Doing Good while Making Profit: Perspectives on Reconciling Multiple Objectives in Social Enterprises

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Declaration

This is to certify that:

(i) This thesis constitutes my own work and that all material, which is not my own work, has been properly acknowledged.

(ii) Due acknowledgement has been made in the text to all other material used.

(iii) Due acknowledgement has been made in the text to my co-authors, with whom I have worked on research manuscripts.

(iv) The thesis is less than 100,000 words.

To my grandfather

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Abstract

This dissertation looks at social ventures that create social impact whilst being self-sustainable. By adopting three different theoretical perspectives, various aspects of organizations with multiple social and economic objectives are highlighted. Study 1 examines the hybrid nature of social ventures. It examines the conditions under which social ventures develop hybrid value creating activities to deal with their economic and social goals. Based on data from 11 social ventures, the findings are based on a combination of an inductive analysis and fsQCA analysis. The focal point of the study is how the interplay of the exclusiveness of the beneficiary target group, the overlap between customers and beneficiaries, and the visibility of the social mission in the value offering, influences the extent to which social ventures hybridize their means. The study contributes to the literature on social ventures specifically, and hybrid ventures more generally.

Study 2 is based on a qualitative and inductive ethnographic study of a social venture. It sheds light on how organizational members have an imprinting effect on a venture beyond the founding phase. The model proposed in this study illuminates how the imprinting process is an ongoing, two-way interaction between the individual and the organizational level. The analysis shows how the initial imprint of the venture attracts people with specific social identities, and how bottom-up involvement of organizational members impacts on the imprint through three processes: *projecting, sharing* and *contextualizing*. This study adds to the literature on imprinting on one hand, and to literature on social ventures on the other hand.

Study 3 is a comparative study of two social ventures bringing electrification to rural communities in a bottom-of-the-pyramid market. The study unpacks how these ventures design governance models to align the heterogeneous interests of their stakeholders - including customers, employees and local communities – with their own organizational social and economic objectives. On one hand, the results of the analysis show how the two ventures differ in terms of a customer versus community focus in their governance approach. On the other hand, the analysis shows how this divergent take on governance is driven by a different perception of stakeholder categories, a dissimilar conceptualization of beneficiaries of the social mission, and a different extent of adopting relational versus transactional approaches towards the stakeholders. The study is a response to calls for research on governance in the context of organizations with multiple social and economic objectives.

CHAPTER 1

Introduction

1. Introduction

1.1. Theoretical motivation

Friedman's (1970) claim that the social responsibility of business consists of pursuing profits does no longer hold in today's society (Jones et al., 2016). The increased importance of the third sector, budgetary pressures on the public sector and a broad interest in non-conventional entrepreneurial ways to tackle current societal challenges has led to the rising popularity of socially entrepreneurial endeavours by corporations, non-profit organizations, and new ventures (Battilana, Walker and Dorsey 2012; Defourny and Nyssens, 2006; Haigh and Hoffman, 2012). Yet so far, scant attention has been paid to this shift in focus, and management scholars have lamented the lack of an integration of social and economic objectives in the literature (Jones et al., 2016; Walsh, Weber and Margolis, 2003). This dissertation is a response to calls for management research to broaden its scope to examine "organizations with purpose" whose objective goes beyond operating profitably (Hollensbe, Wookey, Hickey, George and Nichols, 2014).

This thesis offers a nuanced view on organizations with multiple social and economic objectives. It views organizations that have multiple objectives as interdependent systems of activities and organizational processes. Management research has dealt primarily with a set of questions on this agenda related to the reconciliation and combination of social and economic objectives. Scholarly studies tend to emphasize that having economic and social objectives oppose each other and lead to conflict and tension on an organizational level. This is largely because multiple objectives juxtapose divergent cultures, activities, performance criteria, logics and values within the organization. While these studies point out the various challenges resulting from multiple objectives and contribute to our understanding of how those types of organizations adhere to their multiple objectives, it is timely for management research to more deeply and thoroughly articulate the specificities that come into play in organizations with seemingly opposing multiple objectives. This dissertation is an attempt to extend current management research in that respect. I focus on social ventures as a research context to unpack the diverse organizational processes and activities that emerge in the presence of multiple objectives, using three different theoretical perspectives. In doing so, the studies included in this dissertation reveal insight in the role of agency and different stakeholder categories.

1.1.1. Social ventures as a research context

The studies presented throughout the three chapters of this thesis are all situated in the context of social ventures that create social impact whilst being self-sustainable at the same time. Although increasingly used by scholars as a context for research, social entrepreneurship and social ventures remain poorly defined without clearly established conceptual and definitional boundaries (Choi and Majumdar, 2014; Short, Moss and Lumpkin, 2009). In this dissertation I follow the definition that social entrepreneurship is an “entrepreneurial activity with an embedded social purpose” (Austin, Stevenson, and Skillern, 2006) which involves the use of business methods and principles to tackle social and/or environmental problems. Social ventures are the tangible outcome of social entrepreneurship (Mair and Marti, 2006) and throughout my thesis I view them as ventures with an explicit – and often primary – social and/or environmental objective that combine for profit and non-profit activities.

The rise in interest for socially entrepreneurial endeavours has attracted attention from many actors including the government, the corporate world, the public and investors, which has led, among others, to the introduction of new regulatory statuses and certificates. The B corporation certificate and the “Benefit Corporation” in the US, and the Community Interest Company (CIC) in the UK are examples of these. They all are initiatives that represent important milestones in a broader set of public policy measures aimed at fostering the environment for social ventures (Nicholls, 2010). The surge in interest for social entrepreneurship and social ventures has also resonated with an increased number of articles published in print journalism about the topic, going from 37 articles in 1997 to 14.264 in 2012 (Battilana and Lee, 2014). In the course of time, scholars have adopted various theoretical lenses to look at social entrepreneurship and social ventures and have contributed complementary theoretical insights to this field of research.

1.1.2. Perspectives on dual social and economic objectives

Research on social ventures has taken different approaches to examine how social ventures can organize themselves to deal with social and economic objectives which are often considered to be in conflict (Battilana and Dorado, 2010; Dacin, Dacin and Tracey, 2011; Tracey, Philips and Jarvis, 2011). As suggested by institutional research (Greenwood et al., 2011), social ventures face challenges in addressing social and economic objectives simultaneously, and in reconciling for-profit and non-profit logics, as they combine organizational practices that do not fit well together (Besharov and Smith, 2014; Pache and Santos, 2013). So far, there is no ready-to-wear model yet for ventures with social and economic objectives (Battilana and Dorado, 2010). Designing an organizational model or structure that incorporates both objectives and the associated logics thus presents a challenge for social ventures as adopting elements prescribed by one logic might jeopardize legitimacy towards the stakeholders that adhere to the other logic (Pache and Santos, 2010). In addition, these ventures face a risk that subgroups emerge within the organization and associate themselves with opposing or differing logics, as such becoming isolated from and even dysfunctional towards each other (Ashforth and Reingen, 2014; Pache and Santos, 2010).

In response to these organizational challenges, empirical studies have shown how social ventures create novel organizational templates and forms that combine the multiple objectives (Pache and

Santos, 2013; Tracey et al., 2011), and how organizational identity and identification contribute to the reconciliation of social and economic objectives and the associated logics (Ashforth and Reingen, 2014; Battilana and Dorado, 2010; Besharov, 2014). Yet the interrelation between multiple organizational objectives of social and economic value creation, the value creating activities conducted to achieve both types of value, and the stakeholders involved has remained under addressed. Hence, I tackle these research issues in my dissertation by adopting three different theoretical lenses to look at the specifics of social ventures and their social and economic objectives. The three theoretical perspectives unpack the way in which social ventures conduct value creating activities, and the role of the interaction with different stakeholders in this. As such, this dissertation joins the conversation by focusing on the value creating processes of social ventures, the imprinting process of a social venture, and the alignment of diverse stakeholder interests and multiple organizational objectives. In adopting these theoretical lenses, each of the chapters shed light on the role of the interaction with specific stakeholder groups in the creation of social and economic value.

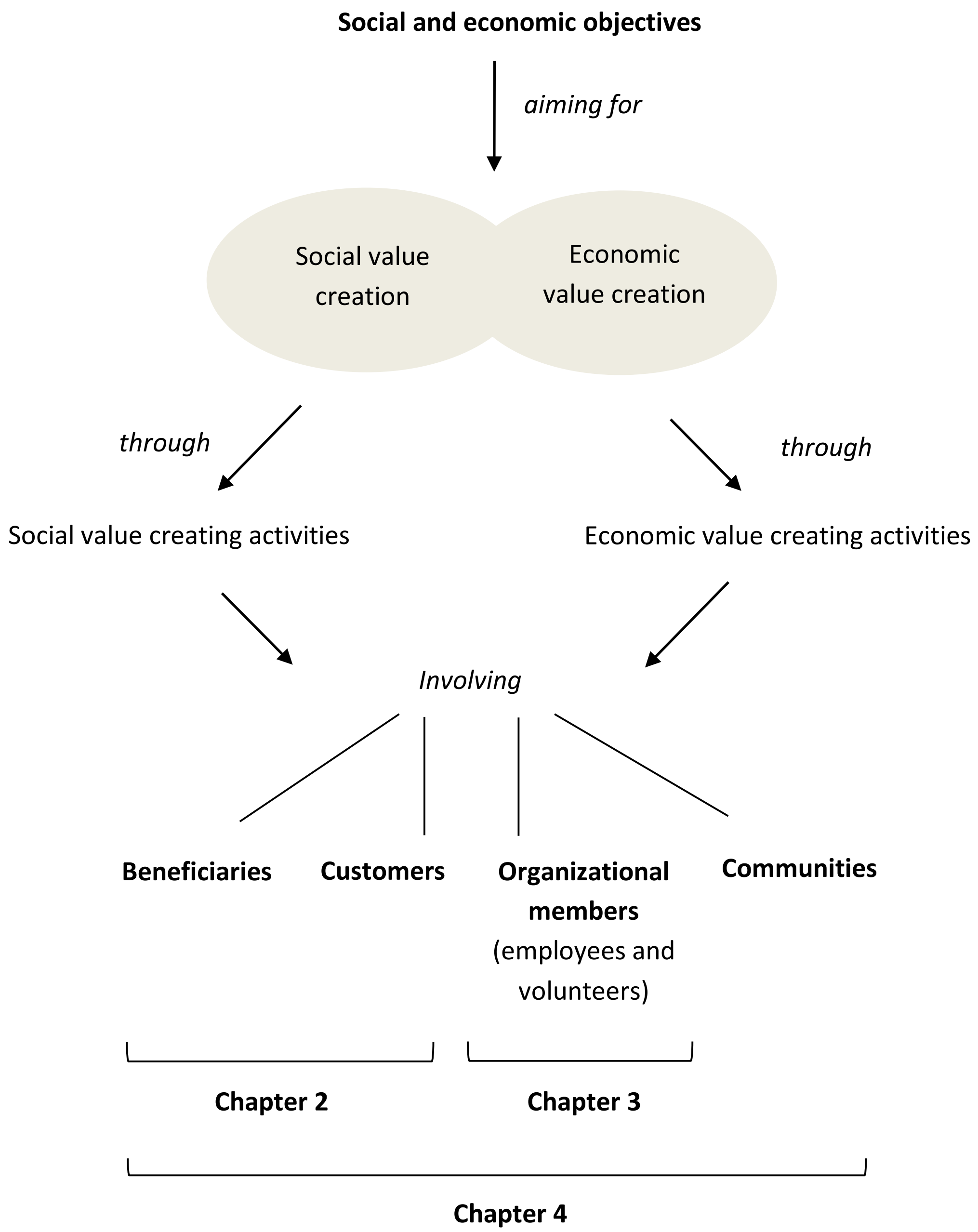
1.2. Thesis structure and research design

The overarching question in this dissertation is *how do social ventures with multiple social and economic objectives reconcile seemingly opposing objectives and logics?* More specifically, the thesis emphasizes *who* social and economic value is created for, and *how* this is done. In highlighting different aspects of social ventures, each of the chapters looks at the role of the relation between social ventures and their different stakeholder categories – including beneficiaries, customers, organizational members (employees and volunteers) and the communities. The following research questions are explored:

(1) When do ventures with hybrid economic and social goals adopt hybrid organizational activities?
(2) How does a social venture's imprinting occur beyond the founding phase?
(3) Which governance structures enable ventures with social and economic objectives to cope with heterogeneous preferences of different stakeholders?

These questions are answered by three studies which are presented in Chapter 2, 3 and 4. Chapter 2 focuses – among others - on the role of beneficiaries and customers and their overlap. Chapter 3 highlights the role of organizational members. Chapter 4 unpacks the role of the perceived salience of customers, beneficiaries, employees and local communities. Figure 1 illustrates how these three studies fit into the overall dissertation and how each of them focuses on different stakeholder categories for the creation of social and economic value in the context of social ventures with multiple objectives.

Figure 1: Overview of dissertation studies



Chapter 2 examines the hybrid nature of social ventures, an oft-cited characteristics of ventures with social and economic objectives. Although the notion of hybridity has become widespread to denote a variety of phenomena and ventures, the boundary conditions of the concept are ill-defined and it remains unclear whether hybrid ventures are hybrid in their goals and/or in the means they use to achieve those goals. This study examines the conditions under which social ventures develop hybrid value creating activities to deal with their economic and social goals. Based on data from 11 social ventures, it focuses on how the interplay of the exclusiveness of the beneficiary target group, the overlap between customers and beneficiaries, and the visibility of the social mission in the value offering, influences the extent to which social ventures hybridize their means. Combining inductively derived insights from the data with fsQCA analysis, the results identify one configuration that leads to the development of hybrid means and two configurations that imply the use of non-hybrid means to deal with hybrid goals. These findings contribute to the literature on social ventures specifically, and hybrid ventures more generally.

Chapter 3 is based on an ethnographic study of a social venture conducted throughout my doctoral studies. This study enhances our understanding of how organizational members have an imprinting effect on a venture beyond the founding phase. In addressing this research issue, I connect with previous work in entrepreneurship about how individuals' identities impact on ventures. I expand this line of research by considering how social identities of organizational members play a role in the imprinting process of a social venture after the founding team leaves. The model developed in this study illuminates how the imprinting process is an ongoing, two-way interaction between the individual and the organizational level. The analysis shows that the initial imprint of the venture attracts people with specific social identities, and that bottom-up involvement of organizational members impacts on the imprint through three processes: *projecting, sharing* and *contextualizing*. Contributions to the literature on imprinting and the literature on social ventures are discussed.

Chapter 4 is a comparative study of two organizations providing access to electricity to off-the-grid communities in rural Africa. Taking a stakeholder-agency approach, the study's focal point are the governance structures that both ventures develop in order to incorporate the heterogeneous interests of multiple stakeholders including the customers, employees and local communities. By comparing the contrasting approaches both ventures take, the analysis shows how the prioritization of stakeholder preferences and the variation in relational and transactional approaches explain the different internal governance arrangements. The study contributes to current efforts to better understand governance issues of organizations that have social and economic organizational objectives and engage with multiple principal stakeholders.

Overall, the research strategy adopted throughout the three studies is case-based. As the purpose of this thesis was to look at how social ventures create social and economic value simultaneously, and how and why they involve stakeholders in doing so, a qualitative approach was deemed appropriate. The qualitative data gathered about one or multiple cases enabled me to create rich and new theoretical insights and constructs (Eisenhardt, 1989, Yin, 2013). The single case study presented in chapter 3 provided me the opportunity to explore a significant phenomenon under extreme circumstances and elicited rich insights about the phenomenon studied (Siggelkow, 2007). Since close involvement with the research setting was deemed necessary in order to explore the phenomenon, and the reliance on traditional qualitative methods such as interviews or survey data only would have led to meagre results, I used an ethnographic method to collect data for this study. The ethnographic approach allowed me to be closely involved with the research setting which enabled me to relate insights from observations and interviews to the cultural framework of the venture within which they occurred (Van Maanen, 2011; Watson, 2011). The multiple case studies presented in chapter 2 and 4 enabled me to compare across cases and to clarify whether an emergent finding was simply idiosyncratic to a single case or consistently replicated by several cases (Yin, 2013). The findings for both studies were inductively derived and the findings presented in chapter 2 were complemented by a QCA analysis.

1.3. Contributions

1.3.1. Theoretical contributions

This dissertation makes several theoretical contributions which all contribute to a better understanding of the intra-organizational processes and activities that play out in ventures with multiple social and economic objectives. Specifically, the studies presented throughout the chapters contribute to the literature on imprinting, the ongoing academic discussion about hybridity, and the literature on stakeholder-agency. From a more general perspective, this dissertation adds to the literature on social ventures and social entrepreneurship. First, I move from contrasting social ventures with traditional “commercial” ventures, to understanding the heterogeneity across social ventures. The findings in the second and fourth chapter demonstrate that there are different ways to deal with the objective to create social and economic value simultaneously. Second, the studies presented in this dissertation provide a more in-depth understanding of how the incorporation of diverse stakeholder interests occurs in the context of a social venture. With regards to employees, the study presented in chapter 3 describes how organizational members use their individual social identity to impact a venture’s imprint over time. In terms of beneficiaries, customers, and communities, the studies presented in chapter 2 and chapter 4 show how the conceptualization and integration of these stakeholder groups has important implications on an organizational level. In general, the thesis unpacks the central role of agency and stakeholders by showing how the interrelation of social and economic objectives depends on managerial decision making concerning the categorization of different stakeholder groups.

1.3.2. Implications for practice

The findings presented in this dissertation also have practical implications for social entrepreneurs in the process of setting up a social venture. Rather than there being a “one size fits all”, my analysis shows that the nature of the social venture depends on entrepreneurial decisions which together strategically define a social venture. Hence, there are various ways of organizing a social venture in order to achieve social objectives while being economically self-sustainable. First, social entrepreneurs need to decide on who they create social value for. Second, social entrepreneurs need to decide whether and how to involve their target beneficiaries in economic transactions as customers. Third, while explicit social values can benefit a venture’s competitive position, social entrepreneurs need to decide how to use these social values as a differentiator vis-à-vis commercial counterparts. In addition to this, the dissertation sheds light on the role of social identity for (social) ventures. The extent to which people define themselves based on the organizations or ventures they belong to, might evoke specific bottom-up organizational mechanisms than can have an effect on several organizational processes – one being the imprinting process as described here.

CHAPTER 2

A Configurational Approach to Hybrid Social Ventures

2. A configurational Approach to Hybrid Social Ventures[1]

2.1. Introduction

Hybrid ventures that combine elements from different institutional logics have become increasingly prevalent in recent years (Greenwood, Raynard, Kodeih, Micelotta, and Lounsbury, 2011; Battilana and Dorado, 2010; Pache and Santos, 2013). A key feature of hybrid ventures is that they are exposed to multiple logics which prescribe different guidelines about what *goals* are appropriate and what actions, or *means*, are legitimate to achieve those goals (Pache and Santos, 2010). Hybridity refers to being composed of the mixture of disparate parts (Battilana and Lee, 2014) but the current body of literature on hybrid ventures remains unclear about the exact nature of their hybridity. We still lack insight about why hybrid ventures with multiple goals differ in how they mix elements from multiple logics in the means to achieve those goals. Hence, the purpose of this paper is to develop a better understanding of the conditions under which ventures adopt hybrid means in response to multiple goals. In doing so, we disentangle the concept of hybridity in *hybrid goals* and *hybrid means,* thereby focusing on the value creating activities hybrid ventures carry out.

We focus on social ventures, which are a well-studied example of hybrid ventures (Battilana and Lee, 2014; Doherty, Haugh and Lyon, 2014; Mair, Mayer and Lutz, 2015). Social ventures differ from commercial ventures because of the goals they seek to achieve and the way in which they create value (Austin, Stevenson, and Wei-Skillern, 2006; Estrin, Mickiewicz and Stephan, 2016; Santos, 2012). They are organizations that aim to solve environmental or societal issues by combining non-profit principles and practices with classic, profit-oriented business methods (Mair and Marti, 2006; Mendoza-Abarca, Anokhin, and Zamudio, 2015; Defourny and Neyssens, 2006; Zahra, Gedajlovic, Neubaum, and Schulman, 2009). As such, they have multiple social and economic goals and draw from a for-profit, market logic and a non-profit, social welfare logic (Battilana and Dorado, 2010; Pache and Santos, 2013).

