

How partnerships can shape social enterprises' strategies: the case of Progetto QUID

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List of Abbreviations

QUID: Progetto QUID

GECEs: Commission Expert Group on Social Entrepreneurship

WISE: Work integration social enterprise

NGO: Non-governmental organisation

CSR: Corporate social responsibility

SRI: Socially Responsible Investment

ABSTRACT

Title:

How partnerships can shape social enterprises' strategies: the case of Progetto QUID

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The purpose of this thesis is the study of the effect the cross-sector partnering has on social enterprises' strategies. The recent literature suggests partnerships can help social enterprises to scale impact, to sustain profitability and to enter new markets, but the resulting interactions moved by distinctive goals can also push social enterprises to drift away from their mission. The case of Progetto QUID, an emerging Italian social enterprise in the Fashion industry, offers practical insights towards the possible challenges and opportunities deriving from the engagement of different stakeholders, and how a team can manage them. All the data about Progetto QUID were personally collected with the help of Professor Tommaso Ramus in the period between 2017 and 2018. The case study is interesting for the types of partners QUID has, for-profit and non-profits, which stress even more the complexity of managing a hybrid organisation. The presence of these external actors derives from the appealing business model that combines three elements: the social mission through work inclusion, the environmental goal of recovering waste raw materials and the economic dimension, which supports the dual purpose and differentiate them of similar entities.

The case touches multiple aspects aiming to unify some theoretical and empirical knowledge as well as engaging students in this realm that is both growing and consolidating, but which needs further research.

Key words: social innovation, social entrepreneurship, social enterprises, cross-sector partnering

SUMÁRIO

Título:

Como as parcerias podem moldar as estratégias das empresas sociais: o caso do Progetto QUID

Autor:

Marta Ferrarini

O objetivo desta dissertação é estudar o efeito que a parceria intersetorial tem sobre as estratégias das empresas sociais. A literatura recente sugere que as parcerias podem ajudar as mesmas a aumentar o seu impacto social, sustentar a lucratividade e entrar em novos mercados, mas as interações resultantes movidas por objetivos distintos também podem levar as empresas sociais a afastarem-se da sua missão. Portanto, o caso do Progetto QUID, uma empresa social italiana emergente na indústria da moda, oferece conhecimentos práticos para os possíveis desafios e oportunidades decorrentes do compromisso de diferentes stakeholders e com o team podes os administrar. Os dados foram coletados pessoalmente com a ajuda do professor Tommaso Ramus entre 2017 e 2018. O estudo de caso é interessante para os tipos de parceiros que a QUID tem, com fins lucrativos e sem fins lucrativos, que enfatizam ainda mais a complexidade de gerenciar uma organização híbrida. A presença desses atores externos deriva do atraente modelo empresarial que combina três elementos: a missão social por meio da inclusão no trabalho, o objetivo ambiental de recuperar tecidos e a dimensão econômica, que apóia as duplas missões e as diferencia de entidades similares. O caso aborda múltiplos aspectos com o objetivo de unificar alguns conhecimentos teóricos e empíricos, bem como engajar os alunos nessa área que está crescendo e se consolidando, mas que precisa de mais pesquisas.

Palavras-chave: inovação social, empreendedorismo social, empresas sociais, parcerias intersetoriais

I dedicate this work to my mother, who represents the woman I would be. An incredible sense of fashion, an endless willingness to help others and a unique strength to support who she loves.

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Thank you also to Progetto QUID and the great team who collaborated with us offering all the information I needed. Without their participation and help, this would not have been possible

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CHAPTER 1: INTRODUCTION

The climate change, overpopulation, poverty, scarcity of natural sources and more human-made calamities make the urgency of finding new sustainable businesses more visible and pressing daily. The potential solutions go beyond the outreach of corporate social responsibilities, public initiatives or charities. It seems that traditional companies or NGOs are not capable of wiping out social and environmental issues. Whereas, a new trend, the social entrepreneurship, means to merge for-profit practices and not-for-profit objectives to promote a tangible impact on society. The first impressions of social enterprises as ‘soft’ or the myth of being breakable realities have been overcome in the last few decades thanks to the increasing successes all around the world. They are real businesses, which have changed the way of doing business. Therefore, there is a growing interest in the visibility for both social entrepreneurship and social enterprises. Looking at the academic side, more than 500 new articles have been published in the last five years in addition to textbooks and press books. Researchers come from a variety of disciplines and some deal with specific issues, others offer broader analysis to develop proper literature for this field. The faculty interest spread new cases and discussions for the classes of business schools. Many programs, undergraduate, graduate and MBA, are minting to learn further about these organisations both theoretically and empirically. The Harvard Business School illustrates this interest trajectory¹(see **Figure 1**):

Figure 1. The growth of social enterprise initiatives

	1995-96	2000-01	2005-06	2010-11
Cases and teaching notes produced	45	164	360	607
Students enrolled in social enterprise courses or independent projects	71	308	395	600
Participants in social enterprise career program*	20	92	122	221

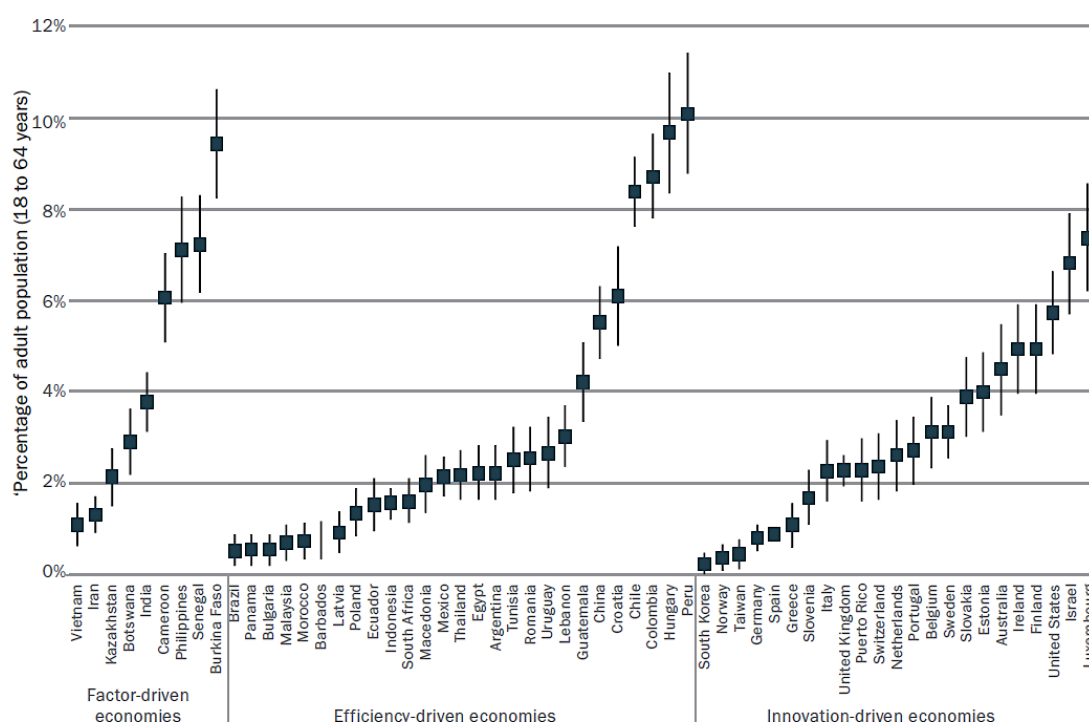
*INCLUDES THE SOCIAL ENTERPRISE TRACK OF THE HBS NEW VENTURE COMPETITION, SE SUMMER FELLOWSHIP PROGRAM, HBS LEADERSHIP FELLOWS, LOAN REPAYMENT ASSISTANCE PROGRAM, SOCIAL ENTREPRENEURSHIP FELLOWSHIP

Source: HBS Social Enterprise Initiative

¹ Source: “The Rise of Social Entrepreneurship in B-Schools in Three Charts”, published February 2013. [https://hbr.org/2013/02/the-rise-of-social-entrepreneu, retrieved May 20th, 2018]

Such visibility also derives from the rising number of European research projects dedicated to these areas. Some examples include the EU’s Social Business Initiative (2011), which intended to spread awareness of social entrepreneurs and their model to inspire others and improve access to finance. More recently, the SEFORIS project² (2016), an international project on a better understanding the role of social enterprises in the EU. Similar initiatives are happening globally (i.e. the creation of the ‘Social innovation fund’ by the Obama’s administration in 2010) if we think about all the conferences or annual awards which support to social entrepreneurs resulting in increasing activities (see **Figure 2**).

Figure 2. Nascent social entrepreneurial activity by economy



Source: *Global Entrepreneurship Monitor 2015*

Social enterprises root their success on positive trends. The employment creation of social enterprises was particularly evident during the crises because they demonstrate a counter-cyclical behaviour. Indeed, in 2010, they employed 14.5 million Europeans accounting for 10% of the total jobs in the EU and 8% of EU GDP. At a national level the data are more encouraging. In France, for example, over the period 2008-2010 the job creation in the private economy registered dramatic decrease compared to social enterprises (+0.8%). In

² Social Entrepreneurship as a Force for more Inclusive and Innovative Societies, Official website [http://www.seforis.eu, retrieved May 20th, 2018]

Belgium, the tendency was indeed stronger (+11.5%), with a peak in Brussels (+25%). In Italy, between 2008 and 2014, the mainstream enterprises lost almost 500 000 workers, while the number of employees of social cooperatives (the equivalent of social enterprises) risen from 340 000 to 407 000, registering a growth of 20.1% (European Commission, 2016).

Furthermore, when compared to traditional organisations, the overall job satisfaction in social enterprises is higher, and wage inequalities are smaller despite the lower salaries (European Commission, 2016).

Their relevance is proven by their participation in many fields and their efficient solutions for a variety of needs. But, the Commission Expert Group on Social Entrepreneurship (GECES) described further contributions. They are key players to enhance social inclusion and poverty reduction, especially considering the humanitarian crises in several countries. Being deeply rooted in the territories facilitate the understanding and the responding to the local needs. Social enterprises operate following a local and community-based economy, which could be a vital benefit for the national policies, often too far from what disadvantage people want and ask. Moreover, they establish a precedent of gender equality which could drive the recruiting and career development policies (GECES, 2016).

Over the past five years, due to their rise, dedicated infrastructure has expanded to serve social businesses. As such, there are new network platforms, events, competitions, accelerators and incubators.

The thesis presents an explorative case study on an Italian social enterprise, Progetto QUID (from here on QUID). The organisation is a work integration social enterprise (WISE) in the Fashion Industry that seeks and trains disadvantaged people for jobs like a seamstress or designer. All the collections are realised recovering waste fabrics from hundred firms in the national territory. QUID sells these clothes and accessories in its stores, but also through partnerships with famous brands that belong to both spheres, for-profit and non-profit. The elaborate network and the recent rapid growth in visibility required an effort in collecting primary and secondary data due to the continuous updates and news. Information, that if not gathered and analysed, would have compromised the completeness and reliability of the case.

1.1 The purpose of the Study

The study focuses on understanding how the social enterprises tackle, engage with and, to what extent, address cross-sector partnerships. The delicate equilibrium between social and commercial objects move the development or the adaptation of strategic solutions to improve

existing internal resources and capabilities. These settlements also intend to preserve the identity independently of the partners involved.

Beyond the creation of social value, social enterprises have to encounter themselves with challenges and problems coming from the external and internal environment in which they play. The study discusses the impact that the relations with partners have on the formulation of the strategies of QUID due to the likely negative repercussions that they can have on it.

The characteristics and the relations with external actors are the reason for the choice of this organisation. QUID is an emerging social enterprise able to leverage multiple partnerships with for-profit and non-profit organisations thanks to its three lengths: social, environmental and commercial making it the ideal setting for the research question.

Intermediary objectives were combined with particular attention to Progetto QUID. But they might provide a better acknowledgement of the diversity in the 'social' context. For instance, understanding the main dimensions of success and the primary sources of risk (i.e. mission drift and moral hazard) for QUID based on the intrinsic attributes of the social enterprise and the skills of its team. Moreover, the three lengths: social, environmental and economic were analysed with a particular attention to the communication and the interest of the stakeholders. This investigation helped to catch possible disagreements, equalities or synergies in striking 'social' and financial support.

1.2 The importance of the Study

Little is known about how social entrepreneurs manage and associate different mechanisms, tools, and approaches while scaling the impact (Peredo & McLean, 2006; Perrini & Tencati, 2006; Short et al., 2008). Moreover, social enterprises are acquiring importance in academic dimension thanks to their unique features. They connect two different aspects, which means they attract who is interested in the social mission and those in making profits. On the other side, it was clarified as these dimensions are in tension. This study aims to contribute to the rising discussion about how these businesses deal with internal and external pressures and with partners to better scale the impact.

Stakeholders motivated by social values are not the only one showing interest on this. Well-known firms are considering it as a 'must-have' (Wickert et al., 2015). In the last years, multinational corporations (MNCs) have started acquiring socially oriented enterprises aiming their corporate social responsibility (in a substantially, selectively or symbolically, based on the grade of adoption) instead of developing it internally.

Another appealing aspect of the dissertation comes from the impossibility to employ any 'ready-to-wear' model for their management (Battilana & Dorato, 2010). Gondo and Amis (2013) say "*Our understanding of what happens within organisations when new practices are adopted remains in a distinctly nascent state*". The study could represent a source of additional information about the strategies and the practices that should or may be implemented to thrive as a hybrid organisation under specific conditions.

The study might also contribute to the discussion about stakeholder theory about the tension between commercial and non-commercial expectations. Various authors suggest that the stakeholder approach remains trapped in a profit-maximisation view of business (Walsh, 2005; Buchholz, 2009; Maak & Pless, 2009). By definition, social enterprises refuse the profit-maximisation objective; therefore, they are a vibrant field to study how theories can evolve in similar contexts.

1.3 The structure & research questions

The dissertation proceeds as follows: teaching case, literature review, methodology, teaching note and references adopting the typical structure of a teaching case study.

The case represents the core of the thesis and it is organized with a short introduction, followed by the history, the growth, the mission and vision of QUID with supplementary details to the people involved in the social enterprise and the surrounding environment. A second part describes the for-profit and non-profit partnerships as well as the strategies that QUID adopted based on its stakeholders and its objectives. They stand the central role in answering the research question and the dilemma that the students should solve. Special consideration is paid to the literature examining hybrid organisations to bolster the case study resolution.

The thesis will contribute to add new knowledge regarding the innovative solutions advanced by QUID to thrive as a social enterprise. The literature review will support and add valuable theoretical insights to the teaching case, or better, to the dilemma faced by QUID.

The adopted methods used to analyse the research question are presented and justified in the methodology section. Finally, the teaching note enhances the case offering more information. The central research question that motivated this study is: How do partnerships shape the social enterprise's strategies? This question intends to study how QUID has chosen and has maintained or changed its partnerships. The partners belong to both for-profit and non-profit sectors. The discrepancies in the stakeholders' interests, orientations and the

following adaptation of QUID in its communication or organisation can lead to misalignments and other problems. Problems that could compromise the identity and the existence of a social enterprise. Additional sub-questions were called in support of the analysis of the case:

- 1) Who are the crucial stakeholders? How does Progetto QUID communicate with them? Which are the main challenges and difficulties?
- 2) How can QUID maximise the value of its partnerships while avoiding mission drift and an eventual 'mission schizophrenia'?
- 3) Should Progetto QUID push B2B or B2C?
- 4) Is the team able to manage and deal with these challenges?

CHAPTER 2: THE CASE STUDY

Progetto QUID: that something more

“I like to define us as a fragile enterprise: we produce an ethical and sustainable fashion giving new life to wasted fabrics and a second change to people with a difficult past.”

Anna, CEO and founder, Progetto QUID (Elle Magazine interview)

It was one a sunny day in the summer of 2013 when Anna, after her experiences in India, Haiti and Bruxelles working to fight some significant inequalities in the world, decided to found a social enterprise, Progetto QUID (from here forward QUID), with five creative friends.

While traditional social enterprises usually have either a social or an environmental mission and sustain it by competing in the market, at the core of QUID, there are both social and environmental goals, making this enterprise extremely peculiar. The double mission, social on one side and environmental on the other, finds its visual and touchable materialisation in a wood clothes peg, which is QUID’s logo (See the **Exhibit 1** in the Appendix). A small object which reminds the importance of their fragile balance and, therefore, keeps together the three main elements of QUID: social, environmental and economic. The two half of the clothespin represents the social and the environmental factors that characterize the mission of QUID. Like a clothespin that can work just the two sides are taken together by a spring in the middle, also QUID can work only if the social and the environmental elements are financially sustainable, so the third, the economic element, is symbolised by the spring in the middle of the clothespin. The logo and the name, in Latin “something”, stands for the extra value that the brand can offer to the customers, commercial and social partners and society in general by combining these three elements.

2.1 Progetto Quid: at the origins of the innovative idea

The idea came from the willingness to develop a project that would create and spread value over time. The initial mission was clear: the empowerment of disadvantaged women, the majority of the employees, offering them a job to improve their living conditions after the suffered abuses and harassments. How? Recovering waste fabrics from large companies and turning them into designer garments, assigning these women the job. The result is the

realisation of eco-chic fashion handmade collections and home accessories, designed in Italy with singular attention to the social and environmental mission. QUID sells them in own stores or stores managed in co-branding with well-known companies of the Italian fashion industry such as Intimissimi and Diesel (See the Exhibit 1 in the Appendix).

This idea has resulted in a new approach aimed at creatively recombining social and environmental impact, in the effort to address both beneficiaries and customers' needs. Hence, since its foundation, Quid had put a great deal of effort to guarantee high quality at a competitive price in the effort to differentiate the brand from other social enterprises competing in the fashion industry. People usually have low expectations for the products sold by social enterprises, seeing the shopping as a mere charity action. Lucia, a member of the team, said this clearly in an interview:

“The goal to have these people as workers is not - I pay you because you are cheap labour coming from Eastern Europe or Africa for a seasonal job, but I chose you, I give you a fair contract, an opportunity that makes sustainable your life and makes you independent. At the same time, we want to produce something that people want to buy and do not buy just for guilty or to relieve them for being born on the right side of the world.” (Lucia, interview)

Since the beginning QUID has positioned as a traditional company with a competitive price – almost like Zara - but adding and ethical value, due to the social and environmental value included in its products. For these reasons, the reality of QUID is disruptive in the ecosystem of the Italian Fashion Industry and has therefore attracted the interest of customers, commercial partners, and the media. Moreover, also the most innovative players of the social sector, such as impact investors and philanthropic ventures have acknowledged the extraordinary capacity of QUID to create value due to the peculiar business model that makes it a unique example of social enterprise in Italy:

“In Italy, if I have to think about social enterprises – not considering the exact legal form -, the only reality is QUID because, from our point of view, QUID can combine well the part of the values with the commercial part and with product dynamics. ” (Philanthropic Consultant, interview)

That was enough to be recognised at European level and win the European Social Innovation prize 2014 among other 1250 projects. According to the EU Quid is an excellent example of social innovation for two reasons. First, for its ability to empower marginalised people but aspiring to high-quality products. Anna explains:

“QUID keeps together several aspects which make it innovative: the aspects of social and environmental responsibilities and the market dimension. These are combined in a way promotes and spread the value towards our beneficiaries and

our stakeholders. The model was recognised at the European level when we won the Social Innovation prize.” (Anna, YouTube interview for Registro.it³)

Second for its environmental position. Instead of being at the end of the process, asking consumers to bring the old clothes at the shop or to recycle them once used, QUID goes to the origin demanding to use what it would be thrown away even before having a life. The benefit that comes from up-cycling top-quality donated fabrics is also an economic one, reducing the costs of raw materials drastically. Additionally, the social enterprise adds ethical value to its products, in this way influencing responsible customers’ willingness to pay.

