers, idea novelty, and implementation style. We propose four types of social value proposition creation and delivery. We conclude with a discussion of the implications for both research and practice.

3.2 Introduction

For well over a decade, social entrepreneurship has gained more traction in research and in practice and has carved out its own space in management theory (e.g., Austin, Stevenson, & Wei-Skillern, 2006; Battilana & Dorado, 2010; Dees & Anderson, 2003; Mair & Martí, 2006; Pache & Santos, 2013; Perrini, Vurro, & Costanzo, 2010). While the theory shows that social entrepreneurship departs from traditional ways of doing business (Dentchev et al., 2016), how social enterprises differentiate between themselves has received less attention.

With the rise in social enterprises, we start to see patterns of organizations repeating themselves in different geographies and industries. This has allowed many entrepreneurs to take advantage of others' learning and put their ideas into practice in models that have already been tested and implemented. Nevertheless, we still see entrepreneurs breaking away from these patterns by developing innovations that contribute to positive social impact (Belz & Binder, 2017). Social innovation paired with new business models has been suggested as a win-win (Boons & Lüdeke-Freund, 2013; Porter & Kramer, 2011; Santos, Pache, & Birkholz, 2015). We would like to explore this proposal by analyzing the process involved when social entrepreneurs create new organizations. Are social entrepreneurs always inventing new business models? Or can they be selective in their innovation?

The purpose of this study is to enrich the current theoretical debate on social entrepreneurship with insights from entrepreneurship and business model literature by analyzing how social entrepreneurs create new organizations. We propose a model of social value proposition creation and implementation that we consider adds a nuanced perspective to the current theoretical discussion. This article is structured as follows. We first present the theoretical foundations of our study. Second, we continue by describing the methods used in this exploratory, inductive, qualitative study, as well as present the cases used. Third, we present our findings and the model that emerged from the data. Fourth, we discuss how our findings contribute to current theories in social entrepreneurship. Finally, we conclude with implications for practitioners and avenues of future research.

3.3 Theoretical background

Although there are still divergent definitions for social entrepreneurship in the theoretical debate, we use Mair and Marti's (2006) characterization as "a process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or social needs" (p. 37). A review of the literature on social entrepreneurship points to the main characteristics of social entrepreneurship centering around four areas: (1) the creation of social value; (2) involves innovation (e.g., inventing or adapting products, services, and/or organizational forms); (3) responds to social needs or creates social change; and (4) opportunity recognition and exploitation (Austin et al., 2006; Mair & Martí, 2006; Peredo & McLean, 2006; Perrini et al., 2010).

In this study we focus on the opportunity that the social entrepreneur has identified which can be defined as "the desired future state that is different from the present" (Austin et al., 2006: 6). This is where social entrepreneurship differs more from traditional

entrepreneurship due to the focus on non-financial missions and the desire to create positive social change. In their typology, Fauchart and Gruber (2011) distinguish between entrepreneurs that focus mainly on financial value and profit and those that are concerned more with social impact and a desired positive societal outcome. For social entrepreneurs, once the opportunity is identified they take two initial steps in the development of their business. First, they come up with the idea for the business, whether invented themselves or adapted from another organization, which has clear financial as well as social underpinnings (Peredo & McLean, 2006). The next step is to begin to put that idea into practice. Social entrepreneurs are faced with external pressure, whether it be by funders or by the demand from consumers, to grow quickly, sometimes even before a clear strategy for growth has been laid out. Often, social entrepreneurs find themselves on a path to growth before putting in enough thought and planning. A major question for social entrepreneurs is whether to continue on the same path or to find a way to create a more planned strategy (Austin et al., 2006).

In this article, we focus on the ideation and implementation phases of the initial ideas of social entrepreneurs, motivated by Short and colleagues' (2009) call for further research into the initial phases in social enterprise development. Current theorizing explains that the two phases of ideation and implementation work under distinct values and goals. These divergent ways of carrying out the two separate phases can create tensions (Smith & Lewis, 2011). Although separate, the two phases can run in parallel, rather than being sequential phases (Schilling & Hill, 1998). The ideation phase is characterized by creativity, search, risk taking, and variation (Baron & Ensley, 2006; Bernstein & Singh, 2006; Cooper, 1983; Smith & Lewis, 2011). In contrast, the implementation phase operates on project management skills, refinement, and efficiency (Bernstein & Singh, 2006; Smith & Lewis, 2011; Zott, Amit, & Massa, 2011). Although

in potential conflict, the ideation and implementation phases also need each other. The ideation phase expands organizational knowledge which reinforces the experimentation in the implementation phase (Smith & Lewis, 2011).

In debates in entrepreneurship, when understanding how entrepreneurs identify opportunities, there are two theories: discovery and creation. The central difference between the two is that opportunities are either waiting to be discovered or they are created by entrepreneurs (Alvarez & Barney, 2007; Short et al., 2009). To analyze actions taken by entrepreneurs to develop and implement opportunities, the context of discovery or creation can change the way we interpret entrepreneurial activity. In discovery theory, opportunities exist as objective phenomena and are waiting to be exploited. Decision making in discovery theory involves studying all possible outcomes; as the opportunity is objective, possible outcomes can be measured and planned (Alvarez & Barney, 2007; Shane & Venkataraman, 2007). In contrast, creation theory posits that opportunities are not objective but rather created by entrepreneurs finding new ways of producing products or services. Decision making in creation theory is uncertain and based on trial and error or intuition due to the inability to estimate results or outcomes (Alvarez & Barney, 2007; Dacin, Dacin, & Tracey, 2011). Thus, it is an iterative and incremental process. Creating something new, rather than discovering an objective opportunity, brings with it risks of newness (Renko, 2013).

Recent theoretical discussions on social entrepreneurship identify the business model as the main unit of analysis in the study of social enterprises (Santos et al., 2015). For this reason, we incorporate insights from the business model perspective to analyze how social enterprises innovate and manage tensions. The business model approach allows for taking into account both the content and process of business (Zott et al., 2011). Based on current conceptualizations of business models (Boons & Lüdeke-Freund, 2013;

Boons, Montalvo, Quist, & Wagner, 2013; Grassl, 2012), the key elements of a business model which are relevant for social entrepreneurship are the value proposition (i.e., the value the firm offers through its product or service), the configuration of value creation (i.e., supplier and customer relationship management and structure), and the revenue model (i.e., financing and revenue streams).

We focus specifically on the first element of the business model: the value proposition. The value proposition takes into account the customer need and clearly identifies how the organization plans to differentiate itself from other organizations with its product or service offered (Bocken, Short, Rana, & Evans, 2014; Jonker & Carvalho, 2015). Thus, the business model approach allows us to analyze how social entrepreneurs create and deliver value in new enterprises. Furthermore, this conceptualization of the value proposition can be linked to Miles and colleagues' (1978) framing of the entrepreneurial problem in their model of the adaptive process. Faced with numerous and complex alternatives, which can sometimes be in conflict with each other, entrepreneurs manage tensions by making choices when embarking on creating new organizations (Miles et al., 1978).

With this literature as a theoretical foundation, and responding to Dacin and colleagues' (2011) call for research in the different ways that social entrepreneurs think, make decisions, and act, our research question for this study is: how do social enterprises combine different styles in the creation and delivery of their value propositions?

3.4 Methods

Taking into consideration our research questions, we conducted our study in the growing field of social enterprise startups to understand the initial steps taken by entrepreneurs. We chose startup organizations as the phenomenon of decision-making

processes in their product or service offering is most visible (Miles et al., 1978). Given the limited theory and evidence on how social enterprises are formed in the initial entrepreneurial process (Renko, 2013), we have used an inductive, exploratory, qualitative approach (Gioia, Corley, & Hamilton, 2013) with multiple cases (Eisenhardt, 1989; Yin, 2009) to understand how social enterprises make early decisions related to the design and carrying out of their value proposition.

3.4.1 Data collection

The study uses nine cases of social enterprise startups in Europe identified as having innovative business models. To select the cases, we used purposeful sampling due to its focus on finding a context where the phenomenon is unencumbered to be able to analyze the theoretical issues (Patton, 2002; Yin, 2009). Each case was selected and analyzed for its theory-building capacity as an extreme case to generate theory (Hallen & Eisenhardt, 2012). The cases covered three domains (i.e., energy, housing, and food) and were located in seven countries (i.e., France, Germany, Italy, Poland, Spain, Switzerland, and the UK). All the organizations had been operating between two to eight years when the data was collected, with an average of four years per case.

Semi-structured interviews were conducted between May and November of 2014 with the 21 entrepreneurs who started the nine cases of social enterprise startups included in this study. Each case had an entrepreneurial team on average of two to three people. Only entrepreneurs were interviewed because they were the ones who were directly involved with the creation and implementation of the value proposition. We consider that conflating our findings with interviews with other stakeholders (such as employees, customers, or donors) could have diluted the findings, as these actors were not directly involved with the phenomenon of interest, namely the initial entrepreneurial process.

The interviews had three parts: (1) questions regarding how the organization started from the first idea to market entry; (2) questions about the enabling environment, both the personal surroundings and market conditions; and (3) questions related to the performance and impact of the enterprise, namely financial, environmental, and social. The interviews had a duration of between 30 and 90 minutes. All interviews were transcribed. Other sources of data, such as company reports, media coverage, and website material, were analyzed to understand the phenomenon from other perspectives and triangulate the data from the interviews.

3.4.2 Data analysis

Following the multiple case study method (Eisenhardt, 1989; Gioia et al., 2013; Yin, 2009), the data analysis was carried out in three steps. First, a narrative account of each case was developed to clearly map out the chronology and steps in the entrepreneurial process (Eisenhardt, 1989; Yin, 2009). Each narrative account was between 20 to 40 pages in length. These case reports were then shared with the entrepreneurs themselves to confirm the details of the case. This first phase was important to be able to begin to identify similarities and differences between the cases.

Second, the transcribed interviews were coded in NVivo 10 using an inductive method (Gioia et al., 2013) where first-order themes were identified though the process of open coding, focusing on the early development of the social enterprise. We compared the codes within and between cases and grouped them into second-order concepts and aggregate dimensions. Three dimensions emerged from the dataset: (1) social entrepreneurial drivers, (2) idea novelty, and (3) implementation style. Through an iterative process, each of the second-order concepts was compared with the current theoretical discussions on social entrepreneurship and business models. In addition, we

compared each of these second-order concepts and dimensions between cases to understand the dynamics in each one and to identify areas of similarity and difference. We present our data structure in Figure 3.1.

Third, we continued with Yin's (2009) screening procedure for case selection. So as not to clutter the findings presented with duplicates from multiple industries and countries, we defined an additional relevant criterion for reducing the number of cases. Understanding the tradeoff between selection criteria and serendipity when operationalizing the research method (Yin, 2009), focusing on a single industry allows for more valid comparison between organizations (Hallen & Eisenhardt, 2012). In addition to social enterprise startups as a criterion, we included industry in our inclusion criteria to control for external conditions (Yin, 2009). We selected all the local food organizations because of the strong social and environmental missions inherent in organizations that push for more sustainable consumption. Illustrative quotations related to idea novelty and implementation style, as well as literal replications from the excluded cases can be found in the Appendix.