The literature suggests that social ventures are natural arenas of contradiction that face challenges and tensions as a consequence of their dual goals and the associated institutional logics (Doherty et al., 2014). For instance, they are caught between the competing objectives of economic and social value creation and need constantly to balance these multiple objectives and logics (Mair et al., 2015; Smith, Gonin and Besharov, 2013). Hence, social ventures, and hybrid ventures more broadly, need to find ways to deal with the hybrid, multiple goals and associated logics to which they are exposed (Greenwood et al., 2011). Scholars have suggested how tensions stemming from multiple social and

[1] I am the first author of this chapter, Bart Clarysse and Mike Wright are my co-authors. A version of this chapter has been published in the Academy of Management Proceedings, 2015. Previous versions of this chapter were presented at a Strategic Management Society Extension workshop in 2014, EGOS 2015, Strategic Management Society conference 2015, and the International Social Innovation Research Conference 2015.

economic goals can be resolved through hybrid organizational identities (Ashforth and Reingen, 2014; Battilana and Dorado, 2010; Moss, Short, Payne and Lumpkin, 2011), hybrid organizational forms (Tracey, Phillips and Jarvis, 2011; Pache and Santos, 2013) or hybrid designs (Battilana and Lee, 2014). Hence, the underlying assumption of extant literature is that hybrid goals conflict with each other and that they lead to the adoption of hybrid means in some shape or form. Despite the pioneering insights on social ventures however, the heterogeneity of their hybrid nature is under addressed and the variety with which they develop hybrid means in terms of value creating activities to deal with their multiple goals remains poorly understood (Zahra and Wright, 2015). This is important because the challenges social ventures face depend on the specific sets of value creating activities they carry out (Battilana and Lee, 2014). We define hybrid value creating activities as the activities ventures pursue to create social and economic value, whereby the degree of hybridity depends on the differentiation of these value creating activities (Battilana and Lee, 2014; Ebrahim, Battilana and Mair, 2014). We challenge the assumption that hybrid goals lead to hybrid means as we focus specifically on when social ventures hybridize their value creating activities to achieve multiple social and economic goals. Accordingly, the purpose of this paper is to investigate the question: *When do ventures with hybrid economic and social goals adopt hybrid organizational activities?*

To address the research question, we explore how key entrepreneurial decisions in the creation of new ventures impact the extent to which social ventures mix for-profit and non-profit elements in their value creating activities. While scholars have distinguished between social ventures which internally separate activities for social and economic value creation on one hand, and social ventures which focus on one set of activities that leads to simultaneous social and economic value creation on the other hand (Ebrahim et al., 2014; Kistruck and Beamish, 2010; Santos, Pache and Birkholz, 2015), they fall short in explaining what causes this heterogeneity among social ventures. The overlap of customers and beneficiaries is often quoted as an explanation for a differentiated versus an integrated approach towards social and economic value creation (Ebrahim et al.). However, we find that it is the interplay with two other entrepreneurial decisions in the creation of a social venture which impacts the hybridization of value creating activities. More specifically, we find how the interplay of (1) the exclusiveness of the beneficiary group, (2) the overlap between customers and beneficiaries, and (3) the visibility of the social mission in the value offering have an effect on the extent to which social ventures hybridize their value creating activities.

We combine insights that we derive inductively from the data with the use of a configurational approach. The choice of a configurational approach is motivated by the fact that - rather than the independent effect of entrepreneurial decisions about the targeted beneficiaries, their overlap with customers, and the use of the social mission - we investigate how the interplay of these three conditions has an influence (Rihoux and Ragin, 2008; Fiss, 2007; Fiss, 2011). Our findings are based on an analysis of 11 social ventures founded in different geographical locations and industries. While some empirical studies have looked at social ventures that eventually failed (Battilana and Dorado, 2010; Tracey et al., 2011) our goal was to examine a variety of social ventures that were able to pursue a social goal while having reached a break-even point and thus were self-sustainable. Hence, the social ventures studied all rely on self-earned income and have survived for at least two years after start-up, a criterion we used as an indicator of sustainability. To incorporate the joint effect of the three abovementioned conditions, we use fuzzy-set qualitative comparative analysis (fsQCA) as a configurational method (Ragin, 2008). FsQCA is appropriate for addressing our research question as it builds on the idea that a set of conditions combines rather than competes with each other in creating an outcome (Fiss, 2007).

Our findings suggest that there are different configurations of social ventures that hybridize their value creating activities to deal with multiple goals. We find that one group of ventures internally separates social and economic value creation and develops hybrid means because they actively pursue both types of value creating activities and hence draw from both a for-profit and a non-profit logic. These are ventures that create social value for a well identified and delineated group of beneficiaries, which is separate from their target group of customers. In contrast with these ventures, we also find two types of social ventures that do not adopt hybrid means despite their hybrid goals. They focus on economic value creating activities, with social value creation as an automatic outcome and hence they draw from a for-profit logic only to achieve their multiple goals simultaneously. On one hand, these are ventures whose beneficiaries and customers are one and the same, and whose targeted customer/beneficiaries self-select to buy from the venture based on the social mission which is clearly visible in the value offering. On the other, these can be ventures that outsource the social value creation to external parties and financially support them in doing so. They do not directly interact with their beneficiaries, but focus on economic value creating activities targeted towards customers. In these cases, the social mission is not visible in the value offering. Hence, while all the ventures in this study have hybrid economic and social goals, there is thus heterogeneity in the way they mix or hybridize the for-profit market logic and the non-profit social welfare logic in the value creating activities, depending on the exclusiveness and overlap of beneficiaries and customers, and the use of the social mission in the value offer as a differentiating factor.

This study advances research on social ventures and hybrid ventures in several ways. First, we contribute to the general literature on hybrid ventures by disentangling hybridity into hybrid goals and hybrid means and we show how these two levels of hybridity differ. Second, we provide a more fine-grained understanding of social ventures. We identify how entrepreneurial decisions during the creation of a new social venture about the exclusiveness and overlap of customers and beneficiaries on one hand, and the visibility of the social mission in the value offering on the other hand, lead various types of social ventures to take a different approach to value creation. By adopting a configurational approach, we highlight the complexity of social ventures and their hybrid nature as a phenomenon. Through fsQCA we investigate how it is the combined rather than the independent effect of three entrepreneurial decisions which explains the variation in how social ventures combine multiple logics to achieve hybrid goals. We go beyond existing classifications of social ventures by showing that not all adopt hybrid means to the same extent. Hence, we shed more light on the heterogeneity of the hybrid nature of social ventures.

2.2. Theoretical background

Although there remains a lack of a unified definition (Choi and Majumbar, 2014), social ventures are characterized by hybrid goals: these organizations combine broader societal objectives with entrepreneurial methods to achieve these social goals (Dacin, Dacin and Tracey, 2011; Defourny and Neyssens, 2006). They combine logics that do not fit well together (Pache and Santos, 2013). As a result, social ventures face challenges in addressing these different objectives and associated logics (Besharov and Smith, 2014). For instance, adopting elements to comply with the stakeholders that adhere to one of the logics, might jeopardize legitimacy towards the stakeholders that adhere to the other logic (Pache and Santos, 2010; Ruebottom, 2013). Moreover, social ventures face a risk that subgroups emerge within the organization and associate themselves with opposing or differing logics and thus become isolated from and even dysfunctional towards each other (Ashforth and Reingen, 2014; Pache and Santos, 2010).

The literature has suggested several ways in which social ventures deal with hybrid goals and the associated challenges. On one hand, it has been suggested that social ventures can combine and reconfigure the multiple logics and the associated demands internally into a novel organizational form (Greenwood et al., 2011; Kistruck and Beamish, 2010) by developing organizational forms which diverge from the established organizational templates that are appropriate within a given field (Thornton, 2002). This enables them to bridge the for-profit market logic and the non-profit social welfare logic (Battilana and Dorado, 2010). In this vein, Tracey et al. (2011) have shown how a new organizational template was constructed by the social venture Aspire which aimed at helping homeless people by involving them in a catalogue selling business. The authors describe how Aspire structurally divided the social and business functions of the organization. For instance, the support workers whose task it was to help reintegrate the homeless into the labor market had no direct involvement with the management of the catalogue selling business. Relatedly, Pache and Santos (2013) found in a study of French work integration companies that these ventures engage in "selective coupling". They show how these companies internally reconcile social and economic objectives by aggregating intact practices and organizational components from the different institutional logics related to each objective to construct a hybrid organizational form. On the other hand, some scholars have explained how developing a hybrid organizational identity could help as a means to reconcile competing objectives and for-profit and non-profit logics (Ashforth and Reingen, 2014; Battilana and Dorado, 2010). While scholars thus have provided insight in how ventures deal with multiple goals, most of these studies analyze one (Tracey et al., 2011) or a few similar social ventures in a very specific context (Battilana and Dorado, 2010; Pache and Santos, 2013). As a result, there remains a lack of understanding of how and why various types of social ventures deal with their hybrid goals in a different way.

In response, scholars have started to compare different types of hybrid social ventures. Ebrahim et al. (2014) distinguish between *differentiated hybrid ventures*, which separate social and economic value creation, and *integrated hybrid ventures*, which use the same activities to achieve social and economic value creation simultaneously. Along the same lines, Santos et al. (2015) show how hybrid social ventures differ from each other depending on whether social value creation is an automatic result of economic value creation or whether it is contingent on the development of additional interventions because it is not a direct outcome of commercial activities. In some cases, for instance when the expertise needed to create social value is too costly or difficult to acquire, the social venture can even create a partnership with an external organization, outsourcing the social value creation. However, while these scholars have made a first attempt to explain the variety across hybrid social ventures, we still lack an overall view that takes different dimensions of hybridity into account which might together, rather than separately from each other, explain differences in how social ventures internally deal with multiple goals and logics through their value creating activities. Hence, there is a need to look for a configurational approach, which takes different conditions into account at the same time to explain this heterogeneity (Zahra and Wright, 2015).

2.3. Data and methodology

To address our research question we used inductive analysis and a configurational research approach (Fiss, 2007; Rihoux and Ragin, 2008). We first inductively derived insights from the data to develop an in-depth understanding of the hybrid nature of our cases. We then combined these insights with insights from the literature to select our variables and conduct fuzzy-set QCA (Yamasaki and Rihoux, 2008). In the next sections we give an overview of our data sources and analytical procedure.

2.3.1. Case selection and data collection

Our findings are based on an analysis of data from eleven social ventures. Since our interest was driven by how and why social ventures combine for-profit and non-profit elements (drawn from a market and social welfare logic) in the development of means to create social and economic value simultaneously, we selected cases which explicitly stated hybrid social and economic goals in their mission statements. In the absence of a worldwide database of social ventures, the ventures were selected from networks for social entrepreneurs such as Ashoka, Echoing Green, the Sandbox Network and Unreasonable Institute. As it was our aim to explain why some ventures hybridize their means while others don't, we ensured there was sufficient variance among the cases. We selected cases with both a "positive" and a "negative" outcome (Berg-Schlosser and De Meur, 2008). A positive outcome refers to social ventures that carry out activities that combine for-profit and non-profit elements, and a negative outcome refers to social ventures that do not hybridize their means but rely mainly on for-profit elements and activities to achieve their multiple goals. The initial set of ventures consisted of 40 ventures spread over different countries and sectors. Eleven were willing to cooperate in the study. This selection enabled us to gain sufficient familiarity with the empirics of each case and an in-depth understanding of our qualitative data, which is important when conducting QCA (Berg-Schlosser and De Meur, 2008). Five ventures operated in developed economies, while the others operated in countries such as Mexico, Guatemala, India and East-Africa. The ventures operated in a variety of fields such as financial services, sustainable energy and fair trade, and were profitable for two consecutive years. All ventures were founded between 2008 and 2011.

The data for each case consists of face-to-face interviews with the founder(s) conducted by three researchers. These interviews took place in 2011 and 2012 and usually lasted between one and two hours. All interviews were recorded and for each case, a short video was made in which the social entrepreneurs were asked to present themselves alongside the way in which they identified the market and social opportunity, and consequently developed their business idea. To capture information on the way in which the social ventures pursue their social and economic goals, data was collected about the value offering of the venture; its intended customers; key partners; core activities; resources; revenues; costs and channels to reach the market, and the intended target populations. This data was complemented and cross-checked with publicly available data from press coverage and websites. See Table 1 for a descriptive overview of the cases.

Table 1: Descriptive overview of cases

Name and Location	Source	Founded	Team size	Value offering	Mission
Back to the roots U.S., San Francisco	Advised by another social entrepreneur	2009	11-50	Grow-at-home food products (mushroom kits)	Provide people with sustainable and fresh food that can be grown at home and sensitize people about their impact on the environment, while giving them an alternative to the traditional food industry.
Ilumexico Mexico	Echoing Green	2010	26	Solar panels developed for rural use and community development workshops	Improve the quality of life in underserved rural areas by providing them with solar powered lighting systems that have a positive impact on the environment, health and education, increasing the number of daily active hours and fostering socialisation.
Inventure U.S, Los Angeles	Ashoka	2012	51-200	Accounting support via an SMS based accounting tool + global credit scores	Inventure aims to facilitate financial inclusion for businesses all over the world – mostly micro-businesses that can become engines for economic growth and change the fate of their communities.
Holstee U.S., New York	Sandbox Network	2010	1-10	Sustainability-based lifestyle products	Encourage a mindful lifestyle by the designs made and the messages shared with the world and initiate a positive force in the e-commerce world.
Samasource U.S., Los Angeles	Schwab Foundation	2008	11-50	Microwork through online platform "Samahub"	Provide dignified jobs to the poorest people by connecting them via the internet. Enabling people living in poverty to earn a living wage in the formal sector, build confidence, gain skills in the new economy and inject much-needed capital into their communities.
Mi Parque Chile	Schwab Foundation	2008	1-10	Social integration, bringing together local community and company's employees	Offer high quality green areas by organizing their rehabilitation in coordination with sponsoring companies and local communities, favour social integration around one environmental project.
Panel	Advised by	2010	2	Donate indirectly	Panel solidario wants to be an

Solidario Chile	another social entrepreneur			to community development through donations to the NGO Techo	actor in the fight to find housing solutions to homeless people in Chile.
Solidarium Brazil	Unreasonable Institute	2007	1-10	Market intermediation through decentralized fair trade	Connecting the artisans in Brazil to the mass market through a network of designers and major retailers and ensure that the relationship is built on quality products and fair-trade practices.
Coffee Circle Germany	Advised by another social entrepreneur	2010	11-50	Market intermediation through decentralized fair trade	Provide high quality coffee to the feneral market while having a maximal social impact on the farmers' cooperatives.
Baking for good U.S., New York	Sandbox Network	2009	1	Cookies and donations to charity	Online bakery with a social mission –donating 15 percent of every purchase to a non-profit or community fundraiser of the customer's choice.
Byoearth Guatemala	Unreasonable Institute	2007	1-10	Organic fertilizer + Red worms and composting systems	Replace chemical fertilizer, clean up trash, and give poor women economical income thus a path out of poverty.

2.3.2. Method

We combined an inductive analysis with a configurational approach in order to accumulate knowledge of the cases first, which then formed the basis for selecting and calibrating variables for the fsQCA analysis (Ragin, 2008). Our analysis proceeded in two steps which we describe in detail in the following sections.

Step 1: Inductive analysis for in-depth understanding of cases

First, in order to understand the ventures' hybrid nature, we built a case report for each social venture, including personal accounts of its founders, descriptions of its business model, its design and its functioning.

We initially focused broadly on how the ventures combined elements of for-profit and non-profit logics. We examined the data to identify preliminary concepts and grouped them into first-order categories through a process of open coding (Corbin and Strauss, 2008). We then conducted a cross-case analysis of the eleven ventures to identify differences and similarities, as well as common patterns (Eisenhardt, 1989). After this initial round of coding we identified six themes along which the ventures showed similarities and differences in the way they combined a for-profit and the non-profit logic. These six themes were: type and number of business units, the type of main activities, the way in which profit was generated and distributed, targeted market segments of beneficiaries and customers, and the value propositions. Appendix 1 gives an overview of these themes for each case.

The cross-case analysis revealed two main insights regarding how the 11 cases combined for-profit and non-profit elements. First, we found that one group of ventures mainly draws on elements from a for-profit, market logic. “Back to the Roots”, “Holstee”, “Baking for Good” and “Panel Solidario” have a single operational structure with their core activity being focused on selling products or services. Their profit from sales is reinvested in business development and/or partly donated to an external non-profit organization supporting a separate group of beneficiaries. In contrast, another group of ventures uses hybrid operational and financial structures in which elements from market and social welfare logics are blended. “Byoearth”, “Ilumexico”, “Samasource”, “Inventure”, “Mi Parque”, “Coffee Circle” and “Solidarium” typically have a hybrid operational structure with one part of the business functioning as a for-profit, while the other part operates as a not-for-profit. They rely on self-earned income from sales of products and services and get extra support from the government or foundations. The money they make is reinvested to support their social mission and the creation of social value. Stakeholders such as local actors, individuals and community groups typically participate in the equity of the venture and provide expert support and advice for the activities linked to the social objective.

Second, we also found that the ventures differ with regards to their relation with their stakeholder communities of beneficiaries and customers. Our analysis identifies two groups with similar characteristics in terms of their value proposition and targeted market segments. On one hand, the ventures differ with regards to how exclusive they are in terms of the beneficiaries of their social mission. Some of the ventures create social value for a specific and clearly identified target group of beneficiaries, while others aim to generate value for the environment or society at large. An example of the former is “Byoearth” which aims to improve the life standards of women of poor communities in urban areas in Guatemala. An example of the latter is “Back to the Roots” which aims to reconnect people in general to the origins of food again and increase awareness about food sustainability. On the other hand, we find that the ventures differ in terms of the overlap of customers and beneficiaries. For some of them, the customers and the beneficiaries are the same: the customers of “Back to the Roots”, “Holstee”, “Ilumexico” and “Byoearth” are the main beneficiaries. These ventures have a single value proposition targeted towards one stakeholder community which simultaneously acts as customer and beneficiary as such. The social objective of these ventures is typically embedded in the product or service and accrues to the customers as they buy from the venture. In contrast, another group of ventures has beneficiaries that differ from their customer. In these cases, the social venture typically acts as an intermediate agent. These ventures have dual value propositions that are targeted towards both the beneficiaries and the customers. The beneficiaries provide goods or services, which the venture then offers to a separate group of customers. Seven ventures belong to this group. Their beneficiaries are typically specific target groups such as deprived communities in rural areas and they either interact directly with the beneficiaries or rely on a separate partner organization to do so. For instance, Solidarium aims to improve circumstances for local and poor artisans in Brazil (see Table 1). They provide artisan-beneficiaries with technical support and training to facilitate the commercialization of their work to the broader public. At the same time, they want customers to buy their work of art because of its originality and quality. Hence, they have a dual value proposition that appeals to both customer and beneficiary.

Taking these insights together, we found that the ventures combined for-profit and non-profit elements in different ways. We went on to focus on their value creating activities and we used fsQCA to analyze how the interplay of the exclusiveness and overlap of customers and beneficiaries, and the use the social mission in the value proposition, led to different configurations which would explain the heterogeneity in how they hybridized their activities.