“We stress the fashion side because we understood the strengths of the stores are the ethical and the social significance. Those who buy know they are buying an article firstly made in Italy, which on a certain public has a great appeal and, secondly, it is a limited edition precisely because we produce by the given and available fabrics.” (Ilaria, interview)

2.3 The growth of QUID: a brief description

The first to grasp the potential of Quid was the Calzedonia Group⁴: the biggest Italian group in hosiery and beachwear for women, men, and children. The Group is present worldwide through its franchising sales network with different brands. In 2014, Calzedonia donated high-quality textiles, eventually commissioning some products and offering some vacant shops in many cities as the selling point for QUID collection.

QUID’s strategy evolved and went through several shifts during the first years, as the social enterprise tried to find the best dimension in the market. Indeed, Progetto QUID has grown fast and achieved impressive results.

In 2013, it had just two employees and €90.000 in profits. In 2015, after two years from its foundation QUID employed 20 marginalised people, achieved the break-even budget and had €500.000 in profits. It had also broadened the collaborations to essential brands, such as Carrera⁵ - one of the important in-house brands of Safilo, the second-largest manufacturer of eyewear products worldwide⁵ and Diesel – an international company producing a wide-

³ Source: “Un nome un sogno: Progetto Quid”, Progetto QUID YouTube channel, published on 20 May 2015, [https://youtu.be/B-LQJ6o7ot0, watched on February 28th, 2018]

⁴ An Italian fashion brand selling hosiery and beachwear, founded in Verona 1987, and with over 2000 shops worldwide (2017). It belongs to Calzedonia Group which also owns Intimissimi, Tezenis, Falconeri and Atelier Emé labels. [https://world.calzedonia.com/custserv/custserv.jsp?pageName=Corporate, retrieved February 28th, 2018]

⁵ Source: Carrera Official Website [http://www.carreraworld.com/en/about.html, retrieved February 28th, 2018]

ranging collection of jeans, clothing, and accessories⁶. In 2016, the employees were already 50; profit 1 million Euro, and QUID had opened four new direct stores in the North of Italy. In the same year, the social enterprise was present at the Social Enterprise World Forum in Hong Kong, with Anna being the only representative of Italian social enterprises. In 2017 QUID counted 80 employees, from 23 to 60 years of age, 7 different nationalities, a lab in the Montorio prison (Verona), 2 million Euro in financial gain, a new e-commerce channel, 10 collaborations with Calzedonia Group (including Tezenis and Intimissimi), NaturaSi, AltroMercato, DeN, Gardaland, Canadiens and others (See the **Exhibit 2** in the Appendix). It also won innumerable prizes and competitions, both on the national and international level, which provided the team with mentorship, networking possibilities, seed capital, and credibility.

Despite this extraordinary growth, Anna was still looking for opportunities to scale the impact of QUID. To achieve its objective, she was aware she had to strengthen the management team, clarify the strategy and work to find new partners. On the one hand, she wanted to catch new commercial associates that will believe and invest in the project and sell ethical products in their distribution channels. On the other side, she was also looking for new social partners to reinforce the processes of reintegration of marginalised workers and keep hiring at least 15 more per year as in the past.

2.4 The team: a social soul and a commercial mind

QUID can count on eight people that can be considered as part of the top management team even if the young foundation and the fast growth stand in need of continuous adjustments in roles and tasks.

As already mentioned, Anna is the President and the founder of the project. She studied Economics and Management of Public Administrations and International Institutions at Bocconi University and Political Sciences at the Sciences-Po University of Paris.

She has been characterised as the champion of the social orientation of QUID, full of energy and an endless source of ideas. Her past is related with the European Commission (EuropeAid) and with many NGOs around the world, she took part in international cooperation and development projects in India (NGO ASSIST) and in Haiti (NGO COOPI). These experiences have influenced the way she supervises the social enterprise. Currently, she is in charge of the training management and relationships with the partners and clients

⁶ Source: Diesel Official Website [<http://pt.diesel.com/en/about-diesel/article-aboutdiesel.html>], retrieved February 28th, 2018]

involved both for-profit and no-profit.

Ludovico is an accountant and auditor with a PhD in Economics and Business Management at the University of Verona. He had gained significant experience in industrial, financial and banking companies progressively covering different roles both in control and management boards. At the moment, he works as a freelancer with a particular involvement in issues related to legal auditing and consulting.

He flanks Anna in the control of the social enterprise. His leading role is based on the financial and administrative areas. The concrete and analytical personality of Ludovico counterbalances the dreamer side of Anna as shown by the following dialogue in one ordinary interview between the two while they were discussing Quid's goals:

Ludovico: "At the beginning with Anna, there were many tensions because I told her the reference logic must be the one of a traditional company since our strong commitment to the for-profit partnerships. But how do we do social? Hiring as many people as possible and giving the opportunity to work with people who either would stay at home with a disability pension or who would be excluded or marginalized."

Anna: "Ludovico, in addition to this that I fully agree, here the work conditions and attention to staff are not of a purely for-profit reality, the fact of taking back a person who twice falls in alcohol and reopen your arms..."

Ludovico: "But it is not the key characteristic Anna...." (Ludovico, interview)

Anna: "Yes... However, in my opinion, it must be filtered the fact of setting it only on the profit side, or rather, only on the business mentality because we have to readjust contextually to those who are the values and the people we have." (Anna, interview)

Anna and Ludovico different understandings of QUID priorities could generate tensions and clashes in the management and the following implementation of their ideas, but from the foundation until today their differences have been beneficial to QUID thrive and have enabled the social enterprise to keep its distinctive peculiarities.

Anna feels the need to always underline the social side internally and externally, with partners and with institutions. Whereas, Ludovico is oriented to 'use' the double mission more strategically based on the interlocutor, even if this means to stress more the competitiveness instead of the social and environmental dimensions. The same attitude of Ludovico can also be observed in Orsola, the person in charge for the production. She is the supervisor, and since her arrival in QUID in 2016 she has built the production staff, and she is taking care of the training of the seamstresses.

"I arrived at QUID a year and a half ago, and there were 14/15 people, but they were doing little things by hands such as little buttons or small accessories. I tried to industrialise the process in the sense of giving them some tools like presser foot

which allow them to work better, less effort but good quality and performance.”
(Orsola, interview)

This approach is due to the Orsola strong for-profit background with 47 years of experience in the textile industry. She started her career as a young dressmaker and then at the age of 24 she opened her own packaging business working for clients such as Benetton and NaraCamicie. The Calzedonia Group saw her talent, and it hired her to monitor quality control and the progress of the plants in Romania and Bulgaria. Later on, she had also the opportunity to work in other factories in Bangladesh and Turkey, where she experienced a completely different way to do business due to the poor conditions.

Orsola could be perceived as detached from the social mission comparing her behaviour and her requests with the others within the enterprise. However, she seems an exclusive resource for the efficiency of QUID under the enlarging growth pressure and competition.

“If Orsola would not have been harsh, if she would not have the control in the working environment, as soon as Orsola turns, the girls take and sew their things. She is probably much more flexible than all the realities where she had been before. In the last months, she has also followed them humanly enough, but she is “stick-and-carrot”, many times she is hard. She does not say - please or thank you - but she recommends with a strong attitude. However, that is what has allowed us to have a seriousness in terms of production.” (Anna, interview)

The creation of the collections is followed by a creator and a designer, Cristina and Valeria. The conception process is offbeat of the traditional one in the fashion industry. They have to develop the product starting from the available fabrics, which might limit the realizable mock-ups. Cristina attended the Fashion Clothing Technical Institute in Verona, and she obtained a specialization in Fashion Designer. During her first experiences, she developed products for large Italian companies such as Corneliani and Byblos. In QUID, Cristina works in the style office taking care to design the collections and together with the other team members to bring them to realisation. She chose QUID for the value generated by the project, and she actively believes in the possibility of scaling the social impact more and more.

Valeria graduated as a fashion operator at the Caterina Bon Brenzoni Institute in Verona. She had worked as a fashion coordinator at Legrenzi Fashion Company, but she decided to obtain a master's degree in Industrial Modelling at the Le Grand Chic Institute in Verona. Before QUID, she held the role of a model maker at the company Le Noà (Garda, clothing production and wholesale). While, now in QUID, she works in the style office designing the collections and making patterns for them. She is also in charge of the product development. Also, in the case of Valeria, the active willingness to be part of this project is evident in the way she works and behaves within the QUID's dynamics.

Marco holds a Master in Development Innovation and Change at the University of Bologna.

He has collaborated on development projects in Peru and USA; in China with the Chamber of Beijing Trade and the MICAM in Shanghai. He is one of the founders, and his role is flexible based on the urgent needs of the enterprise. It is possible to meet him in one of several institutional events around Italy or Europe to promote QUID or to collect prizes. If he is not there, he deals with development, partnership, but especially with fabric procurement and logistics.

On the institutional communication and fundraising areas, Giulia and Lucia were hired recently. Giulia graduated in Sociology at the University of Trento. But, that was not exactly her path. Later she started working at Mood Art Fashion School in Verona organising the academic courses both in Italy and abroad. Since December 2016, she handles the communication and relations with the institutions for expanding the brand awareness or for taking part in contests. Lucia was part of the QUID team twice. She was also there at the beginning of the adventure working just part-time on the fundraising side due to her constraint with her Anthropology studies.

“We started with an Italian ban for Unipol⁷ thanks to which we won € 15,000, and then a bigger adventure was the European Social Innovation Competition that we won in 2014. I have also worked for minor calls, but these marked collaborations that lasted over time, for example, the whole prison project started with a ban.”
(Lucia, interview)

She came back in 2017 after working in several NGOs in London. Like Marco, she may collaborate with Giulia in the communication area or, following the increasing need of money to support the store’s investments, she oversees independently as fundraiser looking for new national and international opportunities. In the last months, her role is taking a specific shape. Participating in bans and competition both nationally and internationally is a central aspect of QUID’s activity. It is not trivial to see a social enterprise in a similar growing phase having this strong tendency and interest towards this kind of fundraising. Nevertheless, this approach derives also from the robust willingness of not having investors as supporters.

The year 2017 has shown the need to have a person in charge of the commercial part and the relationship with the network of partner stores and showrooms and as district manager due to the increasing number of independent stores. Here is why Marta joined the QUID team. She graduated in fashion business at the Marangoni Institute in Milan. Her career started at Franklin & Marshall - an American sportswear famous brand, where she worked on the

⁷ Unipol is the second insurance Group on the Italian market and among the top ten in Europe [http://www.unipol.it/en, retrieved February 28th, 2018]

coordination of production and development of the collection for men, women, and accessories. She then took charge of licensing for the Safilo Group (one of the largest manufacturers of sunglasses and optical frames in the world). The following step was QUID, which was already a well know reality for her due to her thesis.

2.5 The strategy: Double “retrieval of marginality” or just charity?

QUID strategy is defined starting from its very singular mission which, as in any social enterprise, sets the strategic objectives and priorities. It is easy to identify the double mission by reading or listening to the hundred interviews or public pitches promoted by Anna and the team.

“Progetto QUID is a social enterprise that was founded in 2013 with the aim of both the social integration of people working in conditions of fragility and the environment through the recovery of fabrics of inventories. These are used in the packaging of clothing collections that we call ethical fashion, both for the social aspect and for the environmental aspect.” (Giulia, interview)

It seems the social and the environmental mission go hand in hand since the foundation as equally important tools to scale positive impact and achieve the ultimate purpose of giving a job to people who belong to “disadvantaged groups” such as ex-inmates, victims of violence, drugs addicts, and others represents the social core. The Italian law (n. 381, 8th of November 1991, “Discipline of social cooperatives”) defines a social enterprise an organisation in which 30% of the employees are disadvantaged people following some criteria. The same law promotes their employment through some economic incentives and other advantages to social cooperatives. In QUID, these people represent more than the 50%. Moreover, recently the selection of the workers is not just based on these incentives. Indeed, the society believes pushed them to help an increasing number of people who are still not included in this “disadvantaged” categories like victims of trafficking. QUID also decided to employ men in the effort to scale its social impact.

“We have understood the social value as the fact of creating job opportunities for an increasing number of people and this is being realised. I do not mean it as a charity or as a normal company that does philanthropy because otherwise, we would go to take also categories much more productive than these and we would not go to get women victims of trafficking or migrants. They are disadvantaged, but I do not have any fiscal incentives or tax break”. (Anna, interview)

Marginalised workers work together in a protected and supportive environment:

“Today, for example, there was the ‘pizza night’, where we spend a night altogether, or there are similar events, where one brings something, another one another thing

or, again, they help each other here at work, but also outside. This atmosphere cannot be found in other companies.” (Orsola, interview)

The workers are also trained and followed by professional seamstresses and two creative model makers in each step to help them develop new skills and competencies.

“Our employees are trained and supported by experts, who transmit their knowledge to develop new competencies for the future of these people.” (Anna, Progetto QUID Official YouTube Channel⁸)

These marginalised workers manufacture new clothes out from textiles recycled, thus contributing to the environmental mission of QUID. The re-employment of unused first quality fabrics is possible thanks to an exclusive network of selected brands starting from the locals moving to well-known international and national brands, who are willing to give their spare fabrics avoiding the maceration process, which has high negative impacts on the environment.

“Having all these different fabrics that continue to change gives uniqueness to our collections. We use fabrics that others would not use anymore, not because they are poor in quality, but because they are too small in size for the traditional production chain and would risk going to the maceration process, which is very polluting and costly for a company.” (Giulia, interview)

QUID explains its activity with the term ‘up-cycling’ instead of ‘recycling’ because they restore the unused and forgotten fabrics selling them with additional value. Quid business model opens several questions? How are the social and the environmental mission connected? Is it true that the “retrieval of marginality” can be founded in both raw materials and people? Or is the environmental aspect a mere tool to realise the social mission? Ludovico, in an interview, declared:

“We can play on three aspects: social, environmental and economic/commercial, therefore, we stress these three with the partners. However, in the same way, when I speak about one of these factors, there are unique ways to tell it, to do it that have different facets.” (Ludovico, interview)

As shown above, it seems that the social and the environmental mission of QUID are essential important and reinforce each-other but this, of course, increase the strategic complexity QUID has to deal with. Usually, a social enterprise handles a single strong mission, which represents the core of its activities and its behaviours in the market. The double dimension of QUID can be seen as an excellent source of value and a sign of credibility thanks to the managerial ability to manage both.

⁸ Source: “Lo strike di Progetto QUID”, Progetto QUID Official YouTube Channel, published on 31st July 2017, [https://youtu.be/xnkftx_CLgw, watched on April 18th, 2018]

“Thanks to our double mission we are eligible for many channels. On one side the support for women, the empowerment of disadvantaged people, job placement and social inclusion. On the other side, the environmental dimension. These are what attract partners from different sectors and what has helped us to win grants, contests, and prizes. Achieving positive visibility on these aspects was one of the elements that brought us where we are today.” (Giulia, interview)

However, this dual mission could be a ticking bomb quid as it could quickly lead to losing its identity and its scope. Indeed, QUID tends to adapt its communication and its strategy based on who is speaking with. If the stakeholder is interested in the environmental discourse, QUID emphasises how it recovers leftover fabrics giving them another life, how the up-cycling creates benefits for all the stakeholders involved - partners, costumers and QUID itself - the kilometers saved, the costs saving opportunity for the company and the avoided risk for the environment. On the other hand, if the interlocutor works with QUID or buys QUID’s products just due to the social focus, QUID will show its ability and its commitment on giving new opportunities to these fragile people hiring an increasing number every year and enlarging the categories which can be part of the project.

“When we communicate what QUID is, we show the growth over time and what has changed from the beginning to today. Usually, the elements on which we focus are the turnover, the growth of the internal staff, the number of beneficiaries that gradually we have insert, the recovered fabric and the number of partnerships. The focus would be more on the beneficiaries if the social aspect is the interest of the interlocutor, on the recovered fabrics if the environmental mission is the interest or, sometimes, even both. With the commercial partners, we also underline the increasing profits and the sales to be more appealing.” (Giulia, interview)

Moreover, with pure commercial stakeholders, QUID presents and stresses its strategy on being the only Italian ethical supplier with good quality at a low price and its financial sustainability in the last years.

“We functionally adjust the three dimensions following the interlocutor’s interests. I use them as factors that allow me to catch partnerships, commissions or donations.” (Ludovico, interview)

Saying what the speaker wants could require a shift in Quid strategy and not just an adjustment in the communication. As such, Quid might become schizophrenic in its strategising and communication. In this way, it might compromise its performance and also its relations with other partners and clients. Therefore, a possible loss of external credibility may threaten QUID’s capacity to get the support needed to thrive.

“It happened that, at a certain point, the mission was transformed into disadvantaged categories and not just women. As a fundraiser, I have to reset the whole narrative. This changes what we have to communicate to external entities, especially, for example, to the foundations which have helped us exactly for our

focus on women. They could decide not to support the project anymore. We must pay attention to it.” (Ilaria, interview)

Managing these partnerships in the right way is a central matter for QUID to avoid the before mentioned risks and threats. The high number of connections from both the for-profit and the non-profit sectors is also essential to mitigate the possible dependency and to ensure QUID survival.

2.6 For-Profit Partnerships

QUID has several partners both for-profit and non-profit (See **Exhibit 3** in the Appendix). As Anna said in an interview for *Corriere della Sera*, a national journal: “*The search for new partners is endless*” due to the determine the survival of QUID itself.

For-profit partners are fundamental both because they provide the raw materials used by QUID and because they are still nowadays the primary customers of the social enterprise. It means precisely 50% of the total (€1 million, 2017) with commissions of different value (from a small one like Canadiens €10.000 to a bigger one like Calzedonia €700.000).

“The key point that led QUID to grow was the collaboration with the outside, especially the collaboration with the for-profit sector. And to achieve a collaboration with the for-profit, a social enterprise must be known, credible and visible. It is not the only element, of course. We must also create quality products and be efficient as a traditional enterprise.” (Giulia, interview)

The partners that donate spare fabrics are several and often small-medium companies all around Italy. However, some for-profit partnerships exclusively affect QUID because they often represent both suppliers and clients as QUID creates for them the ‘capsule collections’. Every partnership is unique and different according to what QUID receives and what it needs to make for that specific commission. As such, QUID handles with B2B stakeholders for the raw materials and possible collaborations concerning collections. Sometimes the double bold constrains QUID to work as a traditional company regarding quality, times and quantity; but this is extremely challenging due to the fragile people who are still learning and gaining the required capabilities and skills. Orsola, the person in charge of the production, was clear about this aspect:

“Industrialization in the sense of production could never be possible; it will never be a normal company. I can talk about industrialization in the sense of not doing everything by hand and of helping each other with the small available tools. In another company something that can be done in 10 minutes, here it takes almost 20.” (Orsola, interview)

The collections are named with a combination of the two brands often following the same formula “QUID for”. Indeed, QUID strived for being the ethical hand for well-known brands promoting co-branding. From a strategic point of view, the partnerships with these players

are seen as an opportunity to make disadvantaged people, with limited technical skills, work on commissions that are easy to carry out. These commissions are characterised by high volumes at meagre prices and margins and long-term logical uncertainties, but with high impact on employment and the absorption of my productive capacity.