Data Structure

1st-order themes   2nd-order concepts   Aggregate dimensions

- Looking for something more meaningful
- Family as a motivator to start project
- Looking for a fulfilling job and to make a living
- Tired of traditional business models

Personal fulfillment

- Current agricultural models are not working
- Discontent with current production ideas
- People looking for ways to buy locally
- Problem of not finding local food

Societal challenges

Social-entrepreneurial drivers

- Desire to disrupt food industry
- Difficulties fitting in current system
- Hard to explain idea to people
- Interest in inventing new social processes and ways

New model

- Idea came from work with project
- Look for solutions that already exist
- External project financing allowed initial activities to be carried out
- CSA model aligns with goals

Replicated model

Idea novelty

- Build a new system pragmatically
- Clear rules of the game
- Firm structure as optimal solution
- Build community tools
- Technically complex platform

Cut-and-dried

- Continually growing and inventing
- Make virtue out of necessity
- Resolving issues as they appeared
- Snowballing the idea
- New strategies and solutions along the way

As-you-go

Implementation style
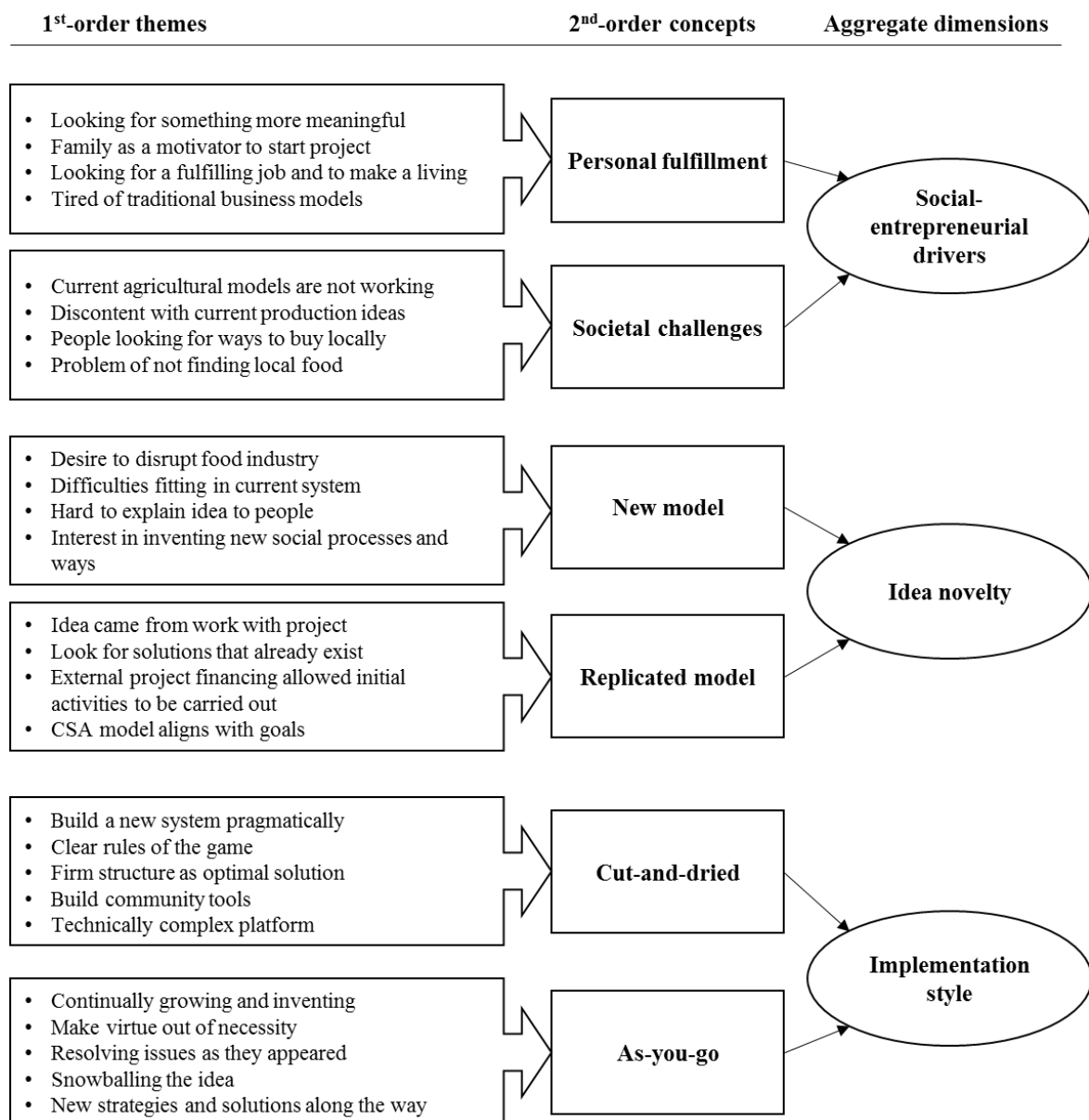
Figure 3.1: Data structure

3.4.3 Case descriptions

Kartoffelkombinat (KK), *potato combo* in English, is a community-supported agriculture (CSA) cooperative founded in 2012 in Munich, Germany. The main goal of the organization is to build up community-based regional supply structures for organic fruit and vegetable production. As with most other CSA initiatives, the organization

supplies members with locally produced organic food. In addition to traditional delivery and pickup service, the organization has also set up a network of delivery points around the city. The cooperative has a one-time cooperative joining fee of 150 euros per family and then monthly payments to receive the veggie basket. All members are co-owners of the cooperative.

La ruche qui dit oui (LR), *the hive that says yes* in English, is a social enterprise that has developed a system for efficient local food distribution and consumption with its online platform where local producers sell directly to consumers through organized, community pop-up markets. Founded in 2010 in France, the model created includes a community leader role with financial incentives to continually improve the product offering, manage the relationships with the producers, and organize the community pop-up markets. A percentage of the farmer's revenue is paid in the form of a commission to, in one part, the community leader (financial incentive) and, in another part, the larger organization (for community coordination and platform development).

Mi.cibo (MC), *me.food* in English, is a social enterprise with the mission of linking consumers to farmers in the urban area of Milan, Italy. The organization is a service provider between farmers and consumers by organizing and operating twice-weekly farmers markets which they call "Earth Markets." The enterprise was first tested within a larger project carried out by the Slow Food Association starting in 2011. Once the initiative was sustainable on its own, a spin-off organization was created in 2014 with clear social, environmental, and financial goals. The farmers pay a service fee to have a stall in the market to sell their products. The farmers market is open to all customers and there is no membership program for consumers.

The People's Supermarket (PS), founded in 2010 in the UK, is a sustainable convenience market that achieves its growth and profitability targets whilst operating

within the moral values of equity, community development, and healthy living. The model is a food-buying and retail network that connects farmers to consumers in a supermarket-like setting. The entrepreneurs wanted to create a hybrid new venture with the flexibility of buying food at a supermarket with direct purchasing from local producers. This would not be a supermarket, but rather an alternative to supermarkets where consumers can find good quality products at affordable prices while at the same time reestablishing the link between the consumer and the farmer. The members themselves have financed the business through their member fees and volunteer time.

3.5 Findings

Through the analysis of the social enterprise startups in the dataset, we identified the social value propositions of each. Table 3.1 summarizes the value proposition of the four local food movement cases. The value propositions of each took a different approach to make their venture attractive to customers. Two enterprises, KK and PS, offered local products to their customers, while the others, LR and MC, offered services that connect customers with local producers and products.

Our analysis of three social enterprises in the local food sector focusing on the design of the value proposition of the venture showed three distinct dimensions: *social-entrepreneurial drivers*, *idea novelty*, and *implementation style*. In the following sections, we illustrate each of the dimensions and describe the relationships between these dimensions to create our model of social value proposition creation and delivery.

Case	Social value proposition
Kartoffelkombinat (KK) Germany	Community-supported agriculture weekly customizable vegetable baskets delivered to network of delivery points in city.
La ruche qui dit oui (LR) France	Online platform for sale of local produce through communities of consumers, so-called assemblies, which meet at weekly pop-up markets.
Mi.cibo (MC) Italy	Manage operations of twice-weekly farmers markets (Earth markets) where the producers pay a fee for use of stands in market.
The People's Supermarket (UK) United Kingdom	Sustainable convenience store open to the public that sells local products within a supermarket-like context with strong member involvement.

Table 3.1: Social value propositions

3.5.1 Social-entrepreneurial drivers

When the entrepreneurs were asked about how the organization started they often spoke not only of the specific actions that took place in the beginning but would go further back in the process and talk about the drivers that pushed them to embark on founding an organization with social mission, rather than purely financial one. These drivers can be categorized into two levels: personal fulfillment and societal challenges.

Personal fulfillment. At one level the personal drivers come down to the family as described by one of the founders of KK:

"We now have a little daughter, and as such, being a parent you have taken responsibilities and live a bit more solid life. And the motivation was to have an own project in my town - and finally even strive for a type of self-employment where you have a health insurance and contribute to pension and social security funds, and so on." (Interviewee #1/KK)

Here we can see the entrepreneur explaining his desire to have more stability in his life since the birth of his daughter. The conditions discussed here have to do with geographic location ("my town"), type of work ("self-employment"), and basic social services.

In LR, one of the founders describes a different type of personal motivation:

"The first time I met Guilhem I said, 'This is one of the best projects ever.' I was sure it was going to work. I had a different career, I'd been working in the web industry for around seven years but mostly doing projects for other clients. I got pretty bored of that, I was really looking for something more meaningful like a longer term project and I was seeking for an idea." (Interviewee #4/LR)

Thus, some personal drivers are more linked with the desire to work on a more meaningful project as he explains as his initial push to look for a partner and project.

One of the founders from KK, expresses his personal motivation the following way:

"I was given the opportunity to become founding member of the utopia.de team in 2007. I consider that as a decisive step because finally I was able to break this cognitive dissonance – that's how I always call it. It's the cognitive dissonance between I have to work to earn money, but at the same time I have strong values and I want to have a positive impact with what I'm doing." (Interviewee #2/KK)

In this case, the entrepreneur sees the social enterprise as a way to overcome his own internal conflict with making a living and having impact on society. In sum, different types of personal fulfillment manifest themselves as important drivers of social entrepreneurship.

Societal challenges. The entrepreneurs also discuss the societal challenges that they saw and wanted to address. We saw this as a distinguishing factor for social

enterprises as it goes beyond solely a personal dimension to having positive social impact beyond oneself. One of the founders of MC explains the societal implications of the idea as: "We wanted to do something valuable in Italy and we started a wonderful Mercato della Terra (Earth Market, in English), creating a series of chains and a relationship with farmers" (Interviewee #5/MC). The value that these entrepreneurs saw was in developing a new way that farmers interact with consumers and fostering stronger circuits where they could sell their products.

> In LR, the entrepreneurs see their initiative as a response to a demand in society:

> "The thing is that with our projects, we found pretty quickly people who were looking for projects. In France, people were looking for more ways of buying food locally. They were looking for a more flexible system. A better mix of commercial and social venture." (Interviewee #4/LR)

In the case of LR, the entrepreneurs saw the demand in society to buy locally and to have positive social impact, while offering a flexible system. One way they built up the idea was based on what people were looking for in a social enterprise linking producers and consumers.

> The entrepreneurs behind KK describe how it was important to have the social impact be clear and transparent:

> "'Hey guys, the way you are doing it, that's not really good because you don't cover one hundred percent of the needs and perspective from the gardeners.' And then we said, 'Yes, that's correct, we don't do that in order to have a community supported agriculture and to have a nursery - we do it to provide a large number of households with a meaningful/reasonable, regional, organic supply structure - and we start with vegetables.'" (Interviewee #2/KK)

As is often the case in social issues, people bring their own values into the mix and this can create tensions. In the case of KK, the entrepreneurs understood the need to be clear as to the means and goal of the social impact they were seeking. The main social impact in their eyes was families having access to organic fruits and vegetables, while the means was using a CSA model with gardeners. In sum, a variety of social challenges in different ways and forms are key drivers of social entrepreneurship even within the same sector.

3.5.2 Idea novelty

While analyzing the data for insights on the design of the value proposition of the social enterprise, there was a marked difference between the idea itself for the initiative and the steps taken to put that into action, what we refer to as idea novelty and implementation style, respectively. With regard to the novelty of the idea, although nuances exist, entrepreneurs could identify whether they were inventing a new model or adapting or replicating a model that had worked somewhere else.