Step 2: Configuration analysis

Selection and calibration of variables. As a second step, we selected an outcome variable and conditions (Ragin, 2008). After the selection of an outcome variable and conditions, the first step in conducting fsQCA analysis is then to calibrate the variables into sets. We do this by calibrating the degree of membership of data along three anchor points (full membership, the cross-over point, and full non-membership). This allows the membership scores to vary between 0.0 and 1.0 (Ragin, 2008) where a score of 1.0 for instance refers to a full hybridization of value creating activities, meaning that the venture internally combines for-profit and non-profit elements to pursue both economic and social value creating activities on a separate basis. The purpose of calibrating variables is to identify meaningful groupings of cases and this requires an in-depth understanding of the cases and the existing theory. Accordingly, our calibration was informed both by existing literature and by insights inductively derived from the accumulated knowledge of the cases (Ragin, 2008; Yamasaki and Rihoux, 2008). In the final phase of this part of the analysis, a second coder independently re-coded the original data along the categories that had emerged from the previous phase with differences between the coders being resolved through discussion. In the following sections, we elaborate on how we selected our variables and calibrated them into sets.

Outcome measure: hybrid means. The purpose of our analysis was to look at the hybridization of value creating activities – or hybrid means - as the outcome variable. As mentioned above, prior studies propose different types of social ventures depending on whether the social value is an automatic result of economic value creation or the social value is contingent on the development of additional interventions (Ebrahim et al., 2014; Pache et al., 2015). However, the literature does not explore in depth how social ventures internally hybridize their *value creating activities*. Hence, we linked these insights with insights from our inductive analysis and we distinguished between four possible means through which social ventures can achieve their hybrid goals. These four options represent increasing degrees of hybridization.

First, social ventures can focus on economic value creation and outsource social value creation to external organizations. In this case, the social venture adopts non-hybrid means to deal with hybrid goals, as the focus is on economic value creation and social value creation is done by a third party organization. Second, social ventures can focus on commercial activities for economic value creation which lead to social value creation as an automatic result. Similar to the first option, these social ventures do not hybridize value creating activities. Instead, they focus on economic value creation as this automatically leads to social value too. Third, social ventures can focus on economic value creation which creates the potential for social value creation. In this case however, the social ventures conduct additional activities and interventions in order to leverage this social value creation. These social ventures hybridize their activities as they need to combine elements from the market logic for economic value creation on one hand, and elements from the social welfare logic for social value creation on the other hand. Fourth, social ventures can internally separate activities that are independently targeted to economic value creation and social value creation. Similar, but even more pronounced than the third option, these ventures adopt hybrid means as they internally pursue economic and social value creating activities to an equal extent.

The first author initially classified the eleven ventures according to these four options and a second coder, who was not familiar with the cases, independently recoded them based on the case descriptions we gave him and came to a similar classification. Differences between the coders were then resolved through discussion. We then specified three qualitative anchors (Muñoz and Dimov, 2014) and calibrated a score between 0 and 1 where 0 was chosen as full non-membership point for hybrid means, 1 as full membership point and 0.5 as crossover point. We gave the first option a score of 0 and the fourth option a score of 1. The second option was set at 0.33 and the third option was set at 0.67.

In terms of conditions, we relied on our insights about the exclusivity and overlap of customers and beneficiaries and the use of the social mission, since we found that these are three decisions entrepreneurs make in the creation of a social venture which affect how and for whom they generate social and economic value.

First condition: exclusiveness of the beneficiary target group. As a result of their dual objectives, social ventures typically have a dual value proposition aimed at two target groups: the economic mission of a social venture is targeted towards a group of customers, and the social mission is targeted towards a group of beneficiaries. Our data shows that in terms of selecting a target group for the social mission, social ventures have three options, depending on how exclusive they are in choosing their beneficiaries. First, social ventures can choose to create social value for society or the environment at large. This implies that the beneficiaries are not clearly identified or delineated, and that the general public can benefit from the social value created. Alternatively, social ventures can create social value for a specific group of beneficiaries they select based on certain criteria. Social entrepreneurs can for instance aim to improve the financial illiteracy of micro-entrepreneurs in India, or improve the life standards of homeless people such as Aspire in the study of Tracey et al. (2011). A third option is that social ventures target an identifiable beneficiary group, but that the beneficiaries self-select to buy from or engage with the social venture. An example of this is Solidarium (see Table 1), which acts as an intermediary to create a trading platform through which local Brazilian artists can reach a larger market to sell their products. Although Solidarium identifies a potential group of beneficiaries, it is up to the artists to make use of and benefit from this platform. We set the first option whereby ventures create social value for society at large a score of 0 for full non-membership. The option whereby the ventures select a very specific target community of beneficiaries we set a score of 1 for full membership. Finally, we set the third option, whereby the beneficiaries are identified but where they self-select to interact with the social venture, a score of 0.5 as cross-over point.

Second condition: overlap of customers and beneficiaries. We also find that for social ventures, the needs of the customers (those who pay for the product or service) and the needs of the beneficiaries (those who benefit from the social mission) overlap to various degrees, depending on how these two target groups relate to each other (Pache et al., 2015). Based on our insights from the data, we distinguish between three options. First, customers and beneficiaries can either fully overlap (score 1 for full membership), which implies that beneficiaries have economic power vis-à-vis the social venture. Second, customers and beneficiaries can be two different target groups (score 0 for full non-membership), which means that the beneficiaries are not involved as customer in any economic activity. In addition, we identify that there is an intermediate possibility where the target beneficiaries act as customers, but with limited financial means (set score 0.5). We set 0.5 as a cross-over point for this condition.

Third condition: social values visible in the value offer to differentiate. Finally, we find that the ventures differ in the way they use their social objectives as a visible, differentiating factor. Focusing on social value creation is good for businesses as social-oriented products might boost sales and prices, and the incorporation of social values might increase the efficiency of the value chain (Pache et al., 2015). As such, social values and objectives can be used as a differentiating factor that enhances the competitive position of the social venture in the market. Hence, the visibility of social values in the product or service provided by a social venture has an effect on how the venture differentiates itself from commercial counterparts. On one hand, there are ventures such as Holstee (Table 1) that design and produce products that clearly represent their social mission. On the other, there are ventures such as Samasource (Table 1) that aim at delivering a professional, high quality service and decouple this from their social mission. Hence, we assess the way in which social ventures use their social objectives using a crisp set. Crisp set means that the classification into a set membership is binary as cases can only be fully in or fully out. We code social ventures that develop products or services in which the social values are directly visible as fully in (score 1) and those whose social values are not directly communicated through the product or service as fully out (score 0).

Table 2 gives an overview of the categorization for our outcome variable and the three conditions.

Table 2: Calibrated outcome variable and conditions

Outcome: hybridization of activities	
Focus on commercial activities and social value created by external partner	Score 0.0: full non-membership
Commercial activities automatically lead to social value creation	Score 0.33
Commercial activities create opportunity for social value creation but need additional initiatives	Score 0.66
Separate commercial activities for economic value creation and social activities for social value creation	Score 1: full membership
Condition 1: Exclusiveness of beneficiary target group	
Beneficiaries no clearly identified target group	Score 0.0: full non-membership
Beneficiaries are identified target group but select themselves	Score 0.5
Beneficiaries are clearly identified and exclusive	Score 1: full membership

Condition 2: overlap of customers and beneficiaries	
No overlap of customers and beneficiaries	Score 0.0: full non-membership
Beneficiaries are customers but with limited financial means	Score 0.5
Customers and beneficiaries overlap	Score 1: full membership
Condition 3: social values visible in the product/service to differentiate	
Social values not directly visible in value offering	Score 0.0: full non-membership
Social values directly visible in value offering	Score 1: full membership

FsQCA. As a final step, we conducted fuzzy set QCA (fsQCA) to analyze which configurations of the three abovementioned conditions lead to the adoption of hybrid means which was set as our outcome variable. We employed the Fuzzy-Set/QCA 2.5 program for this part of our empirical analysis. FsQCA is appropriate for addressing our research question as it is based on the idea that multiple conditions combine rather than compete with each other to create an outcome (Fiss, 2007). Hence, fsQCA allowed us to look at the joint effect of these three conditions on the development of hybrid means to respond to hybrid goals. In addition, fsQCA is based on the idea of equifinality, meaning that different pathways can lead to the same outcome (Fiss, 2007; Fiss, 2011). This implies that different configurations of the three conditions can in fact lead to the adoption (or absence) of hybrid means. Finally, fsQCA does not assume that the absence of an outcome is the negation of the presence of the outcome (Ragin, 2008). As such, fsQCA enabled us to analyze which configurations lead to the presence of hybrid means, and which configurations lead to the absence of hybrid means.

Fuzzy-set analysis consists of three main steps. As mentioned above, the first step is to calibrate set membership. After calibrating all the variables for each case into sets, the second step consists of constructing a truth table to identify configurations of conditions that lead to the outcome. The truth table lists all possible logical combinations of conditions. Since we have 3 conditions, the table produced 2^3=8 causal combinations (Fiss, 2011). Not all of these combinations were empirically observed and therefore we set a frequency threshold that specified the minimum amount of cases that would be considered for our analysis. We used a threshold of one observation and deleted all the combinations that had no observations from the truth table (Ragin, 2006). In the third step, the truth table rows are logically reduced based on Boolean algebra using counterfactual analysis and logical minimization to a solution table (Ragin, 2008). The logically simplest solution is the parsimonious solution and contains only those conditions considered to be core. The intermediate solution is a more conservative solution and includes not only core conditions, which are decisive causal conditions, but also peripheral conditions that act as contributing factors and which reinforce the central features of the core conditions (Rihoux and Ragin, 2008; Fiss, 2011; Muñoz and Dimov, 2015). As a result, we found three configurations for the social ventures studied here. One configuration led to the adoption of hybrid means, two configurations led to the adoption of non-hybrid means. In the following paragraphs we present the results of the configuration analysis.

2.4. Findings

Table 3 below displays the results of our fuzzy-set analysis for the adoption of hybrid and non-hybrid value creating activities. We include configurations that have a consistency higher than 0.8 and meet the minimum requirement of at least 1 case per solution. Black circles indicate the presence of a condition and circles with "X" indicate its absence. Large circles indicate core conditions; small ones indicate peripheral conditions. Blank spaces indicate "don't care".

Table 3: Configurations for hybrid and non-hybrid organizational means

	Hybrid organizational means	**Non hybrid organizational means**	
	HM1	**NHM1**	**NHM2**
Beneficiaries are identifiable and exclusive target group	⬤	⨂	●
Customers and beneficiaries overlap	⊗	⊗	⬤
Social values directly visible in product or service		⊗	●
Consistency	0.93	0.80	0.82
Raw coverage	0.77	0.46	0.39

2.4.1. Configuration for hybrid organizational means

We find that one configuration of causal conditions represents social ventures that adopt hybrid means. A key feature of this type of ventures is the core presence of an exclusive and identifiable beneficiary group. To achieve both economic and social goals, these ventures either internally develop separate, differentiated activities to create social and economic value simultaneously, or engage in social activities to leverage the social value potential that is created by their economic value creating activities. The ventures characterized by configuration HM1 have an identifiable and exclusive target group of beneficiaries, who do not have any overlaps with the customers. An example of such a venture is Inventure, based in Los Angeles. This company interacts with customers and beneficiaries on a separate basis: Inventure mediates in the process of micro-credit lending between financial institutions and owners of micro-businesses in India. It provides a credit-scoring service, enabled by an SMS accounting tool, Insight. The social venture thus interacts with financial institutions in a commercial way to generate revenue, and creates social value for another, distinct and exclusive group of beneficiaries in India. The social value they create for these beneficiary micro-entrepreneurs – i.e. improving their own and their communities' life standards- is enabled by giving them access to financial resources which they would otherwise not have. Inventure hybridizes the means with which they achieve social and economic value creation simultaneously and economic value creating activities are differentiated from social value creating activities. They mix for-profit and non-profit elements to leverage the potential for social value creation. Social value is created by educating micro-entrepreneurs to improve their financial literacy and teaching them how to use the money they receive in the most efficient way. Core to Inventure's delivery model is the involvement of local female entrepreneurs or "Maitri" on the ground who are responsible for ensuring existing users keep regular and accurate records and to recruit new users. This exemplifies how Inventure also uses practices that traditionally stem from the non-profit sector by relying on familiar and trusted local networks on the ground. They combine this with traditional business practices for the interaction with financial institutions in order to maintain their professional legitimacy and credibility.

2.4.2. Configurations for non-hybrid organizational means

In contrast to what the literature suggests, we also find that some social ventures do not rely on hybrid means but instead use commercial value creating activities to achieve their multiple social and economic goals. Table 3 presents two configurations for social ventures that do not adopt hybrid means. Below we elaborate on how this occurs either when the three conditions are all absent, or when they are all present.

Beneficiaries not exclusive and no overlap with customer, social mission not visible in value offering. The first configuration (NHM1) includes ventures that do not target a specific and well delineated group of beneficiaries. The customers and beneficiaries of these ventures are distinct groups and the social mission is not directly visible in the product or service offered. These ventures do not rely on hybrid means but typically focus on economic value creation by engaging in commercial activities and outsourcing the social value creation to third party organizations. The ventures have no direct interaction with the beneficiaries and the social value is in fact created by these third party organizations with the financial support they receive from the social venture. Hence, the social mission is not directly reflected in the product or service offered by the venture but is an underlying value of the business which enhances its competitive position. Baking for Good is an example of this type of social venture. It sells cookies and part of the profit is donated to external charities and non-profits. As such, the beneficiaries are neither exclusive nor identifiable as a target group. Baking for Good is for-profit and sales-driven but it is a social venture with dual goals, which distinguishes itself from competitors using the social mission as a leveraging factor. Despite the fact that they use their social mission to leverage their economic objective, this goes beyond traditional corporate social responsibility. Their social objective is not a by-product but core to their business model, and the objective to create social value is what drives these types of ventures.

Beneficiaries exclusive and overlap with customer, social mission visible in value offering. Another type of ventures, which do not combine for-profit and non-profit elements in their value creating activities, targets beneficiaries who are customers at the same time (core condition). These ventures identify a target group of customer-beneficiaries who self-select to buy from the venture based on the social mission which is reflected in the value offering. This means that social ventures which target a specific and exclusive group of beneficiaries, and involve them in economic transactions as customers, can focus on economic value creating activities. Hence, these ventures pursue economic value creating activities which automatically lead to social value creation.

An example of this is Back to the Roots (Table 1). BTTR is an urban mushroom farm based in San Francisco whose activities reflect strong social and environmental values. They collect coffee waste from local coffee shops, plant mushroom seeds in this coffee waste, package it and sell these buckets through retail chains such as Wholefood and Home Depot. They focus on selling mushroom kits and making a profit but the underlying idea of this venture is to turn waste into food with the aim of reconnecting people to food again, and to improve awareness about sustainability and waste. As such, the customers are the main beneficiaries and the more mushroom kits BTTR sells, the more they manage to reconnect their customer-beneficiaries to food again. BTTR's social value creation is thus an automatic consequence of economic value creation which implies that they can focus on commercial value creating activities and do not hybridize their means in order to achieve social and economic goals simultaneously.

In summary, our results show how social ventures vary in terms of entrepreneurial decisions about the (1) the exclusiveness of beneficiaries, (2) the extent to which beneficiaries are economically involved and hence how their needs overlap with the needs of customers, and (3) the way in which the social mission is visible in the value offering. These are critical choices social entrepreneurs make during venture creation, and we find that these choices impact the extent to which social ventures hybridize value creating activities. Some ventures hybridize means by internally developing two sets of value creating activities. This is the case when the venture targets beneficiaries that are clearly identified *and* do not overlap with the customers. In this case, the beneficiary group that represents the social objective of the company has clear interactions with the venture, and is different from the customer target group. While this is a classic example of a social venture situation, we show that there are also at least two other cases, where the adoption of hybrid means is not necessary to achieve dual goals. We find that when the three conditions are either all present, or all absent, social ventures can rely on a for-profit logic only to realize multiple goals. Absent direct interaction with a clearly identified beneficiary group, social ventures do not use hybrid means to achieve their goals. While this situation could be interpreted as a classic case of Corporate Social Responsibility (CSR), it is not since the social objective is core and not peripheral to the venture's mission. Second, when customers and beneficiaries overlap, the need for hybrid means disappears as well. Hence, entrepreneurs who want to initiate social ventures can avoid having to adopt complicated hybrid means by making strategic decisions about the way in which they contribute to society and the environment at large.

2.5. Discussion

We began by noting that hybrid ventures and hybrid organizations are used to denote a wide variety of phenomena and organizations, but that the boundary conditions of the concept remain vague (Besharov and Smith, 2014; Greenwood et al., 2011). By disentangling the concept of hybridity into hybrid goals and hybrid means, focusing on the hybridization of value creating activities (Pache and Santos, 2010), we looked at how these two levels of hybridity are distinct from one another in the context of social ventures. While scholars have suggested how social ventures manage dual goals through the development of a hybrid organizational identity (Battilana and Dorado, 2010; Ashforth and Reingen, 2014), a hybrid organizational form or a design (Battilana and Lee, 2014; Pache and Santos, 2013; Tracey et al., 2011), we lack insight about hybridity in terms of value creating activities. We challenge the assumption in the literature that social ventures are hybrid ventures which develop hybrid means in response to hybrid goals by showing how there are social ventures that draw from a for-profit logic only in their value creating activities to realize dual social and economic goals. In summary, this study shows that there is heterogeneity in how ventures with social and economic goals hybridize their value creating activities, depending on key entrepreneurial decisions social entrepreneurs make. Doing so, this paper makes several theoretical contributions.

First, we add to the literature on organizational hybridity. Scholars have used the term "hybrid" in numerous different ways (Greenwood et al., 2011). Yet conceptualizations typically denote hybrids as organizations that include multiple logics within the organizational core (Battilana and Dorado, 2010; Besharov and Smith, 2014; Pache and Santos, 2013). Hybrid organizations are exposed to challenges because the multiple logics prescribe different guidelines about what *goals* are appropriate and what actions, or *means*, are legitimate to achieve those goals (Besharov and Smith, 2014; Pache and Santos, 2010). Social ventures for instance, which have been the focus of most contemporary research on "hybrids", face organizational tensions by combining a for-profit market logic with elements of social welfare, development or sustainability logics (Smith et al., 2013). In response, they develop hybrid organizational means which enable them to internally reconcile the conflicting prescriptions of multiple logics (Battilana and Lee. 2014; Greenwood et al., 2011). Scholars have for instance described how organizations with multiple social and economic goals develop a hybrid organizational identity in the context of micro finance organizations (Battilana and Dorado, 2010) and natural food cooperatives (Ashforth and Reingen, 2014), or how they develop novel organizational forms in the context of work integration companies (Pache et al., 2013) and in the context of a venture aiming to improve the life standard of homeless people (Tracey et al., 2011). This depiction thus suggests that the multiple logics from which hybrid organizations draw are reflected both in their goals and means. Yet our findings show that this is not always the case. While the scholarly focus has been on how hybrid organizations internally hybridize and reconcile multiple logics (Greenwood et al., 2011), this study elucidates alternative instantiations of hybrid ventures that have hybrid goals without adopting hybrid means. This is the case when the multiple goals are targeted towards different stakeholder groups who are either not well defined or exclusive, or who overlap with other stakeholders representing the other organizational goal. Our results thus exemplify how there are types of hybrid organizations where only one logic is represented within the organization, despite the presence of hybrid goals. By situating the literature on hybrid organizations in this way, we highlight the need for studies on "hybrids" to specify precisely on what level hybridity occurs.

Second, we contribute to discussions about different types of hybrid social ventures (Ebrahim et al., 2014; Pache et al., 2015). While the literature assumes that social ventures combine for-profit and non-profit logics into multiple objectives (Smith et al., 2013) and into hybrid means to achieve those objectives (Battilana and Lee, 2014; Pache and Santos, 2013), we disentangle their hybrid nature. We go beyond existing classifications to provide a more fine-grained understanding of their heterogeneity. By combining an inductive analysis with a configurational approach, we highlight the complexity of hybridity and social ventures as a phenomenon. A growing number of studies use a configurational approach to study commercial entrepreneurship (Fiss, 2011; Muñoz and Dimov, 2014), but so far it is absent from the context of social entrepreneurship. In this study, fsQCA enabled us to identify how the interplay of different conditions, which social entrepreneurs decide upon during venture creation, had an impact on the hybrid nature of their venture.