“Our goal is to become a reality QUID for Calzedonia, QUID for Diesel and QUID for other realities. We have the ambition to become the social enterprise that will be the reference for the Fashion industry. For some customers, we must have at least 100 pieces completely equal. But, it is obvious if you take a recovered fabric, usually 50-70 meters, you can realise 20 pieces, which is not compatible with the market. This pushes us to keep the smallest pieces for our stores even if it would be ideal to have more uniformity also for our collections. Just a few partners are willing to sell products in a different material. Therefore, we have to go get the fabrics, which are always purchased in stock to be faithful to our mission.” (Anna, interview)

For instance, Calzedonia Group (also considering Tezenis and Intimissimi), a brand which pays special attention to the incoming trends at a different price-quality ratio, was engaged since the beginning as a supplier and as a client. QUID has realised small accessories for Calzedonia using, for example, the leftover fabrics of beachwear. This partner represents 40% of QUID's profit (2017) with commissions of the value of €700.000. Moreover, Calzedonia helped QUID offering several areas as own flagship stores. The relationship with Calzedonia's foundation is healthy, but alongside Calzedonia is firmly interested in the fiscal incentives that the group can gain working with QUID.

QUID had and has other temporary collaborations. In the beginning, it had one with Diesel through its foundation (Only the Brave, OTB) for the realisation of 10.000 bags, but it represented the only collaboration.

A similar situation occurred with Carrera, which gave up in a while due to the different price target between the two brands, but it becomes a supplier proving help on the management of the e-commerce.

Whereas the collaboration with DeN seems stronger. DeN is a retail chain specialist in denim with more than 50 stores in Italy and e-Shop. Since its foundation, DeN store has always been interested in the creative recycling of the jeans edges that are collected in their stores and has given rise to numerous initiatives with critical Italian companies. This player supports QUID in the promotion and marketing of shared values, in the distribution of the items produced in their network - QUID used scraps of denim accumulated from Den Store's alteration services to make limited edition bracelets - and in the donation of raw materials and fabrics.

Recently, QUID has been collaborating with Canadiens and Gardaland. Canadiens is known for its high-quality sportswear, ski wear and technical equipment for women, men, and

junior. The company contacted QUID based on its dual mission. At the end of 2017, Canadiens was selling the accessories made with Canadiens' leftover fabrics. While Gardaland, the most famous amusement park in North-Eastern Italy, is selling QUID products based on the Made in Italy factor.

The pressure deriving from the recent fast growth and the increasing number of commissions was faced hiring new people without any disabilities to insert them directly in the production line and give them autonomy to do what it is needed.

The bearing of dependency also appears at the managerial level. In the interviews made at QUID, Ludovico underlined the 'impossibility' to say no to new partners or to the conditions that they demand:

"We are hungry for new work. We never say no. Assuming as many people as possible and giving the opportunity to work. Otherwise, they either would stay at home with a disability pension or be excluded or marginalised by the national welfare. So, we have to stay focus on making profits and new collaborations because this automatically translates into more people who will have a job and a salary."
(Ludovico, interview)

In the initial approach with partners and the following communication, QUID doesn't emphasise the commercial aspect because it cannot compete or be utterly efficient as a traditional enterprise; therefore, it is crucial the capacity to communicate the environmental or the social mission or even both successfully. A first possible scenario in which the companies have already their foundations for what is related to corporate social responsibility, the partners will push the environmental focus working with QUID in their marketing campaign to benefit concerning costs and consumer satisfaction. It's different if QUID realises products from stock fabrics. A partner could pretend to underline just the social mission not being sure 100% of what happened before in the supply chain or only because it is profoundly interested in the social purpose.

Whereas, a third scenario is related to whom wants exactly both, social and environmental, asking specifically that the products have to be made by the fragile people and from spare fabrics to transmit an image of being socially and environmentally friendly.

2.7 Non-profit Partnerships

Other cooperatives and associations around Verona help QUID in different phases to scale the impact on the territory (See the **Exhibit 4** in the Appendix). They can be categorised as the 'institutional partners', who are strategically essential to be firmly connected to the social mission. They stress the scalability of the impact, the long-term sustainability, the wealth of

working environment and they emphasise careful planning, consistency, and coherence among all the dimensions. QUID refers to them mainly for the awareness of possible workers, their integration, and their monitoring, and as a source of potential funding for QUID itself or single projects.

Foundations like San Patrignano Community (which aims to share experiences in areas such as marginalization, drug addiction and to spread better and human centred drug policies⁹) or Papa Giovanni XXIII Community (Pope John XXIII, an international association engaged in fighting the marginalization and poverty¹⁰) aid QUID in the finding and hiring disadvantaged people. At the same time, some no-profit partners have a similar role than a for-profit one such as Altromercato and NaturaSI.

Based on the offered help, similar associates are concerned about the inclusion, the environment in which these people will work, but also on the financial sustainability because this determines the existence of QUID and the impact it could create in the long-term. QUID updates them frequently on the situation, the new ideas for the future and the possible problems with an employee. The social mission is what matters for these supporters while the rest is just perceived as a tool to scale the impact.

Players such as Consortio CTm Altromercato (known just as Altromercato) and EcorNaturaSi (or NaturaSi) are also counted, and they are both suppliers and clients.

Altromercato is the first import centre of fair trade in Italy, and the second in the world, concerning the size and the profit with the aim of building its activity just on solidarity economy and responsible consumption. The products come from Asia, South America, and Africa. In Italy, it is also a supporter of disadvantaged manufactures. The operations and the goals of Altromercato make it a socially oriented partner, which has chosen QUID for its dual mission in 2014. As such, the relationship has developed over time with numerous co-branding creations sold through the different stores and channels of Altromercato.

NaturaSi is a more recent collaboration, but it follows the same dynamic. Its activity aims to create value in the organic supply chain serving over a thousand speciality bioorganic shops throughout Italy. This partner declared in an interview (NaturaSi magazine n.16, November 2017) it supports QUID because it can offer something more to its community, clients and partners. Anna also underlined the particular attention of NaturaSi:

⁹ Source: San Patrignano Community Official Website [<https://www.sanpatrignano.com/>, retrieved March 6th, 2018]

¹⁰ Source: Papa Giovanni XXIII Community Official Website [http://www.apg23.org/en/the_pope_john_xxiii_community/, retrieved March 6th, 2018]

“The production conditions with NaturaSi are a bit softer about the price. There were some negotiations and adjustments to reduce our work or to increase the price or to include our garments in their stores. They agreed because they are interested in giving us a hand and having your products.” (Anna, interview)

Due to their structure, their mission and goals they request other characteristics in respect of the products to attract and satisfy their consumers compared to the for-profit ones. Therefore, once again, QUID drives and manage the relationship with them from scratch.

They are more concerned about the double purpose because they intend to convey a comprehensive ethical image about this collaboration starting from who is QUID. The quality of the product, the efficiency in producing it or the competitive price are secondary components which convinced them to be a partner.

However, QUID does not miss the opportunity to underline its economic and commercial value due to the unique and higher ability to be competitive with an appealing product in the market comparing to similar enterprises.

“While for the for-profit world, sometimes, we are the ones who have problems and must delay the deadlines or in any case have to be supported a little more; in the non-profit world, we are the ones that are commercially the most valid. There is still a gap.” (Ludovico, interview)

2.8 QUID’s formula: B2B, B2C or both?

QUID had chosen to be present at different points in the value chain (See the **Exhibit 5** in the Appendix).

QUID obtains the fabrics donations (in stock) from several national and international partners such as the Calzedonia Group, Olimpias, and TBM, which, otherwise, would be throw away due to small imperfections or unused because too old. If the donations are not sufficient, regarding the quantity to realise the models of the collection, QUID will need to buy them in stock. Therefore, the design team develops all the models for the own collection or in co-branding with another company. The prototype will be cut externally, but it will be worked again inside QUID for the final realisation.

The following distribution depends on the final destination of the single product. The main approaches to the market are two. The independent collections are sold in the flagship stores, through the e-commerce or in a selected corner. The co-branding or the products made for a third entity are realised following the requests and the style of that brand and sold through their distribution channels. Therefore, the clients can be categorized into three main groups: big Italian players, multi-brand stores & showroom and final consumers.

The big Italian players - Diesel, Carrera, NaturaSi, and Intimissimi - are clients, which

require a precise realisation of models that will be sold in their stores. As such, QUID must adapt to what is the style of that specific partner - considering the sector which the partners belonged the flairs vary to a great extent - and try to combine it to what is QUID's style.

An alternative option is the multi-brands stores and showrooms, which are still categorized as B2C. This type of approach, combined with the previous one, was the only initial strategy to promote QUID as an ethical hand for well-known brands. In the last two years, the multi-brands stores have offered an excellent opportunity to understand the final consumer's (B2C) awareness of the brand and willingness to buy it. The success of these collaborations has whispered the possibility to open an independent store. Indeed, this choice could overcome the significant disadvantages of the predominant B2B strategy.

“QUID for” was the initial brainwave, so QUID for Calzedonia or QUID for Diesel has seemed to be enough to realise the project and to gain stability over time relying on them and their recognition. However, working with the big ones of the market implies a high dependency concerning the raw materials and commission's conditions. Moreover, the extra value that could be generated by selling QUID's collections doesn't prove to be appealing key factor for most of these players. They have their foundations through which they address social and environmental issues. Therefore, price and quantity, as well as style and marketing, are strongly related to what they want. QUID could lose its own identity over time or even completely compromise its existence in case of an acquisition or lack of commissions. Ludovico clearly stated his point of view pushing for an own B2C channel:

“Every year we try to insert new partners because, strategically, we did not want to have only a strong interlocutor that could compromise the governance of the enterprise. Therefore, we must be good at maintaining the historical partners over time, but open new collaborations with a turnover from 5,000 euros to 500,000 Euros or more.” (Ludovico, interview)

Despite the willingness to collaborate with everyone, the immaturity and the lack of trust in the Italian context regarding the social enterprises could be another good reason to gain their space in the market.

“I don't think we could exclude any possible partner. The important thing is that our people work. I think I checked all the Italian brands, maybe the time is not the right one yet, or they are not ready for collaboration with us.” (Anna, interview)

The product itself is a strong point, as it combines many elements that make it very desirable on the market, especially to whom is more aware of social and environmental issues (See **Exhibit 5** in the Appendix).

These reasons have driven the team to open independent stores aiming for more flexibility, autonomy, and more significant margins. Since 2015, the change in strategy resulted in five

direct stores around the Veneto and Emilia-Romagna regions: Verona, Vallese, Mestre, Bassano del Grappa and Cadriano dell'Emilia. Indeed, QUID is present through 30 multi-brands stores selling “independent collections” – the collections of clothes and accessories, which are designed and realised by QUID itself. In 2018, the B2C should grow more thanks to the opening of stores in Milan and Turin. At the same time, the choice exposes QUID directly to the market, creates new costs, requires new pricing choices, new responsibilities for the management of the stores and a better efficiency concerning the productivity. Orsola underlined these difficulties:

“The complexity is higher. Now we’re selling more so we need to push a little more. We have hired 15 people more in these years to face the request, and it is needful to control more to be competitive.” (Orsola, interview)

In 2017, the client side (B2C) represents precisely 50% of the profits, women with different ages are the target for selling their products and value through its stores or its website. Some of them buy based on their interest in the project, others just for the products. Whereas, the other 50% comes mainly from the partnerships, the multi-brands stores and from awards and competitions.

The new double channel, B2B and B2C, has involved challenges and opportunities, which need a constant new balance for any small swap. As a consequence of the decision, a reorganisation within the social enterprise as to the production and the creation of new required positions like the district manager was necessary. QUID is trying to learn how to manage the new complexity finding strong support in its motivation:

“The fundamental concept is that the external actors should see our continuous growth and, based on real data, understand how we are becoming a reality. QUID aims to be the bridge between various profit companies, therefore, a reference point for the market.” (Ludovico, interview)

Meanwhile, the presence of both is what guarantees the strength of the social enterprise. The pushed pricing and the capital-intensive scheme could be considered a risk sources due to the business to consumer transactions and the lack of experience in this channel, but the relations with B2B can mitigate this threat because it leaves a margin of breath. Despite having less value-added commissions, that spare room allows QUID to concentrate considerably on the people with more difficulties, on whom the social impact relapses. Alongside, it could cause cannibalisation and misunderstanding of who is QUID and who is the partner.

“It could be good to focus on developing the retail channel with flagship, direct or indirect stores to be identified in the market as an ethical fashion enterprise. On the other hand, there are considerable managerial complexities: sale, collections,

schedules, personnel. We are trying to carry on the two things with the idea of diversifying the business and, therefore, reducing the correlated risk. Diversification rather on the target but staying on the same business market being aware of possible cannibalisation.” (Ludovico, interview)

However, it is clear how the debate on which strategy or strategies should be persuaded is still open within the team due to the several advantages and disadvantages deriving from them. It could be too late to go back to the origin focusing on the B2B model, but it could be too early to rely exclusively on the B2C one. Keeping with both sounds the best solution for the present, but could it be the right answer to be financially sustainable in the future?

Each decision was discussed and approved by both Anna and Ludovico keeping in mind the mission, but a well-built balance has not yet been reached. In one of the last interviews, last October, Ludovico talking about the unlike scenarios with Anna said *“We speak different languages, but we have common goals. This is our strength”*. But, considering the future goals, current challenges and opportunities, are Anna and Ludovico the right people to lead QUID? Are the other team members capable of managing these and the future problems?

How can QUID maximise the value of its partnerships while avoiding an eventual “mission schizophrenia”? How does it communicate with them? And which are the main challenges/difficulties? And more, should Progetto QUID push B2B or B2C?

CHAPTER 3: LITERATURE REVIEW

In this the chapter I define the concept of social innovation, its aims, the sources and the different types. Then I clarify the concepts of social entrepreneurship - considering both elements in the concept 'social' and 'entrepreneurship' - and social enterprise due to the lacking general consensus. A theoretical outline of social enterprises as hybrid organisations – variety, qualities, and dares – arranges a meaningful base for the comprehension of these entities. Finally, a specific type of social enterprise (WISE) and its significant problematics are the subjects for the last part. This section facilitates the understanding of the case study.

3.1 A first glance towards innovation and social innovation

There are several global issues which cannot be solved keeping the current approaches through the conventional way to do business. Changes are needed and searched in the way people work, buy, think and live to improve the life quality under several aspects (Cajaiba-Santana, 2014).

The traditional approach defines innovation as a novelty in many forms such as a new business model, a new product, a new market, and even more. The result of its implementation commonly increases the value, either for customers or entrepreneurs/companies or both. While, within the organisational environment, the notions of efficiency, productivity, quality, competitive positioning, market share, and analogous are its potential translations (Lisetchi, Brancu, 2014).

We can find examples of innovation especially in turbulent and uncertain periods (Almandoz, 2012), in which, for example, the resources available are lacking (Battilana et al., 2015) or the regulatory environment changes requiring adjustments (Reay & Hinings, 2009). It is in these situations that innovations are necessary to adapt faster and answer to new markets and society requests (Chen & Huang, 2009; Li & Atuahene-Gima, 2001) through novel products, processes or/and partnerships (Damanpour, 1987).

The impact of these innovations – after the adoption phase – enables to build up capabilities, techniques and an additional knowledge resulting in a possible competitive advantage, thus, in raising revenues and profitability (Ramus, La Cara, Vaccaro, Brusoni, 2018).

The concept of social innovation has attracted the attention among scholars and researchers just recently thanks to its singular characteristics. Some definitions are grounded on several examples coming from the market while others are overly broad lacking a proper clarification. The gap might be partly explained due to the practice-led field side of social

innovation. It means that the conception emerged through the new actions rather than thinking about it in an academic perspective. Another justification comes from the unique shapes in which social innovation looks in different fields and geographic areas. Examples of social implementation will have a distinctive form in a rural area of South American than in an area in Italy considering the local social desires and the specific context.

Some authors perceive the social innovation as *“an urgent task due to the growing gap between the scale of the problems we face and the scale of the solutions on offer”* (Mulgan, Tucker, Ali & Sanders, 2007).

We can find social innovation, which is explicitly meant to have a positive impact on society, in each field. However, it is more likely in sectors characterised by unexploited resources or where the ongoing systems are falling apart (Mulgan, Tucker, Ali & Sanders, 2007; Santos, 2012).

In the last year, these innovations have affected the way of doing business. The demands related to societal expectations might come from activist groups, consumers or employees who want an increased environment or social focus. Other times it comes from the local and central governments applying new laws or regulation to disincentive corporate misbehaviours.

Social innovation might introduce itself as the tool to design and implement creative ways of satisfying social needs and building a more cohesive and sustainable society (Grimm, Fox, Baines & Albertson, 2013). It was even shown how addressing societal issues (selling socially oriented products, offering services or promoting CSR projects) is a good business influencing the sales, the value chain and the image of a company positively (Prahalad, 2004).

The social innovation has forced managers to weigh in the value capture for the company itself against value creation for society (Santos, 2012). Some of them frame these societal demands as a constrains which imply them a decision between profit and social impact. Others see them as a signal to re-think business modes potentially generating a win-win situation (Porter and Kramer, 2011). This century is launching a challenge for these leaders: to align profit and societal impact in their businesses.

The claim was accepted by social businesses hybrids, also called social enterprises - organisations that run commercial operations with the goal of addressing a societal problem, thus generation social and environmental externalities (Santos, 2012). These kinds of enterprises, by definition, are trying to combine the best from both two or more separated paradigms and values system at least until the 19th century (Wilson & Post, 2013). They have

appeared under different forms such as cooperatives or mutual companies being present in a wide variety of domains – such as financial inclusion, marginalised people empowerment, and others (Ruef, 2000). But the blur institutional boundaries between social and commercial categories is what is gaining visibility in the last decades (Brandsen & Karré, 2011; Jay, 2013; Pache & Santos, 2012; Smith, 2010).

3.1.1 Conceptualizing social innovation

Over the years, various definitions have tried to describe the phenomenon, but even today its meaning is vague and ambiguous. It is possible to name five broad use of this term in the following table (see **Table 1**):

Table 1. Five broad applications of the term social innovation

Uses of the term in the literature	Examples
PROCESSES OF SOCIAL CHANGE AND SOCIETAL TRASFORMATION	<ul style="list-style-type: none"> • Role of civil society in social change • Role of social economy and social entrepreneurs • Role of business in social change
BUSINESS STRATEGY AND ORGANISATIONAL MANAGEMENT	<ul style="list-style-type: none"> • Human, institutional and social capital • Organisational efficiency, leadership and competitiveness • Sustainability and effectiveness of non-profits
SOCIAL ENTREPRENEURSHIP	<ul style="list-style-type: none"> • Role of individuals in creating social ventures • Behaviours and attitudes related to social enterprise • Businesses focused on social objectives with any surplus re-invested
NEW PRODUCS, SERVICES & PROGRAMS	<ul style="list-style-type: none"> • Public sector innovation • New products, services and programs • Public service provision by social enterprises and civil society organisations
GOVERNANCE & CAPACITY BUILDING	<ul style="list-style-type: none"> • Interrelationships between actors and their skills, competencies, assets and social capital in developing programs and strategies

Source: Caulier-Grice, Davies, Patrick & Norman, (2012).

One crucial definition was provided by Geoff Mulgan (2006), a leading scholar in this field, *"innovative activities and services that are motivated by the objective of meeting a social need and that are mainly spread through organisations (existing or newly established) whose main aims are social"*. This interpretation suggests two major reflections. Firstly, addressing social needs by producing new products or offering services to build more sustainable and inclusive societies represents a goal-oriented social innovation (Grimm, Fox, Baines & Albertson, 2013). Secondly, it distinguishes between social and business innovation. The former aims to have a positive impact on society, the latter is generally motivated by profit maximization and spreads to profit-making organisations. According to the Forum on Social Innovations, *"the key distinction is that social innovation deals with improving the welfare of individuals and community through employment, consumption or participation, its expressed purpose being, therefore, to provide solutions for individual and community problems"* (Caulier-Grice, Davies, Patrick & Norman, 2012).