New model. In the case that designs a new model, LR, the idea was centered on creating a new system for direct sales from farmers to consumers, using technology to facilitate this connection. Already familiar with the local food systems, like CSAs, where farms offer weekly food baskets, one of the founders saw the need for a system that was more flexible for consumers but still gave a stable income to the farmer:

> "What happened is that I saw the need to look for a tool to give society so that it could reinvent its way of finding food as well as producing food. The vision of our project is that we want to replace scale with the question of buying your food closer to where you live. This gives people the possibility to look for that food." (Interviewee #3/LR)

Three key components were designed into the model: community-level purchasing based on direct producer-consumer supply and demand, a community leader role with financial compensation and incentives, and a robust online platform with face-to-face pop-up weekly markets. This design was radically different from what traditional farmers markets or CSA programs had established. LR found it hard to explain their idea to potential customers and to authorities because it did not fit in with how things were done: "The beginning was hard... It was working but it was hard. Also, we had to prove everything. Nobody knew the concept, nobody knew anything, people were always asking, 'What does it mean? What is it?'" (Interviewee #4/LR)

In the cases with new models, both LR and PS, they struggled with getting stakeholders to buy in to their model. To be able to start getting the idea off the ground, they needed support from government agencies and/or funders. Entrepreneurs from both cases describe the difficulties they had with explaining their new model to potential stakeholders:

1. "But what we found with the authorities in France that are controlling food distribution systems they didn't know what to do. It's so new. At the beginning we had a complex meeting with these authorities, and they would tell us, 'You need to do that, you need to do that. You need to have your community hosts filling out this form.' And we would say, 'No, they cannot fill out this form. Because there is no checkbox for us. And all of these systems are not working the same way as us.' And they would say, 'Ah, so there is no checkbox? OK.' 'We need to make a checkbox for us,' that's also what we're saying. 'You also need to acknowledge our system. It's working, but we cannot fit the existing system.'" (Interviewee #4/LR)

2. "We set up, basically, we designed the sort of new cooperative! Which is called: For the people, by the people. So, you go to a landlord and you say, 'Hi! I am a company that potentially is going to be owned by 5000 people, you know we want to come and' … 'Just forget it! So, what are you going to be?' 'Well a supermarket,' 'Forget it! We don't trust you, we don't believe you, we don't think it can be done, we don't think you are good for the money, so no!'" (Interviewee #8/PS)

The entrepreneurs struggled in the beginning because they had to find ways to explain the model to be able to gain more acceptance by different stakeholders. Starting out with a new model sets the organization off to a difficult start. Communicating the model and functioning as part of a wider system become areas where the organization has to spend resources.

Replicated model. The analysis of the data shows that social enterprises that use models that have been implemented in other places, both in the cases of MC and KK, have a stepping-off point from which to continue designing the value proposition. In MC, the idea began five years prior to the actual launch of the independent spin-off. The project it was under was focused on feeding Milan in the Slow Food way and funded by a foundation, the municipality, and the local agricultural park that was underutilized at the time. One of the entrepreneurs describes where the idea of the social enterprise began: "The idea to create a start-up to continue the work commenced with the project Nurture Milano dates back to 2011." (Interviewee #6/MC)

In the other case, KK, the idea began with the founders asking themselves questions about their community, "What is needed? What is missing? What do we lack? What are the people around us missing?" (Interviewee #2/KK). The idea was not to create something completely new but something that would work towards healthy and

sustainable lifestyles and could also combat the problem of waste materials used in supermarkets. They also wanted this project to be self-sustaining and business-oriented, instead of initiated by an NGO or a charity organization. One founder stated:

> "By mid-December we wanted to become a Food Coop. That is somehow a kind of supermarket where we take advantage of community shopping benefits. Because of that we get the hot products to a very favorable price, that means a lot cheaper than you could get them anywhere else... What does that actually mean at all to start a Food Coop? …Until we found the film "Farmer John" in the course of our research. Funnily enough for very, very many a CSA project this is the initial moment… And then within a half an hour in December 2011, we said: okay we won't become a Food Coop, but we will become a CSA." (Interviewee #2/KK)

When they found the CSA model, they found that it resonated with their mission and goals, and decided to go ahead with the project with that model as a base. In sum, for some of the cases of social entrepreneurship the idea comes from replicating and extending previous models and in this way they avoid some of the difficulties at the starting phase.

3.5.3 Implementation style

The third dimension that emerged from the data was the style that was used in the implementation of the value proposition. As the entrepreneurs began to put their ideas into practice, the style they used to implement the ideas and put them into action differed from organization to organization. While some planned in advance to have clearly defined actions or protocols, *cut-and-dried*, others made decisions as they went along and as each step was taken, *as-you-go*.

Cut-and-dried. The desire to make clearly defined plans to carry out we have labeled as cut-and-dried implementation. In MC, we see that the project initiated with a research phase to see what the residents knew about agro-industrial resources with the hopes of giving new uses to the agricultural park. At the same time activities were carried out within the project to map out the different characteristics in the urban and farming lands in the surrounding area. The organization wanted a clear idea of what was going on and what was needed before taking the next steps.

The project chose to use the Slow Food Earth Market approach, which had already shown to be successful in other localities. The Earth Markets had explicit parameters in their regulations on how to select the producers (e.g., proximity to market, sale of one's own products, GMO-free, etc.). Since most of the aspects of the market and how to run it were already defined, there was very little that the entrepreneurs could change along the way. Their focus was to test out the model within the larger project. Once it showed signs of being a self-sustaining organization, they created a spin-off enterprise that could continue beyond the project-funding period. "The objective was to build something self-funding, but with a social aspect to grow from an association. We want to materialize the possibility to create jobs against all the bureaucracy, using facts more than words and slogans." (Interviewee #5/MC)

In LR, the implementation was cut-and-dried, as well, especially in the aspects of the model that were the most innovative, for example the community host and the decentralized nature of the communities. This new role of a community host differed from other previously seen models. In some of the nonprofit community purchasing models in other places, the coordination with farmers and administrative issues would fall in the hands of a few people who eventually would get burned out. This new community host role was created to offset the possibility of burnout by giving a financial incentive to the

person in charge of coordinating. The organization saw the need to understand and clearly map out what that role entailed and what was needed to train the people who would be in that position:

> "What we needed to understand better was the new job we created: the community host job. We did a big study with a lot of interviews, we had someone working nine months on that. Trying to understand what the motivations are, the competencies needed, what are the profile of these people. And after that we were able to have job reference, job description. Really mapping the job, and with that we built knowledge about what we need to train the community hosts about, and we built new tools, we built a big training platform." (Interviewee #4/LR)

When setting up new communities, they had to keep the whole network in mind even though each community functions on its own. Because of this, they have clear steps that they followed to ensure the quality standards of the community:

> "So there's a few steps that we need to manage. We also check the competition with neighbor communities, we need to be careful about that. So when we accept the person, we enter a building process, which usually lasts between two to four months. The community host is responsible to gather members and farmers in his community and to prepare the organization. And when he's ready, when he has at least 50 members, and at least four or five farmers, we request the person to have a brewer, baker, dairy producer, and a good selection to start. And to already know the farmers. In France we're pretty strict, the community hosts have to know the farmer and know their work." (Interviewee #4/LR)

Although the community host has certain flexibility in how he or she runs the community platform and activities, the organization has clear protocols it follows to lower the risk of

the community failing or competing with other already established communities. Overall, the more deliberate actions found in the cut-and-dried implementation style may require more time and resources in the beginning but allow for the organization to set up processes and protocols that can increase efficiency and growth over time.

As-you-go. On the other side of the implementation style spectrum, the as-you-go style emerged from the data. This implementation style is linked more with deciding actions as the organization unfolds and as necessities arise. One of the founders of KK describes the reason why they legally formed the cooperative and opened the bank account when they did:

> "The foundation of the cooperative actually coincided with very first test phase of households – family and friends. So it was indeed from the very first start that we decided to be a cooperative. One of the reasons was simply the possibility to open an account as a cooperative. The bank account was necessary in order to charge the membership fees, so for all those economic structures it was necessary to decide on which entrepreneurial basis we would act in the future." (Interviewee #1/KK)

After having decided that they would do a pilot phase of the veggie boxes, the organization realized that it was necessary to have a more formal structure, both legally and financially. When discussing how they dealt with issues and how they saw the implementation of the organization, both entrepreneurs saw this the same way:

1. "All the time we had to take care of things that we were not able to foresee. So we always took care of one thing and after that was done we were concerned about the next." (Interviewee #2/KK)

2. "There has never been a master plan. So Daniel and I, we only got to know each other the day we decided to jointly launch a project." (Interviewee #1/KK)

3. "Have we finished our foundation process already? I am not that sure. Since there has never been an official start, there hasn't been an official end to it." (Interviewee #1/KK)

By and large, the as-you-go implementation style, with its less structured quality, can allow the entrepreneurs to respond to demands as they arise, which can be used as a competitive advantage. The PS case exemplifies the advantage of flexibility in the as-you-go style when looking for a permanent location for the store:

"And one day [my co-founder] was walking down [the street] and saw the supermarket that we now have emptied. And he said, should we go and talk to them? And it so happened that the supermarket that we saw that was empty was in an area that did not want a major supermarket, and were prepared to risk taking us in." (Interviewee #7/PS)

The flexibility in this implementation style made the entrepreneurs open to multiple opportunities around them. Although this can be an advantage, in some cases the lack of structure could result in processes that are not as clearly linked to the mission or strategy of the organization.

3.5.4 Relationships between dimensions: A model of social value proposition design and implementation

In studying the dimensions that emerged from the data in our within- and between-case analyses, patterns were identified when merging these concepts. As shown in Figure 3.2, by plotting two of the dimensions (idea novelty and implementation style) in a matrix, we develop a typology of social value proposition design and implementation with *cautious*, *organic*, *developmental*, and *experimental* types. We found evidence for each these types with the cases studied, with literal replication in the larger dataset. The social

entrepreneurial drivers can be considered the context or a necessary condition for starting

social enterprises, but the data does not show a clear difference between types with regard

to this dimension, as both personal fulfillment and societal challenges appear in all cases.

**A model of social value proposition design
and implementation**
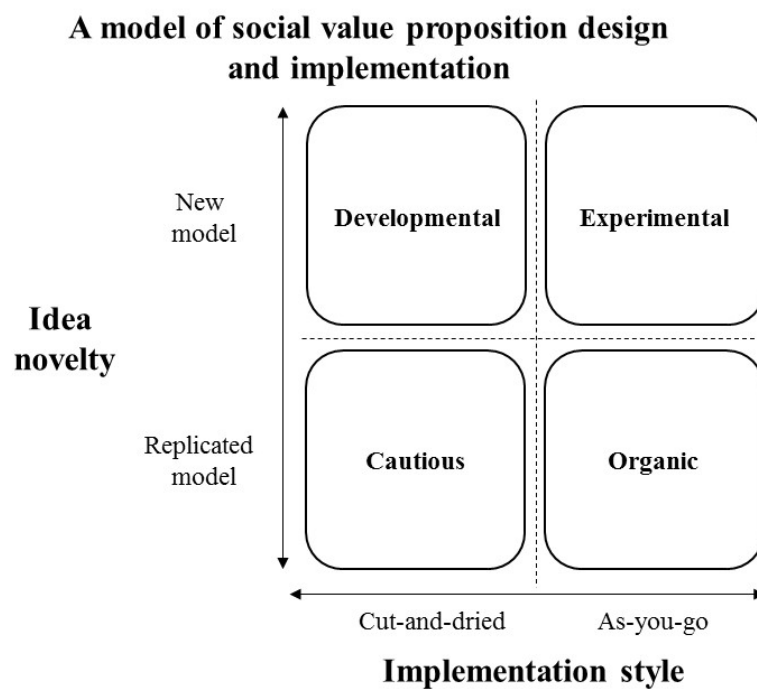
Figure 3.2: Model of social value proposition design and implementation

Cautious. The cautious type is derived from the MC case. The main word that

defines the cautious type is stability. It is risk-averse and is not concerned with looking

for new opportunities to grow nor to innovate. The main focus of the cautious type is

holding on to existing customers and maintaining a sustainable enterprise while

maintaining its quality and efficiency goals. One of the main difficulties around holding

on to customers is the easy replicability of not only the model but the implementation, as

it is so straightforward and clear. When this is the case, competitors can come in and

replicate it, which would put a strain on the customer base, as becomes clear in the MC

case:

"The people are really interested. Even if now there are other alternative offers in terms of farm markets, as a temporary trend, some have already closed. If everyone moves everywhere, the consumer always finds the same things and loses interest." (Interviewee #5/MC)

On the one hand, this challenge puts a strain on the organization in finding ways to maintain its customer base. Since it does not tend to innovate on its products or services, much of the focus should stay on keeping the customers interested in the organization's current offer. On the other hand, we would expect that, if the organization has made a clear niche for itself in the market making itself somewhat of an incumbent, competitors will find it difficult to dislodge the organization unless there are shifts in demand or other external conditions.