Our results show how social ventures are heterogeneous in terms of the exclusivity and overlap of customers and beneficiaries, and the way in which the social mission is used in the value offering. We show how the combination of these three entrepreneurial conditions has important implications for how ventures simultaneously create social and economic value. Our findings suggest that under specific circumstances the need to develop hybrid value creating activities, which combine elements from multiple logics, disappears. For instance, by deciding to involve an exclusive group of beneficiaries in commercial interactions as customers, social entrepreneurs can circumvent hybrid means. We thus conceptualize hybrid social ventures as ventures that have multiple, hybrid goals which combine elements from the for-profit market logic and the non-profit social welfare logic but that are heterogeneous in the way in which they combine elements from the for-profit and non-profit logics in the means they deem appropriate to achieve those goals. The three configurations we identified represent different types of social ventures. These various types of social ventures add to existing research which so far has remained ill-defined regarding the boundary conditions of social ventures and the link with CSR initiatives (Zahra and Wright, 2015). The ventures, characterized by the configuration NHM1 and the absence of hybrid means, are most similar to pure commercial enterprises or to traditional CSR initiatives. They are usually neglected by the literature on social ventures (Mair, Battilana and Cardenas, 2012) and the literature on hybrid ventures and hybrid organizations. However, we propose that they do have hybrid goals - an economic objective combined with a strong social mission – and hence they belong to our definition of social ventures. Our study thus contributes to the literature on social ventures by clarifying and contextualizing the heterogeneity of ventures with multiple social and economic goals. In summary, by taking account of the specificities of the target market and the use of the social mission, our analysis sheds light on the need to differentiate between types of social ventures. Our findings form a basis to shift focus from the contrast between *social* and *commercial* ventures, to understanding the variation across social ventures.

2.6. Practical implications

This study has practical implications for social entrepreneurs in the process of setting up a social venture. There are various ways of organizing a social venture in order to achieve social objectives while being economically self-sustainable. Rather than there being a “one size fits all”, our analysis shows that the nature of the social venture depends on three entrepreneurial decisions which together strategically define a social venture. First, social entrepreneurs need to decide on who they create social value for. They can either choose to target a specific, exclusive group of beneficiaries - for instance a group of micro-entrepreneurs with limited financial means - or they can target a broader audience such as the mainstream market which then self-selects to become a beneficiary of the venture. Alternatively, social entrepreneurs can also aim to generate social value for society at large. Second, social entrepreneurs need to decide whether and how to involve their target beneficiaries in economic transactions as customers. Third, while explicit social values can benefit a venture’s competitive position, social entrepreneurs need to decide how to use these social values as a differentiator vis-à-vis commercial counterparts. They can decide to make the social values salient and visible in the product or service, or can make them less visible and focus instead on the functionality, quality and price of the product/service they offer. The combination of these three factors impacts the possible ways to create social and economic value simultaneously. More specifically, it influences how the different social and economic value creating activities interrelate. When beneficiaries are at the same time customers of the social venture, and the social values are apparent in the product or service sold, the social value creation is an automatic result of the economic value creating activities. This implies that social entrepreneurs who opt to involve their beneficiaries in an economic transaction can rely more on pure for-profit practices and activities and do not need to hybridize their activities as such. In addition, we suggest that our findings have implications too for advisors and support organizations for social ventures such as for instance Ashoka, Echoing Green and the Schwab Foundation. These are global organizations that provide resources, access to financial assistance and social networks to social ventures. We suggest that a one size fits all approach might not be the most efficient way for these organizations to support and assist social ventures in their development. Instead, and in-depth understanding of the way in which their different social and economic value creating activities interrelate is necessary to support these types of organizations with hybrid goals to grow and prosper.

2.7. Limitations and directions for future research

Our study has some limitations that provide opportunities for further research. First, we do not take temporal factors into account. Given the focus of our study, our findings are based on data collected at one specific point in time. Consequently, we do not investigate how different types of social ventures unfold over time in terms of the means they develop. Future research may look into how key entrepreneurial decisions affect social ventures over a period of time. Second, while we believe that the small number of ventures examined here enabled us to identify configurations, studying a larger set of social ventures could provide additional insights into their hybrid nature. Despite the set of ventures in this study reflecting the heterogeneity of the field of social ventures, future studies need to examine how different social ventures balance hybrid goals using a larger set of data from a broad range of ventures. Future research could then quantitatively verify the underlying mechanisms we propose here, and also look at how other organizational factors and conditions affect the use of hybrid means by social ventures. Finally, another potential avenue for future research is to explore how entrepreneurial decisions in the context of social ventures have an impact on organizational practices or processes, other than the development of hybrid means. For instance, scholars could look into how the three entrepreneurial decisions identified in this study affect the measurement of the social impact and financial sustainability by social ventures.

2.8. Conclusion

Social ventures have been suggested as a promising way to tackle some of the most pressing societal and environmental issues. The combination of traditional business methods with practices stemming from the non-profit or social welfare sector imposes challenges on these types of hybrid ventures. The traditional view is that social ventures balance hybrid goals and have to deal with challenges as a consequence of combining a for-profit logic and a non-profit logic. Our study brings a new view by offering a configurational perspective on how key entrepreneurial decisions affect how various types of social ventures hybridize their value creating activities to reconcile the objective of being self-reliable through self-earned income with the objective to contribute to an explicit social and/or environmental cause. While much remains to be explored about social ventures and their dealing with hybrid goals, we hope to have provided building blocks for further theory development with this study.

APPENDIX 1: BACK TO THE ROOTS', HOLSTEE'S, PANEL SOLIDARIO'S AND BAKING FOR GOOD'S COMBINATION OF A PROFIT AND NON-PROFIT LOGIC

CASE	Back to the Roots	Holstee	Panel Solidario	Baking for Good
Theme				
Business units	Singular business structure: central unit for production of mushroom kits	Singular business structure: central unit for design and production + partnership with NGO in Delhi for production recycled wallets	Central business unit plus partnership with external non-profit TECHO	Central business unit plus partnership with external non-profits and charities
Activities	Main activity: produce and sell mushroom kits through sustainable production cycle	Main activity: produce and sell products to enhance mindfulness of customers	Main activity: collect respondents for surveys for companies	Main activity: production of cookies for online sales
Profit generation	Profit generated from sales through Wholefood, Home Depot to general market	Profit generated from sales to general market (customers who believe in the values)	Profit generated from companies	Profit generated from online sales to general market
Profit destination	Profits reinvested in business development	Profits reinvested in business development + part of profit donated to Kiva	1000 CLP (2$) per survey goes to TECHO, other revenue reinvested in venture	15% of revenue to charities and non-profits that customers choose; 85% reinvested in business
Target segments	Mainstream market	Mainstream market or "mindful shoppers"	Respondents, companies as customers + TECHO as beneficiary organization	Mainstream customers + donations to over 200 charities as beneficiary organizations
Value proposition	Provide fresh food that can be grown from home and is produced through a cradle-to-cradle, industrial process	Offer lifestyle goods made with a conscience to people caring about meaningful shopping	Offer panels of respondents + allow companies to participate in the social development of Chile by donating to TECHO	Selling online quality gourmet cookies + additional benefit to support cause of choice

APPENDIX 2: BYOEARTH'S, ILUMEXICO'S AND INVENTURE'S COMBINATION OF A PROFIT AND NON-PROFIT LOGIC

CASE	Byoearth	Ilumexico	Inventure
Theme			
Business units	Central production plant where worms grow and fertilizer is produced plus partnerships with NGO's to reach beneficiaries	Hybrid structure: TIL develops and produces solar panels + SSIC runs social programs	Hybrid structure: ICC owns Insight + IVF runs social programs
Activities	Transform biodegradable waste into fertilizer, waste sourced from subsistence farmers (beneficiaries are suppliers) + distribution to subsistence farmers and groups of women in rural communities of fertilizer and vermicomposting systems, added with special training programs	Produce and distribute solar charger controllers (TIL) + conduct social programs including workshops and a microcredit scheme for rural communities (SSIC)	Offers accounting and credit scoring tools through text-messaging accounting system InSight: ICC owns InSight and transacts with lending institutions + IVF provides educational training and on-the-ground advisory support
Profit generation	Independent buyers through online sales and local plant nurseries + NGO's (part of clients are raw material suppliers)	TIL sells panels to SSIC + to general market and at discount to social corporations in Mexico; Deferred payment system through which community leader or NGO pays money which goes into revolving fund	ICC's primary revenue streams are via generating potential leads, auditing existing loan portfolio for lenders, and licensing fees for data analytics to companies
Profit destination	Profits partly reinvested in business + used for training about vermiculture, entrepreneurship and moral values to improve quality of life for women, provided in collaboration with NGO's	Revolving fund used for maintenance (30%) and clean energy equipment or projects for community (70%)	Profits generated in ICC part reinvested for business development and for training through IVF + micro entrepreneurs required to reinvest part of profits in reproductive health and girls' education in their communities
Target segments	Farmers and poor communities in urban areas with a focus on women	Off-the-grid communities	Financial micro-lending institutions as customer + micro-entrepreneurs as beneficiary
Value proposition	Reduce food insecurity by offering organic fertilizer and vermicomposting systems to subsistence farmers and women who would otherwise not be able to access the market	Bring solar energy to rural communities through a program of workshops and a micro-credit system and offering specialized consultancy advice	Lenders benefit from a credit scoring and accurate risk analysis + Inventure provides financial support and training to the micro-entrepreneur borrowers and gives them better access to growth capital

Appendix 3: Mi Parque's, Coffee Circle's, Solidarium's and Samasource's combination of a profit and non-profit logic

Case	Mi Parque	Coffee Circle	Solidarium	Samasource
Subtheme				
Business units	Central unit for planning of green space rehabilitation	Central unit in Berlin, warehouses in Germany and Austria, and partnerships with local coffee farmers in Ethiopia	Central business unit plus with a network of NGOs to develop training videos and other tools to help local artisans	Central unit for customer relations and quality control (Silicon Valley) + local delivery centres (Haiti, South-Asia and East-Africa)
Activities	Facilitate recreation of green, public spaces and involve local communities and supporting companies in it	Source coffee directly from Ethiopian farmers at fair price, bring to market + facilitate and sponsor local projects with profits made	Market intermediary between consumers, designers and local artisans + training for artisans for use the online marketplace	Organization of micro work through virtual assembly line via the Samahub cloud-based platform
Profit generation	Private companies pay for material + project planning by Mi Parque	Profit from sales to small retail shops, coffee shops, online buyers or corporations	Online sales: 15% commission over sales	Profits generated from corporate clients
Profit destination	Money generated to buy material and fund green projects	Part profit into revolving fund and used for local projects	85% of sales revenue goes directly to artisans	Profits used to pay fair wage to workers in local delivery centres
Target segments	Private companies as customers + local communities as beneficiaries	Mainstream customer + coffee farmer in Ethiopia and their communities as beneficiary	Mass market as customer + local artisans as beneficiary	Large data and technology companies as customer + poor workers as beneficiary
Value proposition	Opportunity for companies to support the development of green areas and to combine this with team building activities + improve green urban areas with and for local communities	Sell one of the world's best coffee + implement tailor-made projects in the cooperatives, fostering education and health	Buy quality non-food fair-trade products to support local producers + help local producer/artisans connect with designers and major distributors to sell products to global market	Professional back-office services with benefit of promoting social development in developing countries (CSR) + provide dignified work to poor people by connecting them through the internet

CHAPTER 3

Imprinting Beyond the Founding Phase: The Role of Organizational Members

3. Imprinting Beyond the Founding Phase: The Role of Organizational Members[2]

3.1. Introduction

The way in which organizations adopt elements from their environment in the founding process has long interested organization theorists. In this line of research, imprinting theory offers an explanation for how new organizations are shaped by their founding context (Stinchcombe, 1965; Lounsbury and Ventresca, 2002). Imprinting is the process whereby new organizations come to reflect elements of the environment during a sensitive period, and these characteristics continue to persist despite subsequent environmental changes (Marquis and Tilcsik, 2013). The idea of imprinting in fact combines two processes: first, the process by which technological, economic, political and cultural resources of the founding context shape a new organization; and second, the process by which these founding elements are reproduced during an organization's history (Johnson, 2007). The idea central to imprinting about how the early context influences later stages in a life cycle originates from biological ecology and was subsequently developed in organizational research. Scholars have used imprinting to describe how founding conditions have an effect on key organizational dimensions (Boeker, 1989) and existing studies on imprinting have shown that founders have a lasting effect on the organizations they set up. Founders and founding teams eventually decide which distinctive characteristics organizations adopt from their context and environment (Marquis and Tilcsik, 2013). Imprinting is thus known to be an agent-driven process, guided by the action of founders in interaction with their environment (Ellis, Aharonson, Drori and Shapira, 2016; Johnson, 2007). For instance, we know that founders and founding teams impact on organizational forms and key strategic decisions that shape new ventures early on (Fauchart and Gruber, 2011; Perkmann and Spicer, 2014). By selecting and combining existing environmental elements at founding, founders and founding teams imprint an organization's identity (Gioia, Price, Hamilton and Thomas, 2010), its values, routines and forms (Johnson, 2007; Powell and Sandholtz, 2012), and its legitimacy (Drori, Honig and Sheaffer, 2009).

While ideas about the imprinting effect of the founding context and founding teams have been discussed in particular by organizational and entrepreneurship scholars, the mechanisms by which early imprints evolve over time are less well developed. Scholars have explicitly recognized that founders have a lasting impact on their organizations, but we have little detail about the ways in which early imprints persist and change over time beyond the influence of founders or founding

[2] I am the first author of this chapter, Bart Clarysse and Nelson Philips are my co-authors. A previous version of this paper was nominated for best PhD paper award at the Strategic Management Society conference in 2015. Previous versions of this chapter were presented at the Social Entrepreneurship Conference in 2014, the Academy of Management Annual Meeting 2016, the CCC doctoral consortium 2016 and the SEE conference 2016.

teams. In this article, therefore, we focus on the second phase of the imprinting process. We analyse the process through which an imprint, installed at founding, is maintained during an organization's life and we look at the reproduction of some portion or version of the elements adopted in the founding context beyond the founding phases. This study focuses specifically on the imprinting process of an entrepreneurial venture. We look at the mechanism that provides a link between the early imprint of a venture and its subsequent evolution. Rather than the imprint being the result of a founder's or a founding team's actions, we focus on this second phase of the imprinting process as the result of social action and interaction among the organizational members of the venture. Doing so, our aim is to answer the following research question: *How is a venture's imprint maintained beyond the founding phase?*

In order to address this research question, we conducted an inductive ethnographic study of a social venture based in a major European city. We chose this research setting because it was well suited as an extreme case. The specificities of the setting enabled us to study the phenomenon of how the organizational imprint was deepened over time, beyond the influence of its founding team. First, the founders left the venture early on and there was only limited managerial influence on the imprinting process. There was a flat hierarchical structure with few formal procedures such as hiring and socialization policies. In addition, the venture functioned according to the principles of a cooperative at the beginning, giving voting rights to all organizational members. Taking these factors together, there was only limited impact of the founding team on the imprinting of the venture, and as a result, the imprinting process was mostly influenced by individual members beyond the founding phase. Second, the founders established a blueprint at founding which determined the venture's character as a social venture. Because it was set up as a social venture, it was a "business with a purpose" (Hollensbe, Wookey, Hickey, and George, 2014) whose primary objective went beyond operating profitably. This attracted individuals who were motivated by the venture's social and environmental purposes, rather than by financial rewards. These individuals placed a high value on group membership and were motivated to create benefits for the community or society as a whole. They were actively involved in the selection of the characterizing attributes of the venture that together formed its imprint and determined its unique character as a "social" venture. As such, the way in which the imprint evolved beyond the influence of the founding team became apparent because of the specificities of the research setting, and this enabled us to answer our research question.

Our analysis shows how the imprint was maintained through a two-way interaction between the collective, organizational level and the organizational members' influences at an individual level. Our novel insight is that while the founders are important in developing a first imprint for the venture, this imprint was subsequently taken over by organizational members. The model we develop shows how the social identity of individual members plays a crucial role in the imprinting process of the venture, beyond the influence of its founders. The social identities of the organizational members are the mechanism that provides an analytical link between the early imprinting of the venture and its subsequent evolution. We find that the founders influence the first imprint of the venture by determining the venture's boundaries, objectives and its early form. More important however, we find that this early imprint established by the founders attracts a specific type of people who have a strong sense of social identity which matches with the initial imprint of the venture. These organizational members play a crucial role in affecting the subsequent deepening of the imprint at the collective, organizational level. The members of the venture thereby rely on their personal social identities as a lens to select elements of the environment which together refine the imprint of the venture and constitute its character as a social venture. Our model helps explain how these identity components at the individual level translate to the collective organizational level through three processes which we term *projecting*, *sharing*, and *contextualizing*. As a result, we show how imprinting is an ongoing process, which not only occurs during one sensitive period early on in a venture's life cycle, but continues over time beyond the founding phase, and is a reflection of the individual members who join and leave the venture.

Our study responds to calls for empirical studies adopting a process-oriented approach to studying entrepreneurship (McMullen and Dimov, 2013) and contributes to both the imprinting literature and the literature on social ventures. First, by explaining how the imprint of a venture is maintained over time through engagement of individual members, we contribute to the limited literature on the second phase of the imprinting process and the involvement of individuals beyond the founding phase. We thereby connect with existing entrepreneurship literature on the influence of individuals' identities (Fauchart and Gruber, 2011; Powell and Baker, 2014) and extend this stream of research by showing how individual social identities of organizational members – other than the founder(s) - play a role in the imprinting of ventures. Second, we add to literature on social ventures by highlighting the specificities of the organizational imprinting process in the context of ventures whose social and/or environmental mission is a crucial incentive to mobilize people (Doherty et al., 2014; Austin et al., 2006). Doing so, we advance our understanding of how the imprinting process contributes to an individual's understanding of the specific nature of a social venture and hence how individuals derive meaning from the (social) ventures they belong to.

The article proceeds as follows. After reviewing the literature, we describe our method and then present the main findings that emerged from our analysis. In the final section we discuss the implications of these findings, and suggest some avenues for future research.

3.2. Theoretical background

Imprinting offers a potential explanation on how the founding context influences organizations throughout subsequent stages in their life cycle. Stinchcombe (1965) first drew attention to this notion of imprinting in order to explain how new organizations are imprinted with the characteristics of their environment at founding. His idea of imprinting in fact combines two distinct processes. On one hand, imprinting concerns the process by which elements of the founding context shape the traits of the new organization. On the other hand, it involves the process by which these founding traits persist over time (Hannan, Burton and Baron, 1996; Johnson, 2007). Stinchcombe (1965) suggested that organizations are shaped by the technological, economic, political and cultural resources upon which founders draw at founding. Technological and economic conditions such as initial resource constraints shape initial organizational practices and capabilities (Carroll and Hannan, 1989). In addition, organizations draw upon existing organizational templates (Johnson, 2007) and incorporate social and political arrangements into their organizational design (Marquis and Tilcsik, 2013). The imprinting of the founding context on an organization thus refers to a wide range of effects stemming from laws and institutions to population characteristics and social relationships that shape the initial environment of the emerging organization (Stinchcombe, 1965).