However, social innovation can refer to both the means and the ends of an action. Hence, social innovation can also be process-oriented if it takes place at an operational level affecting the way of doing business (Mumford, 2002; Howaldt & Schwarz, 2010). Over the last two centuries, unmet social needs such as labour market integration and access to primary services have been neglected by traditional forms of supplying private markets or not satisfactorily served by services from both the private and the public sector. As such, social innovations enable solutions to satisfy these desires, being also able to improve the living quality of some categories. In details, qualitative objectives can be a better education or better environmental conditions; while a longer life expectancy is an example of quantitative improvement (Oeij, Dhondt, Korver, 2011). Researchers like Mulgan are expecting an expanding trend of social innovation in the next few decades rather than the patterns familiar to the traditional sectors like the IT one (Mulgan, Tucker, Ali & Sanders, 2007).

However, some social innovations are also 'economic' if we look at the cases of micro-finance organisation or fair-trade associations. Therefore, social changes involve also areas like ownership, production, and market for social and environmental goods (Caulier-Grice, Davies, Patrick & Norman, 2012). Often, implementing a social innovation is not new per se, the crucial aspect is the positive impact, the improvement that is spread to a population and its effectiveness (Neumeier, 2012). In this sense, assets, resources, and capabilities which would be wasted, under-used, not used at all or not accessible are the perfect targets for social innovation. These assets and resources might be latent (such as the skills that

communities have at their disposal), intangible (education, finance) and/or physical (materials, physical spaces).

Some alternative definitions combine both orientations – goal and process-oriented considering the process as part of the result, in which social innovation is an end (Grimm, Fox, Baines & Albertson, 2013).

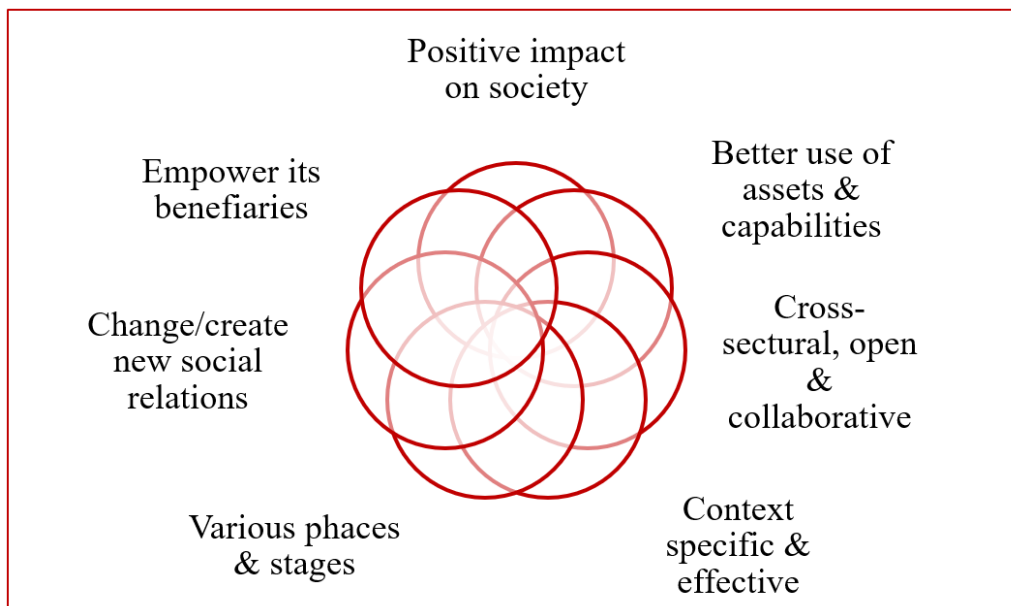
In line with other innovations, there are no clear boundaries for its development. It can take place in both the public and the private sector, as well as in community groups, voluntary organisations, and social movements. Thus, in organisations with lucrative purposes or in non-profit organisations or even between the two (Harris & Albury, 2009; Nicholls & Murdock, 2012). It may involve social processes such as open source methods and techniques, innovations with social aims like micro-credit, as well as it can be applied to social entrepreneurship with innovations in public policies and organisations (Mulgan, Tucker, Ali & Sanders, 2007; Lisetchi, Brancu, 2014).

The expansion of social innovation has been an almost exclusive concern of non-profit organisations or initiatives from individuals. However, there are signs of a growing involvement of existing lucrative businesses as well, in an attempt to implement their corporate social responsibility strategies and of hybrid organisations, which are offering exciting and incumbent new realities (Mulgan, Tucker, Ali & Sanders, 2007). Mulgan (2007) points the interdependency between the innovator and the environment in which they are working: *“social change depends, in other words, on alliances between what could be called the ‘bees’ and the ‘trees’. The bees are the small organisations, individuals, and groups who have the new ideas and are mobile, quick and able to cross-pollinate. The trees are the big organisations – governments, companies or big NGOs – which are poor at creativity but generally good at implementation, and have the resilience, roots and scale to make things happen.”*

In a broader view, social innovation involves a wide range of actors often resulting in changing relationships. New forms of governance, new and more effective ways of collaboration, inclusion, and participation of marginalised and/or under-represented groups, or a complete shift in the relationship (creating new roles that enhance the beneficiaries) are typical outcomes of ‘social’ implementation.

From the literature review, many items have emerged, which are summarised in the following figure (see **Figure 3**):

Figure 3. Common elements of social innovation



Source: Personal elaboration

The social innovation places itself in other fields of studies such as organisational, territorial, environmental, political, and entrepreneurial. The last one is important for the further discussion. Social innovation in all its forms and attributes has long interested some entrepreneurial scholars, who have unified it with social entrepreneurship (Bull, 2008; Ridely-Duff & Bull 2011).

3.2 Social Entrepreneurship

"Social entrepreneurship is about people starting any initiative that has a social, environmental or community objective."

Siri Terjesen (Professor at American University, interview¹¹)

A common root states behind the terms 'entrepreneurship' and 'enterprise' – the old French *entrepris* (e), the past participle of *entreprendre* and the German *unternehmen*, both means literally 'to take', from which the English language has derived the modern term with a substantial relation to accepting a challenging task (Peredo, McLean, 2006).

¹¹ Entrepreneur magazine, (2013). "The Findings of This Massive Global Social Entrepreneurship Study Will Surprise You", [<https://www.entrepreneur.com/article/276875>, retrieved April 28th, 2018]

However, it is necessary to highlight the first distinction between them. The former usually emphasise the purpose of the social business, while the innovative processes and the activities themselves represent the critical aspect for the latter (Luke, Chu, 2013).

Even if it seems to be these terms were developed and studied just recently, the social enterprise as a concept is old more than a century (Dart, 2004). The social entrepreneurship is more recent dating around the 1900s (Waddock and Post, 1991) compare to the foundations of its field.

3.2.1 Theoretical considerations

Several forms of social entrepreneurship, not just the one beyond the non-profit sector (Austin, 2006) are an appealing topic for media, public officials, universities and other entities. Some are inherently fascinating and attracted to what, how and why social entrepreneurs are doing what they are doing was the first attracting point. Later on, the success and the results have proved that something new was happening next to the traditional way to do business.

The social entrepreneurship is rooted in the 'traditional' entrepreneurship, which emphasises opportunity identification (Shane, 2003), innovation (Burgelman, 1983; Drucker, 1985; Schumpeter, 1934; Sharma and Chrisman, 1999) and risk (Kirzner, 1979) as pivotal dimensions. The legitimation comes when innovation generates effective outcomes, innovation is fundamental to social entrepreneurship, the heart of entrepreneurship, irrespective of the context - public, private or third-sector organisations (Drucker, 1985).

The most commonly quoted definition grounds on five factors: adopting a mission to create and sustain social value, recognising and relentlessly pursuing opportunities to fulfil that mission; engaging in continuous innovative, adaptive and learning processes; acting boldly without being limited by resources currently in hand; and exhibiting a sense of responsibility to the beneficiaries and clients and for the outcomes created offers (Dees, 1998). But this explanation has lacked a detailed meaning for what is social and has excluded the possibility of engaging in any income generation ventures entirely (Peredo & Mclean, 2006).

The term social specifies the whole field as an umbrella concept including both the individual social entrepreneurs and the social enterprises (Nicholls, 2006). The recent boom of interest makes the phenomenon a perfect topic for academic inquiry where theoretical and practical contributions are still needed.

Many interpretations of social entrepreneurship underline the ability to leverage resources to tackle social problems, even if it is still missing a consensus on this generalisation (Zahra,

Gedajlovic, Neubaum & Shulman, 2009). We could designate a range of explications from broad to narrow. In a comprehensive perspective, some scholars prefer to define it as the activities of conventional entrepreneurs who practice corporate social responsibility (Baron, 2005; Young, 2001) or as outcomes of philanthropy (Reis & Clohesy, 1999; Van Slyke & Newman, 2006) and social innovation (Bornstein, 2004). There are examples in both for-profit and non-profit sectors, but also across them – a mix of for-profit and non-profit approaches (Dees, 1998).

If social entrepreneurship refers to a process which has been used by government or nonprofit organisations to apply business principles and market-based skills (Reis, 1999; Mort, Weerawardena & Carnegie, 2002; Thompson, 2002; Austin, Stevenson & Weiskillern, 2006; Sharir & Lerner, 2006). Or, if it refers to as a sustainable venture with the aim of social value generation (Emerson & Twersky, 1996; Robinson, 2006), we are defining it a narrower way. A similar statement was revisited arguing how social entrepreneurship is different from commercial entrepreneurship, charity – NGOs – and governments. In fact, *“social entrepreneurship is about exploiting opportunities for value creation that were neglected by other institutional actors. It is also about facilitating the dissemination of the solution so that others are compelled to adopt it as well”* (Santos, 2012).

Still, a final approach has been promoted based on the primary mission and outcomes of the movement, the social value creation by providing solutions to social problems. In an interview, Porter declares the social entrepreneurship is the first transitional vehicle toward the share value creation and, at the same time, a capitalist system where the social needs are the core aspect of a business (Driver, 2012). Considering the ongoing tendency toward the shared value creation, *“which involves creating economic value in a way that also creates value for society by addressing its needs and challenges”* (Porter & Kramer, 2011: 64), social entrepreneurship is a different concept from corporate social responsibility. In the same interview, Porter stresses how this brings a new sensibility towards tools and attitudes to scale the impact.

Also, the geographical origins may lead to different approaches in defining the concept, especially in the North American and European schools of thought. These dissimilarities in the social entrepreneurship approach are due to varying conceptions of capitalism and governments' role (Bacq & Janssen, 2011).

Even missing a unanimity across all definitions, the social value generation is the universal aspect which can be picked out. Indeed, the commitment to proving social value is what marks and differentiates social from other forms. Whereas, all the characteristics that can be

mentioned are elements that might be had to a greater or lesser degree or be in common with other disciplines (Peredo & McLean, 2006).

The movement [of social entrepreneurship] typically results in something new rather than in a mere replication of existing enterprises, practices or products (Austin, Stevenson, Wei-Skillern, 2006). Based on this, Luke and Chu (2013) state another definition “*social entrepreneurship is an entrepreneurial activity undertaken for a social purpose, changing the way that social needs are addressed. In contrast, social enterprise represents a business established for a social purpose, to create positive social change*”. This additional idea explains the usual result of social entrepreneurship: a social enterprise. This shows a variation from what is usually taken for granted in the whole entrepreneurship field. Entrepreneurship, social and not, is exercised by an individual, but as well as by a team or a group of people (Thompson, 2002). Peredo et al. (2003, 2006) add it is possible to experience situations in which a community act collectively towards a specific activity with a social purpose sharing and/or splitting roles, “*which is plainly social in many of its aspects*”.

The social problem being addressed itself, and therefore, the decision of the specific organisational form in terms of hybrid organisation enterprise should be based on which format would most effectively mobilise the resources to realise the mission. As such, Ridley-Duff and Bull (2011) state the term ‘social enterprise’ is used “*by a growing number of activists, entrepreneurial organisations and government officials as an umbrella term for any form of organisation that innovates or trades for a social purpose*” (2011: 1). However, it should be explored deeply the area of specific potential benefits of social entrepreneurship beyond the common ones related to the community and the social impact.

The significant notions, detailed previously, are summarised in **Table 2**, which highlights the dissimilarities among the non-profit organisation, for-profit organisation, governments, social enterprise and social entrepreneurship.

Table 2. Dissimilarities among Non-profit, For-profit organisation, social enterprise and entrepreneurship

	NON-PROFIT ORG.	FOR- PROFIT ORG.	SE	SOCIAL ENTREPRENEURSHIP
IDENTITY	Associations	Business with an economic purpose	Business with a social purpose, commercial activity	Innovative and commercial activity with a social purpose (Luke, Chu, 2013)

OBJECTIVE	Pro-social mission	Economic “mission”	Social mission and financial sustainability	Creating and spreading positive change through innovative products, services and/or processes (Bornstein, 2004)
OPERATIONS/ NORMS	Charity role	Business-like approach	Business-like approach, formal, and informal transactions, collaborations	Social activities with a focus on innovation
FUNDING	Grants, donations	Revenues	Mix of grants and self-funding	Financial gains, recognition, reputation
DOMAIN	Mainly third sector	Almost all sectors	Mainly third sector	Public, private and third sectors (Thompson, 2002)
LEGITIMACY	Addressing social needs through the reallocation of donations	Wealth generation	Addressing social needs through a commercial activity	Social innovation, increasing efficiency, effectiveness in social needs

Source: Personal re-elaborated version from Luke & Chu (2013) and Santos (2012)

Recently, the pure tautology of the word ‘social’ in this field has been overcome in favour of a new focus on value creation and value capture (Santos, 2012). Considered a specific activity, the value creation is the increasing aggregate utility of a group net of all the opportunity cost of the resources used in that activity. Value capture is the portion of the value created – after all the expenses – which belongs to the agent (Mizik & Jacobson, 2003). The shift from the simple dichotomy between economic and social value allows overcoming some methodological obstacles such as the difficulty to test empirically the theories and the normative judgements about what is social and who are the subjects that deserve help. The organisational choice between value creation and value capture is a trade-off, which requires specific alignments to ensure the right stakeholders perception. Therefore, the predominance of value creation versus value capture makes social entrepreneurship unique in comparison with other fields (Santos, 2012).

3.3 Social enterprises as hybrid organisations

In the last decades, the research has been focused on defining what a social enterprise is and what makes it different from traditional businesses and not-for-profit firms. It characterised

by unique features due to its multi-faceted mission and the peculiar stakeholders (Battilana & Dorado, 2010; Battilana & Lee, 2014).

The organisation exists for a social purpose, but it engages in trading to fulfil its mission. The use of market-based techniques is justified through the achievement of societal impact (Talbot et al., 2002; Barraket et al., 2010) or, in other words, “*organisations that seek to address complex social problems through business ventures*” (Ramus, La Cara, Vaccaro & Brusoni, 2018, p. 1). For these attributes, they are defined as hybrid organisations with “the dual mission of financial sustainability and social purpose” (Doherty et al., 2014, p. 417). Even if hybrid organisations are widely considered being more prevalent today than in the past (Battilana, Lee, Walker & Dorsey, 2012), the adjective ‘hybrid’ still has various definitions. It could refer to their existence and their blur extension among institutional boundaries (Brandsen and Karré, 2011; Jay, 2013; Pache and Santos, 2012; Smith, 2010) and among several fields (Ruef, 2000). Nevertheless, a collective agreement was reached on the facts that hybrid organisations (1) seek multiple and conflicting goals, (2) involve a variety of stakeholders and (3) employ in divergent activities (Mair et al., 2015).

Since their onset, many definitions of social enterprise arise reflecting multiple points of reference. In the literature, for example, the importance of resource sharing was the first approach to define them (Borys and Jamison, 1989; Powell, 1987), later on, the idea of service orientations and clientele combinations offered another insight (D’Aunno et al., 1991). While, more recently, other scholars added new perspectives. On one side, a social enterprise is an example of a hybrid organisation “*whose goals is to achieve a social mission through commercial activities*” (Pache & Santos, 2013, p. 972). On the other, it goes beyond the common practices integrating the social welfare in the organisation’s core (Wry & York, 2017).

The pursuit of sustainability – social and/or environmental – assumes a central position in the business model making them unique (Boyd et al., 2009).

Nevertheless, this uniqueness is noticeably a source of conflicts and tensions (Pache & Santos, 2010; Battilana & Dorado, 2010; Jay, 2013; Pache & Santos, 2013).


A possible question might arise on the newness or not of the concept itself moving to their role in the capitalism as a new model and, perhaps, more advanced or just a temporary reality for the present issues. Some argued it is just a renovation of the common Non-profit Organization emerging from this background (Dart, 2004, p. 412; Luke & Chu, 2013). Whereas, the scheme paved the way for adopting a strategic approach to achieving the

mission, which was never taken into consideration before (Battilana, Lee, Walker & Dorsey, 2012).

The achievement of the mission can be implemented in various forms considering the sector and the unique characteristics of that single social enterprise (Luke & Chu, 2013). As such, comparing to the traditional business, it is more difficult to generalise theories and ethical practices. Chell (2007) seeks these organisations must be *‘thoroughly entrepreneurial’* as well as the teams who lead them, which stands for employing their resources strategically to thrive, especially financially. Indeed, the influence of administrative leaders, board member, and all the possible internal stakeholders was highlighted in several studies (Besharov, 2014; Almandoz, 2012). But, it should not be forgotten as they interact with the external stakeholders (Ramus & Vaccaro, 2017; Tracey, Phillips & Jarvis, 2011). They affect the practices and processes designed for the social impact and commercial performance and may determine the legitimacy of an organisation.

The financial sustainability to guarantee a profitable performance could be reached following several models. A sort of social enterprises discourages wealth generation, which results in complete dependence on philanthropy and donations. Others, as it was said, rely on commercial activity to avoid precisely that dependency. While, others combine both, particularly in the first early phase. As such, it is possible to position social enterprises along with the spectrum from the purely philanthropic to the strictly commercial (Dees, 1998; Tracey et al., 2004) – (See **Table 3**).

Table 3. The social enterprise spectrum

	Purely Philanthropic		Purely Commercial
Motives,	Appeal to goodwill	Mixed motives	Appeal to self-interest
Methods, &	Mission-driven	Mission & market driven	Market driven
Goals	Social value	Social & economic value	Economic value
Beneficiaries	Pay nothing	Subsidized rates or a mix of full payers & those who pay nothing	Market-rate prices

Capital	Donations & grants	Below-market capital or donations & market-rate capital	Market-rate capital
Workforces	Volunteers	Below-market wages or a mix of volunteers & full paid staff	Market-rate compensation
Suppliers	Make in-kind donations	Special discounts or in-kind & full-price donations	Market-rate prices

Source: Dees, 1998; Tracey et al., 2004

Assuming what Chell said, he also examined if it would be possible to apply the same definition of “entrepreneurial behaviour” on social enterprises as we would do to an economic one. This statement may be argued considering the higher pressure on the social entrepreneur to create value due to the necessity of meeting the so-called ‘double, or indeed triple, bottom line’ and to survive in the long run due to the limited resources. Although both the double mission is inherent to social enterprises (Certo & Miller, 2008), research to date has specifically focused on the importance of dominant social mission from a theoretical perspective, which is largely taken for granted considering the ‘economic’ simply a framework condition. As such, Mair and Marti (2006, p. 39) made know: “*The main difference between entrepreneurship in the business sector and SE lies in the relative priority given to social wealth creation versus economic wealth creation*”. In the same direction, Renko referred to ‘Social Entrepreneurs’ as individuals “*who establish enterprises primarily to meet social objectives rather than generate personal financial profit*” (Renko, 2013, p. 1045).