Organic. The organic type, exemplified by the KK case, finds some stability in the business idea that is established or recognized and innovates in the implementation by tackling each step as it makes progress. Due to the clear nature of the replicated model used, the organization engages in a creative process in the implementation where growth is possible. Using a known or replicated idea gives the organization the advantage that they can find support more easily at the start because people understand the idea and recognize it that much faster. The challenge that arises with the uncertainty in the implementation is that the organization is unfit or incapable of responding to growth. For example, one of the entrepreneurs of KK has explained: "The fact that [the pilot phase] worked out from the outset had the disadvantage that ever since, the establishment of our structures was slower than [KK] developed per se." (Interviewee #2/KK)

The organization itself was not prepared for growth directly following the pilot phase. They would have preferred having a break where they could reassess the situation and then take the next steps but due to the demand from the families that participated in

the pilot, they pushed ahead, which actually set them back in terms of putting an adequate structure in place. As decisions are made in an as-you-go manner, the organic type can struggle in the process because this challenge may actually be due to the implementation not always having a clear link back to the original mission or strategy of the organization. When properly leveraged, this mix of a replicated idea and as-you-go implementation style can become a source of competitive advantage for the organization. It can move forward quickly on testing new products or services without lengthy analyses. This gets the products or services to customers faster and can increase support and revenue for the organization.

Developmental. The developmental type emerged from the LR case. This type looks to differentiate in the idea itself: creating an idea that breaks the mold. This could be because they see that the current solutions do not fully respond to the societal challenge at hand. Creating a new idea can be costly because extensive resources for research and advertising need to be invested upfront. In addition, the new idea itself is difficult to explain to potential customers and authorities. LR was faced with the difficulty of explaining how their model worked and found a solution by creating a video that visualized the system, which helped people understand and get involved.

Once the idea has been designed, the organization creates structures and protocols to put this idea into practice:

> "We had the knowledge, we knew what we had to do, so we said we're going to take care of everything, don't worry, let's build a business plan, let's start building the platform, let's start looking for money. We started looking for initial investments. We got a bit more than 100,000 euros, which is not that much money for such a big project. Because there was a big technical complexity to build the platform." (Interviewee #4/LR)

The key word for the developmental type is balance. The developmental type sees the project as a whole and develops clear steps along the way to get to each milestone, in an attempt to minimize risk and maximize returns. With the novelty of their model, they can maintain a clear advantage from competitors because it is more difficult to get started. Paired with their high levels of control and consistency, the cut-and-dried implementation style is able to handle growth and scaling up. This growth and scaling up can be both in market penetration and in developing new products or services, as seen in the LR case where the organization has set up a decentralized network that can replicate itself in different communities and different countries with a controlled learning curve as well as their examination of new services to their platform, such as adding logistics support for farmers.

Experimental. The experimental type is embodied in the PS case. In this type, the idea is new with an as-you-go implementation style. The organization has an advantage over others in that they can be less worried about competitors considering the first mover's advantage. One issue with consumers and other stakeholders is that the organization can be misunderstood due to its ambiguous form. Entrepreneurs can be expected to focus on intuition and trial-and-error to resolve issues, rather than clearly defined protocols and processes.

Although the initial idea was loosely based on a food cooperative in the United States, the entrepreneurs made their own model where they felt they were empowering the community to take responsibility for its own development. The supermarket model was first set up as a cooperative where members pay a yearly fee to have one share, and at the same time commit to working four hours each week in the store. In addition, they are entitled to a 20% discount on purchases.

The organization ran into various obstacles in the beginning because people had a hard time understanding what they wanted to do, due to the novelty of the idea. The organization was not able to open a bank account because they did not fit into an established category. The organization wanted to be cooperative-like (i.e., member-owned) but that meant there could potentially be over five thousand owners. Despite these difficulties, they decided that members would collectively manage the organization, deciding how to run the business and what products to sell.

Once they saw the model working, they started creating spin-off organizations, such as an organization that uses food waste from the store to create ready meals that customers can purchase. Three years in, the organization changed from a nonprofit cooperative to a for-profit community interest company. One of the co-founders sums up the combination of the new model and as-you-go delivery in the following way:

> "I would never say to you that the business plan said any more than it would vaguely work. No more! And from day one, I knew we were losing money. That did not matter because it was out to prove not only that it could make money, it was out to prove it could do a lot more." (Interviewee #7/PS)

This case sheds light on the experimental type. Similar to the developmental, the idea is hard to communicate to consumers and authorities. The organization has to spend extensive resources in advertising and communicating the idea. The organization continues its entrepreneurial process in an as-you-go style by not having clear structures in place for decision making, for example in the process to decide the products offered in the supermarket. Even the formal legal structure of the organization changes after the first few years showing the as-you-go nature of the solutions. This instability in the implementation makes the organization more complicated to manage and growth is slower. This type is keen on maintaining their reputation as an innovator, a goal which

could be placed above the sustainability of the organization itself. This continual innovation becomes a tension that the organization needs to manage due to aiming for financial self-sufficiency when the organization is in a constant state of re-invention. If the organization is able to find a balance, change can actually become a tool that can be used as a source of competitive advantage.

3.6 Discussion

This study of social enterprises startups explores the initial processes and tensions that social entrepreneurs can go through when beginning the entrepreneurial journey. By considering the decisions social entrepreneurs make regarding their value propositions, we have developed a typology of social value propositions that presents four combinations of ideation and implementation styles. Our study of social entrepreneurship builds on extant theory on how social entrepreneurs generate and implement their business ideas.

First, our study contributes to social entrepreneurship theory by giving a nuanced view on how value propositions, the initial phase of the business model development process, are designed and implemented. Social entrepreneurs have been distinguished from traditional entrepreneurs by their desire to respond to pressing social needs or to make positive changes in society. Thus, the entrepreneurial problem facing social entrepreneurs is not only how the business idea must be developed to generate profit, but also to generate positive social impact (Austin et al., 2006; Mair & Martí, 2006). Renko (2013) identifies the primary motivation of social entrepreneurs to be at the societal level: helping others, helping the community, and aiding economic development. Our findings contribute to the current theoretical discussion on social entrepreneurship by showing that not only are the drivers at a societal level where the entrepreneur wants to generate

positive social change, but that there is still a strong component of self-interested motivation, or personal fulfillment, as part of social entrepreneurs' motivation. While Fauchart and Gruber (2011) categorize different types of entrepreneurs based on their social identity, focusing on whether the community, the social mission, or the financial aspect predominates, our model shows that personal and societal motivations are mixed in social enterprises.

Second, traditional entrepreneurship theory differentiates between forming and exploiting opportunities in two contexts: discovery and creation (Alvarez & Barney, 2007). Our findings show the different styles in forming (i.e., ideation) and exploiting (i.e., implementation) can be in both contexts and can be used together. For example, an enterprise with a replicated model, which we liken to discovery, can exploit the opportunity in two different styles (i.e., cut-and-dried or as-you-go), like discovery and creation theories, respectively. We contribute to this theoretical debate by positing that the tension between ideation and implementation can be managed by combining discovery and creation styles in the different phases.

Third, Boons and Lüdeke-Freund (2013) propose normative requirements for the value proposition of social enterprises' business models where social value creation is central along with economic value creation, with differences depending on whether the idea is new or already exists. Our study theoretically contributes to their work by giving insights into how organizations can implement their value propositions, whether it be cut-and-dried or as-you-go, and the challenges and benefits of those choices.

Our model contributes to the theoretical debate on the social entrepreneurial process. The initial phase in the social entrepreneurship process, in the light of this study, can be viewed as a sequence of steps within the development of the business model that begins with a market-based idea that responds to the societal challenge and ends with a

value proposition for a self-sustaining enterprise (Boons & Lüdeke-Freund, 2013; Perrini et al., 2010). Some scholars have highlighted that during the opportunity exploitation, social entrepreneurs cope with external pressure from different sources (e.g., funders, customers, and/or social needs) at the expense of creating a clear plan (Austin et al., 2006). While this makes social entrepreneurs appear to act reactively to pressures, our study adds that they can be deliberate and structured in their development of the business model as a proactive choice rather than a reaction. First, they define the idea to respond to the social need, evaluating whether it be a newly invented way of doing business or replicating or adapting a model already in place at another organization. Second, the implementation style of that idea depends on the balance the social entrepreneur is seeking between minimizing risk of losing stability while maximizing financial as well as social benefit. Thus, rather than conceptualizing social entrepreneurs reacting to their external environment or stakeholders, our study suggests that social entrepreneurs can create clear structures for growth despite external pressure.

Finally, we agree with Santos and colleagues (2015) that the type of social enterprise is determined by the innovations in the business model. Our study contributes to the theoretical debate by developing a framework for grouping social enterprises together by innovation type, rather than by logics, organizational structure, or mission focus. The theoretical contributions point to the need for a deeper understanding of innovations in the business model to find improved ways of balancing conflicting goals.

3.7 Conclusion

We recognize that our study brings with it certain limitations associated with exploratory case study research. We analyzed the cases in-depth to unpack the dynamics at play in the processes being analyzed. In addition, some might argue that the specific

characteristics of our research setting might influence our results and thus may not be generalizable to other sectors. We believe that by studying social enterprise startups across industries and focusing our final analysis on the local food movement allowed for increased visibility of the phenomenon (Hallen & Eisenhardt, 2012).

This thesis offers practical insights for managers and entrepreneurs interested in starting new social enterprises, in the food sector and beyond. We believe this framework gives social entrepreneurs tools in the initial process of creating an organization and sheds light on the application of innovative business models with social entrepreneurship. Social entrepreneurs have different choices they can make when creating new organizations and developing value propositions. Innovation can be a strong part of the organization whether the idea is new or adapted, and entrepreneurs have agency when it comes to how they decide to implement the idea.

Future research could look further into the combinations of styles in the ideation and implementation phases to understand if some combinations can be problematic or more prone to tensions than others. Taking a more contingency approach, research could analyze whether it is more difficult for social enterprises to be successful when they combine styles. In addition, future research could analyze within-type social enterprises to understand differences in business model innovations.

As the field of social entrepreneurship continues to grow, both in theory and in practice, the ways that social enterprises combine styles to create new organizations becomes a more pressing issue. This study proposes a model of the ways social value propositions are created and implemented. It highlights the drivers that push social entrepreneurs, differentiating between the personal and societal level. It further discusses the difference between novel and replicated ideas for the start of social enterprises. It also unpacks the implementation style found and how that interacts with the idea novelty.