Some of the most compelling evidence of imprinting concerns the effect of founders and founding teams on emerging organizations. Founders eventually select and imprint the organization with distinctive elements from the environment (Ellis et al., 2016; Johnson, 2007) and it was found that organizational blueprints, patterns and structures set by founders have a lasting effect (Siggelkow, 2001), even after founders leave the organization (Baron, Burton and Hannan, 1999). Founders and founding teams can have an imprinting effect on a variety of organizational dimensions (Simsek, Fox and Heavey, 2015). First, they influence cognitions by impacting on the content and range of strategic choices (Ellis et al., 2016; Fauchart and Gruber, 2011). Second, they have an impact on the forms and structures organizations develop (Johnson, 2007; Perkmann and Spicer, 2014; Powell and Sandholtz, 2012). Finally, founders imprint an organization’s culture in the form of its norms, identity and legitimacy (Drori et al., 2014; Goia et al., 2010). In doing so, founders rely on their previous experiences (Gioia, Schultz and Corley, 2000; Marquis and Tilcsik, 2013; Perkmann and Spicer, 2014), professional affiliations (Glynn, 2000) and personal goals, identities and preferences (Fauchart and Gruber, 2011). More recently, the idea of imprinting has attracted the interest from entrepreneurship scholars too. Existing studies describe how, through selecting and recombining environmental elements on an organizational level, entrepreneurs create an imprint for their emerging ventures (Bryant, 2012; Powell and Sandholtz, 2012).

The abovementioned studies all add to our insights about how founding conditions and founding teams play a role in forming first imprints of organizations and entrepreneurial ventures which have a lasting influence. However, despite these insights, insufficient attention has been paid to the ways in which these imprints evolve beyond the founding phase. So far, we lack understanding of the dynamics with which elements adopted at founding are altered and deepened over time. More specifically, we don't know how this process occurs beyond the influence of the founder or the founding team.

The purpose of this study, therefore, is to expand our insight in the mechanisms through which an imprint established by a founding team, is maintained beyond the founding phase. In doing so, we focus on how bottom-up imprinting sources play a role in this. Hence, this study aims to address the theoretical gap about how imprints evolve beyond the founding team's influence on one hand, and about how bottom-up influences play a role in this on the other hand (Simsek et al., 2015).

3.3. Research setting and method

Our exploration of the imprinting process of a venture is based on a qualitative and inductive ethnographic study of a social venture, called The People's Supermarket (TPS). A qualitative, inductive study was appropriate because our goal was to construct insights into a phenomenon not well explained by existing literature– in this case the evolution of an imprint of a venture beyond its founding phase. The choice of an ethnographic study was motivated by the fact that we recognized that close involvement with the research setting was necessary in order to explore the phenomenon and that relying solely on traditional qualitative methods such as interviews or survey data would have led to meagre results (Watson, 2011). Ethnography draws upon the writer's close observation of and involvement with people in a particular social setting (Van Maanen, 2011). The ethnographic approach thus enabled us to relate our insights from observations and interviews about the involvement of individual members to the cultural framework of the venture within which they occurred.

3.3.1. Research setting

TPS is a social venture and alternative supermarket based in a major European city. It is a for-profit food cooperative that engages with the local community and provides locally sourced food. Its vision is to create a commercially sustainable social venture that achieves its growth and profitability targets whilst operating within values based on community development and cohesion. The key concept is to offer an alternative food buying network, by connecting an urban community with the local farming community. TPS first opened its doors to the public in May 2010. Since then, TPS has managed to survive in the market as a hybrid social business; one that delivers a product and a service, but also addresses social needs of local communities. TPS provides a unique example of an organization using an alternative model that is not primarily based on economic profitability, yet is able to survive independently in an aggressive, competitive environment in an urban setting.

The choice for this research setting was motivated by the fact that TPS represents a unique case of imprinting (Siggelkow, 2007). This is useful since the dynamics being studied are more apparent than they would be in other settings (Eisenhardt, 1989) and this enables us to investigate how the venture's imprint evolved over time and the role individual members played in this. First, there was only limited influence of the founders on the imprinting process of the venture since the three founders who set up TPS left early on in the venture's life. In addition, one of the core pillars of TPS was that it functioned as a cooperative at the start and that there was a flat hierarchical structure, providing equal decision-making rights and ownership to each of the organization's members. As a result, there was only limited top-down influence during, but especially after, the founding phase on the development of the venture's imprint. Hence, other bottom-up forces came into play in the further evolution of the venture's imprint. Second, the founders established the venture's basic imprint as a "social venture". As a social venture, the aim was to solve environmental and societal issues by combining non-profit principles and practices with classic, profit-oriented business methods (Mair and Marti, 2006; Defourny and Neyssens, 2006). TPS's mission thus included values of economic profitability with values of social and environmental sustainability. It is well known that the social and environmental values that underpin social ventures are instrumental as one of the non-pecuniary incentives to mobilize and motivate people (Doherty et al., 2014; Austin et al., 2006). As a consequence, TPS appealed to individuals who were typically motivated by the possibility to contribute to a social or environmental cause. These people were interested in creating benefits for a specific group of beneficiaries or society as a whole rather than in financial benefits. Hence, the members of the venture tended to be opinionated about what it meant to be a "social venture" and about the organizational elements that determined its "social" character. As a result, the organizational members were actively involved in the selection of the characterizing attributes of the venture that together constituted its character as a social venture. Taken together, these factors make TPS an excellent setting to study how the early imprint was maintained beyond the influence of the founding team.

3.3.2. Data collection

We collected data on an individual as well as an organizational level and used several techniques appropriate for an ethnographic study in order to get deeply involved in the research setting (Van Maanen, 2011): (1) participant observation, (2) semi-structured one-on-one interviews and (3) archival documentation. We relied on the field notes and semi-structured interviews as the main source of data, with the archival documentation serving as important triangulation and supplementary source for understanding actions and representations to various constituencies, both internal and external. An overview of data sources can be found in the table below.

Table 4: Data sources

Data inventory			
Type	**Description**	**Quantity**	**Use in the analysis**
Interviews with key informants	Formal and informal interviews with founders and organizational members in 2014 and 2015	24, 260 pages (double-spaced)	Analysis for this study
Participant observation	Principal investigator's notes from participating in the venture from January 2014 to December 2014 and from attending staff and member meetings from April 2014 to June 2015	120 pages of notes (single spaced)	Analysis for this study, familiarize with the organizational context, gain trust of informants
Public communication	(1) *Secret Sauce*: publication about the start-up process of The People's Supermarket (2) Press releases (3) Company presentations	67 pages	Analysis for this study, familiarize with the organizational context
Internal communication	E-mails and monthly newsletters to members from 2011 to 2013	168 pages	Familiarize with the organizational context and history, triangulate
Board meetings	Notes of board meetings in 2012	7 pages	Familiarize with the organizational context and history, triangulate

Participant observation. One of the authors participated in TPS for 12 months. She started to work as a volunteer and on average spent about two days a week there, normally for about 4 hours a day. During this period she was partially a participant and an observer. She spent time in different parts of the organization, carrying out different tasks and roles. She attended member meetings and management meetings. The study was conducted openly, with the members, the staff and the management aware of the nature and purpose of the research. During her participation she kept a diary of events in which she recorded her thoughts about the operations of the organization, details of informal conversations with organizational members, and other general observations. Hence, she took detailed field notes that not only captured those items that were relevant for the research question, but also acquired useful information which helped to understand the culture and structure of the social venture and the individuals participating in it.

Semi-structured interviews. In addition to the observational data, one of the authors conducted 24 semi-structured interviews with key informants including volunteers, members of staff, founders, and the management team. The interviews usually lasted between one hour and one hour and a half, and were tape recorded and transcribed. We have 260 double-spaced pages of interview transcriptions.

Archival data. We supplemented the observational data and interview data with archival data on TPS' history, policies, strategy, mission and values. We collected electronic and paper representations and descriptions of the organization to insiders and outsiders. Some of this information was publicly available, such as the newsletter sent out to members, while some other documentation was provided by the manager, such as internal reports and communications. Another important source of information was a book, published in 2012, written by one of the founders in which he described the start-up process of TPS and the challenges they encountered in the early days. Other valuable sources of data were company presentations by the founders and the TV documentary about the start-up phase of the venture consisting of four episodes.

3.3.3. Data analysis

We analysed the data as we collected it and iterated back and forth between the data, emerging arguments, and theory. During the analysis we followed a grounded theory staged approach consisting of three different steps (Strauss and Corbin, 1998).

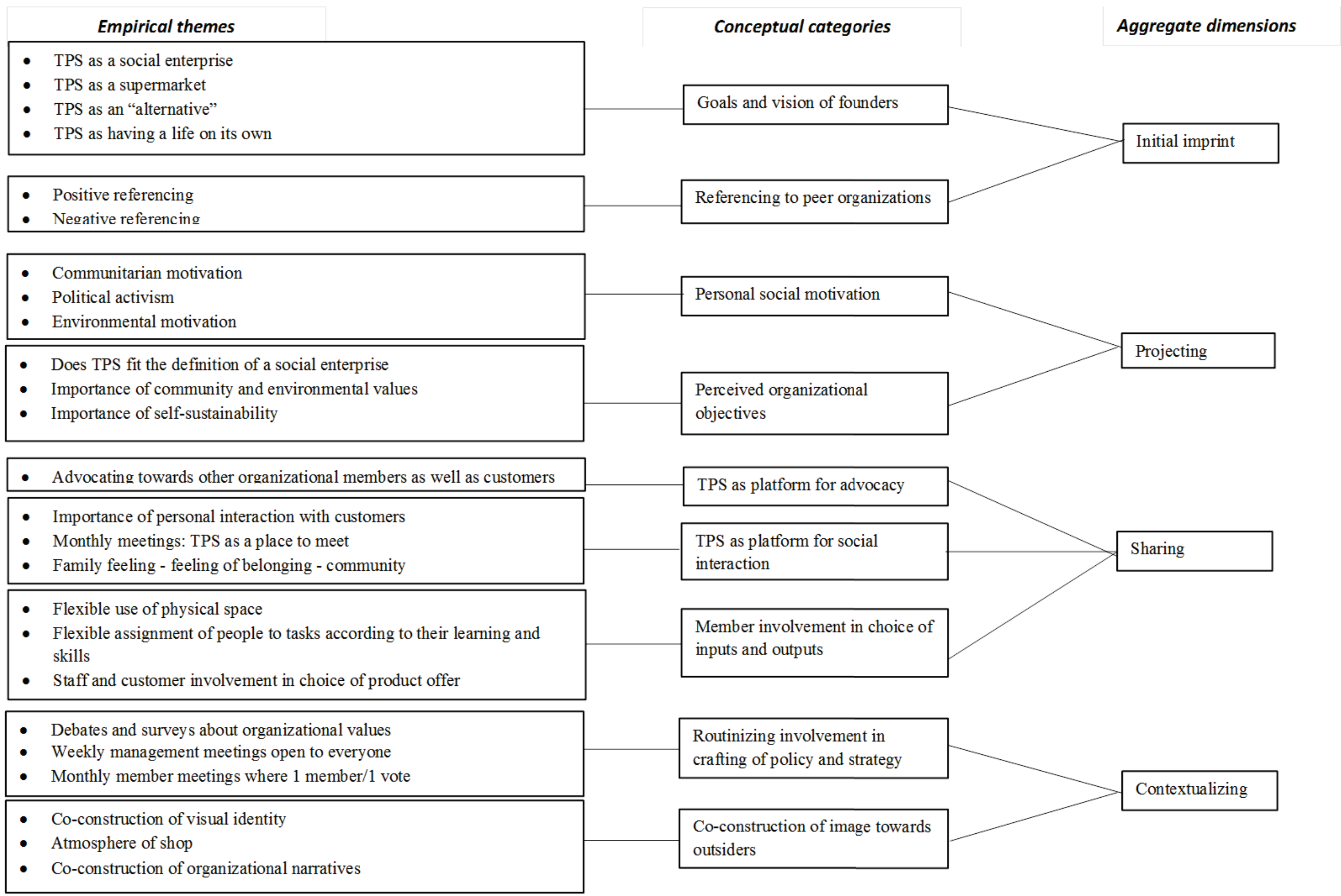
In step one, we aimed to get an understanding of the ambiguous information and explored patterns in the data collected. In order to avoid premature analytical bias we looked at the broader set of data to immerse ourselves into the reality of the organization and its history. Based on field notes, informal conversations, semi-structured interviews and the book, we constructed an event history database and developed an understanding of the setting, the strategic issues the venture had been facing and the perceptions and motivations of people within the organization.

In the second step, we used open coding or in-vivo coding to explore patterns in the data and identify the issues that were relevant to how individual members perceived the venture (Strauss and Corbin, 1998). Our analysis of the interviews, conversations, and insights from the field revealed the organizational features that played a crucial role for individuals. We identified that, after the founding team had left, members actively contributed to maintaining the imprint of these features in the shaping of the venture. We then shifted our focus to a dialogue between data and theory. Existing literature points to the importance of founders, their previous experiences (Johnson, 2007; Perkmann and Spicer, 2014) and the institutional context (Marquis and Tilcsik, 2013) in the imprinting process of an emerging venture. However, other factors were found to play out in TPS.

We identified that individual (social) identity elements of organizational members played a crucial role in the imprinting of the venture beyond its founding phase. As such, we went back to literature describing the influence of individual's identities and connected with individual identity theory. Extant management literature describes how founders influence ventures through their individual role and social identities (Fauchart and Gruber, 2011; Powell and Baker, 2014). In line with, and adding to this research stream, we found that in our case not only the founders, but also other organizational members, had an impact on the imprint of the venture through their specific social identities.

In the third step, we used second order or axial coding to look for relationships between the initial codes to convert them into higher order categories. We identified the different steps through which the organizational members played a role in the imprinting process of the venture after the founding team had left. We coded relations between the different first order themes and as such developed a model describing the imprinting process of the venture. The themes "goals and vision of founders" and "referencing to peer organizations" provide the basis for the initial imprint of the social venture as it is formed by the founding team. The conceptual themes "personal social motivation" and "perceived organizational objectives" describe how members use individual social identity elements and project these onto the organization. Our analysis of the data also shows how individuals then start to share these individual projections. TPS is perceived to be a "platform for advocacy" and a "platform for social interaction". Moreover, the organizational context enables "member involvement in choice of inputs and outputs". These three conceptual themes describe how the organizational members convert individual projections of their own social identity elements onto the venture in a shared understanding. Doing so, individual members attempt to lock others in proposed roles and solutions and to decide on courses of action. Finally, through "routinizing the involvement in crafting of policy and strategy" and by involving members in the "co-construction of image towards outsiders", organizational characteristics and features become attributed and imprinted onto the organization as it is. Figure 2 below represents the data structure.

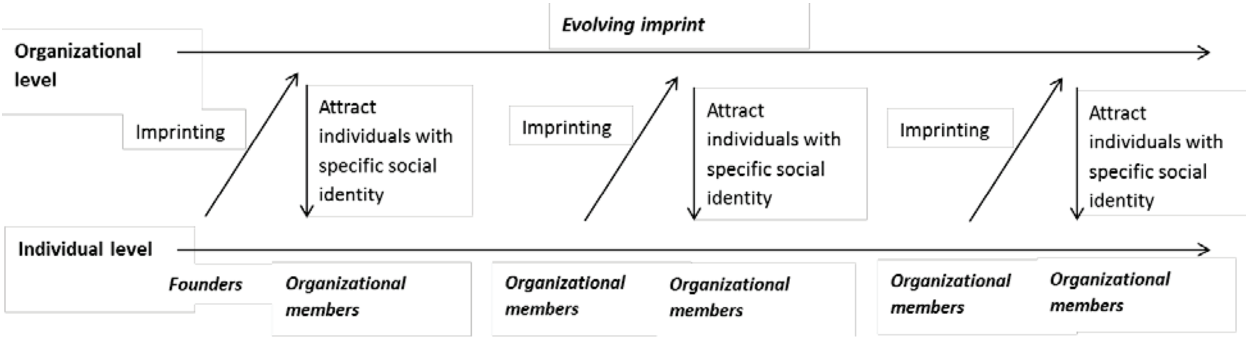
Figure 2: Data structure


Empirical themes
Conceptual categories
Aggregate dimensions
• TPS as a social enterprise
• TPS as a supermarket
• TPS as an "alternative"
• TPS as having a life on its own
Goals and vision of founders
• Positive referencing
• Negative referencing
Referencing to peer organizations
Initial imprint
• Communitarian motivation
• Political activism
• Environmental motivation
Personal social motivation
• Does TPS fit the definition of a social enterprise
• Importance of community and environmental values
• Importance of self-sustainability
Perceived organizational objectives
Projecting
• Advocating towards other organizational members as well as customers
TPS as platform for advocacy
• Importance of personal interaction with customers
• Monthly meetings: TPS as a place to meet
• Family feeling - feeling of belonging - community
TPS as platform for social interaction
• Flexible use of physical space
• Flexible assignment of people to tasks according to their learning and skills
• Staff and customer involvement in choice of product offer
Member involvement in choice of inputs and outputs
Sharing
• Debates and surveys about organizational values
• Weekly management meetings open to everyone
• Monthly member meetings where 1 member/1 vote
Routinizing involvement in crafting of policy and strategy
• Co-construction of visual identity
• Atmosphere of shop
• Co-construction of organizational narratives
Co-construction of image towards outsiders
Contextualizing

3.4. Findings

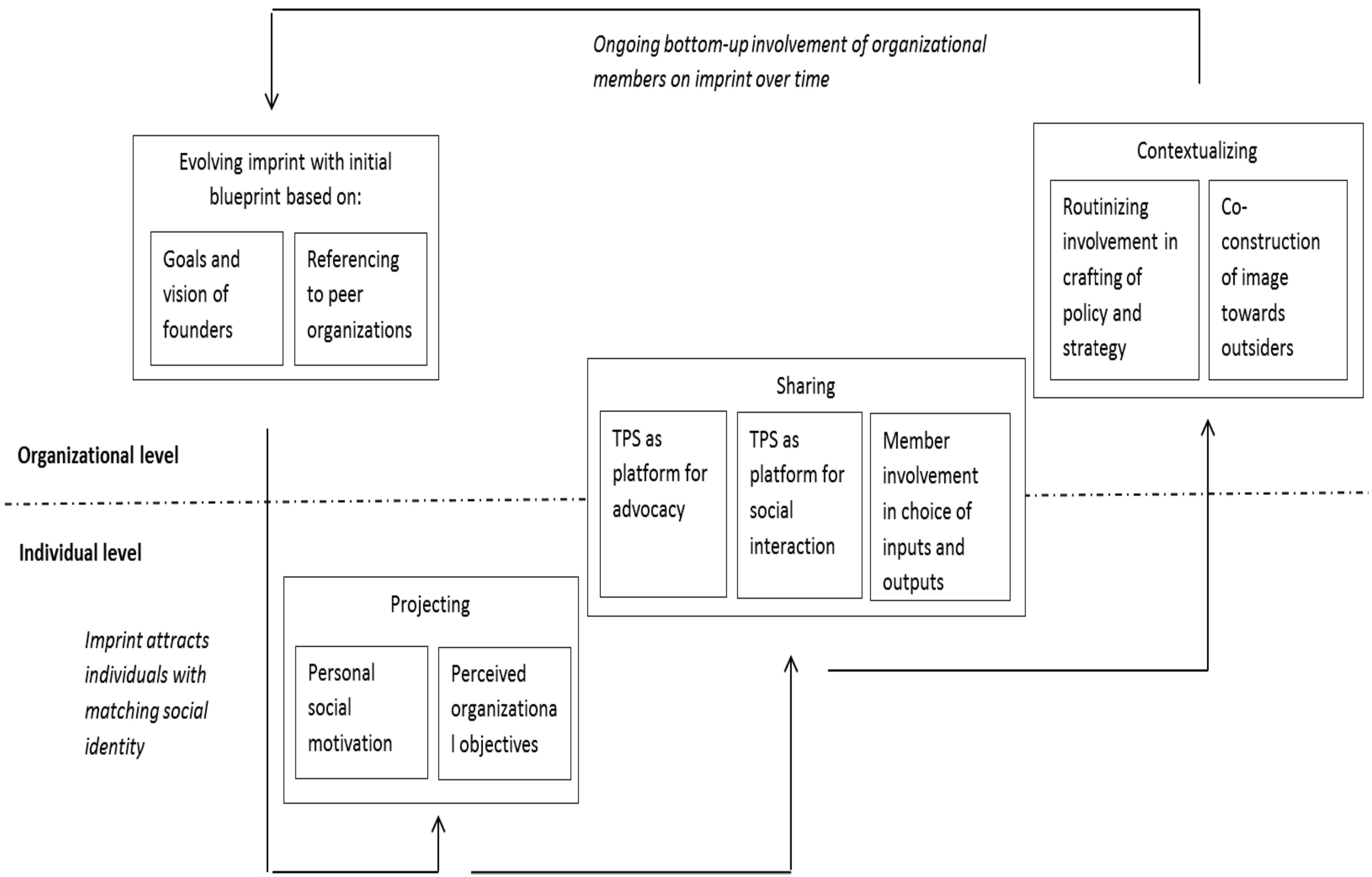
First, we identify that the imprinting of the venture not only took place at founding, but that it was an ongoing process that evolved over time. Second, we find that the organizational members played a crucial role in how TPS' imprint evolved beyond the founding phase. The founders developed an initial imprint that formed the basis for the venture, but this imprint was deepened by the organizational members after the founding team had left. Figure 3 represents the conceptual model of this interaction between the evolution of the imprint of the venture and the individual organizational members, beyond the founding phase.