Also, previous contributions have continued in the same direction underlining both the importance and the uniqueness of combining social and economic missions. Mainly, I refer to the notions of bricolage (Di Domenico et al., 2010), identity formation (Battilana & Dorado, 2010), franchising (Tracey & Jarvis, 2007), and choosing organisational form (Townsend & Hart, 2008).

Moreover, the analysis of entrepreneurial behaviour is incomplete if it does not include the role of social capital (Kwiatkowski, 2004). Combined with the personal networks, the social capital is fundamental in the accomplishment of chance (Chell & Baines, 2000; Granovetter, 1973). The following development may partially depend on whom the entrepreneur can rely on and collaborate with (Kent and Anderson, 2003): the choice of personnel, advisers, and partners to move forward confides in his or her social and emotional intelligence.

At the same time, the condition of being on a fine line, between achieving their social mission and living up to the discipline of the market, makes social business fragile organisations. As such, there is a broadly accepted notion that social enterprises face additional challenges in comparison with ventures operating in one particular sector or with a unique mission because they need to reconcile diverse viewpoints (Courtney, 2013; Martin & Thompson, 2010).

It happened already that some organisations prioritized the financial performance with dramatic consequences for the beneficiaries that they were supposed to serve (Polgreen and Bajaj, 2010). On the other hand, neither prioritizing the social performance resulted in a success. As such, the business model may be unable to guarantee the survival and the growth, producing as well potentially negative consequences for beneficiaries.

3.4 The business model of hybrid organisations

The first innovative aspect looking at the business model - defined as the combination of resources and activities that allow an organisation to create, deliver, and capture value (Zott et al., 2011) – of a hybrid organisation is the break with the traditional customer-beneficiary dichotomy. The services and products provided produce a social value (Battilana et al., 2012); therefore, the consumers are not considered as pure customers either as simple beneficiaries. Indeed, once consumption yields both revenue and social value, customers and recipients may become indistinguishable (Battilana et al., 2012).

They exist in all sectors, including education (e.g. the Khan Academy, which develops low-cost online training), micro-finance (e.g. the Grameen Bank, which promotes commercially viable models to give financial access to poor people), and the environment (e.g. South Pole Carbon Ltd., which is the global leader for developing emission-reduction projects). Typically, they tend to be micro or small to medium size, but theoretically, there is no limitation regarding the size. Moreover, it is easily possible to find them in both the developed and developing world (Santos et al., 2015).

A first classification hybrid divided the hybrid organisations into three distinctive groups, according to their field of activity (Hockerts, 2015):

1. **Work Integration Social Enterprise (WISE)** represents the first group. Their scope is bringing individuals, usually at risk of permanent exclusion, from the labour market back into employment. These organisation give a stable income to improve their living conditions and not continually depending government support. Some examples are Specialisterne

(which offers IT services employing individuals with Autism Spectrum Disorder) or and Bybi (which employs to formerly homeless and long-term unemployed people).

2. **Base-of-the-Pyramid (BOP) organisations** provide essential products at an affordable price to poor customers who would otherwise not have access to them (Angot and Plé, 2015; Nielsen and Samia, 2008). Possible examples are Ruby Cup (through a menstruation cup made of silicon, they address the lack of menstrual hygiene among low-income women in Africa) or LifeStraw (which offers a hollow straw with a filter system inside to reduce the risk of waterborne diseases in low-income countries).

3. **Fair Trade Hybrids** are focused on manipulating trade relations, creating income for marginalised producers by charging premiums to conscious consumers. Examples are Just Business (a for-profit company aiming to change the perception of fair trade products in Denmark) or Bangura Bags (which makes and sells laptop sleeves with old bicycle tubes collected in Sierra Leone, where they want to finance a hospital).

The business model is particularly important for these organisations because it allows to better focus on these competing goals and balance the risk of mission drift with the financial insolvency. In this sense, a substantial alignment between profit and social impact and a relatively simple value chain can be a crucial point to be sustainable in a long-term perspective (Porter & Kramer, 2011).

It looks evident now how the hybrid business model is distant from both traditional business models (Haigh & Hoffman, 2012) and dominant ideas of corporate sustainability. To familiarize with these factors, the **Table 4** states the three fundamental drivers and their implications (Haigh & Hoffman, 2012; Haigh et al., 2015a; 2015b):

Table 4. Drivers of a Hybrid Business Model

ACTIVITIES	IMPLICATIONS
<p>Driving positive social/environmental change as an organisational objective</p>	<ul style="list-style-type: none"> - a socially and environmentally embedded mission for their operations, goods and services; - longer time horizons than traditional for-profit business models for slower and more autonomous business development; - positive and engaged leadership, that through a participative or transformational style, enact the mission values

<p>Creating mutually beneficial relationships with stakeholders</p>	<p>Hybrids forge close ties with stakeholder, by renewing the prosperity of local social-environmental systems, while these systems, in turn, provide them with the high-quality supplies they need to meet market expectations and remain economically viable</p>
<p>Interacting progressively with the market, competitors and industry institutions</p>	<p>They seek to diffuse acceptance of their business model throughout the institutions and markets in which they operate, inviting entrants and promoting emulators rather than creating barriers to entry</p>

Source: Haigh & Hoffman, (2012); Haigh et al. (2015a; 2015b)

It has been indicated in the literature how hybrid business models challenge traditional economic assumptions about the firm nature and what is sustainability (Haigh and Hoffman, 2012). As such, the taken-for-granted assumption that the market needs unlimited economic growth and stable business that will sustain positive change and economic viability was refuted. Moreover, they incorporate environmental and social contexts in their business models in a central position. Realigning the meaning of sustainability with sustainable development pushes the businesses beyond profit interests to create societal value (Alberti & Garrido, 2015).

On the other hand, threats and limitations are just around the corner. First, the combination of multiples goals requires the management of numerous organisational taxonomies, values and stakeholders, which force to take antithetical actions on one side or another (Ramus, La Cara, Vaccaro, Brusoni, 2018). It may also be possible that the social business results unexplored for markets making harder to find an adequate supportive ecosystem. Secondly, incentivizing followers and emulators for optimal social and environmental reasons is a way to scale the impact, but in so doing they make the market more demanding for themselves. This could further compromise the possibilities of scaling up and the sources of financing, one of the most challenging issues for a hybrid organisation (Battilana & Lee, 2012). Until today, there is still not a clear path for funding. Therefore, most of the entrepreneurs based their funding model on fellowships and grants, private donations, fundraising, and impact investment, especially at the initial phase.

Hybrid organisation faces the dilemma of being acquired by massive conglomerates (e.g. L'Oréal bought the Body Shop in 2006, while Ben & Jerry's became part of Unilever in 2000). There are many pathways companies have pursued to develop social enterprise

credentials: absorb, venture, spark, and spinout trying to rejuvenate their business model, hampering one of the acquisition targets or trying to change the perceived image (Alberti & Garrido, 2015).

New steps were made in understanding the typology of social governance and their characteristics. Santos et al. (2015) classify the hybrid business models according to two specific dimensions: the level of contingent value spillovers and the degree of overlap between their clients and beneficiaries. The former differentiates between cases of automatic value creation from overflows and instances where value spillovers are contingent upon additional interventions; whereas, the latter is the degree of overlap between commercial transaction's clients and social mission's beneficiaries. There are cases in which these two largely overlap (it might be considered the case of micro-finance) and cases where they may be entirely distinct (like in the situation of a work integration social enterprise). Therefore, an increasing gap in the two dimensions is translated in major management complexity. By plotting these two dimensions in a matrix (using discrete outcomes, but continuous outcomes could have been an alternative), four classifications are presented (see **Table 5**):

Table 5. Four typologies of social enterprises

DIMENSIONS	CLIENT = BENEFICIARIES	CLIENTS ≠ BENEFICIARIES
AUTOMATIC VALUE SPILLOVERS	<p>MARKET HYBRID <i>Examples: BOP initiatives for access to essential services</i></p> <p>Risk of mission Drift: Low Financial Sustainability: Easy</p>	<p>BRIDGING HYBRID <i>Examples: an integrated business model for job matching for people with disabilities</i></p> <p>Risk of mission Drift: Intermediate <i>(lower risk for more integrated models)</i> Financial Sustainability: Moderately Difficult</p>
CONTINGENT VALUE SPILLOVERS	<p>BLENDING HYBRID <i>Examples: micro-finance, integration models that require regular support/change of behaviour for value to be created</i></p> <p>Risk of mission Drift: Intermediate Financial Sustainability: Moderately Difficult</p>	<p>COUPLING HYBRID <i>Examples: Work integration social enterprises that require a dual value chain that serves both clients & beneficiaries</i></p> <p>Risk of mission Drift: High Financial Sustainability: Difficult</p>

Source: Santos et al. (2015)

It results the typology of hybrid organisations is not only determined by the sector or domain of operation, but it is also a function of its innovations in the business model (Santos et al., 2015). These four provide numerous intuitions for the design and the organisation of the sustainable social enterprise.

3.4.1 Market Hybrids

This kind of social business model does not differentiate itself from the purely commercial one due to their market-oriented approach. Indeed, the principal focus is set on the commercial activities to generate revenues or even profits in the best case, therefore, to realise its social mission. This is possible because the “*beneficiaries are clients that pay for a product or service for which the value spillovers happen automatically without requiring additional interventions*” (Santos et al., 2015, p. 45). Therefore, the social impact is highly correlated to the sales; more products are sold, more impact is created.

In similar entities, the financial sustainability is not a real obstacle if the enterprise is able to keep the cost accessible to its clients, who cannot afford the regular market price. For this reason, it is imperative to monitor both the client segmentation and the generation of the value periodically – through specific key indicators - to understand if interventions are needed.

Having a direct social impact from the commercial performance also allows reducing the risk of mission drift. However, constant attention should be placed on guaranteeing a balance between the two objectives. As such, the board and the team should be composed of business and operations experts with a strong focus on the social mission. This makes more likely an optimal realisation of this business model and which promotes a homogeneous culture and identity.

BOP initiatives, which provide access at low cost to primary products or services such as in the health or energy sector, can be considered as good examples of Market Hybrids.

3.4.2 Blending Hybrids

The business model serves the clients who are also the beneficiaries, similarly with the previous case, but the social mission achievement requires mediations to change the clients’ behaviour. Education, micro-finance, and social inclusion organisations are the major sectors in which is possible to find Blending Hybrids easily.

The paying clients are the source of revenues, but the financial sustainability may be compromised by the extra costs deriving from the additional interventions. At the same time, this also impacts the risk of mission drift in case of increased attention on the financial performance instead of the social goals. This is why is not sufficient a board composed uniquely of operational business experts as in the previous case, but also people with high abilities in achieving social impact. However, the proper composition of the team depends on the structure of the Blending Hybrid. As such, a more distinct staff – performing commercial and social activities - will be present in a differentiated organisation; whereas a “hybrid” team will characterize an integrated organisation, where each member has competences in both areas.

Other possibilities might be the outsourcing of the interventions or the creation of a joint venture with a corporation which could also simplify the performance monitoring.

3.4.3 Bridging Hybrids

The Bridging Hybrids are the first category in which clients are different from the beneficiaries, so the business model needs to match them through ventures or cross-segment subsidy. The resource dependency, especially in cross-segment cases, is unusually high due to the risk of misalignment between the needs of paying clients and beneficiaries, and the threat of mission drift. The interest and the satisfaction of both clients and recipients should be well represented on the board trying to guarantee a constant balance.

The financial sustainability should be checked through specific KPIs considering the central role of the commercial activities towards the impact, but also the competitive environment in which is operating.

3.4.4 Coupling Hybrids

The last group represents the most challenging one in a managerial perspective due to the endless urgency of balancing the attention and the resources on two objectives.

It combines some features of the Bridging with some of the Blending Hybrid. Indeed, clients are not the beneficiaries, but it is also necessary am active interventions to provide their product or service, which does not represent the core activity. These supplemental mediations consume resource making harder the financial sustainability. A correlated problem is the mission drift in case the Coupling hybrid would prefer clients over beneficiaries.

The high complexity could search for external support from private donors or governments, but, dissimilarly from the previous type of governance, it is not recommended to outsource in order not to lose the control over the social mission. At the same time, Santos et al. suggest a structural differentiation to ensure the highest level of performance and to avoid mission drift. Specialised experts will take care of the clients and the following commercial operations, while ‘social’ experts will be in permanent contact with the beneficiaries and they will monitor the impact over time. An additional internal competence that this hybrid should develop is the coordination among mechanism and processes to reduce at the minimum level any possible conflict and tension between their two stakeholders.

The following table (Table 6) summarized what Santos et al. (2015) recommend for each social business type.

Table 6. Design and Management suggestion for Social Business Hybrids

DIMENSIONS	CLIENT = BENEFICIARIES	CLIENTS ≠ BENEFICIARIES
AUTOMATIC VALUE SPILLOVERS	MARKET HYBRID	BRIDGING HYBRID
	<p>Structure: Uni-function (commercial)</p> <p>Governance:</p> <ul style="list-style-type: none"> - Board monitoring on client segmentation - Regular board level checks of theory of change <p>HR: Staff with business expertise</p> <p>Performance management: Operational KPIs only, with a focus on customer segments served + regular validation of theory of change</p>	<p>Structure: Uni-function (commercial)</p> <p>Governance:</p> <ul style="list-style-type: none"> - Board monitoring on client segmentation - Regular board level checks of theory of change - Invite beneficiaries advocates to board <p>HR: Staff with business expertise</p> <p>Performance management: Operational KPIs only, with a focus on customer segments served + regular validation of theory of change</p>
CONTINGENT VALUE SPILLOVERS	BLENDING HYBRID	COUPLING HYBRID
	<p>Structure:</p> <ul style="list-style-type: none"> - <i>Integrated</i> - structurally differentiated if the complexity of both functions is such that it cannot be mastered by the same individuals (potentially relying on external actors/partnerships provide additional intervention) <p>Governance:</p>	<p>Structure: Multi-functional structure with differentiation for each value chain</p> <p>Governance:</p>

<ul style="list-style-type: none"> - Board monitoring on client segmentation - Management monitoring of impact activities (because the board cannot do it) <p>HR:</p> <ul style="list-style-type: none"> - Team with Blended business expertise + impact expertise (if integrated) - Staff with business expertise + staff with impact expertise (if structural differentiation) <p>Performance management: Operational & Impact KPIs</p>	<ul style="list-style-type: none"> - Board monitoring on client segmentation - Management monitoring of impact activities - Invite advocates of beneficiaries at board level <p>HR: Differentiated: staff with operational expertise + team with impact expertise</p> <p>Performance management: Operational & Impact KPIs</p>
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Source: Santos et al. (2015)

4. The major challenges for WISE organisations

Social enterprises are diverse, therefore, “many challenges will vary depending on where in the value chain social entrepreneurs aim to create social value” (Dees & Anderson, 2003, p. 5). The significant tensions emerge in questions about performing, organising, belonging, and learning, as social entrepreneurs seek to grow and sustain the organisation (Smith et al., 2013). However, I discuss three problematics: the identity, the legitimacy and the creation of partnerships to address the research question. These are explained in the relation to the Coupling Hybrids (or WISE) because all the tensions, external and internal, are carried to the extreme making them very interesting to investigate. The risk of prioritisation of either social or commercial performance is highly acute, and it requires the adoption of different logics for operational and survival for an extended period (Pache & Santos, 2013).

4.1 The identity

The origin of a social enterprise is strongly embedded in the motivation in terms of having either a vision or a mission. It is relevant to clarify briefly the difference between them. The vision has a broader meaning, and it is perceived as the new world the founder wishes to create; the mission is the articulation of that vision (Wickham, 2006). An example could simply be the comprehension. Making opportunity a reality for everyone might be the vision, while the mission would be “connect people through lending to help a borrower start or grow a business, go to school or to alleviate poverty”. While the social enterprise itself is just the tangible result, necessary for the implementation of the idea.

Many definitions of social enterprise place a particular emphasis on the pursuit and generally include references to social mission (Barinaga 2012; Dees 1998; Pache & Santos, 2013),

social value (Dacin et al. 2011; Auerswald 2009), social change (Mair & Martí, 2006) and social impact (Wei-Skillern et al. 2007), and what seems to be the conventional element among these denotations is the mission as the disclosure or conception followed by the exploitation of resources to create social value (Doyle Corner & Ho, 2010).

The social value is what makes these entities 'social', based on their willingness of contributing to the welfare or well-being of a given human community or a selected target (Peredo & McLean, 2006). Meanwhile, in 2009, Auerswald called back the attention towards a different understanding of other types of value. Accordingly, the private value can be explained in financial terms, but also in other non-financial values - reputational and ethical values - which social entrepreneurs might profess. Moreover, the social mission is not separated from the creation of economic value, since it is required for pursuing that mission. (Dacin et al., 2011; Mair & Martí, 2006) Indeed, the social value creation is grounded on the positive externalities generated by the social impact that extends beyond the enterprise's activity.

The mission is also a key point for a hybrid organisation's identity – describing it as the essence of “who we are as an organisation”. Indeed, it can provide a common point of reference around which to draw internal stakeholders together promoting an exceptional identity and a commitment to avoid mission drift (Wickham, 2006).

During the ventures creation process, mainly due to interactions with the external environment, social enterprises cope with several changes. Some scholars favour the idea that organisational identity is socially constructed among the internal members. However, they do not exclude the influence of external context features in this process entirely like the role of institutional context (Gioia et al., 2013).

On the other hand, any attempt to modify the organisational peculiarities is resisted, even with strong constraints (i.e. publicly stated organisational goals) because this “*raises fundamental questions about the nature of the organisation*” (Hannan & Freeman, 1984; Hannan, 2005). Some authors claim, a result of its advocates' commitment, this might explain why and how the social mission is a static constraint (Weerawardena & Sullivan, 2006). It seems, based on the principle of ‘mission trajectory’, the missions must be kept over the competing external pressure (Phipps & Burbach, 2010) by the founders and the entire team (Martin & Thompson, 2010; Phillips, 2005). This concept could find support in the concept of “mission drift”. Some researchers note that social enterprises may experience it over time which causes the loss of the distinctive mission due to alternations in the

environment (Courtney, 2013). For instance, problems occur when an organisation's enthusiasm to meet its financial goals begins to overwhelm its social mandate.

However, an adverse perspective perceives the external context as a source of positive adaptations, modifications or innovations even for creating a new mission different from the original version (Courtney, 2013). Therefore, the social venture could not be isolated in the creation of social value. (Wei-Skillern et al., 2007); adaptations are needed to survive and thrive, but they must be in line with organisational identity. This nature redefines 'organisational identity' as *“a dynamic set of processes by which an organisation's self is continuously constructed from the interchange between internal and external definitions of the organisation offered by all organisational stakeholders who join in the dance”* (Hatch & Schultz, 2002, p. 1004). Meanwhile, the members of a social enterprise initiate and embrace changes as a form to eliminate or to narrow any discrepancy with perceptions of *‘who we are’* and *‘who we want to be’*, to pursuit legitimacy, improve financial performance, scale the impact or other reasons (Gioia et al., 2013).

In addition, the integration of each actor in the dual mission and in the business to yield a shared sense of identity is an issue that has to be addressed. Team-building and organisational culture development may constitute a critical dare to win when encompassing business-oriented employees with individuals from the social sector within the same legal entity (Battilana et al., 2010; Dees & Anderson, 2003).