Along these lines, the study provides groundwork for further research in how social entrepreneurs and enterprises manage tensions in the initial entrepreneurial journey to become self-sustaining organizations.

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Appendix: Illustrative quotations from other cases

Rosa Hostel, a pseudonym (Housing, Poland) - Experimental	
Idea novelty	"The idea came primarily from frustration and well - perhaps one could even call it poverty - because the labor market did not really offer any solutions that were satisfying for us."
Implementation style	"We still did not fully know how it all would look like, or how this cooperative would work."
Kalkbreite (Housing, Switzerland) – Developmental	
Idea novelty	"Cooperatives in their traditional way are actually only housing cooperatives. And now we said we have to mix everything together. City itself means that you live, work, consume, shop and also meet at the same place. Most of the cooperatives didn't have that same concept in mind."
Implementation style	"Then everything was clear actually. We didn't have a contract yet but a confirmation and we immediately began to work professionally. Really quickly there were some people who participated actively and canceled their contracts to get fully involved in the cooperative."
Polarstern (Energy, Germany) - Experimental	
Idea novelty	"Perhaps you need new entities, new companies, if you really want to do something completely new. Innovations rarely emerge from established structures, at least not from such a previously monopolistic structure which is rather lacking openness toward innovation. And we realized that and came up with the idea: you know, if you're not doing it, we'll just do it ourselves."
Implementation style	"You have an idea and then you develop a concept and apply for grants. Then you get feedback and you modify your concept. Then you found a business and enter the market. And then you modify your concept. It is a continuous development; the development is happening each single day."

Som Energia (Energy, Spain) - Organic	
Idea novelty	"And then slowly I got in touch with other people who had similar ideas. I also started looking at different types of models in the Netherlands, Germany, the UK."
Implementation style	"Because it's not easy, the coordination is complex. They are volunteers. And if we do something very structured, we cannot ask them to do this, this, and this, because they are volunteers and they will do what they want to do that but because the concept of volunteerism would be lost. And here we need to find the balance to seek how."
Retenergie (Energy, Italy) - Cautious	
Idea novelty	"Clearly we were intrigued by the idea of starting something new, but at this stage this new organization would have had to be based on other principles: no more just a photovoltaic plant, but a new energy management system. This choice represented a step forward from the idea of simply producing energy from renewable sources."
Implementation style	"We have established strict thresholds about how to work and about which technology to utilize, developing an ethical code."

Table 3.2: Illustrative quotations from other cases

Chapter 4: When missions collide

Lessons from hybrid organizations for sustaining a strong social mission[3]

4.1 Introduction

A specialized therapeutic boarding school in Montana, Cocoon (a pseudonym), founded by two psychologists, was devoted to the rehabilitation of teenage girls who were rebellious beyond what parents could control. The girls were afflicted with various problems, such as acting out in unhealthy ways by running away, by engaging in drug and alcohol abuse or promiscuous sexual activities. Cocoon experienced considerable success. Applications increased as its reputation grew. Its successful social mission was based in large part on its narrow focus on a specific set of problems experienced by teenage girls. There came a point when the founding psychologists grew tired of the

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school's management demands such as personnel issues, marketing to educational consultants, and financial accounting, when they were approached by a private equity firm that wanted to take over the school. A deal was reached, and the new manager visited the school and spoke to employees. He told them, "I am a therapist. My company is a for-profit business and we want to make money, but we also want to help families and we don't believe these two goals are mutually exclusive." He reassured employees that things would continue pretty much the same as before.

Within a few weeks however, new pressures were felt. To increase the top line income, more girls needed to be admitted. To increase admissions in the short term, girls with disorders that the school wasn't prepared to handle, such as eating disorders or self-harming behaviors, were admitted. The added diversity and severity of the disorders stretched the model on which the therapy was based and seemed to dilute its effectiveness. New demands also were placed on the education function of the school because newly admitted girls' parents wanted different courses to meet different needs, some of which were outside the teachers' training. There was no budget for additional employees. Adding more girls to the bedrooms reduced privacy, which brought up additional challenges for rehabilitation. The length of time to rehabilitate the girls increased but that was compatible with the profit goal of the private equity firm. Employees uncomfortable with the new profit mission left over the next two years and were replaced with people unfamiliar with the previous rehabilitation focus. The school's distinctive therapeutic competence was compromised in order to increase the business numbers. The social mission of helping teenage girls was diminished by the business mission of making money.

AND1, the sports shoe company, was co-founded by Jay Coen Gilbert in 1993 as a triple bottom line enterprise with goals for profit, people, and planet. Charitable

activities and sustainability were absolutely core to the company's business. The progressive company had a basketball court at the office, yoga classes, generous parental leave benefits, widely-shared ownership of the company, and 5 percent of its profits (around $2 million) donated to local charities that focused on urban education and youth leadership development programs. In addition to their domestic focus, they worked closely with suppliers overseas to ensure high health and safety standards, fair wages, and professional development. By 2001, AND1 was the number 2 basketball shoe brand in the U.S. Around the same time the company was facing hard competition in a consolidating retail shoe industry. After experiencing a dip in sales, the company was faced with their first round of employee layoffs. Not long after, the management team decided to put the company up for sale. In 2005, when the company was acquired by American Sporting Goods Inc., Gilbert was frustrated to see within months of the sale that the new owners took apart the triple bottom line approach that he had worked so hard to establish. Gilbert watched as many of the social and environmental programs that had been put into place, from employee non-financial benefits, local community work, to overseas supplier development, were dismantled and the company began to focus almost solely on profit-driven goals.

These two examples show how fragile a social mission can be in a profit-seeking organization. Both examples also illustrate organizations that are part of the hybrid organization movement, in which a mission-driven therapeutic school took on a simultaneous profit-making approach to sustain themselves and a for-profit business with a strong social mission struggled through an acquisition. The term hybrid organization means pursuing both profit and social missions within a single organization, which can be a challenge for organization leaders.

The purpose of this article is to explore leader actions for keeping a social mission strong in the face of profit-making mindsets. The next section discusses the trend of organizations adopting simultaneous commercial and social goals. We continue with the inherent conflict of pursuing potentially mutually exclusive goals. Then we summarize the evolution of hybrid-type organizations. The article concludes with strategies that organizations can use to find alignment and balance between social and commercial goals.

4.2 The hybrid organization

The simultaneous pursuit of social and profit goals within the same organization has led to the new name: hybrid organizations. A hybrid organization can be defined as an organization that includes value systems and behaviors that represent two different sectors of society in order to address complex societal issues. A hybrid is a financially self-sufficient organization, like a business, while at the same time is creating positive impact on a social or environmental problem. Hybrid organizations make positive societal impact a goal stronger than a corporation's traditional philanthropic activities.

A hybrid organization has characteristics that provide some competitive advantages such as lower marketing costs due to mission awareness and buy-in by clients, improved productivity and increased opportunities for innovation, higher employee morale and retention, and strong talent recruitment. In a survey from 2012 conducted by the consulting company Towers Watson, which reached 60,000 employees at 50 companies around the world, companies that invested more in the well-being of their employees had almost three times the operating margins of companies who invested the least. Millennials now account for around 50 percent of the global workforce and research shows that they look for jobs where they can align personal values with corporate values.

For example, the outdoor gear company, Cotopaxi, says that having a strong social mission has given them a strong advantage, especially as a start-up. First, the social mission is great for recruitment. A month after the company launched in 2014, they received over 300 job applications for a company with a total of 12 employees. Second, the company was warned against emphasizing social benefit at the beginning because of the fear that investors would see the social mission as a liability. They went ahead with a prominent social mission and were able to raise $9.5 million. The company sees this success in raising money as showing that top venture capitalists see a social mission as advantageous.

The pressure toward being both financially viable and socially responsible has pushed both for-profit companies and nonprofit organizations into a hybrid zone, what some are even calling a "hybridization movement" where both social and financial value creation are situated as part of the core business. This movement into a more hybrid-like approach has taken different names, such as shared value approach, conscious capitalism, social entrepreneurship, benefit corporations, and B corporation certification, as explained in Table 1: Key Terms. Although some specific parts of the approaches may vary, they are all focusing on companies creating something of financial value that also has a positive societal impact.

Term	Definition
B Corporation	A private certification issued by B Lab. An assessment of accountability and transparency in social and environmental performance.
Benefit corporation	A legal for-profit entity that includes positive social or environmental goals in addition to profit-seeking goals.
Bottom of the pyramid ventures	Models of doing business by creating products or services for poorer populations.
Conscious capitalism	Include social and environmental issues both at a local and global level. Awareness of the impact of products and services on people and the environment.
L3C - Low profit limited liability company	A legal structure that allows for investment in socially responsible enterprises that are for-profit.
Shared Value Approach	Business practices that increase the competitiveness of a company and at the same time contributing to positive economic and social impact in the community.
Social entrepreneurship	Founding of a new business venture with the goal of tackling a specific societal problem.

Table 4.1: Key terms

4.3 The hybrid's deep conflict

These two missions—financial profit and social benefit—often produce deep conflict, a mission collision of sorts, within an organization. Below the surface of a company's twin missions, there are personal assumptions, beliefs, and values. These are also referred to as the "logics" that people use to give meaning to their daily lives. The notion of logics helps explain where deeply embedded conflicts come from because they reflect the beliefs and values and duties that people attach to work practices and purposes. The divide between social and profit logics typically runs deeper than traditional goal conflict due to the core life values and beliefs involved. The values that created traditional goal conflicts between departments were typically acquired at work based on department

affiliation, while the values that lead to conflict in a hybrid organization are typically brought to work as part of one's life values.

In the case of hybrid organizations that pursue commercial and social missions simultaneously, the two main logics at play are the commercial logic and the social welfare logic which function with very different assumptions as illustrated in Figure 1. The commercial logic focuses on selling products and services for economic gain or profit that can be distributed among shareholders. The obvious primary goal is profit while a social mission would be considered only a secondary means to that end. The structure of control is hierarchical with shareholders making the major decisions around goals and operations. In the logic of commerce, the legitimacy of a company is gained through technical and managerial expertise and efficiency. The commercial logic is taught in business schools and has a strong presence in the business community. A vivid example of commercial logic occurred when pharmaceutical firms came under criticism from customers and the U.S. government for charging high prices. A spokesperson for one firm defended the price increases with: "Our duty is to our shareholders and to maximize the value of products we sell."