Figure 3: Two-way interaction between individual social identity and organizational imprint



The model in Figure 4 represents the cyclical process whereby the initial imprint that was inspired by the founders was maintained by the individual members over time.

Figure 4: Process model for imprinting of the venture by individual members


Ongoing bottom-up involvement of organizational members on imprint over time
Evolving imprint with initial blueprint based on:
Goals and vision of founders
Referencing to peer organizations
Contextualizing
Routinizing involvement in crafting of policy and strategy
Co-construction of image towards outsiders
Sharing
TPS as platform for advocacy
TPS as platform for social interaction
Member involvement in choice of inputs and outputs
Organizational level
Individual level
Projecting
Personal social motivation
Perceived organizationa l objectives
Imprint attracts individuals with matching social identity

In the following paragraphs, we describe how this imprinting process of TPS occurred through the involvement of its organizational members.

Initial imprint

The three founders of TPS initially developed a first imprint for the social venture, which combined elements of a traditional for-profit supermarket, a cooperative, and a social movement. The first imprint of TPS was based on the goals and vision of three founders. TPS was set up as a "social venture", but the concept was not clearly defined and the specificities of being a social venture were vague. Through referencing to peer organizations, the boundaries of the venture were delineated in order to structure people's mind-sets, expectations and perceptions of it.

Goals and vision of founders. TPS was launched by a team of three founders who had no previous affiliation, but who joined forces to launch a social venture. The primary purpose of the founding team of TPS was "to be different and alternative", to make a statement in an urban society against the main supermarket chains who dominate and control the market. Despite the common vision to create a sustainable and alternative social supermarket, each of the founders emphasized different aspects of the venture's social, environmental and economic aspects:

> "We all had the same dream, but we all had different facets of that dream and different ways of seeing that dream. For David it was about the political sphere, this will change politics and community-social stuff. For Arthur it was about bringing healthy food into a community and for me this was a statement that you can open a commercial enterprise on a high street and be successful. We all saw it slightly differently, but they all worked together." (Interview with one of the founders)

Hence, TPS was the embodiment of a utopian idea of an alternative supermarket in the form of a social venture. The social surplus argument and the cooperative model were the spine of the organization. The focus was on the ethic, the creation of something novel, alternative and non-conventional and on engaging a community of people around it, as expressed by one of the founders:

> "We were interested in making statements as opposed to actually creating utility. If we were interested in shop keeping for 25 years we would have started in a council estate in Brixton. As much as it would be more financially viable to take out a corner shop somewhere in Brixton it was not necessarily going to generate the ideological return as well as any kind of momentum. In the first instance we were interested in putting an idea out there. We were more interested in getting an ethic going, not so much in running a business. It was more a massively intense experience of getting this ethic right."

Despite the focus being on the ethic, TPS was above all also a shop that had rates, rent, staff and suppliers to pay and hence needed skills and resources to turn it into a viable and self-sustainable business. The three founders complemented each other in this as a team, as one of the founders explained how “Arthur was the sort of guardian of the ethos, Kate was the guardian of the nuts and bolts operations of running a shop, the basic stuff of the operations, I was kind of more of a context guy and initial external finance.”

Referencing to peer organizations. The notion of TPS being a “social venture” was broadly defined without clearly delineated boundaries. The social component of TPS incorporated a variety of concepts and ideas. This first imprint of the venture appealed to a variety of people who were interested in a wide array of social and environmental causes such as food sustainability, waste management, alternative ways of running a business, and urban development through the engagement of local communities. Through referencing to peer organizations, differences and similarities were pointed out, and it became more clear what TPS was about, and what it was not.

The idea behind TPS was inspired in part by the Park Slope Food Cooperative in Brooklyn, New York – a hugely successful members-only store that had been founded in 1973 and had since then contributed to the economic and social development of the neighbourhood. However, the model was adapted as one of the founders explained how they “took Park Slope Food coop as an example, but adapted the model. Because we were based in England and in England they are very worried about social inclusion, we had to do things differently in order to attract grants. We didn’t want to exclude anyone and took a different approach by making the supermarket open to everyone. So the model was: local shop, open to anyone, and as a member you were privileged.”

In addition to referencing to peer organizations to point out similarities, the founders shaped the unique character of TPS by explicitly pointing out the differences with other stores. Hence negative referencing to traditional supermarket chains and retail stores was used to differentiate and highlight the unique character of TPS, as the following extract exemplifies:

> “At TPS we think of ourselves as a convenience store with a difference: a retail outlet whose business is ethics and whose customers are members of a community” (Publication, 2012).

Although the founders each stressed different aspects of the social character of the venture, the common narrative was that “in ordinary stores shopping had become a sort of industrial experience that is little customized. Our motivation was to give customers a unique relationship with a grocery store, a unique shopping experience” (interview with one of the founders).

The initial imprint of TPS was thus developed by the founding team, but although the founders were highly motivated in getting this up and running, they had all left within one year after start-up. The gist of it all was that the venture was meant to be independent and self-sustainable over time, it was set up to have its own life, as one of the founders described how “TPS was set up to run by its community, it wasn’t set up to be Kate’s supermarket. It started to take a different life and I started to get internal conflict. And it is wrong for me to say this has gone wrong of right, it just went different, whatever different is. That was the whole enjoyment…It was the right time for me to leave, because I knew there were people who would take it to the next level." One of the other founders explained how for him it was about creating new combinations of things and people, rather than running a supermarket as such:

> "The thing had its own life and seemed to be moderately sustainable and the pleasure and joy, my involvement in any of those enterprises is to shape it, help design it, make it happen, get the right people together to make it happen. For it all kind of fly. Once it's flying it will become more sustainable if the people who are running it can make it work. They don't really need me. I'm not interested in running a chain of supermarkets. I'm interested in making new combinations of things and people and new life experiences happen for people and for economies."

Hence, the engagement of the organizational members was enforced by the early absence of the founding team. The organizational members who joined the venture over time differed in their perception of how the imprint of the venture was supposed to reflect its "social" character. As a result, the initial imprint was maintained but also further refined beyond the founding phase through bottom-up involvement of organizational members as they joined the venture. The process through which this happened consisted of three steps: projecting, sharing and contextualizing.

Projecting

The social and environmental aspects of the venture were crucial factors that drew people's attention and the image TPS portrayed appealed to individuals with specific interests and self-concepts. The venture was seen as a platform to project individual motivations and interests on, and these were used as a perceptual lens to define the organization's objectives as a social venture. TPS attracted people with a certain identity orientation, who were not necessarily driven by self-interest, but were interested in creating benefits for others, the community or society as a whole. Our analysis shows that the people who joined thus had a strong social identity, and that they defined their self-concept based on personal relations with others, or groups and organizations they belonged to (Dutton, Dukerich and Harquail, 1994; Foreman and Whetten, 2002). Hence, rather than the specific role they could take on within the venture, it was the social identity derived from belonging to TPS that incentivized individuals to become a member of the organization and mobilize their effort. However, depending on individual social motivations, which form part of people's identities, the organizational members differed in which social and environmental aspects they expected to see reflected on an organizational level, as one of the early employees described: "It was a broad church. There were many people here with their own agendas." The individual social self-conception of people thus formed the basis for how the organizational members influenced the imprint of TPS after the founders had left the venture.

Personal social motivation. The social, environmental and non-conventional aspects that were emphasized in the initial blueprint attracted individuals who were driven by a wide variety of social motives. We categorize the social motivations that drove people and the consequent meaning they gave to the venture into three groups: *communitarian motivation*, *political activism* and *environmental motivation*. These categories are non-exclusive and the social motivations of most organizational members could be attributed to more than one category. First, people driven by a communitarian motivation wanted to (1) create a community around TPS as an organization or (2) TPS to contribute to and engage with the local community, thereby referring to the street, the area or even London.

> "She (refers to one of founders) said we're going to open a supermarket for the people. And instantly I was interested because that's something I am very passionate about, local communities and doing something within the community." (Interview with member)

Second, those driven by political activism were interested in the cooperative model, giving equal decision rights and ownership to all of its members.

> "There were many people here with their own agendas. I'm here more because of a political conviction, because I'm interested in the community and the cooperative. These were the strong points. If we can do something for the environment I have sympathy for that but it's not why I was attracted." (Interview with member)

Finally, people driven by the environmental cause, stressed the importance of food sustainability, the engagement with local farmers and waste management.

> "What attracted me was the idea that it was battling food waste. I think the best thing we did was chefs making meals out of stuff that was beyond its selling point. I liked the idea we were paying attention to food miles and that one of our principles was to do no food that had air-miles, and the idea that the food has to be local." (Interview with chairman)

The projecting of these individual motivations onto the venture happened on a cognitive and intra-subjective level, i.e. within the individual, as the organizational members projected their own personal social motivations and used those as a perceptual lens to define the overall objectives of the venture.

Perceived organizational objectives. Based on their own identity, individuals decided on the relative importance of TPS's constituting social, environmental and economic aspects, values and objectives. There was an openness for people to act according to what they believed to be in line with what fitted the definition of a social venture, as one of the founders recalls: "In the beginning people could do whatever they wanted, it was totally chaotic, but it was great and it was fun."

For instance, people used their individual motivations as a perceptual lens to decide on which products fitted the venture's nature, and which market segments it should ideally serve. In the interviews conducted, people referred to constant debates on whether selling cigarettes fitted in the organization's identity as a social venture. These debates resulted from the ongoing tension between the economic, social and environmental components of the venture, as the former chairman described:

> "Ethically we did not want to be an organization that sold things that cause cancer. But the reality is that if you want to run a convenience store with congenially cash to be sustainable, sometimes you need to compromise and be pragmatic. That is one of the difficulties. There were some great aims to start with but pragmatism meant if you want to keep this thing going, bring in tobacco and alcohol. It is still sad but yes. As a commercial organization it was always struggling."

Sharing

Through sharing, which happened on a cognitive as well as action level, the intra-subjective and cognitive understanding of individuals of the venture was converted into an intersubjective and shared understanding among individuals. TPS was perceived as a platform for advocacy and for social interaction which contributed to the development of a shared understanding and development of the venture's imprint. In addition, the organizational members were involved in the choice of inputs and outputs which also enabled them to share their understanding based on their own social motivations which formed part of their social identity.

TPS as platform for advocacy. Individuals used the venture as a platform to convince or influence others in their opinions and activities, based on their own social identities and social convictions. A context was created wherein there was space for individual members to voice opinions, share with others and lock others into proposed roles and solutions. Members met on a monthly basis to discuss organizational issues, and there were debates to decide on the core organizational values. The quote below exemplifies how TPS was seen by its organizational members as a platform to advocate about personal beliefs and motivations:

> "I'm passionate about things like food waste, about how do I involve the community because that gives me a chance to think about how do I bring people in. It gives me a chance to think of how do I then move on from these things to healthy eating…In my case, it is more about how can I help people or can I share what I see about things with others and can those people make it a bigger circle so that more people will come to know about it and come to do it. That is the way I see it… in other words, more and more people will subscribe to it. More people will start thinking about food waste and be serious about it, about shopping locally, about helping the community to survive." (Interview with member)

TPS as platform for social interaction. One of the core pillars of the venture was that it was "for the people, by the people". It was a place for interaction that brought a variety of people together from different backgrounds, ages and with different interests. It was perceived to be a place where you could interact with people who you would not normally meet, as one of the organizational members explains:

> "Last week I went in and the green party leader was doing her shift. I said what are you doing here. So we were stacking shelves and talking about politics, and I thought wow this is great, how else would I get to meet her and have this experience."

The sense of community that followed from the interaction between organizational members and customers led to a strong sense of identification with the venture. One of the organizational members described how "being part of TPS feels like being part of a big family, a community of shared values". This enabled the venture to leverage on its human resources, as people would go beyond their organizational responsibilities and contribute to the success and survival of it by investing time, and even money, in TPS:

> "From time to time we had a crisis, and then we would mobilize people. We got the legacy of people. For instance, there was this woman who gave 20.000 pound that she inherited from her mother to TPS because she loved it so much." (Interview with one of the founders)

Both the emphasis on the interaction and on the perception of TPS as a platform for advocacy led individual members to convert their intra-subjective understanding into a shared understanding on a cognitive level.

Member involvement in choice of inputs and outputs. In addition to the sharing that occurred on a cognitive level, sharing also took place on an action level. This happened through the involvement of organizational members in the choice for resources, the allocation of resources and the types of products and services offered. For instance, the organizational members had the ability and flexibility to creatively use the resources and physical space provided. In addition, people were encouraged to make suggestions about the products offered to the customer and the ambience and set-up of the store. As such, the physical space of the shop and the offering became malleable and depended on the individuals which were around, as one of the employees explained:

> "There is community service that is that if customers want something, it is in the interest of the supermarket to give it to them without the direct reason of profit. As the fruit and veg person, if somebody wants something that is obscure and not necessarily will make money, there is a sort of a perception that we should give it to them anyway because that is what we do. It is not just about us and the money. That is not necessarily how it will be. If someone wants Jeruzalem artichokes and nobody wants them I won't get them in, but then when staff talks about it and thinks I should get them I will get them in, maybe not because they are thinking about the profit. That in itself says something."

The emphasis on the human element, the advocacy, interaction and strategic involvement of the organizational members and other stakeholders was enforced by an organizational culture and context in which the community aspect and co-creation were core:

> "The People's Supermarket is a 'community'. Like all forms of human association, communities have their own personality, strengths, weaknesses, eccentricities and determinations. But because The People's Supermarket is a co-operative a core value has to be that the organization is as open, responsive and interactive as possible – and with everybody and everything that it engages with." (Publication, 2012)

As a result of this sharing, individuals converted their intra-subjective perceptions and understanding of the venture into an inter-subjective understanding which influenced the further development and refining of the venture's imprint. Based on this shared understanding, the members of the venture influenced strategic decisions about the for-profit and non-profit organizational elements that were then combined on an organizational level. As such, the imprint of the venture took further shape and evolved over time as organizational members joined and left the venture.

Contextualizing

The last step through which individuals influenced the imprinting of the venture involved moving from an interpersonal understanding between people on a cognitive level to a contextualization on a collective level. Certain characteristics became attributed to the venture as they came to be intrinsic to the organizational context and day-to-day activities. This happened through routinizing the involvement of organizational members in strategic decisions and organizational actions, and through the co-construction of the venture's image towards outsider stakeholders.

Routinizing involvement in crafting of policy and strategy. The organization was characterized by a lack of top-down governance and there were little rules top-down imposed. Members' opinions were incorporated in policies and strategies through formal decision-making procedures. Because it was set up as a cooperative, members had a vote in deciding on issues such as which partnerships to set up to secure a competitive market position. There were weekly management meetings that were open for everyone to join and raise issues. As such, personal beliefs and motivations were, once commonly agreed upon, executed and contextualized and hence translated to a collective level. The extract of one of the interviews below exemplifies how initiatives were proposed by organizational members based on their personal interest and were consequently executed by a team of organizational members of TPS.

> "One of the members turned up and said fair trade week is coming up and I would like to organize a series of events. So for a week we did film shows in the basement, sold fair trade

> products, had a member of the green party do a talk, in the weekend we did a big weekend event. We had a leaflet produced, designed in house by someone who discovered was equally passionate about fair trade… They just wanted the space, not only the physical space, but the overall space to do it and the support… We also had a beer committee and they went off sampling beer from the local breweries in London. They presented me a business case, people who had never done a business case in their lives. One of things TPS gave to people is the confidence. People who would have never dreamed of ringing up beer companies, they could now say I am from TPS, we're selling beer. It was tremendous. There were a number of initiatives that were taking place all the time." (Interview with one of the founders)

Co-construction of image towards outsiders. Organizational members were encouraged to co-design the visual identity of the organization and contribute to narrative and identity building, as one of the organizational members explains: "When I was doing the induction, you go in very enthusiastic and do this and that, and people come and say this is really great. I was constructing this identity of the supermarket as a friendly place which is fun to be in. You create this idea in people's mind which you hope will then self-sustain."

The visual artefacts on the shop floor were created by members and one of the interviewees described how for instance window dressing was done by the organizational members and how "a lot of these young people did graphic design, and they would come up with all sorts of stuff on what to display. They would draw on the pavement, with all our names under it, they would do all kinds of fantastic stuff." In addition, the website and social media content were member-driven. Moreover, this member involvement was communicated and stimulated through internal and external reporting, and became in itself an intrinsic characteristic of TPS:

> "It is the experience of being there and doing it and interacting with the other people from all these groups which is part of what the supermarket is. So that is part of the co-construction. Even going in as a customer, like when I have friends and family visiting we go in and say ah hey Nigel, chatchatchat, and other people in the queue hear you. I am aware of the fact that other people in the queue will hear that there is something different going on that is different from Tesco's." (Interview with member)

Through these three processes of projecting, sharing and contextualizing, we show how individuals imprinted their own social identity on the social venture. The process model in figure 4 shows how the initial imprint that was inspired by the founders was deepened and maintained by the individual members over time.

3.5. Discussion

3.5.1. A process model for organizational imprinting beyond the founding phase

This study advances our understanding of how an organizational imprint evolves after the founders leave a venture. Although it is well established that founders have an imprinting effect on an emerging venture (Marquis and Tilcsik, 2013; Johnson, 2007), the process model developed in this paper shows how organizational members deepen and maintain an organizational imprint over time. Our novel insight is that the social identities of the organizational members function as a mechanism that provides the link between the early imprint of a venture and its subsequent evolution. The initial imprint established by the founding team attracted people with a specific identity: the early genetic code of the venture appealed to people with specific social identities and a strong interest in sustainability, authenticity and community. Although individuals were attracted by the "social" character of the venture, the characterizing organizational attributes and actions were perceived as ambiguous. Moreover, due to the early absence of the founding team, there was only a limited top-down influence on the imprint of the venture. We find how in response to this perceived ambiguity and partial top-down imprinting effect, individuals used personal social identity components to contribute to the further shaping and imprinting of the venture. According to individual social motivations and beliefs, organizational members maintained and deepened the initial imprint beyond the founding phase. The evolving imprint in turn attracted people with a specific social identity who then again had an imprinting effect on the venture. As such, the imprinting of the venture was an ongoing process that evolved over time, depending on the individual identities of members who subsequently joined and left the organization. The imprinting of TPS was thus a cyclical process as a result of an ongoing two-way interaction between social identities at an individual level and an organizational imprint on a collective level. The model developed here unpacks how social identities are the link between an initial imprint at founding and its evolution over time: it shows how individuals used their social identity elements through three processes - projecting, sharing and contextualizing - to engage in the imprinting process of the venture. As such, we show how organizational members converted their intra-subjective, cognitive understanding of the venture and its imprint into a shared and inter-subjective understanding. This resulted in an evolving imprint which was deepened over time as people with social identities matching to this imprint joined the venture. Throughout this process, elements from the environment were selected and reflected onto the organization and this again attracted individuals with similar social identities which reinforced the cyclical process. In doing so, this study makes several theoretical contributions.