4.2 The legitimacy

An additional interesting finding shows that, in order to gain legitimacy, hybrid organisations couple objective-specific elements in their strategies (Pache & Santos, 2013). Some researchers feel close to this quote: *“The biggest problem with hybrid companies is that they are inherently confused organisations, buffeted by all sorts of contradictory pressures. This means that their internal operations can be hard to understand and their behaviour may be hard to predict”* (The Economist, 2009¹²). Organisations that fit expectations earn legitimacy quickly and, therefore, resources (Kraatz & Block, 2008). Social enterprises do not fit any established boundaries, and thus face the enquire of building legitimacy, attention and approval from resource providers (Battilana & Lee, 2014).

¹² The Economist, (2009). “The rise of the hybrid company”, retrieved April 19th, 2018, available online at: <https://www.economist.com/node/15011307>

Trying to achieve social goals while being financially sustainable hides implications for these organisations. The ongoing discussion in the literature address the dual objects to investigate if they are in a permanent tension - using case studies and examples (Teasdale, 2010b; Dorado & Shaffer, 2011) - or if they are what makes social enterprises successful. As such, Emerson (2003) says referring to the term *blended value*: “*the greatest maximization of social, environmental and economic value within a single firm*” (p. 38), followed by Nicholls (2009, 2010a), Peredo (2006) and others.

The qualitative study of Mair, Mayer, and Lutz (2015) shows the real necessity of balancing and combining the two goals and how this is relevant in taking strategic decisions. It manifests at the level of the mission, the governance, the operational strategies and functional activities.

First, the coexistence of actors with different interests and approaches – social or commercial oriented - within the same legal entity refers to “*antagonisms in the organisational arrangement required by institutional referents*” (Pache & Santos, 2010, p. 457). Following this statement, many scholars argue that managing multiple objectives may trigger internal tensions, which could compromise the stability (Jay, 2013; Santos, Pache, & Birkholz, 2015).

The concept of multiple goals in a single organisation per se is neither new nor something uniquely related to social enterprises; all types of organisations have various targets to reach (Trethewey & Ashcraft, 2004). In commercial companies, the organisational aims are subject to the financial performance (profit-maximising strategy) - even the corporate social responsibility (CSR), which might be similar to social entrepreneurship, has received the same treatment in the literature (Margolish & Walsh, 2003). But, in a social organisation, the social performance is the ultimate goal making the financial sustainability a necessary element for the survival and the scalability in the long term, but not sufficient for the mission. Therefore, it is crucial that “*social business hybrids need to align the activities that generate profit with the activities that generate impact*” (Santos et al., 2015, p. 39). A misalignment, in the extreme cases, compromises the *raison d'être*, the external legitimacy and, therefore, the social enterprise endurance (Doherty et al., 2014; Ebrahim, Battilana, & Mair, 2014; Nicholls, 2010). This is an elaborate matter to cope with due to the lack of an existing model for handling these tensions and a pool of job candidates with enough experience in doing so (Battilana et al., 2010).

Gaining legitimacy could be troublesome if we also consider a practical obstacle: the quantification of social benefits. They are often intangible and hard to isolate as well as to

measure (Arvidson, Lyon, McKay, & Moro, 2013). On the one hand, this complicates the strategic decision optimization for scaling both the economic and the social impact in an efficient, timely and reliable way (Millar & Hall, 2013). On the other hand, it makes harder to be supported by possible stakeholders (Austin, Stevenson & Wei-Skillern, 2006).

4.3 The partnerships

By definition, a social enterprise engages multiple stakeholders in pursuing the social missions through a business venture. This determines the need to fulfil multi-focused stakeholder expectations (Di Domenico et al., 2009) while keeping its integrity.

Partnerships may be necessary and desirable for several reasons, but the literature stresses how hard it can be (Bryson, Crosby & Stone, 2014) due to the dynamic process of creating value, which changes the relationship between the dedicated parts (Austin et al., 2012).

The stakeholder theory assumes that any organisation can benefit from paying attention to stakeholders and involving them (Freeman, 1994; Donaldson and Preston, 1995; Jones, 1995; Hendry, 2001; Jensen, 2002; Parmar et al., 2010) within the organisational activities. Possible differences can derive from their power (i.e. primary and secondary stakeholders, Freeman et al., 2007), legitimacy or urgency (Dunfee, 2008; Mitchell et al., 1997; Neville, Bell & Whitwell, 2011). But, in general, building and maintaining long-lasting relationships can be a crucial aspect to create a 'win-win' situations in terms of success and survival (Tencati & Zsolnai, 2009). This obtains a unique weight for social enterprises. The outsourcing relations and partnerships are a fundamental tool to enter in contact with other organisations and to acquire the needed resources, thus to pursue the mission (Battilana & Lee, 2015).

Perhaps due to the urgency of being financially sustainable, the most decisive stakeholders emerging from these relations are the providers of financial capital. Social enterprises may fund their activities from both the business and charity sectors and both public and private sectors.

In a broader view, social organisations interact with traditional non-profit stakeholders (i.e. foundations, individual donors) and conventional for-profit stakeholders (i.e. customers, suppliers). Appealing interest to each of them can lead to potential disadvantages (Imperatori & Cataldo Ruta, 2015). Questions about how to frame the identity or about when and wherever emphasise the social mission or the business venture arise (Dacin et al., 2010).

The close relationships such as partnerships with other more established businesses will influence the mission achievement (Austin & Leonard, 2008), but they could also

compromise the hybrid nature of the social enterprise (Battilana & Lee, 2015). Usually, these two groups are identified as social and economic stakeholders (Dacin et al., 2010; Bissola & Imperatori, 2012), where each actor has a specific expectation about his area of interest. Social stakeholders are who can affect, or be affected by, the achievement of the social objectives. Therefore, they demand the social benefit. While economic are the stakeholders that aim at business performance.

In this scenario, social enterprises hunt autonomy vis-à-vis their commercial stakeholders while at the same time, they “*seek to be connected to and embedded within the social and environmental systems in which they operate*” (Haigh & Hoffman, 2012, p. 128). These connections often are built in a way that the created value is not kept by social enterprises. Therefore, there is room for new types of value propositions between stakeholders and a social enterprise (Santos, 2012). The engagement of partners helps in the development of skills and capabilities required to manage social projects in these partnerships. A proper management of these relations can convince other partners and embrace an increasing power and autonomy within the network (Ramus & Vaccaro, 2014).

One urgent incentive in a partnership is to gain visibility (Gourville & Rangan, 2004) that might heighten reputation (Tully, 2004), public image (Alsop, 2004; Heap, 1998; Rodinelli & London, 2003), and public relations (Milne et al., 1996). Both partners aim visibility, but it is something vital for social organisations. This gives the social license to operate, access to local communities (Greenall & Rovere, 1999; Heap, 1998), to gain credibility (Gourville & Rangan, 2004), and increased potential for funding (Heap, 1998; Seitanidi, 2010).

Specifically, I address cross-sectoral partnerships, in which multiple actors from different sectors interact and co-create impact solving an economic, social and/or environmental issue (Crane, 1998). Thus, they are instrumental in partners’ goals, but they promote value for a more comprehensive community (Skelcher & Sullivan, 2002, p. 752).

A similar collaboration is context-dependent, but it can affect directly or not the overall impact or the whole management of other partnerships (Van Tulder, Seitanidi, Crane & Brammer, 2015).

From these partnerships, the collaborative value is the aim and the result. It is defined as “*the transitory and enduring benefits relative to the costs that are generated due to the interaction of the collaborators and that accrue to organisations, individuals, and society*” (Austin et al., 2012, p. 728). This value varies from one partnership to another promoting four kinds of value (see **Table 7**):

Table 7. Types of value in cross-sector partners

<p>ASSOCIATIONAL VALUE</p> <p><i>value accruing to another partner from merely having a collaborative relationship with the other organization</i></p>	<p>TRANSFERRED RESOURCE VALUE</p> <p><i>The benefit derived by a partner from the receipt of a resource from the other partner</i></p>
<p>INTERACTION VALUE</p> <p><i>values that derive from the processes of partners working together</i></p>	<p>SYNERGISTIC VALUE</p> <p><i>value from combining partners' resources enables them to accomplish more together than they could have separately</i></p>

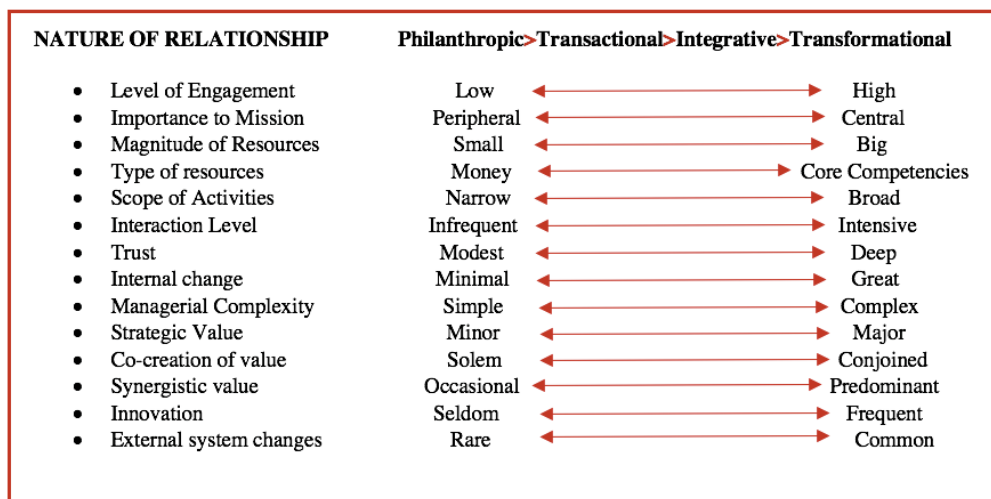
Source: Personal elaboration from Austin et al., 2012

Independently from the value created, there are four elements, which produce and influence the frame and the exchange within the collaboration. First of all, higher the organisation compatibility and the resource complementary are, greater alliance advantage will be reached, therefore, greater co-value created. Secondly, speaking about resources, their nature is a crucial aspect. They can be generic and, usually, tangible (i.e. money) or more specific and intangible (i.e. knowledge). Thirdly, the flow can be unilateral, bilateral and reciprocal. It is obvious how a social enterprise and its partner can benefit more from the mobilisation of specific resources and the flow integration. The last dimension is the interested involved. On one side, stronger is the link between the self-interest and the value creation; and, on the other, how much it is perceived as fair, more significant the potential for co-creation value will be (Austin et al., 2012).

These factors stimulate alliances but also show that cross-sector collaborations are not a suitable move for all the social enterprises (Austin et al., 2012). It should be a rational choice to develop more value together with that what could have done separately (Austin et al., 2012). The necessity of partnership compatibility was also pointed out by Weiser, Kahane, Rochlin, and Landis because “*the correct partnership is everything*” (2006, p. 6).

The established relations are multifaceted and dynamic with four stages (see **Figure 4**). The first stage is more a sole-creation value, while the transformation one is genuine co-creation. The other two scenes place themselves in the middle of this spectrum.

Figure 4. The stages of a collaboration – the collaboration continuum



Source: Austin (200b)

Social enterprises have the potential to dispense many value creation cycles if they are able to guarantee a reliable quality of the processes; an evolution of the partners' interests, capabilities, and relationships; and if they can to adapt to changes in the environment (Austin & Seitanidi, 2012).

In the selection part, the risk assessment would be a threat. Especially in the case of high adverse visibility of one partner due to exposure to public criticism, due to an unexpected end of the partnership for internal or external failure (Le Ber & Branzei, 2010c). Indeed, value frames adjustments are required to reach frame convergence (Noy, 2009) or frame fusion (Le Ber & Branzei, 2010b) and to avoid misalignments. Frame fusion is "the construction of a new prognostic frame that motivates and disciplines partners' cross-sector interactions while preserving their distinct contribution to value creation" (Le Ber & Branzei, 2010b, p. 164). It plays a vital role in mitigating partners' differences in favour of a common language and goals (Sarasvathy, Dew, Read, & Wiltbank, 2008).

Accountability issues (Reed & Reed, 2009), appropriateness of the standards developed, effectiveness and enforceability of mechanisms, decision-making differences, and control (Brown, 1991), consensus (Elbers, 2004) decision making and co-regulation (Utting, 2005) are other concerns underlined by the practical cases. Some suggestions have been already shared to address the mentioned criticisms. Therefore, decentralized control and social accountability allow engaging all the stakeholders towards the same objective (Clarke & Fuller, 2010; Newell, 2002; Utting, 2005).

There are some distinctive costs for social organisations, which usually are more than the costs for profit businesses (Ashman, 2001; Seitanidi, 2010; Yajizi & Doh, 2009). Financially, it may be compromised the other potential donations and partnerships due to the high visibility of a wealthy partner (Gourville & Rangan, 2004). Internally, a partnership

can affect the allocation of resources and skills (Seitanidi, 2010), the employee productivity, and the effectiveness of the established mechanisms due to the organisational changes. Both environments can show scepticism resulting in a decrease in volunteer and trustee support as well as in reputational costs – i.e. the threat of ‘green washing’ activity (Millar et al., 2004; Rundall, 2000; Yaziji & Doh, 2009; Utting, 2005). In the short term, it can be registered a growth in costs due to, for instance, the higher resources required to complete the commission.

CHAPTER 5: METHODOLOGY

This dissertation employs a single case study of an Italian social enterprise to investigate the primary claims of a WISE organisation with an inductive approach. The following chapter aims to throw light upon the reasons for adopting a qualitative methodology besides covering the data collection - archival, interviews and accessible public data - and the methods applied to analyse primary and secondary data applying the grounded theory approach.

The thesis does not include the underlying assumption adopted due to the characteristics of the study, which aim is not to test the possible hypothesis as it could be in an academic paper or quantitative analysis.

5.1 The research approach

The following subsection focuses on the appropriateness of the research approach used besides justifying the choice of the social enterprise for this dissertation.

5.1.1 A qualitative approach

Looking up the nature of the research problem, a qualitative approach through a case study seems the best methodology to explore the topic.

The chosen format is teaching case because it represents a compelling groundwork for the application of theoretical concepts to complex and real-world situations in which human relations play an essential role (Leonard & Cook, 2010).

The teaching case as a tool is especially valid for skills such as critical thinking (Popil, 2011), teamwork (Piquè & Forès, 2012), communication capabilities (De Miguel, 2005) providing space directly and actively to students. They will have the possibility to take their own decisions, responsibilities and be engaged in the lesson through intrinsic motivation. Moreover, innovative approach adds the role-play putting the students in the shoes of the case characters helping them to understand better their prospects.

The use of case studies relies on many data collection method such as interviews, archives, questionnaires and others (Eisenhardt, 1989). This is why, I employed the interviews done directly in QUID's headquarter, the official website, the historical catalogues and the memorandum of the board of directors providing, on one side, holistic perspectives captured in their natural setting. On the other hand, I try to sketch the broad picture that emerges (Creswell, 2013) and to avoid possible bias. In fact, the research enquiry consisted in 'what',

‘how’, ‘why’ type of questions, the case study serves better the research questions and the thesis purpose itself (Yin, 1994).

During the collection data, as well as, during the writing, steps backwards and forward were made to add, eliminate or reformulate questions, and collecting additional evidence on the topic.

A case study helps to develop novel theories, to offer insights and to promote empirical evidence thanks to its independence from the previous literature or past empirical observations (Eisenhardt, 1989; Yin, 1994; Johnston et al., 1999). In this circumstance, I aim to offer a complementary work to an incremental theory building (Hillebrand, Kok, & Biemans, 2001) from the challenges face by social enterprises.

The chosen methodology is not immune to critiques and concerns. Mainly, I refer to the representativeness of the case and generalisation of its findings (Yin, 1994).

5.1.2 The selected social enterprise

The research questions were formulated explicitly based on Progetto QUID considering how this reality could extend the knowledge and the research.

QUID is an emerging social enterprise able to leverage multiple partnerships with the both for-profit and non- profit organisations through innovative solutions. The dual mission, combined the economic performance, therefore, (1) the business model itself, (2) the team composition, and the (3) types of partners are the charming factors

It promotes the employment of disadvantaged individuals in the Fashion Industry producing eco-chic fashion handmade collection, designed in Italy using spare fabrics, and selling in independent stores or through its partners.

Since the beginning, it has several partners due to its double mission. On one side, the cooperatives around Verona, considered the ‘institutional’ partners, to increase the social impact on the territory. On the other hand, the for and non-profit partnerships, which often represent both suppliers and clients. Therefore, QUID handles with B2B stakeholders for the raw materials and possible collaborations. Besides on the client side (B2C), women with different age are the target for selling their products and value through its stores or its website.

The multiple objects and stakeholders imply various ways of communication, heterogeneous shifts from the ‘project’” to the product and diverse internal set of priorities to satisfy all of them.

It is a compelling case because of QUID has grown fast and successfully. This expansion seems to overcome the traditional problems that a social enterprise face at the beginning: capital, logistics, networks and management skills. It is even more appealing considering the fragile economic and governmental situation in Italy, which is not a favourable context.

It would seem that QUID is not facing a dilemma due to its positive growth and its ability of leveraging several partnerships with well-known companies and with associations and local foundations. However, finding an equilibrium as a hybrid organisation can be extremely hard. The remarkable position of QUID exposes it to multiple likely risks. Missing the opportunity to make the right choices today for the future, overestimating the current success or choosing the amiss partner represent just a few examples that QUID should consider. Also, the sector expects and underlines the need for visibility and recognition to compete.

The differences in the stakeholders' interests, the features of the industry in which it operates, the fast growth, therefore, the internal organisation of QUID can lead to misalignments within the social enterprise and other severe problems like mission drift. Social enterprises, by definition, are often subject to a fluctuating supply of resources (Chalmers, 2013; Murray et al., 2010; Mulgan, 2006). Consequently, they must develop or adopt strategic solutions to improve existing internal resources and capabilities, and to acquire these currently do not exist within the social enterprise as well as to preserve their identity independently of the partners involved. The case study identifies some drivers for developing relationships, the role of these relationships and how they affect the social enterprise with particular attention to for-profit and non-profit partners.

More information could be extracted to investigate which variables are making QUID thriving, which of them may be used by others to thrive as well and which managerial competences are required at the team level.

5.2 Data collection

Multiple sources of both primary and secondary data were retrieved to ensure the validity of this case study research by the triangulation of findings, defined as “*the combination of different levels of techniques, methods, strategies, and theories*” (Johansson, 2003, p. 11(14)). I conducted three data collection phases starting in March 2017 (see **Table 8**):

Table 8. Data collection phases

PERIOD	PHASE
March 2017	Explorative interviews at QUID
October 2017	Focus interviews at QUID
March 2017 – March 2018	Archival and secondary data

5.2.1 Primary data collection

Primary data, defined as information gathered by the investigator at first hand for the investigation (Rabianski, 2003). The most common modes of qualitative data gathering include interviews, focus groups and participant observations (Fossey et al., 2002).

For this study, I conducted two different interviews, one in March 2017 and one in October 2017. In both semi-structured interviews (50-60 minutes each) were the selected method to offer flexibility to the different respondents taking into consideration the different background of the people involved in QUID. This type of interviews allowed to obtain broader answers, observe informal and non-verbal communications (Creswell, 1998; Louise Barriball & While, 1994) and gain more information regarding the ‘nature’ – social or commercial – of the single person in this specific circumstance.

The interview structure was divided into types:

- Open interviews
- Focus interviews

The open interviews, recorded during the first visit at QUID, have allowed developing a general understanding of the social enterprise - the evolution, the mission, the strategies, the performances, social and economic and the environment in which it operates. In March 2017, I spoke with the two major cofounders, Anna and Ludovico, and have a look at the headquarter in Verona.