On the other hand, the social welfare logic views products and services as merely a mechanism to respond to societal needs. Products and services are by no means primary. Economic resources, including profit, are used as a means to achieve a higher social goal, and are not a goal in themselves. The social logic involves the participation of local stakeholders. Governance in the social welfare logic is democratic. Legitimacy is achieved through contribution and commitment to the social mission. The social logic is partly captured in a quote by John Mackay of Whole Foods, "Just as people cannot live without eating, so a business cannot live without profits. But most people don't live to

eat, and neither must businesses live just to make profits." Hybrid organizations are a nexus where two or more conflicting logics meet.
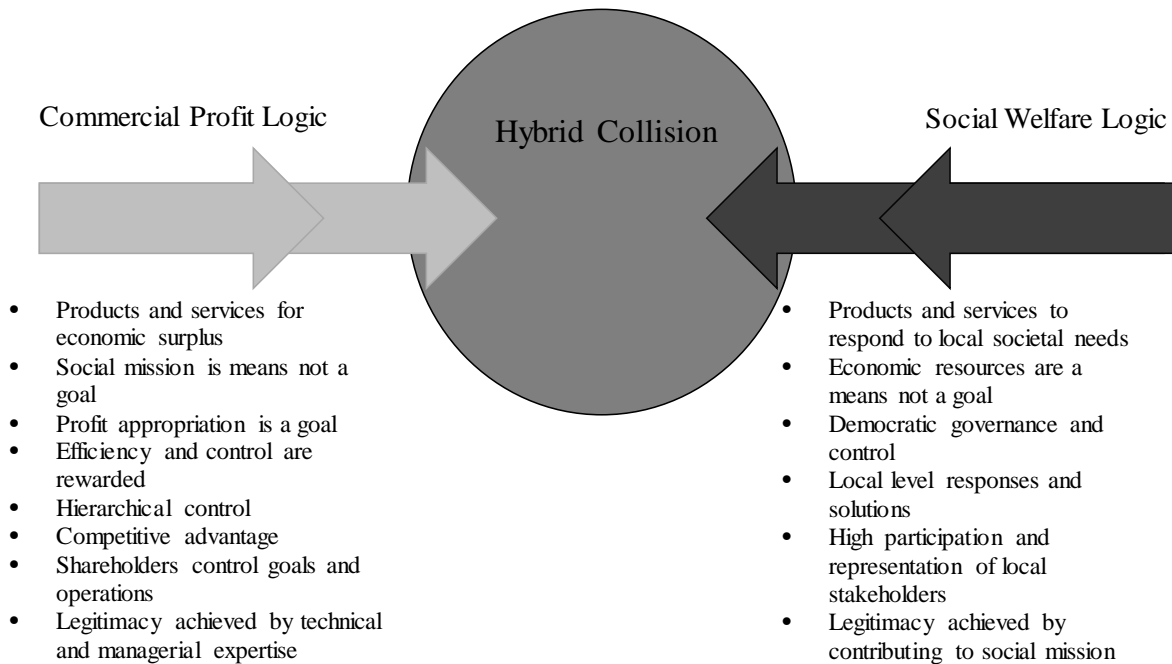
Commercial Profit Logic   Hybrid Collision   Social Welfare Logic

- Products and services for economic surplus
- Social mission is means not a goal
- Profit appropriation is a goal
- Efficiency and control are rewarded
- Hierarchical control
- Competitive advantage
- Shareholders control goals and operations
- Legitimacy achieved by technical and managerial expertise

- Products and services to respond to local societal needs
- Economic resources are a means not a goal
- Democratic governance and control
- Local level responses and solutions
- High participation and representation of local stakeholders
- Legitimacy achieved by contributing to social mission

Figure 4.1: The two logics embedded within a hybrid organization

A recent study looked at loan officer hiring practices at a microfinance institution in Bolivia: BancoSol. Founded in the 1990s as an NGO, it then adapted its mission to be a commercial microfinance institution. When they began hiring employees to be part of their new commercial structure, very few candidates had all the competencies necessary to be loan officers because the loan officer role involved both sides of the hybrid gulf. Loan officers, on one hand, needed to be able to evaluate potential borrowers' ability to repay the loan, to determine the size of the loan, and to collect on loans, all in line with a commercial banking logic. On the other hand, loan officers also needed to be able to interact with people from under-served populations, make regular visits to the communities, and speak local indigenous languages, activities more aligned with a social welfare logic.

BancoSol already had a foundation of employees--social workers, sociologists, and religious workers--who had extensive experience in the social mission. To fulfill the new mission as a commercial lending institution, BancoSol started hiring people with a background in finance, economics, and auditing to counterbalance the strong team that was socially focused. Although all employees went through a structured training program in the organization's mission and activities, a strong schism grew between the two groups of employees. Each side started blaming the other for issues that they felt developed inefficiency and lack of mission focus in the organization.

Dealing with the demands of opposing logics in the same organization and keeping them evenly balanced is a major challenge in hybrid organizations. On a daily basis these logics, both commercial and social, clash. Employees on both sides have their assumptions and principles, both believe their mission is a priority over the other, and yet they need each other to survive. Employees who hold conflicting or even mutually exclusive social identities and values thus are working together within one organization.

A recent study looked at a natural food co-op in the United States called Natura and how the over 2,000 members and employees managed their common identity as "members" while at the same time having a duality of values: idealistic (social justice and ethical products orientation) and pragmatic (growth and product demand/profit orientation). All members saw the co-op as more than a grocery store, it was "a community." But despite the apparent shared beliefs, tensions arose between the idealistic and pragmatic goals. For example, the organization strived to be an "economically efficient business while concerns of quality for people are more important than profit." Yet two cliques began to form around each of these values and defensiveness arose between the groups. Some members aligned with economic efficiency and others aligned with quality for people. The members found that getting to a compromise was difficult

because it meant compromising one's own deeply held beliefs and identity. The opposing values were so deeply ingrained that compromising with the other side was almost like negating one's own essence.

The ease with which these social goals can be overwhelmed by profit goals is illustrated by Ben & Jerry's, the ice-cream manufacturer. Ben & Jerry's was founded on strong social and environmental goals in 1978. Unilever acquired the company in 2000 and, without consulting the independent board, soon after ordered that many of the popular flavors, including Cherry Garcia, be changed: smaller chunks, more air, and changes in quality standards in ingredients. An organization was founded on a strong focus on employee wellbeing, Ben & Jerry's was faced with almost 200 positions eliminated between corporate headquarters and production facilities. Ben & Jerry's was able to keep some of its values, the founders had been quoted after the acquisition "[expressing] concerns that the company has shifted away from its original mission of social responsibility." Many scoop shop owners noticed the change and protested. After receiving no response from Unilever, they started filing law suits. This continued until 2008 when the affected stakeholders were ready to take further action against Unilever and take the issue public. Ben and Jerry themselves were ready to launch a new flavor "Unilever Squash" to draw attention to the issue of Unilever changing the fundamentals of the company they founded. At this point Unilever sat down with the board of Ben & Jerry's and gave them the authority to continue focusing on its social goals. If the conflict had gone public, the brand could have lost its value. Unilever responded in the end to the pressure from important stakeholder groups.

4.4 The rise of hybrids: Filling a new niche

Historically, government agencies and nonprofit organizations tackled societal problems while corporations' main social responsibility was to their shareholders. This division of societal labor made a nice distinction for clear organizational roles. Then, in the 1980s, nonprofits started seeking new ways to find funding, some of which were market-based. By selling goods or services, nonprofits could secure the financial resources to fulfill their social missions rather than being dependent on constantly soliciting donations. At about the same time, the concept of social entrepreneurship arose. The idea behind social entrepreneurship was to start a business with a social purpose— the business side would support the social mission. In 1980, Bill Drayton founded Ashoka as a network of social entrepreneurs with ideas to create systemic social change.

In the social sector even more emphasis on enterprising nonprofits and entrepreneurship continued to develop. Harvard Business School started the first academic program in the field with their course "Entrepreneurship in the Social Sector." And in 1998, the National Center for Social Entrepreneurs organized the first National Gathering for Social Entrepreneurs (which later became the Social Enterprise Alliance).

In 2006, a group of three friends with extensive experience in the private sector wanting to use business to create a better world started B Lab, a nonprofit that certifies companies as B Corporations. The B Corporation certification is a standard of social and environmental performance, accountability, and transparency. B Lab also influences law-making by pushing legislation for a new type of legal structure called benefit corporations – for-profit corporations that have high standards of social or environmental goals, transparency, and accountability. The benefit corporation was first passed into law in 2010 in Maryland and since then 30 states in the U.S. have enacted it into state law. As a move towards creating another form of legal structure, Vermont was the first state to pass

the L3C low-profit limited liability company as a legal structure in 2008. The L3C structure allows companies to focus on social or environmental missions while not maximizing income, allowing nonprofits, individuals, government entities, and private sector companies to invest in social enterprises. Many other states followed suit creating similar legal frameworks for social enterprises.

Over in the private sector of for-profit corporations, the social responsibility of companies began to take on more importance with companies beginning to be rated on their social and environmental performance. Stakeholder theory was introduced that made corporate morals and values part of general organizational management.

In the 2000s, businesses began to look for ways to fight poverty and to be sustainable. The Acumen Fund that invests in businesses that serve the poor was founded in 2001. In 2004, C.K. Prahalad published his book *Fortune at the Bottom of the Pyramid* about new business models for companies to offer products and services to the poorest populations as a way to grow markets and fight poverty simultaneously. In 2006, Muhammad Yunus won the Nobel Peace Prize for his social mission in microfinance with the Grameen Bank.

The shift toward social goals is also illustrated by other statements and actions. Jeff Immelt, CEO of General Electric, stated in 2005 that the company will focus on tackling environmental issues. In 2008, Clorox became the first mainstream consumer products manufacturer to open a non-synthetic cleaning products line after market research showed that customers perceive household cleaning products as the second biggest environmental concern. Procter & Gamble recently announced that it is building a windfarm in Texas that will power all of its home care and fabric products manufacturing plants in North America. Len Sauers, VP for global sustainability at P. & G., said, "People that use our products expect a company like P. & G. to be responsible."

Some companies are incorporating new social or environmental missions into their business while other companies are founded with an intrinsic integration of social missions. These include microfinance organizations (Grameen Bank, Kiva), fair trade movement (Ben & Jerry's, Starbucks, Runa), social enterprises (TOMS shoes, Warby Parker), and companies implementing base of the pyramid ventures (d.light, SABMiller).

4.5 Traditional handling of conflicting goals

Goal conflict has been around a long time but new organizational interests in social outcomes have made these conflicts more intense. With the trend toward including social missions as a core part of the business model, companies are facing the challenges that come along with keeping the social mission afloat alongside deeply held beliefs for profit and economic gain.

The resolution of conflicting goals received attention in long-established studies of organizations. Early research into decision making, known as the Carnegie model, argued that conflicting organizational goals among senior managers was natural and expected. The solution was considered political in nature. Managers would build a coalition in support of specific goals by soliciting opinions, working the hallways, negotiating, and developing support for a specific direction.

Research by Lawrence and Lorsch at Harvard found that major departments in manufacturing firms had different goals for achieving organizational success. An R&D department emphasized goals of new developments and near perfect quality. A typical sales department, by contrast, thought the organization could succeed with its goals of immediate customer satisfaction. Manufacturing departments developed an approach to organizational success that emphasized efficiency over perfection or quick reactions.

Solutions to the goal conflicts found by Lawrence and Lorsch were structural. The idea was to assign roles to integrate the differing goal orientations. Assigning a liaison person, such as brand manager, project manager, or coordinator would facilitate information sharing and compromise across major departments to balance and achieve goals. Task forces or teams with members from different departments could also be used to work out goal differences. A matrix structure was perhaps the strongest effort to resolve goal differences among departments.

These departmental goal differences could typically be resolved in favor of the organization's higher purpose, which was often framed in terms of growth and profit. In recent years, however, with the appearance of new organizational hybrid forms, the conflict inherent within social versus profit goals has become more pronounced in organizations and even more deeply embedded within employee's value systems and hence more difficult to resolve.

4.6 What successful hybrids can teach leaders about sustaining the social mission

With the more and more companies managing social and environmental missions alongside financial ones, organizational leaders are learning to put clear strategies in place to gain balance and alignment. Here are some examples of successful implementation strategies.

4.6.1 Employee buy-in to the social mission is crucial.

The Container Store, a specialty retailer selling storage and organizing products, is a strong proponent of conscious capitalism. CEO Kip Tindell sees conscious capitalism as "the best way to make money." The organization gains buy-in to its social values by paying employees well and treating them with respect, as well as by engaging suppliers

and customers as family. They call their business model, "Business without tradeoffs." They offer employees competitive stock options and train them on the foundational principles of the company. Leaders are transparent to their employees about company finances. Employees feel very connected to The Container Store and company turnover is low compared to the industry average. Always thinking about employee buy-in, Tindell renamed Valentine's Day to "We Love our Employees Day" and managers gave gifts to employees to show that love. "I enjoy making money for myself and the people around me. I'm not saying this is the only way to make money. I'm saying this is the best way," says Tindell, showing how he sees creating benefit for all (employees, customers, suppliers) as the best way to create value for the company.