3.5.2. Contributions to the imprinting literature

The model developed here contributes to imprinting theory. While studies have shown how founders and founding teams play a role in selecting elements from the environment to develop an imprint of an emerging organization or a venture (Fauchart and Gruber, 2011; Goia et al., 2010; Perkmann and Spicer, 2014) the literature falls short in explaining the mechanisms through which these early imprints persist and change throughout a venture's life cycle (Marquis and Tilcsik, 2013;

Simsek et al., 2015). In addition, while we know that imprinting is an agent-driven process influenced by founders (Ellis et al., 2016; Johnson, 2007), we know less about how other individual members are involved in this. Building on an empirically grounded model based on an ethnographic study of a social venture, this study expands imprinting research by showing how organizational members – other than the founders - play a role in the deepening of an organizational imprint beyond the founding phase.

Based on our finding that organizational members rely on their individual social identity components, we connect with previous entrepreneurship literature on the influence of individual founder identity. In recent years, there has been a growing interest in how founders influence new ventures through their identities (Fauchart and Gruber, 2011; Powell and Baker, 2014). Individual-level identities of founders and other powerful individuals are known to have great potential to influence the thinking and actions of others and have a strong impact on ventures (Drori et al., 2009; Ashforth, Rogers and Corley, 2011). The majority of work in this area draws on role identity theory but more recently some studies have begun to use social identity theory. According to social identity theory, self-definition is derived from categories or groups to which individuals belong, together with the emotional and value significance of that group membership (Stets and Burke, 2000; Cornelissen, Haslam and Balmer, 2007). Empirical studies that have investigated the effect of founders' social identities show how social identities explain the variety in strategic choices made in adversity (Powell and Baker, 2104) and how social identities impact on choices made during venture creation about the market segments served, the customer needs addressed and capabilities and resources deployed (Fauchart and Gruber, 2011). Despite an increasing interest in the impact of individual identities on ventures, few studies have gone beyond the influence of the founder(s) and the role of other organizational members' individual identities has received little attention so far. The model developed here shows that individual social identity components of organizational members are the analytical link between an early imprint and evolving imprints over time. Our findings show that there is a bottom-up engagement from organizational members to deepen the imprint of a venture through three processes which we termed projecting, sharing and contextualizing. As such, we show how the imprinting process is a two-way cyclical interaction between the individual and the organizational level. On one hand, the imprint of the venture on the collective level attracts individuals with specific social identities. On the other hand, individual members use these social identities as a lens to select elements from the environment to co-develop and maintain the overall imprint of the venture beyond its founding phase. As such, this study contributes to our understanding of imprinting processes in an important way by highlighting the mechanisms and dynamics that come into play beyond the founding phase. Although organizational research has emphasized the influence of founding teams on organizations' imprints, this study has broader implications about the fact that bottom-up imprinting sources play an equally important role in the development, evolution and maintenance of an organization's imprint.

3.5.3. Contributions to the literature on social ventures

Second, this study adds to the literature on social ventures. Despite the ongoing contestation about a clear definition (Choi and Majumbar, 2013), social entrepreneurship is generally considered as an entrepreneurial activity with an embedded social mission (Austin et al., 2006) and social ventures are the tangible outcome of it (Mair and Marti, 2006). Despite the growing popularity of social ventures as ways to start an entrepreneurial activity, the majority of them remain small and resource-constrained (Battilana, Walker and Dorsey, 2012; Haigh and Hoffman, 2012). One reason for this lack of growth is that social ventures have difficulties to attract, manage and maintain people with the required skill-sets due to the lack of pecuniary incentives and adequate career perspectives (Doherty et al., 2014; Austin et al., 2006). While we know that the social mission of those ventures is instrumental as one of the non-pecuniary incentives to attract people (Doherty et al., 2014), we know less about the specific dynamics that come into play when people join ventures based on a social and environmental mission. This study shows that the social and environmental values upon which the mission of social ventures is based, attract people with specific social identities. Social ventures generally appeal to people who place a high value on group membership rather than being solely interested in private gains. We find that the involvement of organizational members in the imprinting process becomes more prevalent as a result of the fact that individuals with strong social identities join the venture. The imprinting process is thus bottom-up rather than top-down, and this in turn strengthens the value placed on group membership. The model developed here shows that for ventures founded on a social mission, organizational members are engaged in the imprinting process using their own social identity orientations and that this engagement is an important way for individual members to develop meaning of the venture.

3.6. Limitations and future directions

As with any qualitative research based on a single case study this research has limitations which suggest areas for further investigation. First, the venture we study here is relatively young and the dynamics we identified might be different in a more mature social venture. One area for future research thus concerns how organizational members impact on the overall organizational imprint in a venture that is older and where the imprint is likely to have taken on a more fixed shape and form. Second, the venture studied here was characterized by a lack of steering founding team. The founders who initially set up the venture left the business early on, which created a vacuum in which individual members could further imprint the venture with their own social identity orientations after the founding phase. Although this particular characteristic enables us to address our research question, a potential area for future research concerns how individual members play a role in the development of an imprint in the presence of a founding team. Scholars could for instance look at how social identities of organizational members play out in the imprinting of a venture when the founding team remains to have a determining influence throughout the venture's life cycle. Third, this study enhances our understanding of a *social* venture acting in an institutionally complex environment, combining for-profit and non-profit elements. One potential area for further investigation would be to look at other types of ventures that draw from multiple institutional logics, other than the for-profit and non-profit logics.

3.7. Conclusion

Social ventures have been suggested as a promising way to tackle some of the most pressing societal and environmental issues. The combination of traditional business methods with practices stemming from the non-profit or social welfare sector imposes challenges on these types of ventures. Our study sheds light on the specificities of the imprinting process of social ventures beyond the founding phase and on the involvement of organizational members in this. While much remains to be explored about imprinting and social ventures, we hope to have provided building blocks for further theory development with this study.

CHAPTER 4

Governance Models for the Incorporation of Heterogeneous Stakeholder Interests

4. Governance Models for the Incorporation of Heterogeneous Stakeholder Interests[3]

4.1. Introduction

In recent years, interest for serving Bottom-of-the-Pyramid (BOP) markets has burgeoned among corporations, ventures and new start-ups. This rise in interest for targeting BOP markets can be explained for mainly two reasons: first, BOP markets represent significant business opportunities as they offer a considerable pool of potential new customers to tap in to; and second, targeting a BOP market allows for-profit organizations to proactively help alleviate poverty and improve the life standards of local communities through market mechanisms (Kistruck, Sutter, Lount and Smith, 2013; Seelos and Mair, 2007). The growing interest among firms and ventures for targeting BOP markets has sparked the interests of academics too: although the BOP approach seems to hold promising potential, scholars have described how ventures focusing on BOP markets often struggle with particular managerial and operational challenges (Kistruck and Beamish, 2010). Specifically in terms of embodying the diverse interests of multiple stakeholders, BOP markets seem to present significant complexities (George, Corbishley, Khayesi, Haas and Tihanyi, 2016).

The purpose of this paper is to shed light on this issue as we examine how for-profit ventures engage with multiple stakeholders in a BOP context. Quite often, ventures serving a BOP market have a dual purpose and can be considered so called "social ventures": they try to generate revenue whilst creating social impact for bottom-of-the-pyramid communities (Defourny and Neyssens, 2010; Pache, Santos and Birkholz, 2015). Doing so, they are confronted with diverging interests of multiple stakeholders, including customers, employees, beneficiaries and local communities (Smith, Gonin and Besharov, 2013; Kistruck et al., 2013; Ebrahim et al., 2014). They operate in informal community settings which opens up a new host of stakeholders, causing them to adapt organizational activities, processes and routines to incorporate the needs and wants of community participants (Haigh and Hoffman, 2012). Socio-cultural differences, heterogeneity of the market, and stakeholders which

[3] This chapter is joint work with Christopher Corbishley. A previous version of this chapter was included in his dissertation. Reference: Corbishley, Christopher. "Institutions, Organizations and Markets for Inclusive Growth". Doctor in Philosophy. Imperial College London, 2016. Print.

have diverse interests, require them to draft specific governance mechanisms and structures (Hollensbe, Wookey, Hickey, George and Nicholls, 2014; Ebrahim et al., 2014).

First, due to a general distrust towards foreigners and the heterogeneity of BOP cultures and languages, ventures serving a BOP market are often forced to use local salespeople that are embedded within the community (Kistruck et al., 2013; Webb, Kistruck, Ireland and Ketchen, 2010). These locally embedded individuals act as agents for distributing and promoting the organizations' products and services. The reliance on local salespeople however requires BOP ventures to invest effort and time in building relationships with local agents. Furthermore, they face the risk of incurring significant agency problems and costs to ensure these local agents perform their tasks diligently (Kistruck et al., 2013). Second, ventures entering into a BOP market sell products and services to disadvantaged, excluded or low-income populations, often with the aim to provide social and/or environmental impact as well. They provide access to basic products and services at low cost, with strong value spill-over effects in terms of access to energy, communication, water, health and sanitation (Haigh and Hoffman, 2012). However, as a result of the specificities of the target market, they may have difficulties in selling their products and services in a BOP context: customers are often unable to pay, unable to access the offer, or do not value it enough in order to purchase it (Pache et al., 2015). Hence, these ventures often struggle in coming up with a value proposition that ties in to the specific preferences and needs of their target market.

As a consequence of this sociocultural and physical distance with the local communities, BOP ventures face challenges in embodying the diverse interests of their multiple stakeholders. Yet despite the increased focus on BOP markets, scant attention has been paid in the management literature to governance structures which enable these types of ventures to incorporate multiple stakeholder interests. Scholars have pointed out the growing need to better understand the mechanisms used to align the interests of diverse stakeholders in a BOP context with the organizational objectives to be self-sustainable and provide social impact (Kistruck et al., 2013). This also includes exploring governance at different levels of analysis, such as between managers and teams on the ground, and at the interface with customers or community members. These are the research issues we set out to explore in this paper, and the question this paper asks is how BOP ventures combine multiple stakeholder preferences, focusing particularly on the governance structure of ventures.

We thereby connect with stakeholder-agency theory (Buck, Filatotchev and Wright, 1998; Hill and Jones, 1992) which can be considered a generalized theory of agency according to which managers act as agents of all other stakeholders. Stakeholder-agency broadens the scope of traditional agency theory which, so far, has been the dominant theoretical perspective to study how organizations align the interests of principals and agents. While agency theory and corporate governance have provided insights into the coordination of information, incentive alignment and risk-taking, new trends and new contexts raise questions on the role of managers, internal and external processes taking place beyond organizational boundaries, and activities involving a broader set of stakeholders, such as opportunity co-creation with employees, customers and communities (Puranam, Alexy and Reitzig, 2014; Tihanyi, Graffin and George, 2014). BOP markets present a context in which organizations do not operate in a typical principal-agent setting, according to which owners have problems ensuring that managers act in their best interest (Eisenhardt, 1989). Instead, it is a context in which there are multiple social and economic organizational objectives, and multiple principal stakeholders with diverging interests (Ebrahim et al., 2014; Haigh and Hoffman, 2012). Hence, the governance structures and mechanisms that these types of organizations use to align their own organizational interests with those of their stakeholders are likely to be different from what is commonly suggested in the management literature. However, so far we miss an in-depth understanding of the specifics of these differences (Tihanyi et al., 2014) and while the literature has suggested that organizations whose objective goes beyond operating profitably are better able to reconcile diverse interests from multiple stakeholder groups, we lack insight in the process through which they do so (Mitchell, Weaver, Agle, Bailey and Carlson, 2016). In this paper, we use a stakeholder-agency perspective that builds on an agency-based framework, and combines it with stakeholder theory, in which the basic tenet is that organizations exist to meet the demands of their most important stakeholders (Mitchell, Agle and Wood, 1997). Hill and Jones (1992) were the first to connect stakeholder theory with agency theory as they adapted the view of the corporation as a nexus of contracts. In this view, various actors contract with each other through the corporation in order to jointly achieve outcomes. They enlarged the traditional principal-agent paradigm, which underlies agency theory and focuses on the relationship between managers and shareholders, to include other stakeholders too (Donaldson and Preston, 1995). Stakeholder-agency theory has been proposed as a useful framework to explain how organizations can achieve multiple objectives, and scholars have been encouraged to investigate how organizations incorporate the interests of multiple stakeholders in a context of integrated social and economic organizational objectives (Mitchell et al., 2016).

Hence, this paper is a response to calls for research using a stakeholder-agency perspective in the context of multi-objective organizations, i.e. organizations that try to be financially sustainable whilst creating social impact at the same time. It is based on a comparative case study (Eisenhardt, 1989) of two rural electrification ventures: Energy for Development (E4D) and Meshpower. These two ventures were both created in the UK and provide rural electrification off-grid systems in Africa.

They face the same challenges in terms of aligning their own organizational interests with the diverse interests of the local stakeholder groups, but approach it through a different governance structure. As such, they provide an ideal setting to address our research question. Our comparative analysis focuses on three dimensions of governance: coordination of activities, monitoring and control, and incentive and property right structures. Our findings show how these two ventures take a different approach to each of these three dimensions to succeed in serving a BOP market and respond to the diverse stakeholder interests. The analysis suggests that the underlying mechanism which explains this different approach to governance is the prioritization of different stakeholder preferences and the degree to which BOP ventures adopt a relational versus a transactional approach to interacting with diverse stakeholder groups including customers, employees and the local community.

In the sections that follow, we first outline the methodology used, after which we elaborate on the findings from our comparative analysis of the two cases. We conclude with a discussion in which we elaborate on the theoretical contributions of this paper and its limitations.

4.2. Methods

4.2.1. Research setting

E4D and Meshpower, our two research sites, both provide rural electrification solutions in similar BOP settings. They make use of solar micro-grid technology, involving a scalable solar panel system installed in the centre of the village, which can be connected to households, businesses and local amenities. Both E4D and Meshpower entered the rural electrification market around the same time, which was relatively late in its development. As a result, they could learn from previous attempts to introduce an improved service and innovate on existing models. By the time they entered the market, the focus had shifted from donation-funded rural electrification initiatives, to self-sustainable models that could be financially viable whilst creating social impact for local communities. Both ventures faced the same challenge in building and maintaining a governance model to incorporate the various preferences of the stakeholders involved in the business, but approached it differently. They thus provided an ideal field setting for addressing our research question.

The Energy for Development (E4D) Network was established in 2010 as a non-profit, humanitarian project led by the University of Southampton's Sustainable Energy Research Group and Imperial College Business School. Funded by the UK Department for International Development, its objective was to establish and implement renewable, off-grid energy solutions, which included a sustainable governance model for East Africa. It involved a donor providing the investment, while the community took an interest in running the project. Members of the community were provided with training to implement a revenue-generating business, which could sustain the system and allow it to be replicated. Simultaneously, E4D was implementing a micro-grid solution based on the same technology in Oloika, Kenya, Bambouti, Cameroon, and other locations across Africa. The success of these projects ultimately depended on the implementation of a proven and sustainable governance model in Kitonyoni. By September 2014, an autonomous cooperative enterprise had been successfully established and the system was handed over to the community to run the micro grid.

Meshpower spun out in 2012 from a rural electrification organization called e.quinox and is now based in the incubator at Imperial College London. This new venture was the result of the founding team leaving their previous company to establish a new enterprise with equity investment from a business angel and early employee of technology company, Google. In addition, the company also received grant funding from Royal Dutch Shell and the UK Climate Knowledge and Innovation Community (KIC), which was directed towards driving their 'social mission' forward. Similary to E4D, Meshpower's mission was to develop a viable business model to provide energy solutions to off-grid communities.

4.2.2. Data collection

Participant observation: Between December 2013 and March 2014, one of the authors worked as a Research Associate within the E4D team in London, which involved reviewing literature on business models for rural electrification, writing a case study on the cooperative established in Kitonyoni and presenting it back to the organization, as well as benchmarking and analysing results from surveys to devise a suitable tariff structure. Secondly, between January and April 2015, the same author was based at Meshpower, spending three days a week at the organization. During this period, he was at times both a participant and an observer, engaging in market research, designing and analysing customer surveys, and attending management meetings, as well as providing some consulting services on how to establish a marketing function within the organization.

Semi-structured interviews: Interviews were carried out in two stages with all team members within Meshpower (n=5) as well as key members from E4D based at Imperial (n=3) and Southampton (n=4). A first round of interviews was conducted at the beginning of each project (January 2015 and December 2013 respectively) and a second round in March 2015. Due to both organizations being under 10 people, and hence a limited sample, quality was prioritized over quantity. Interviews were semi-structured, and followed a protocol that evolved with the research project (Strauss and Corbin, 1998). They lasted an average of 1 hour and 10 minutes, were recorded and subsequently transcribed. Among the questions included in the protocol were: What is the organization's main goal? Who are the key stakeholders in your business and what are their objectives? How do they determine the way you run the organization? How do you engage the community or local agents into your organization design? What are the key barriers to adoption and how do you bridge access? What is the role of intermediaries? How do you communicate the service offering to consumers? And how do you adapt your service offering to what you perceive as the needs of different customer segments or stakeholders? Questions were also asked about the specific roles, responsibilities and experiences of the employee or team member themselves.

Field notes: Alongside formal interviews, field notes were taken by one of the authors during informal and formal meetings with team members, which were used to gain a clearer understanding of conditions on the ground, especially when team members had returned from a visit to the communities in Kenya or Rwanda. Informants would give more in depth insights as well as some anecdotal evidence of the governance or coordination challenges the organization was facing. In addition, a detailed record was kept of the organization's progress at each stage of the two research placements, both in the process of taking formal minutes and on a notepad throughout the day in order to record key incidents, decisions or conversations that happened.

Archival and enterprise documents: Both E4D and Meshpower kept a shared folder of archival material and current working documents for running each project. These included completed customer surveys, real-time usage and payment data of the microgrid sites, photographs of the sites and company documents, including the minutes of all team meetings and key internal correspondences. We had unlimited access to this material, although quantitative data from customer surveys, usage and payment patterns were restricted from publication. Given their quantity, the available documents were not coded but were used as background information about the organizations' activities and to help providing context to the comparative case study. They also helped to form a timeline of key events in each organization's development.

4.2.3. Data analysis

We approached our analysis of how E4D and Meshpower coped with heterogeneous preferences of the different stakeholders in setting up a socially and economically sustainable organization through an in-depth comparative analysis of the similarities and differences in their approaches (Eisenhardt, 1989). This analysis comprised three separate steps in order to make sense of large amounts of data and avoid analytical biases.

First, we looked at the broader set of data to immerse ourselves into the reality of the organizations and their history. Based on archival data, field notes, informal conversations, and semi-structured interviews, we constructed a history database and developed an understanding of the strategic issues the two ventures had been facing in a BOP context. The goal of this first stage was to understand specific questions such as what, why, how and when. We gained insights about each organization's struggle to design economically viable ventures within complex community settings, and created an understanding of the key organizational challenges including themes such as overcoming adoption and institutional barriers, coordination challenges of operating in remote, culturally diverse settings, engaging with community leaders and members, and attempting to meet the needs and preferences of customers. This began to reveal patterns in terms of the organizations' main stakeholders, and the challenges of and solutions to aligning their diverse interests with the organizations' objectives.

During the second phase of our data analysis, we went back to the governance literature and started to iterate between the data and theory in order to develop an understanding of the different relevant themes to code our data. As a starting point, we drew insights from the literature on governance within organizations with multiple objectives and diverse stakeholder interests (Mitchel et al., 2016; Tihanyi et al., 2014). In addition, we relied on empirical studies that had looked at governance structures of organizations combining multiple objectives of financial sustainability and social impact creation (Pache and Santos, 2013), and organizations combining governance elements from the private and public sector (Kivleniece and Quelin, 2012) to select themes as lenses to code our data. Combining these insights from the literature with the relevant governance themes we derived from the first stage of our analysis, we selected three broad themes to code our data. We decided to focus specifically on the approach the two ventures took in terms of (1) the coordination of their activities, (2) controlling and monitoring of activities on the ground, and (3) the incentivization of stakeholders and the distribution of property rights.