The focus interviews were built to gather more information towards the main topic and the individual elements gaining empiric proofs and information of the mechanism of interest of the study. I interviewed various members with different lengths of tenure in QUID, and with diverse hierarchical and functional roles, to obtain a diversity of perspective that allowed for data triangulation (see **Table 9**).

Table 9. The focus interviews

INTERVIEWEE	ROLE IN QUID	QUESTIONS
Anna	Founder & responsible for partnerships	The origin and the evolution, her approach
Ludovico	Founder & accountant	The origin and the evolution, her approach
Ludovico & Anna	-	Dynamics & management of partnerships, internal management, challenges, external communication, approaches, future goals
Orsola	Production supervisor	When you arrived in QUID, describe your role, background, perception of QUID growth and its missions, strengths & weaknesses, threats & opportunity
Giulia	Institutional communication	When you arrived in QUID, describe your role, background, perception of QUID growth and its missions, strengths & weaknesses, threats & opportunity
Lucia	Fundraising responsible	When you arrived in QUID, describe your role, background, perception of QUID growth and its missions, strengths & weaknesses, threats & opportunity
Marta	Sales responsible	When you arrived in QUID, describe your role, background, perception of QUID growth and its missions, strengths & weaknesses, threats & opportunity

To minimise respondents' biases (Patton, 2002), the Professor Tommaso Ramus and I designed an interview protocol (Alvesson, 2003) that we marginally accustomed to the interviewee and the specific interviews over time. During the first stage of data collection, open interviews, I asked broad questions probing interviewees' understanding of organisational priorities and objectives, and the causes of possible emergent tensions with the commercial partners. The second step had more structured questions to bring the discussion directly to the topic of interest of the thesis. All the interviews were recorded after the approval of all the participants, and they have been transcribed to use them in the case study (see **Table 10**).

Moreover, the opportunity to record these people in particular periods within one year raised the reliability of the data.

Table 10. Primary data collection

PRIMARY DATA

<i># interview days</i>	2
<i># interviewee</i>	6
<i># interview hours</i>	10
<i># transcription hours</i>	38

5.2.2 Secondary data collection

During the whole period (2017-2018), I gathered secondary data, referring to information collected by third parties for other initial purposes (Rabianski, 2003), to have a complete vision and to, ultimately, adapt the questions in the interview.

I collected material from publicly accessible reports (i.e. social and financial reports, newsletters, campaign, reports for funding competitions, organisation's presentations); internal documents; interviews and articles in periodicals and journals about internal and external organisational informants online and offline (see **Table 11**).

Table 11. Secondary data collection

SECONDARY DATA

<i># article</i>	120
<i># video</i>	15
<i># catalogue</i>	6
<i># reports</i>	5
<i># posts on Social Media</i>	300

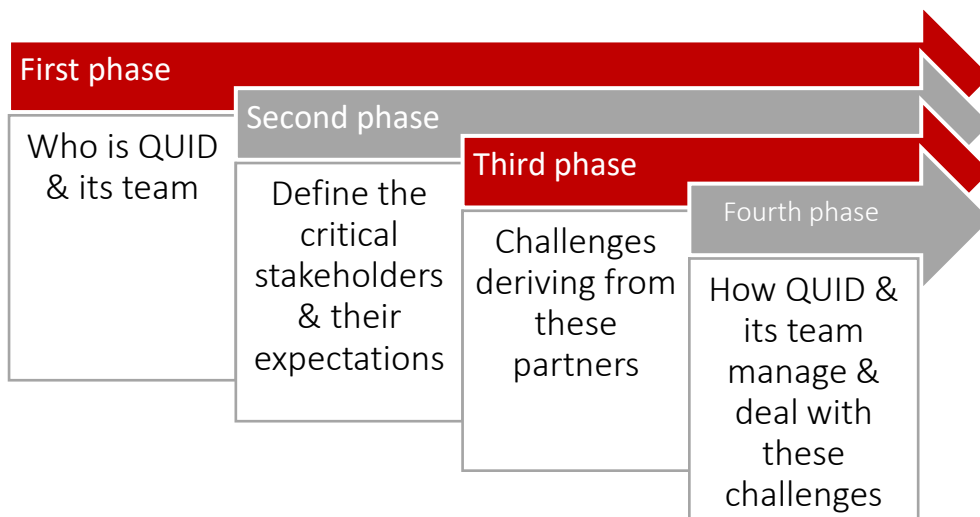
5.3 Data analysis

The first meeting with the QUID founders in March opened several questions on the central discussion theme, the effect of partnerships, due to the unique characteristics and the multiple coexistent partners. As such, the first step was the definition of the research questions, which narrowed down the approach to follow.

Based on some assumptions regarding the WISE field and the co-creation of value, the secondary data and the daily observations of QUID activities, the focus interviews were built to gather information and to identify the specific tensions, challenges and dynamics. This data collection phase revealed essential insights about the two primary partners, for-profit and non-profit. Therefore, I built the case study describing in details these two players and their relations with QUID. The analysis was focused on how QUID manages them due to the possibility to observe it directly. I used secondary data and the literature review as an additional source of knowledge to triangulate the information emerging from each interview (Alvesson, 2003) and to find confirmations or denials.

The data analysis followed four steps as shown in the **Figure 5**:

Figure 5. Data analysis phases



CHAPTER 6: TEACHING NOTE

6.1 Introduction

The case tracks the evolution of QUID, the team members and their position within the social enterprise to explain who QUID is and how it works. QUID is a WISE organisation due to its social goal of integrating disadvantaged individuals in the society giving them a job. The case gives insights on the several stakeholders belonging to the B2B channel, but coming from opposing sides, some pure commercials, some pure social oriented. The description of their management evidence many challenges and obstacles, which have to push QUID to establish an autonomous path through own collection sold in flag stores around Italy. The various stakeholders and their influences on QUID's schemes are examples of how social enterprises handle many objectives and use specific tools to avoid mission drift and other threats. Issues highlighted in the case for the debate are: How can QUID maximise the value of its partnerships while avoiding an eventual "mission schizophrenia"? How does it communicate with them? Moreover, which are the main challenges/difficulties? Should Progetto QUID push B2B or B2C? And finally: considering QUID's future goals, current challenges and opportunities, are Anna and Ludovico the right people to lead QUID? Are the other team members capable of managing these and the future challenges?

6.2 Case Overview

The case opens with a description of the foundation and the recent growth of Progetto QUID explaining what makes it innovative and how its business creates the impact.

A brief overview of the team is included to offer additional insights into the orientation of the social enterprise that could influence the way in which they face their problems.

The case discusses further the business model asking the reader to reflect on QUID. Is QUID a proper social enterprise able to positively impact the society or is it just charity? The different short excerpts of the interviews to QUID's members suggest the inner vision and approaches to their core activities and communication.

The case also delineates the many stakeholders belonging to the for-profit and the non-profits world, which have different expectations on what QUID should offer them or in which way it should perform.

Finally, the case discusses the various pros and cons of being present in the market through two channels, B2B and B2C. These two approaches lead to conflicting challenges, which

might compromise the growth and the identity of QUID. These make QUID wonder – Is our strategy sustainable? Should we opt for a single channel? If yes, which one could fit better for us?

6.3 Learning objectives

Due to the recent origin of the field, students will be engaged in the specifics of theoretical concepts and possible practical implementations in concrete reality. Students should also use the case as an opportunity to examine organizational change processes in the choosing one approach or another (in this circumstance: B2B strategy, B2C or both), consider the role and importance of orientations and capabilities of team members, as well as the influence of various stakeholders being able to determine which are the crucial and which not.

Over the last few decades, social entrepreneurship and social enterprises have grown substantially, both in the number of employees and in the importance of the value created for societies. This visibility has been driven by the growing public awareness of environmental, social and governance issues, the climate change and the lack of effective solutions from mainstream organisations. In response, traditional companies try to adopt CSR strategies and achieve high SRI standards, while social enterprises move forward incorporating the social and environmental dimensions as a central focus of their business models.

The case offers students a chance to examine in the business model and in the actions of QUID in this realm that is both growing and consolidating, but which needs further research. The dual mission of QUID and its ability to offer a quite reliable economic performance introduces something appealing for both for-profit and non-profits partners. While the environmental clothes with social benefits and fashion appearance attract more and more consumers. However, QUID still needs to shape its partners' habits and demands due to its differences from a traditional organisation and match its consumers' preferences in a fast and competitive market. Externally, QUID must send the right image and message to guarantee institutional support and legitimacy while avoiding decoupling and mission drift. Internally, the social enterprise should protect its internal processes and culture, in order to have positive ripple effects on its bottom-line, its beneficiaries and the social environment around it. Consequently, the case invites students to discuss if QUID's current strategy is effective and reliable, if QUID needs to change direction or if specific tools and mechanisms might be seized for the future. For example, in order to ensure a worth commission from Diesel, QUID accepted to design something far from its style and identity. QUID was not⁷⁰

able to manage this partnership adding the unique value in the products, which is what attracts partners and consumers.

Moreover, defined the challenges and opportunities for the future, students should investigate if the founders and the team members are able to manage them. Indeed, both founders and the whole team must be engaged in the missions. A substantial identity and the following way of operating require alignment with corporate strategy and mission. Students have the opportunity to evaluate not only the competences of these people, but also extrapolate general pros and cons of having a team more social or more commercial oriented also considering the external environment.

The case may also spark conversation about how QUID, or another social enterprise in similar circumstances, can also have a social impact by extending their standards to external parties, promoting, for example, the adoption of CSR standards or helping them in developing environmentally friendly supply chain. The ripple effect that could come from analogous activities includes lowering the cost of inputs and their waste.

6.4 Assignment Questions

1. How can QUID maximise the value of its partnerships while avoiding an eventual “mission schizophrenia”? How does it communicate with them? Moreover, which are the main challenges/difficulties?
2. And more, should Progetto QUID push B2B or B2C?
3. Considering QUID’s future goals, current challenges and opportunities, are Anna and Ludovico the right people to lead QUID? Are the other team members capable of managing these and the future challenges?

6.5 Class discussion

The following teaching plan is structured for an 80-minute case discussion. It is split into three major sections that build upon one another to facilitate a naturally flowing discussion. Exhibit 1 presents the board plan (see **Exhibit 7** in the Appendix).

Introduction (5 minutes)

How maximises the partnerships? Identify the communication and challenges (25 minutes)

B2B or B2C? Both? (20 minutes)

Discuss the adequacy of the founders and the teams concerning their skills and roles (25 minutes)

Conclusion: Wrap-up and Lessons Learned (5 minutes)

1. *How can QUID maximise the value of its partnerships while fending off an eventual “mission schizophrenia”? How does it communicate with them? Moreover, which are the main challenges/difficulties? (25 minutes)*

The instructor could open the first pasture by asking the students the initial query. The analysis will be guided by the professor writing at the board these three points for both groups (for and non-profits):

- Identify the value created, the shared interest and resources
- Determine the level organisational compatibility and the resource complementary to recognize possible improvements
- From the previous answers, maximise the two aspects to ensure a rising value (i.e. if there is the possibility to mobilise specific resources instead of generic one, students should suggest which skills or tolls the partners could offer).

Regarding the communication, students may say that QUID is taking advantage of its dual mission stretching it based on the interlocutor. Therefore, the communication is fragmented, and it runs in three dominant directions. QUID plays with its social mission to whom is interested in its social impact and its work integration of disadvantaged people. Whereas the environmental mission can be highlighted if a partner aims to use its spare fabrics and produce new environmental products. QUID also proposes both objectives if the interlocutor evaluated them as a singular value, with specific consideration to institutional and non-profit partners.

Some student might debate how the economic performance is another element which attracts external players. QUID relies on this height to show its fast expansion and gained stability compared to comparable entities. Additionally, some students might already cite their concern with this triple communication and thus want to avoid confusion or distortion of the identity and legitimacy of QUID.

Finally, students should individuate who manages the communication with these actors. Some will identify Anna as a central point for all the partners, sometimes with the help of other team members (i.e. Ludovico participates when a partner wants to see the financial sustainability or economic data due to its role in QUID). While, Giulia and Lucia manage

the external communication for institutional supporters, possible fundraisers and competitions to gain visibility and support, both social and economic.

Next, the instructor could divide the students into five groups to debate the last question. This role-playing can invite the students to step into QUID's daily situation. The five groups are for-profit partners, non-profit ones, QUID staff, customers and a fifth neutral group. The for-profit, non-profit partners and the consumers should personify the behaviours, the values, and the interest allowing the QUID staff to face a real situation in which they have to make decisions for their organisation. Meanwhile, the last group should listen carefully and analyse the conversations and the approaches with a critical perspective to catch opportunities and identify challenges. The last group should explain what they have observed and their conclusions to open the discussion again to the entire class about the difficulties. These students may highlight the following challenges:

- respect of the mission (or identity) without compromising it for a partner;
- pay attention to the communication, internal and external, to avoid decoupling (which is a substantial threat to the legitimacy);
- find new partners to ensure its growth; manage the commissions (quality, time and price) to have more margins on price and create an increased value;
- manage the stores and the B2C consumers;
- hire (or keep hiring) more disadvantaged people even if the increasing production demand push to engage people with skills;
- deal with the internal re-organisation coming from the fast growth and the new needs from both channels.

At that moment, the professor might add some theoretical insights about the different types of value that can be created in partnerships to argue how partnerships can be maximised in different manners. Furthermore, students may conjecture these dares with the possibility to switch QUID's strategy in favour of B2C approach or to propose reasonable solutions for these threats. This leads to a natural transition into the next pasture which is an in-depth discussion of the probable development of QUID's options.

2. *Should Progetto QUID push B2B or B2C? (20 minutes)*

To shift to the second pasture, the instructor could ask: "*Should Progetto QUID push B2B or B2C? Or both?*". He could also lead the discussion towards the social value, market and sustainability potential next to the possible barriers for each option.

This question should bring up previous observations regarding the challenges and threats. Students will likely mention the composition of the profits, which are precisely divided 50% B2B and 50% B2C, therefore, regarding the market, there are shreds of evidence of interest for both. However other students might note and list the pros and cons of both tactics, which will be written on the dashboard (see **Table 12**):

Table 12. Pros and cons of B2B and B2C strategies

B2B: PROS

- Source of spare fabrics, money and visibility
- Commercial partners are crucial stakeholders considering, i.e., the Calzedonia Group, which offers spaces for QUID independent stores or share its knowledge
- A higher degree of security to be paid and be able to ensure the social impact
- No logistics, marketing & storage costs
- Social non-profit partners could help to scale the impact
- Promote a ripple effect

B2B: CONS

- Reputational threat in case of a scandal
- Risk of losing a partner due to an existing alliance
- A threat to compromise its identity due to obligations in terms of partner's style & image
- Ensure quality, quantity and respect of lead time almost as a traditional organisation
- Low bargain power

B2C: PROS

- More flexibility & autonomy
- More significant margins

B2C: CONS

- High exposure in a competitive & fast market
- Less likelihood of stable profits
- Potential stock problems
- Logistics, marketing & HR costs
- New responsibilities & skills
- Better efficiency concerning the production
- Uncertainty for the environmental object, corporations could be less tempting in giving fabrics if they are not employed for value co-creation

The instructor could draw the discussion on the following solution. QUID should push the B2B strategy to build up sufficient financial and operational stability, visibility, capacities and synergies to safeguard its survival and prosperity in the market. The rapid growth could be overestimated, and the enthusiasm to do both or to be wholly independent might jeopardise the ongoing achievements and compromise one or both missions.

An additional proposal can be revealed by the professor to provide extra ideas of how a social enterprise can scale the social impact. QUID could promote, for example, workshops with the for-profit partners to grant a further guidance for its employees as well as for the board to get in touch with the practices of the sector and to learn how to be successful. At the same time, similar initiatives (i.e. including operators as support of other dimensions beyond the workplace) could be established with the help of non-profit. For the future, there may be room for both approaches or for picking the B2C direction. However, students' answers might diverge from the author's suggestion. In that situation, the professor could examine further their preferences to clarify their arguments.

3. *Considering QUID's future goals, ongoing demands and opportunities, are Anna and Ludovico the right people to lead QUID? Are the other team members capable of taking over these and the ultimate challenges? (25 minutes)*

Later, the instructor should transition into a discussion of how the strategy questions discussed previously can be most effectively implemented considering the roles and the skills of each principle team member (Anna, Ludovico, Orsola, fundraising team). The students are invited to characterise their personalities, their values, interests and approaches within QUID. Thus, which are the strengths and weaknesses deriving from them.

Some students might start with the two co-founders, Anna and Ludovico. They can be the appropriate individuals for QUID. Anna keeps awake the central focus on the social and environmental mission, while Ludovico allows preserving the financial sustainability and the commercial achievement, which are fundamental for flourishing and ensuring the impact. Other students could argue their ability to build relationships with various groups of people or their critical thinking concerning the divergences and threats. So far, this behaviour has balanced their conflicting personalities trying to overcome the respective limitations in favour of their strengths. Additionally, other students can see their constant attention towards scaling the impact in varied manners as a decisive factor for the present and the future. However, students could recognize these elements not sufficient to ward off the risk of mission drift. They might propose some changes to ensure QUID identity, legitimacy and

success in the long run. For instance, a better alliance with social entities in the work integration field may help them to get a higher level of legitimacy and lessen the fear of losing institutional ‘social’ supporters. A comparable act could incentive them to remain concentrated on the priority of hiring disadvantaged people independently of other objectives. Alternatively, another suggestion for the future might be a structural differentiation to develop internal capacities for both goals through various experts. Furthermore, the instructor could widen the dialogue about the evaluation of the impact suggesting the adoption of specific KPIs. This will give the opportunity to better monitor the operational and social performance to remain attuned to the dual mission while being sustainable.

Finally, for whom prefer to hold both schemes, B2B and B2C, they might suggest increasing coordination systems to prevent or avoid conflicts between customers and beneficiaries. Moving the argument on the other representatives, some student will perceive the deep social imprinting (except for Orsola) of the team and maybe considered it as vital for QUID due to the central relationships with the for-profit. This orientation might encourage to be focused on the social/environmental mission. However, diverse students could debate how the economic mindset should be handed out to ensure efficiency (therefore, commissions and economic sustainability). The instructor could bring in the discussion theoretical knowledge asking how the team should vary based on the external environment (i.e. more commercial oriented in stable conditions, higher social oriented in turbulent events, which professionals or representatives should be incorporated in the board).

To accomplish this pasture the instructor should ensure the scholars all take away the trade-off of experiencing different team compositions and orientations.

Conclusion and Wrap-Up (5 Minutes)

The instructor can stress how the QUID’s business model guides the operational structure and the team, how the crucial stakeholders with their expectations impact the communication of QUID and set up opportunities and threats. To wrap up the entire debate, the instructor can highlight how QUID and its representatives are skilled to meet these claims and seize opportunities which have granted them to ensure their impact.

CHAPTER 7: CONCLUSIONS

7.1 Conclusions

This thesis addressed the influence of partnerships can have on social enterprises' strategies with the objective of answering this research question through a teaching case study. The research towards value creation, costs and benefits and the management of a partnership are just in the early stages. Different levels of analysis and longitudinal studies should enable a deeper comprehension of partnerships as multidimensional vehicles for economic and social effects across organizations. Furthermore, there is a necessity to demonstrate how and to what extent social and environmental value creates economic value or vice versa. To investigate this topic and to offer additional knowledge to the ongoing literature, I selected a WISE that is going through the scaling-up process.