Many employees, especially younger ones, are looking for jobs where they feel the work is meaningful and goes beyond just making money. The website Change.org, a petition tool for campaigns and causes, sees employees wanting work that is meaningful, a workplace where they can grow professionally, and being surrounded by people they can learn from. Change.org leaders believe that a hybrid organization can offer those non-monetary benefits to employees. They get employee buy-in by hiring sympathetic people and then providing their employees with incentives that can take the form of "lifestyle" investments: flexibility to dictate their own work and work/life balance initiatives (e.g. gym memberships, theater sponsorships).

King Arthur Flour Company, a baking goods and ingredients supplier, has made worker well-being a priority for buy-in of their social mission. Their offices have on-site exercise equipment, offer paid volunteer time for employees, and have a wall full of baking tools to borrow for use at home. An employee-owned company, King Arthur Flour sees profit in their bottom line but no more so than people and the planet. Company

leaders decided that there is more at stake in their core values than solely maximizing shareholder wealth.

4.6.2 Keep the vision alive in the minds of key stakeholders

The challenge for leaders is to drive the vision into the awareness of stakeholders. Employees, investors, and customers all want to know what the company stands for and where it is going. With a clear vision that incorporates the dual logics of the organization, each constituency group can feel that their needs are being met and that the organization makes managing dual missions a priority.

Leaders can voice the vision in various ways. One aspect of a clear vision is an authentic story for customers and employees. Patagonia, the outdoor clothing and gear company, has extended the idea of an authentic story with their Worn Wear campaign where they tell customers, "Don't buy this jacket." Worn Wear started in 2013 to encourage customers to keep their clothes in circulation longer and out of landfills. Patagonia repairs clothing and also asks customers to repair their own. Patagonia has a website for the campaign called "Worn Wear – The Stories We Wear" where customers can submit photos of their worn Patagonia items with a description of where it has been, what memories it sparks, and what story it has to tell. This way, not only does Patagonia have its own authentic story linked to its mission and vision, but its customers' stories are weaved in as well.

Whole Foods Market, the supermarket chain specializing in organic products, has a social mission of changing the way the world eats, considering many of public health problems such as cancer and heart disease are affected by what we eat. Based on CEO John Mackey's personal vision and experience in the 1970s believing that "the co-op movement was the best way to reform capitalism because it was based on cooperation

instead of competition." He says that he "thought [he] could create a better store than any of the co-ops [he] belonged to, and decided to become an entrepreneur to prove it." For Mackey, "making high profits is the means to the end of fulfilling Whole Foods' core business mission. We want to improve the health and well-being of everyone on the planet through higher-quality foods and better nutrition, and we can't fulfill this mission unless we are highly profitable."

One way the company delivers the vision to customers for how people eat is through their own employees. Employees are immersed in healthy living in order to be messengers for the mission. Whole Foods pays for 400 employees a year to attend a retreat for seven days with the goal of improving their health. Employees have financial incentives to score well on health assessments. To help employees influence customers, the company implemented a rating system to highlight the healthiest foods available. Whole Foods keeps the vision alive with their customers by using employees to communicate the vision.

4.6.3 Be selective about the companies you work with both upstream and downstream

One of the interesting findings in organizational research is that organizations tend to develop "institutional similarity" with their significant partners in the same population or value chain. Although the number of hybrid organizations is growing, many of the companies pursuing dual missions are still in the periphery trying to gain market share. They will face subtle pressure to mimic the companies' systems and values with which they do significant business. Hybrid organization leaders should have a clear focus on who they work with that includes customers, suppliers, and employees.

A good example is Ben & Jerry's, whose founders have always felt strongly about its values. They saw their new business as an opportunity to work closely with customers

and suppliers that aligned or who would be influenced to share their social mission. One of the founders said, "We knew we were never going to get 100 percent market share anyway, so we felt it was better to build these very strong bonds with people over shared values." One way they implemented the shared values approach was by encouraging their suppliers to become more transparent about their social and environmental agenda and missions. Choosing like-mined suppliers helped them maintain their value-driven approach.

Another approach toward selectivity is to fill a small niche in the market. CommonBond, a student loan refinancing and consolidation firm, in order to make the buy-one-give-one model work, have focused on a very selective, low-risk segment of graduate students to be able to fund education programs abroad. Just like TOMS shoes donates one pair of shoes to a person in need for every pair of shoes sold, CommonBond finances one year of education for a student in need in South Africa for every degree financed through the organization. CommonBond has been able to show that the student loan industry can have a social mission that makes the brand unique. The founders' goal was to make the student loan process more straightforward and transparent by developing a digital platform that works as a marketplace where compatible student customers and investors each gain value, accessing loans for their education and earning financial return, respectively. The company offers interest rates lower than federal rates by targeting more creditworthy graduate degrees such as business administration to enable the returns to support their give-away program. The smaller niche of low-risk loans to like-minded students from like-minded investors lets the company focus on its social mission.

4.6.4 A few key employees with a balanced mindset can work wonders.

Since hybrid organizations are a relatively new phenomenon, the pool of employees experienced enough to help maintain the balance is relatively limited. The microfinance bank BancoSol mentioned earlier tried to achieve balance by hiring or promoting experienced loan officers from the finance or social welfare sides to help integrate the dual missions. This approach failed because the mindsets of employees were too strongly identified with one perspective and their decisions favored the previous logic with which they were affiliated.

One strategy to deal equally with dual logics is to hire employees with less experience with either mission and hence do not identify so fully with one mission. This type of employee can be trained in balancing the dual logics operating within the organization. While the training costs tend to be high with this strategy, it has the advantage of molding employees in the organization's overall goal and vision.

For example, another microfinance institution in Bolivia, Los Andes, adopted this approach when it came to hiring loan officers. The leadership thought that they could more easily socialize people with little or no work experience into the blended logics that existed at the organization rather than hiring people with either social or banking experience. Previously, loan officers who identified with the mission of financial profit saw enormous risk in making loans and stayed distant from the needs of people who applied for loans. Loan officers who identified with the social mission were close to the loan applicants and wanted to make loans without considering the institution's financial health. Los Andes prioritized learning on the job above technical expertise when hiring new employees and dedicated significant resources to the balanced training program. The leadership stated that only a long-term perspective would ensure the ability to blend the

social and banking logics at the organization. This perspective allowed the organization to create a common and balanced identity among the loan officers and their managers.

4.6.5 Choose the right legal structure

Companies in the U.S. can now incorporate (or re-incorporate) with a legal structure that recognizes social and environmental missions as equally important as financial goals. Benefit corporations, now legalized in 30 states in the U.S., are a for-profit entity that specifies positive societal and environmental impact as well as profit in its legally defined goals. The purpose of a benefit corporation is to create public benefit in terms of a positive material impact on society and the environment. A benefit corporation can choose to prioritize a social or environmental goal over financial benefit and not be at risk of being sued by shareholders. The benefit corporation allows companies to make the social mission a priority in the long-term by locking it into the legal structure of the organization. To become a benefit corporation, the company must include in its charter specifically what it is doing to aid the public and society. The possibility of having a legal structure that protects non-financial goals is something that would have helped AND1 shoes, described earlier, maintain its social programs that were dismantled after it was sold. Another option is the L3C Low profit limited liability company where the organization can emphasize social goals with low profit**.**

Kickstarter, the popular crowdfunding platform for startups, reincorporated this year as a benefit corporation. The co-founders, Yancey Strickler and Perry Chen, want to ensure that the profit logic does not overwhelm the social mission of the platform thereby enabling novel and creative projects to be funded into the future. In addition to this mission, the company donates five percent of its profit to arts and equality causes. The co-founders are clear on their vision of rejecting the idea of Kickstarter being acquired or

going public because they do not want to put the organization in a position where decisions are made that are not in line with both missions of the company.

Other companies, such as Patagonia and Plum Organics, are on the same track. Patagonia's leadership has the desire to continue building a hybrid company that can last one hundred years. They want to continue to be mission-oriented even through succession, changes in ownership, and capital raising. One strategy they have put in place is becoming a benefit corporation that gives a legal standing to the important social and environmental goals. Patagonia's founder Yvon Chouinard stated that through this framework they can "stay mission driven… by institutionalizing the values, culture processes, and high standards put in place by founding entrepreneurs." Plum Organics, one of the leading providers of organic baby and child nutrition products, reinforced its image as a responsible company by reincorporating as a benefit corporation to strengthen its social mission of fighting child hunger. The rise of hybrid organizations, benefit corporations, and B Corps is a clear signal that the idea that corporations exist only to maximize profit is gradually changing.

4.7 Conclusion

The hybridization movement of combining social and profit missions has filled a new niche in society with organizations that can sustain themselves like a business while meeting a social or environmental need. The dual missions in a single organization offer many benefits and one distinct challenge—balancing dual missions that are based on opposite principles and logics. These logics are represented in employee beliefs about the importance of financial discipline and profit versus fulfilling a larger social service mission. People on each side see their own mission as a duty paramount to the other. Traditional means of goal conflict were not designed to handle the depth of these

opposing principles, and the social mission is likely to whither in the face of a strong belief system that favors financial discipline and profit. Organization leaders who can gain employee buy-in for balancing the two missions, who can keep the dual missions alive in the minds of stakeholders, who select like-minded companies with which to do business, and who can place a few key balanced-minded employees will find it easier to maintain equal emphasis on the dual missions. Legal incorporation as a benefit corporation is probably a stronger and more permanent way to support a social mission. Otherwise a social service mission can be kept alive and robust by leaders who are committed to dual missions despite the all-to-often preference for profit missions in the business community.

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Chapter 5: Conclusions and future research

5.1 Introduction

As social enterprises rise as a way of doing business, we begin to see tensions emerging in new ways. Theoretically understanding the nature and management of these tensions is a key part of understanding the phenomenon of social enterprises itself. To contribute to this body of knowledge, this thesis has adopted different theoretical lenses to understand the dynamics behind tensions that might arise within or between social enterprises. In addition, it has also looked at three different levels of analysis (i.e., inter-organizational, firm, and individual) to highlight how tensions can emerge at different levels. The goal in this thesis has been to look at three questions related to how social enterprises manage tensions:

1. How do social enterprises interact with each other within the same industry?

2. How is the initial development of a new social enterprise managed?

3. How can leaders manage the tension between the social and commercial missions within an organization?

This conclusion chapter highlights how the theoretical contributions made by each of the studies that comprise this thesis open space for alternative conversations in the field of social enterprises. It uses Gijsbert Huijink from the Som Energia case, presented in Chapter 1, to illustrate the findings of each chapter. Second, this chapter presents implications for practitioners based on my findings. Third, the conclusions address the limitations of the research carried out. And it concludes with avenues for future research.

5.2 Implications for theoretical knowledge

Social enterprises as a phenomenon have received attention in academic research (e.g., Austin et al., 2006; Battilana & Dorado, 2010; Mair & Martí, 2006; Pache & Santos, 2013; Peredo & McLean, 2006). By combining the desire to contribute to positive social impact with market-based business models, social enterprises can find themselves with conflicting goals, values, or actions creating a strain or tension on the organization (Smith et al., 2013; Smith & Lewis, 2011). To understand social enterprises, we need to better understand the different tensions that these organizations face. Previous work on tensions in social enterprises has focused on the tensions between the social and business missions or logics (Pache & Santos, 2013; Smith et al., 2013). While important, and is discussed in Chapter 4, other types of tensions can arise from the integration of different elements, actions, or goals. Expanding the scope of how we understand tensions can contribute to theoretical discussions about different types of dilemmas that social enterprises navigate (e.g., understanding the nature and management of different types of tensions could allow for explaining why social enterprises fail even though they combine social and commercial missions successfully).

Using the theoretical lens of coopetition, the second-hand-charity organizations nested case study in Chapter 2 allowed for an in-depth investigation into the inter-

organizational dynamics among social enterprises. The findings show that cooperation and competition between social enterprises in the same industry can occur simultaneously, which is commonly referred to as coopetition (Bengtsson & Kock, 2000; Gnyawali et al., 2006). This study revealed that coopetition can range from being more cooperation-dominated to competition-dominated, and occurs at three levels of action: internal upgrade, customer interface, or environment shaping. The internal-upgrade level focuses on internal improvements and operations, on which different social enterprises can compete and cooperate at the same time. Actions in the customer interface level center around managing the various customer groups through maintaining quality standards and boundary conditions, again creating a dynamic where there is simultaneous cooperation and competition. The environment-shaping level is aimed at influencing how the industry works, where social enterprises can also engage in cooperation and competition at the same time. The levels of action move from inward-facing (internal of the organization) to outward-facing (external to the organization). In terms of the current theoretical understanding of inter-organization dynamics, this study contributes to the discussion by analyzing the management of coopetitive relationships. Furthermore, the tension between cooperation and competition may not have a definitive solution per se, but the study of these tensions contributes to understanding how to live with them and, even possibly, to use them as stimuli to grow (Margolis & Walsh, 2003; Smith & Lewis, 2011).

Referring to the case of Som Energia as an example, the cooperative has faced tensions from managing coopetition with other organizations in the energy sector. Although the first of its kind in Spain, Som Energia has spurred the establishment of other energy organizations based on their model. At the internal-upgrade level, although Gijsbert has always been open with other organizations to share their model and lessons learned as a networking action, he still needs to make sure their own business is

sustainable. The cooperative competes in having the first mover's advantage, as trailblazers, and want to continue to leverage that well into the future. One way it engages at the environment-shaping level, is by participating, as a coalescing action, in a larger collective association, the Platform for a New Energy Model, working towards changing the energy sector in Spain. This Platform focuses on energy-saving practices, the proliferation of renewables, increasing efficiency in the energy market, and ensuring continued energy sovereignty. The cooperative plays a key role in this association of organizations which in turn allows them to influence beyond their commercializing and trading of electricity, into areas and issues that affect the sector as a whole. At the same time, the cooperative engages in competition at the environment-shaping level by creating new energy projects separate from themselves, an iconoclasm action.

Drawing on the theories of business models and entrepreneurship, and studying social enterprise startups, Chapter 3 explores the tensions that can exist between two of the phases of the entrepreneurial process: ideation and implementation. This chapter furthers the debate in social entrepreneurship theory by showing that the entrepreneurial journey is not the same for all start-up enterprises and that entrepreneurs have choices in how they handle each phase of the process. The ideation phase, characterized by creativity, high intelligence, and content, can be categorized into entrepreneurs creating a new model or replicating one from another organization in a different context. The implementation phase, with a strong focus on project management skills, ranges from an as-you-go style (where trial and error is the way the organization moves forward) to a cut-and-dried style (where structures and protocols are set up in advance). Depending on how entrepreneurs choose to develop the idea and implement new enterprises, a model of four types of social value proposition creation and delivery. This study responds to Massa and colleagues' (2017) call to understand how the elements of business models differ

when sustainability is at the center. Social enterprises offer a setting where this is more visible. In terms of the theoretical discussions on social entrepreneurship, the model of social value proposition creation and delivery provides a way of understanding how the tension between the two phases can be managed.

Linking back to Som Energia to illustrate this tension, Gijsbert spent significant time understanding how renewable energy cooperatives worked in different countries, such as Holland and Belgium. In the end, the model for Som Energia was based on a cooperative in Belgium – a replicated model. The fact that this model has worked in another country made the team of co-founders feel more secure about starting the cooperative, emphasizing that it was a less risky option than coming up with something entirely new. At the same time, Som Energia has implemented their model in an as-you-go style. One of the governing council members explained, "We wouldn't have been able to do anything if we had wanted to have everything organized from the beginning." The organization developed and grew one step at a time and continues to do so: "As the cooperative and the groups grow we'll need to start strengthening the structure but not impeding it." In this sense, Som Energia fits the organic type of social value proposition creation and delivery. Although having a replicated model can push an organization to have a cut-and-dried implementation style, to follow the model more closely, as-you-go delivery was a better fit to the context and the people involved in Som Energia. The tension between the ideation and implementation in this case was managed by being flexible within an established framework.

Embedded in the theoretical foundations of hybrid organizations and institutional logics, Chapter 4 discusses the deep conflict and tensions between social and business logics in hybrid organizations trying to implement a strong social mission, through the use of illustrative cases. Although dealing with the tension from conflicting goals is not

new in the study of organizations (Lawrence & Lorsch, 1967), the integration of a social mission as part of the core business brings with it challenges beyond traditional goal conflict. While previous work on resolving these types of conflict proposes structural solutions (e.g., matrix structure, task forces), organizations integrating a strong social mission deal with issues that resonate with individuals' core values, and structural solutions may not always work to solve issues at this level. Managing the tensions that arise from the integration of social and commercial logics within an organization is a challenge that leaders are currently facing. This chapter contributes to our theoretical understanding of the phenomenon by identifying techniques from an array of examples showing how to deal with the challenges that arise from these tensions, from more process oriented (e.g., strong vision) to more structural (e.g., legal structure).

In the case of Som Energia, one of the challenges Gijsbert has faced is wanting to find a balance between moving forward and growing (i.e., business logic), while at the same time having members participate and feel included (i.e., social logic). The business logic, daily operations, and sales, are handled by the full-time staff and governing council. The social logic is carried out in two main ways. First, a general assembly is held once a year where all members can participate in person or through video conference. Second, the cooperative set up a flexible structure where members can establish local groups in cities and towns as a way for individual members to contribute to the social mission of the organization by increasing awareness and educating about renewable energy in their communities. In this sense, the cooperative has been able to maintain member buy-in through the flexibility of the local group structure which complements the business logic.

As a whole, this thesis contributes to the current theoretical understanding the nature and management of tensions that arise while integrating elements in hybrid organizing to create new organizational forms or actions. Social enterprises deal with

these tensions at multiple levels (i.e., inter-organizational, firm, and individual), where each level has its own dynamics and challenges. A social enterprise may be in competition with another like-minded organization for customers or resources while collaborating with that same organization on another project. The tension that arises between the ideation and implementation phases of a new enterprise differs from the tension that an organization faces with the integration of the social and commercial missions. The study of the tensions within and between social enterprises in how they integrate conflicting elements allows for understanding this growing sector in more depth building on Smith, Gonin, and Besharov's (2013) work on social and business tensions by identifying and examining other types of tensions that can arise in social enterprises.

The theoretical contributions of this thesis point to important elements that can be drawn from other theories, such as coopetition, business models, and entrepreneurship to open the current theoretical discussions in social entrepreneurship. As Santos and colleagues (2015) have identified, internal tensions and incompatible goals can make social enterprises fragile organizations. Understanding how to manage emergent organizational tensions can contribute to finding better ways of balancing profit and social impact, in general.

5.3 Implications for practitioners

This thesis proposes insights for practitioners in the field of social enterprises and hybrid organizations. As seen throughout the different chapters, tensions can arise from the integration of different organizational elements in social enterprises. Understanding and managing these tensions can be a challenge for leaders and practitioners in social enterprises and hybrid organizations.

First, the thesis addresses the variety of tensions that social enterprises can experience and manage. Tensions can be conceptualized as misalignment between the way things are and the way they were intended to be. While tensions can be difficult to manage due to this misalignment, tension also creates forward movement, new opportunities, and innovative solutions. The tension between the ideation and implementation phases brings about new organizations. The tension between cooperation and competition can influence the environment in which organizations operate. The tension between social and business logics can give room for new ways of doing business that positively impact society.

Second, another approach to dealing with organizational tensions is understanding that they can emerge from the integration of different elements simultaneously. While it might be easier to manage tensions by separating different conflicting elements, practitioners can be faced with managing different logics, actions, and processes at the same time. The dynamics of coopetition found in Chapter 2 shed light on practitioners in social enterprises understanding how to manage cooperative and competitive relationships and actions with the same organizations. If a social enterprise is overly-aligned with the idea that like-minded organizations should cooperate to achieve common goals, being faced with competitive actions from other organizations could create resistance and complicate inter-organizational activities and relationships.

Third, all three studies that comprise this thesis provide practitioners with tools and solutions that can be used in different phases of a social enterprise development and at different levels. The findings and model in Chapter 3 point social entrepreneurs to the multiple choices they have when starting a social enterprise. To be innovative and implement new business models, entrepreneurs can focus their innovation in a part of the business model, such as the ideation or implementation phases. In addition, Chapter 4

describes how leaders dealing with managing the tension between social and business logics can be faced with tensions that are linked to value systems, as social goals are often embedded in one's identity and thus can be a challenge to manage. The tools and techniques presented to manage tensions are related to managing employees, the organization's mission and vision, suppliers and customers, as well as the legal structure. Understanding different levels of action, as described in Chapter 2, is a tool that practitioners may find useful when understanding multiple tensions facing the organization at once.

5.4 Limitations

Although grounded in data and theory, this thesis has its limitations. Case study research has been critiqued for its inability to generalize due to its lack of representativeness. This thesis studies two industries, social enterprise startups and second-hand clothing, in separate studies in addition to numerous cases from multiple industries used as illustrative cases in Chapter 4. The rich and "thick" descriptions that have been gained with the case study method are a fit with the purpose of striving for new insights into the phenomenon to build theory. This pragmatic approach is used to find explanations to actions and dynamics (Cornelissen, 2016). Also, in line with Eisenhardt (1989), this thesis uses multiple case studies across industries and geographies to provide higher generalizability than would be the case with a single case study.

In addition, the findings here make what have been called *petite generalizations* to describe dynamics and behaviors that repeatedly emerge (Stake, 1995). These petite generalizations, since seen across multiple cases by identifying positive and counter examples (Stake, 1995; Yin, 2009) and describing patterns (Cornelissen, 2016; Eisenhardt, 1989), highlight the issue of tensions in social enterprises, beyond the

industries and examples presented here. Social enterprises are a unique research setting to understand how organizations deal with integrating conflicting elements to create a new hybrid form or way of organizing. Qualitative case method has been used here to provide opportunities for vicarious experiences to be created by using personal and rich descriptions (Stake, 1995).

5.5 Future research

This thesis has contributed to current understanding of social enterprises in the nature and management of tensions that arise from integrating different elements in their hybrid organizing. Much work remains to be done to further understand the emergence of tensions at different levels of analysis. Given the qualitative nature of this thesis, future research could test the findings here more rigorously. First, this thesis has looked at inter-organization coopetition to understand how social enterprises interact with each other in the same industry. More research could be done to understand the effects of different types of coopetition on the financial, social, and/or environmental bottom lines. Although the findings here uncovered coopetition at the inter-organizational level, we have little understanding of its effects on organizational outcomes.

Second, more research could look at start-up social enterprises to understand the situational factors that affect the choices made in the ideation and implementation phases of the entrepreneurial process. The social value proposition creation and delivery model presented here extends our understanding of part of the entrepreneurial process, but further research could develop a contingency model to understand when one choice or combination of choices in the ideation or implementation phases works better than another.

Finally, although much research has already been done on the tensions between the social and business logics in hybrid organizations, with the rise of organizations reincorporating as benefit corporations, more research could be done to understand the financial benefits of such changes. A more systematic study could be done on the outcomes of these new organizational forms.

Given the proliferation and rise of social enterprises, both in research and practice, theoretically understanding the dynamics of hybrid organizing in social enterprises can be useful to be able to continue to find ways for organizations to contribute to positive social outcomes while running financially sustainable businesses. This thesis contributes to scholars and practitioners alike in improving our understanding of social enterprises and the tensions they face by considering how these organizations interact among each other in the same industry, how new social enterprises are started, and how leaders can balance conflicting missions.

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