During a similar phase, an enterprise expands its activities from an initial site to additional sites, from an initial channel to another looking for partnerships and making strategic decisions at a critical time due to the need of social and financial support. These decisions concern the operations, internal control, the value creation, the team and coordination of these additional elements that might be moved by opposing logic. The growing phase makes this time strongly breakable. The organisation is trying to ensure its identity and legitimacy from all its stakeholders, social (i.e. acceptance of settling in a new territory, partnerships or endorsements) and commercial (i.e. tangible and intangible assets).

The choice of the case study was a direct and effective tool to decompose the general research question in micro inquiries, which have led the analysis and have followed the literature review.

What emerged from the analysis of QUID is that more complex is the mission more internal strategic decisions are required to manage the different interests and dynamics.

the main strategic elements that allow QUID to manage the tensions are represented by the business model and the role of the founders. In QUID, the business model, meant as the dual mission combined with the economic purpose, has a fundamental role in attracting many stakeholders and, therefore, finding support for both dimensions, social and economic. Nevertheless, the peculiarity of these three aspects could also be crucial in smoothing the tensions of conflicting goals and partners embedded in the core activities and worked as reputational protection if QUID is able to establish a strong identity independently from each partner; otherwise, it would just increase the risk of decoupling, thus, of mission drift.

Moreover, looking at the three objects, they combined to sustain the business, but, when it comes to the external communication, they might be divided and proposed singularly, in pair or all together. This shows there is no a need of a simultaneous or sequential value creation, which should be follow as a model.

Santos et al. (2015) suggest a structural differentiation or separation between the commercial side and the social one in the case of a coupling organisation to mitigate the managerial complexity. However, this might be complicated for a social enterprise in a growing phase like QUID due to the lack of pre-existing mechanism and costs. Furthermore, recent literature has underlined the necessity of developing a common organisational identity in order to balance the two objectives and sustain the hybrid nature (Battilana & Dorado, 2010; Tracey et al., 2011). The shared identity prevents the emergence of sub-groups whose different identities accentuate organisational strains. Consequently, the structure may in reducing the influence of the different environments (Battilana & Lee, 2014). Keeping them integrated into one unit seems to be the most viable solution in the scaling-up process. I observed as QUID integrates them, but, at the same time, the two aspects are divided in the role of Ludovico and Anna. This ‘combination-separation’ ensures that they remain attuned to the social needs of QUID while focusing on the high economic performance. What I observed is an example of hybrid organization that is able to sustain multiple conflicting objectives adopting a structure that keeps them together in different experts.

This observation is particularly important because it is able to describe a possible solution for managing organizational tensions in hybrid organizations. In this sense my research represents an element of novelty in the modern literature because it addresses a company in growing stage. This research, however, does not have the power to set a rule for similar organizations, because of the peculiarities that characterize the single case study.

Moreover, an integrated unit helps the construction of a substantial legitimacy since partners and customer base are only starting to assume relevant importance (Grant & Jordan, 2012). Finally, from an economic point of view QUID could not afford the separation of the two functions because of the reduced dimensions and capital losses.

This stage of the social enterprise also influences the sources and the types of value created. The high necessity of resources and support under many aspects push QUID to look for any partner, even with a low organisational compatibility. Therefore, several partnerships with the for-profit based on the transferred resource value. This affects the startegies that QUID adopts to ensure a positive result chancing the priorities, the production processes and the structure. The recent rapid growth forced QUID to hire people with sew skills and not

disadvantaged individuals. This example clearly shows the impact of these commercial alliances, which help and threaten the mission of the organisation at the same time.

Whereas, the collaborations with non-profit and associations produce a synergistic value realising a deep co-creation. This confirms what was said in the literature due to the easier allignments of interests and the higher flow of crucial resources.

To conclude, QUID also adapt its double mission – starting from helping women belonging to specific categories to including also men and more categories – being able to dispense many value creation cycles for these different partners while keeping the focus on its goals. This capability has represented a strength for the development of QUID and it should be protect also in the future in order not to become a threat for mission drift.

From this thesis, it emerges how social enterprises should analyse systematically their collaborations to clearly understand how they create value internally and externally. The investigation can rely on few questions (1) What and where are the sources of value? (2) How are the partnering affecting the value creation? (3) Is the value outcome produced for the wealth of the beneficiaries or for other reasons? (4) Which are the risks implied in these collaborations?

7.2 Limitation & Further Research

Apart from the contributions, it also involves limitations that need to be pointed out. Firstly, the case does not include an interview with the partners, which could provide supplementary knowledge and possible dissimilar viewpoints. Further exploration could blend the two edges, social enterprise and stakeholders, to a widespread notion of both sides and look at changes or equivalences effectively.

Secondly, the available short time represents a constraint, which limits the chance to name the hazards of mission drift or other risks for QUID deeply. Indeed, the positive ends of the last years might mitigate what is taking place within the social organisations. In addition, within these collaborations, it would be interesting to document how the value co-creation process renews and grows. Especially, the partnership with the Calzedonia Group, a higher-level collaboration, which are less common.

The uniqueness of QUID could serve as a limit for the research itself. Not all the social enterprises embrace a dual-line communication with these copies of collaborators and deal with a dual mission, social and environmental, at the same moment. These factors make QUID compelling, and they will not affect the results of the study negatively, but they may not be generalizable to alternative types of organisations. There is a room for further

investigation with a specific regard to the strategic choices they have to perform and how they shape their mission over time. Moreover, the several peculiarities displayed in the market open other queries and uncertainties for both hybrid and traditional organisations dealing with the strategy, organisational structure, sustainability and innovation. Progetto QUID is just one of them; the subject sought to analyse and argue some charming and demanding aspects thanks to the direct access to data and knowledge from the social enterprise and its team. However, it would be beneficial to conduct a comparative analysis among similar and not WISEs, among countries or other hybrid organisations to have better general intuitions, meaningful discrepancies or identities for developing both theoretical advises and useful practices.

APPENDIX

Exhibit 1 – QUID' ideas and logo

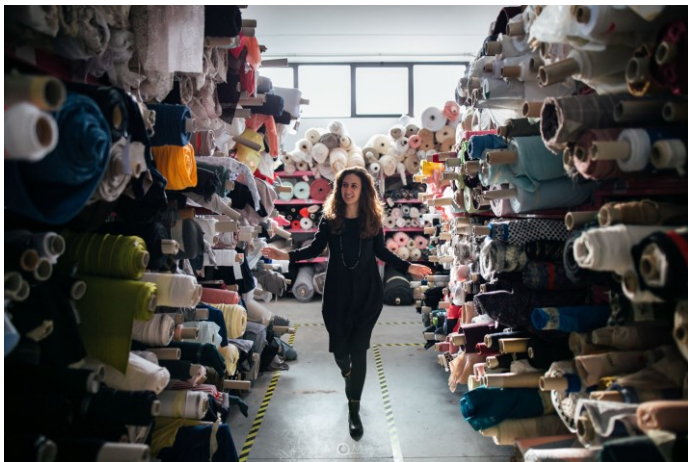
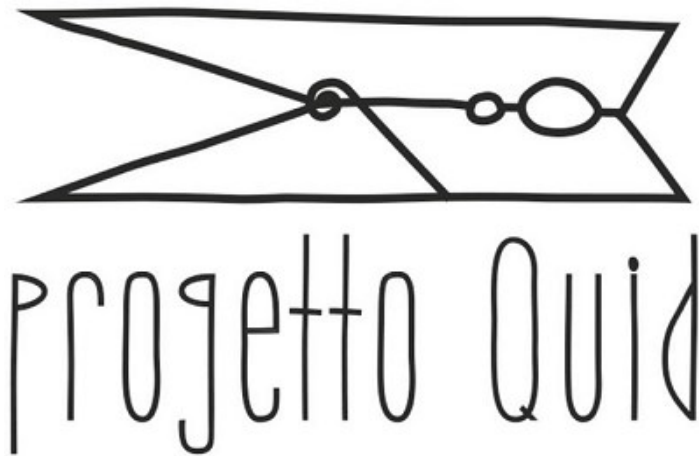
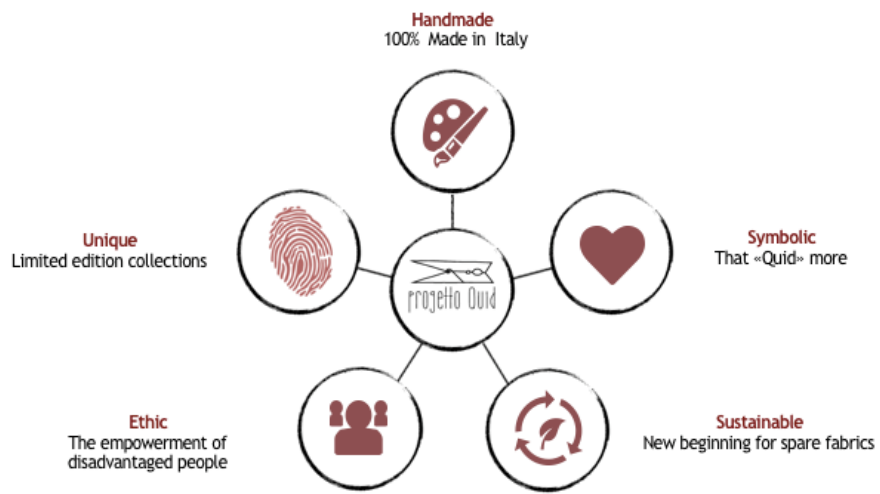




Exhibit 2 – QUID in numbers

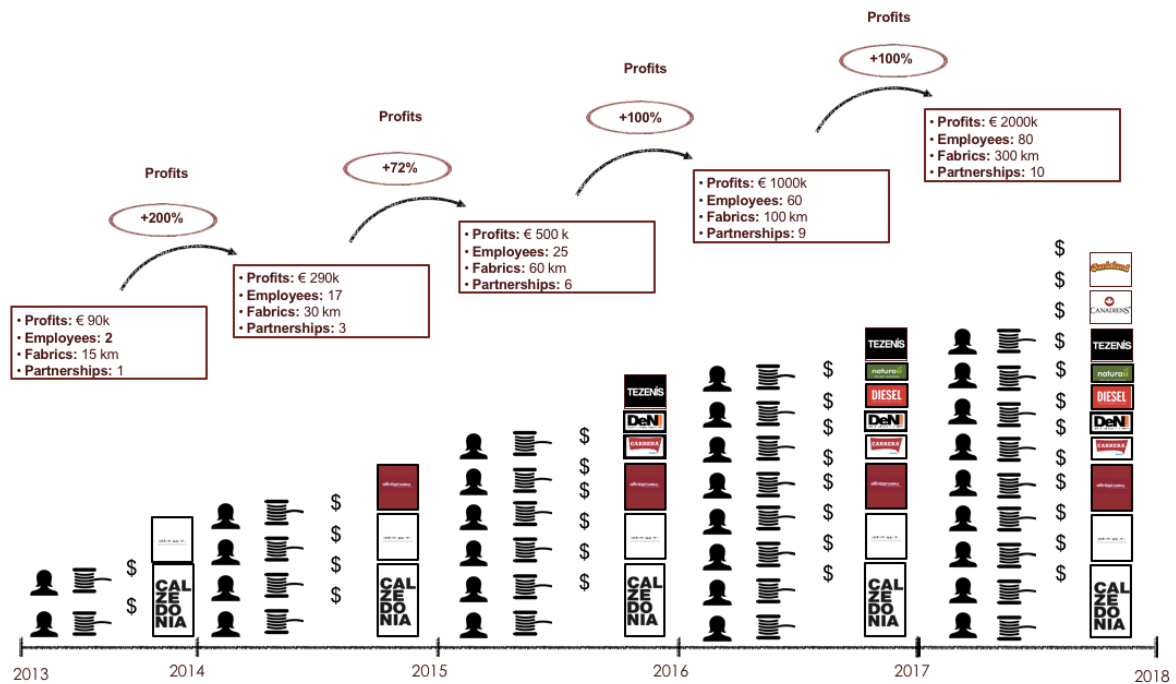


Exhibit 3 – For profit Partners

Company	Sector	Location	Focal Activity	Relation with QUID	Collaboration
Calzedonia	Underwear Industry	Verona & worldwide	Socks, Leggings, Stockings & Beachwear	Donation of fabrics, co-branding & offering spare stores for its own collections	2013
Tezenis (Calzedonia Group)	Underwear & Apparel Industry	Verona & worldwide	Socks, Leggings, Stockings & Apparel	Co-branding	2015
Intimissimi (Calzedonia Group)	Underwear Industry	Verona & worldwide	Lingerie, Accessories & Homewear	Co-branding	2013
Diesel	Retail clothes Industry	Vicenza	Jeans, clothing, shoes & accessories	One single commission	2016
Carrera	Eyewear Industry	Padova	Sunglasses & sports eyewear	One commission & help for the e-commerce	2015
DeN	Fashion Industry	Maleo	Jeans & fashion multibrands	Donations of fabrics & co-branding	2016
Gardaland	Recreational Industry	Garda	Amusement park	Selling QUID's products	2017
Canadiens	Sportswear Industry	Verona	Urban Sportswear	Donations of fabrics & co-branding	2017
Local textile companies	Textile industry	Italy	Various	Donation of fabrics, accessories & decorations	from 2013 on

Exhibit 4 – No-profit Partners

Company	Sector	Location	Focal Activity	Relation with QUID	Collaboration
San Patriniano Community	Therapeutic Community	Verona	Offering home & supports for drug addicts and marginalized people	To find, hire & sustain people hired in QUID	2013
Papa Giovanni XXIII Community	Third Sector	Verona & worldwide	Committed to fight marginalisation and poverty	To find, hire & sustain people hired in QUID	2013
Altromercato	Fair trade	Verona & worldwide	Food & drinks	Co-branding	2015
NaturaSi	Organic & Biodynamic products	Italy	Food, drinks, body care & home cre products	Co-branding	2017

Exhibit 5 – QUID's Formula

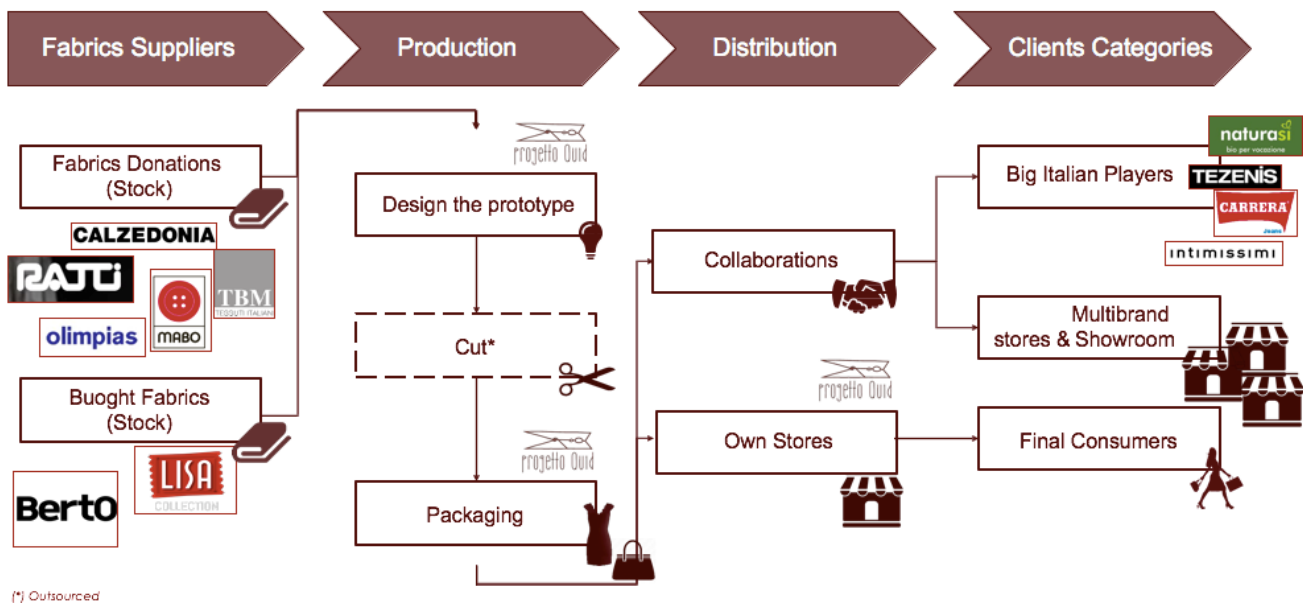
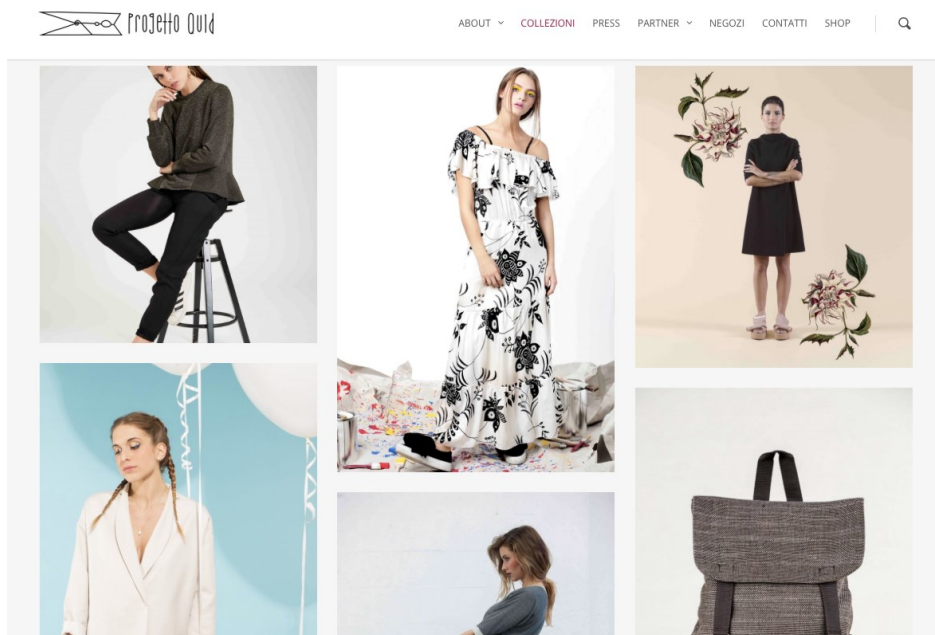


Exhibit 6 – Independent collection SS 2018



Progetto Quid

4 April at 08:30 · €

Un taglio originale per uno look fresco e vivace: scopri nei nostri #QuidStore la nostra camicia NAIAD, con retro incrociato asimmetrico — abbinala al pantalone basic MARS per portare una ventata di #primavera in qualunque situazione! 🌸🌸🌸

#StardustCollection #SS18 #ProgettoQuid #modaetica

// Stardust Collection SS18



Exhibit 7 - Board Plan

<p>Who are the crucial partnerships?</p> <p>How to maximise partnerships?</p> <ol style="list-style-type: none"> 1. 2. 3. 	<p style="text-align: center;">B2B or B2C?</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; vertical-align: top; padding: 5px;">PROS:</td> <td style="width: 50%; vertical-align: top; padding: 5px;">CONS:</td> </tr> </table>		PROS:	CONS:	<p>Main challenges & threats</p>
PROS:	CONS:				
<p>How is the communication?</p> <ol style="list-style-type: none"> 1. 2. 3. 	<p style="text-align: center;">Team members</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center; padding: 5px;">Anna & Ludovico</td> <td style="width: 50%; text-align: center; padding: 5px;">Others</td> </tr> </table>		Anna & Ludovico	Others	<p>Tools & suggestions for the future</p>
	Anna & Ludovico	Others			
<p style="text-align: center;">Are they the right people for QUID?</p>	<p style="text-align: center;">Are they capable of managing these and the future challenges?</p>				

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