These three themes were used to code the set of semi-structured interviews for each venture. We selected these semi-structured interviews because of the wealth of information and potential for variance they provided (Strauss and Corbin, 1998). After an initial round of coding based on the three broad themes, we subsequently identified eight sub-themes which could be mapped back onto the three main themes. First, we found that the two ventures differed in the way in which they localized procedures, involved local actors, and centralized their activities and processes. These three subthemes affected how the ventures coordinated their activities on the ground whilst having their headquarters in the UK. Second, we identified that in terms of decision making ability, communication and hierarchy, the two ventures took a different approach to control and monitoring. Third, we found that both ventures had a distinct approach to ownership and employee incentivizing which together affected the way in which they created incentives to align their own organizational interests with those of the diverse stakeholder groups.

The final step of our analysis of the data was to confirm our findings in the broader set of field notes and observations from archival data on how each organization had progressed during the period under research. These involved revisiting interviews, case studies and reports one of the authors had written for the organizations earlier in the research project, to understand how these situations had evolved, and compare them to observations and explanations given in hindsight. By taking a historical look back, we were also able to complete the narrative with greater accuracy, as to why, when, who and how key governance and organizational decisions were made.

In the sections that follow, we offer background information on the field of rural electrification and then focus on Meshpower and E4D to present the findings of our analysis.

4.3. The rise of rural electrification

Across the world, nearly 1.3 billion people lack access to electricity and over 2.6 billion still rely on traditional and mostly harmful fuels for cooking (OECD/IEA, 2012). It was estimated that in 2008, 85% of the energy provision gap was concentrated around rural communities (ARE, 2011). A vast majority of these 'disenfranchised' populations are located in India and Sub-Saharan Africa, as well as developing countries where population growth exceeds the rate of electrification (OECD/IEA, 2012).

The positive social and economic impact of bringing access to remote communities, such as enabling the delivery of healthcare services or extending working and study hours, are universally acknowledged, and yet attempts to scale up interventions have so far shown limited success. Characterized by geographical remoteness, dispersed markets, low-incomes and high transaction costs, rural settings offer limited economic incentives for profit-seeking firms operating in developing countries. In terms of funding, project financing presents a challenge in developing contexts. Profitability and return on investment limit private sector interest in rural electrification projects. Low population density and limited and unpredictable customer income and consumption impede organizations from scaling up and achieving a predictable and satisfying rate of return on their capital investment. In terms of access, rural communities in developing contexts often suffer from limited infrastructure. Roads and means of transportation are inadequately developed to offer easy access to the targeted off-grid villages.

However, since the early 2000s, entering the rural electrification market became a strategic focus of many non-governmental organizations. Yet many rural electrification projects involved external donors who supplied and installed the equipment but provided no training or governance model to sustain the system by generating revenues. After a period of time, the majority of these systems failed and fell into disrepair due to the inability of the service provider to devise an economically and socially sustainable governance mode.

After nearly two decades of largely unsuccessful attempts by rural electrification initiatives to access base of the pyramid markets, initiatives have now increasingly started to take on the form of social ventures. These are ventures that tackle environmental or societal issues by combining non-profit principles and practices with profit-oriented business methods (Mair and Marti, 2006; Defourny and Neyssens, 2006). Doing so, they take on the dual challenge of designing organizations that can bridge access to base of the pyramid markets, whilst ensuring socially and economically sustainable governance arrangements are introduced to maintain long-term service provision. E4D and Meshpower entered the rural electrification market around the same time and shared a similar mission to provide electricity to communities without access to energy in a way that would make their business model self-sustainable.

4.4. The sustainability challenge for E4D and Meshpower

E4D and Meshpower believed that decentralised off-grid rural electrification solutions had failed in the past for two main reasons: problems of access (affordability) and more importantly, governance, which meant many current systems based on expensive, stand-alone solar ‘boxes’ focussed on the ‘rural elite’, or established micro-grids that had fallen into disrepair, were not developed with a sustainability in mind. As it was expressed in interviews, the focus of both ventures was constantly on “proving the business model”. In doing so, E4D and Meshpower faced similar challenges in interacting with customers, employees and the local communities, and in developing an appropriate governance structure to align their own organizational interests with the heterogeneous interests of those different stakeholders.

The communities, in which both organizations were operating, suffered from limited transport access, low population density and limited consumer income and consumption, rendering simple products such as rechargeable lighting systems unable to achieve economically viable scale. In rural areas, income levels in agricultural communities were also highly variable depending on the season (high or low), which made pricing and microfinance important for both businesses. Interviews with engineers revealed that many households were not accustomed to receiving energy bills or in some cases even paying for electricity, presenting further challenges to changing and influencing consumer adoption behaviours. In addition, common misconceptions around the price of a kilowatt hour and the price differentials compared with ‘grid’ prices presented further distrust and astonishment amongst villagers, as expressed by one of the E4D engineers:

> “The barrier is probably issues such that people cannot understand why the price for electricity is not the same as what Kenya Power would charge the price per kilowatt hour. So

> that is the kind of challenge we get. We have continued discussions about 'You are too expensive […] the grid is a third of your price, why is it so expensive'. But you are not comparing like with like, because the nearest village with utility grid power is forty minutes away and it is down about forty per cent of the time".

Moreover, both ventures faced considerable transaction obstacles due to an unwillingness to pay because of a value perception mismatch. One of the E4D engineers explained how difficult it was "the willingness to pay, not the ability to pay, because you are trying to break the cycle where people have grown up with the concept of donations and subsidies". Government subsidies and interventions in electricity markets had distorted concepts of value and willingness to pay even amongst remote village communities. Competing with existing energy sources and engrained behaviours in informal economies was also identified as a major challenge. Most homes relied on costly and potentially dangerous sources of energy such as open fires, oil, gas and kerosene, as they had done for centuries. Access to electricity would provide a higher quality of life both economically and socially and yet it remained extremely difficult to change consumer behaviours, which often seemed not to make economic sense, as a Meshpower technician described, despite the service representing a cheaper alternative to both candles and kerosene: "even with our lower tariffs with the one dollar, two dollar tariffs we can't convert people […] they don't see the value in it". He went on to describe a case in a village near Bihar, in India, where Meshpower had provided lighting, where households were using the lights for their front porch as a status symbol, after which he went on: "when he walked through the corridor, in the dark with a kerosene lantern there were three kids studying for their exams, so it is not always what you think they will be using it for […] They use it to light up the veranda for their social gatherings. It is a luxury product not a utility, and their priorities are very different to what you think they are".

Besides this, the ventures were faced with sociocultural difficulties to balance and adhere to the context-specific stakeholder preferences. In order to drive consumers away from non-renewables, it was important to secure 'buy-in' from the community as well as offer a value proposition for solar which was clearly understood to be cheaper than existing alternative energy sources. This was made particularly difficult when attempting to translate usage tariffs on a per kilowatt hour basis in an unknown language with different cultural and symbolic references. In addition to these social or cultural coordination costs, community engagement was vital to ensure that appropriate solutions were developed and financed by investors *and* the community. E4D fundamentally believed that in low income communities when service delivery is coupled with community participation, the benefits would be realised more effectively through a sense of ownership and pride. However, when exploring community ownership models, lack of proper leadership at the community level could make local engagement difficult and present significant agency risks.

Both ventures thus faced similar challenges stemming from the fact that they interacted with diverse stakeholder groups in a BOP context. This had similar implications for the specific governance issues they had to deal with, however E4D and Meshpower took a different approach in developing their respective governance structures. While Meshpower adopted a customer-centric hands-on, centralized approach, E4D took a more hands-off, localized and inclusive community-centric approach to developing its governance structure.

In the sections that follow, we discuss the contrasting governance structures that both ventures implemented to align and embody the diverse interests from their main stakeholders including customers, employees and the local community. Table 5 provides a contrasting overview for both ventures of their coordination of activities, control and monitoring, and incentive structure and property rights.

Table 5: Contrasting governance approaches of E4D and Meshpower

GOVERNANCE DIMENSION		MESHPOWER	E4D
Coordination	*Localization of service*	Standardized to improve efficiency and consistency	Service offering adapted to local needs and requirements
	Involvement of local actors	Limited engagement	Mobilization of elites as legitimate representatives of local needs
	Centralized versus decentralized structure	Centralized structure headed by UK office	Aim to create self-reliant and independent system
Monitoring and control	*Decision-making*	Micro-management via offices in Kigali, Rwanda	Local actors in control, community makes decisions
	Communication	Regular communication with on the ground unit to fix technical faults and manage daily tasks	Communication with central unit for fixing technical faults
	Hierarchy	Hierarchical proximity and tight control over service	Stratified governance to empower users and community actors
Incentive structures and property rights	*Ownership*	Central ownership with assets owned by private company	Community ownership increases pride in the system
	Incentives for employees	Financial incentive for users and flat rate or commission-based pay for employees and local agents	Property rights (for users) and financial and non-financial (capacity-building) incentives for employees

4.5. A customer centric governance structure: Meshpower's approach

> "Our goal is being able to raise finance and provide an unsubsidized service to our customers in order pay back any debt and make enough profit to keep investors happy… to be able to reach that goal, we have a viable system but it's only worth doing if you can get *millions* of subscribers in a few years".
>
> (Statement by the CEO of Meshpower)

With operations in India and Rwanda, Meshpower's goal was to build an 'ecosystem' for customers that would go beyond technical design and physical access. As the CEO of Meshpower described, the vision for his company lied within the future potential of rural electrification:

> "It is currently funded mainly by our investor who is also our co-founder. His idea, his vision is really to have impact with what we are doing; to scale the technology to lots of people because in the market we are operating in, the most important thing is to have impact. First, with electricity and later on with actually, internet provision, once electricity is established. So, that is where he is coming from and this is really what is driving all of us, that idea for the company".

Meshpower's model stemmed from the objective of making the product affordable for customers, where the target markets for their service were individual households and businesses. The business model and service were designed and delivered as the CEO described it "to achieve this end customer relationship" and the focus was on keeping down the costs with a technological vision driving it forward:

> "In our company we have this belief, that the cost reduction is, in a way, driven by technology improvements, just the choice of technology, the choice of topology that we are using. Using a microgrid is in a way helping us to ensure low costs per consumer." (Interview with CEO of Meshpower)

Hence, Meshpower's governance structure was developed around this focus on creating impact through the scaling of technology at affordable prices. In the following paragraphs we discuss how this emphasis on the technical quality of the system was reflected in the way Meshpower coordinated activities, monitored and controlled, and incentivized its stakeholders.

Coordination

Still in the early stages of operations, Meshpower was continuing various experiments intended to improve consumer adoption, which during the first two years of operation had remained surprisingly low. The business plan was perceived to have been 'disproven' in December 2014 – two years after establishing the businesses – due to the realization that Meshpower's assumptions on the number of connections could not be reached. As the CEO described: "we assumed we could connect up to 50 customers but, really at the moment the average is 20 customers per village and we really need the mass of people to make it worthwhile". The problem had been that within a radius of 20 metres they could not find the critical mass of consumers willing to pay, and despite being enough households, many of them had very low incomes. This more experimental approach to entering villages was driven by the desire to build up their customer base but also the ease with which Meshpower could roll-out their micro-grid system, which was more portable. Rather than administering surveys to capture preferences, Meshpower would set up and 'test the waters'. Sometimes, if they couldn't get enough customers they would simply pack up the system and move on to the next village.

While Meshpower recognized the need for social and local embeddedness to bridge access in village communities and overcome the governance challenges in managing distributed systems in remote village settings, they took a centralized and standardized approach to the development of their governance structure. In terms of the coordination of activities to operate grid systems across Rwanda, there was a high degree of steering from the London headquarters. Meshpower's procedures and processes were standardized to secure efficient and effective operations. This was largely due to their attempts at streamlining the technology into a 'black box' that would require very little skill or effort to understand, as the CTO described:

> "Ideally what you want is that black box where you say Customer X- LED 3 hrs, usb 4 hrs and you put that in and you get that service out and as far as this is concerned it is this magic box…without any humans having to manage it and if any administration needs to be done from Kingali or from UK you can actually have one person and computer." (Interview with CTO of Meshpower)

Local actors were engaged only to a limited extent and the Meshpower team maintained an intense day-to-day involvement with sites on the ground to ensure a centralized and standardized coordination of activities, as one of the engineers explained:

> "At the moment it is pretty centralized, especially on the phone, irregular visits to the sites as and when required but we are investigating having a more grounded presence than at the moment." (Interview with employee of Meshpower)

Monitoring and control

In terms of monitoring the actual grid, each connection to the grid could be controlled remotely from London. This enabled the company to have unique insights at the customer interface as they had the information on the individual households' usage patterns and payment behaviour. Aside from this, there was very limited interaction with the end customers and the local community, as the CTO described: "with our system, I mean, it is most of a black box, you have an enclosure that gives you two buttons, you turn on your light and that's it, as far as the customer is concerned. They might get that SMS but that is their only interface with Meshpower."

There was a high degree of central control and monitoring from the London headquarters, limiting the decision-making ability and empowerment of local customers, community members and employees, and maintaining hierarchical proximity with workers on the ground, as the following quote shows:

> "I spent five weeks there recently, a large portion of your day is telling people the priorities what need to be doing. When no one is on the ground from Meshpower UK then it is harder because we don't have the process or the experience on the ground for things just to run smoothly. And it is almost impossible to micro manage from the UK but I think the subsequent problem there is the micromanagement issue. So we need to invest more in training and in processes to make sure operations are more streamlined, so we don't need to micro manage." (Interview with employee of Meshpower)

By measuring usage data, Meshpower was able to track and tailor their offering to customer needs. It enabled them to see how often, when and for which purpose users would be using their light. So from that they could form a better understanding of usage behaviour, as the CEO described: "it was possible to gain a clear picture on an individual customer basis to understand the customer needs, what are the villagers paying for, for example we can see these customers need three hours bright light every night to attract their customers, they don't care too much about what we are charging because they make more money".

In terms of monitoring and controlling employees, there was a lot of communication with the team in London in order to micro-manage the sites on the ground. The quote below exemplifies how tasks were communicated on a daily basis with the few local technicians and salespeople:

> "Both of them should have the meshpower app installed and on a daily basis they should see the daily schedule, what are the technical faults, how to take care of everything. In a way in a sort of old management system, either in Kingali or London, I think it would be Kingali, that there would be some sort of local management centre, so every day they would sort of plan, ok today we are going to install a new site there, or install a couple of new customers here and then would sort of dispatch these jobs to the local technician or to the local sales person to work on (Interview with CEO Meshpower)."

While central control and monitoring were deemed necessary in order to secure reliability of the service and technical quality of the system, it seemed like installing a local agent model would have been more effective considering the coordination challenges of operating through this central control model. In order to secure scaling of impact, the involvement and empowerment of local agents would be needed, as the CEO described how "it is necessary actually in order for us to get an organic growth around each of these stations that we have local operators or local agents, local entrepreneurs that take care of the customer management and eventually upselling customers, connecting more customers." Hence, the low agency costs that followed from Meshpower's centralized model for monitoring and controlling its activities, were traded off against higher coordination costs as a result of the lack of the involvement of local actors.

Incentive structure

In terms of incentives, Meshpower operated a direct ownership model and relied mainly on financial incentives for their customers and employees. Meshpower maintained ownership of the equipment and relied on a local inhabitant willing to take care of the system. They had to find a custodian within the village and install the solar panels in this person's house. This base station then functioned as the central node in the grid system and the local agent functioned as the custodian who was in charge of maintaining and looking after the equipment. Whilst retaining the property rights of all the equipment, Meshpower thus needed to incentivize the local agent to ensure maintenance of the grid and the solar panels. In order to provide an incentive to do so, Meshpower offered a free service in return for the local inhabitant in charge of the base station:

> "We are giving free service to the person that is holding the base station and the person holding the base station has this computer case in their house somewhere, they have two to four batteries attached to it and they will have solar panels on their roof and then they would be like a primary contact in case we need to ask "can you quickly check the lights, can you do this and this" so there is some form of contact" (Interview with CEO Meshpower)

In terms of incentivizing employees, Meshpower mostly used financial incentives. They put little emphasis on training and capability development of their employees and relied on a flat day rate, although they recognized that commission based pay would enhance local employees' engagement and motivation, as the following quote illustrates:

> "That incentivization doesn't work very well because then it is like "Oh, everyday I need to work" and there are these little problems. So, we are thinking of mixing in a revenue share, or, at least, if not revenue share, then tying in his pay to revenue. So, any drop to revenue would lead to drop in pay, or vice versa, any increase in revenue leads to an increase in pay, tying that also to sort of commission sales, after sales, well value added products like radios, TVs potentially." (Interview with employee Meshpower)

In summary, Meshpower developed a centralized and standardized governance model, focusing on the technological quality of the system and on lowering cost to increase affordability of the product. The economic interests of the customers were thus emphasized and the governance model was structured around this.

In contrast to Meshpower's customer-centric approach, we find that E4D took a more inclusive community-approach, emphasizing community engagement and local ownership to incentivize stakeholders including customers, employees and local communities.

4.6. A community centric governance structure: E4D's approach

To solve the problem of building socially and economically sustainable solutions to rural electrification, E4D's goal was to set up a self-sustainable organization which could be independent and self-reliant in the long term. The team decided early on to set up a cooperative structure to ensure that community ownership would stimulate long-term sustainability of the system. Accordingly, they developed and implemented a governance structure that tied in to that organizational objective.

Coordination

In terms of coordinating activities, E4D relied heavily on the involvement of local actors, and they developed procedures and processes that were adapted to local needs. These community-specific needs and requirements were identified through the involvement of local community members.
Soon after identifying the village in Kitonyoni in which to install the solar panel system, the E4D team worked closely with members of the community to determine their goals and aspirations with regards to electrification and business. A comprehensive survey was carried out amongst local businesses and households in order to understand the community's energy needs, behaviours and their willingness to pay. The results of this study were intended to inform the system design, pricing strategy and tariff structure adopted by E4D as part of their chosen business model. Initial "baseline" surveys recorded 35 businesses and 479 households who could potentially subscribe to electricity services in Kitonyoni. The survey results showed that highest demand for electricity amongst households was for the purpose of lighting and mobile phone charging. Businesses located within the main trading centre would also benefit from a direct line from the PV plant, enabling the use of electrical lighting and longer opening hours, as well as power for equipment and mobile phone charging in order to stimulate business activities around charging services. Through interaction with the local community members, it was decided that businesses would pay a tariff or fee based on their electricity consumption. For the households, a dispensary would distribute lanterns with lighting and mobile phone charging capabilities. This low-cost solution at a product-level matched the needs, requirements and ability to pay.

As part of their social mission to provide energy to the community, E4D also wanted to connect public amenities in the main trading zone, which would be subsidized by the tariff paid by the rest of the community. These included the health centre being able to benefit from electrical lighting, refrigeration and sterilisation as well as the school which was provided with electrical lighting and the ability to use electronic equipment such as a computer. Additionally, Kitonyoni had no water supply and villagers had to transport water from a river bed over 2km away. Therefore, the solar canopy of the PV system was designed to act as a rain collector, enabling water storage and sale by the cooperative to the community throughout the year. Similar innovations were identified by the community such as establishing a hatchery under the canopy of the PV module, as described by an E4D engineer: “this is high value product and because the security guy is employed, it really helps with the economics as they are actually diversifying into other markets to share overhead costs”

As a result, the school, health centre, churches and the 40 businesses were provided with round-the-clock stable electricity, allowing them to extend the working hours and provide additional services such as information technology training, tailoring, hairdressing as well as charging facilities which reflected the energy needs of local households. The ultimate purpose was to create a self-reliant and independent system. Therefore, the E4D team limited its day-to-day involvement and a participatory approach to governance was identified, whereby the community contributed to the project and was responsible for the operation and maintenance of the plant. Specifically, E4D explained the concept to the community through a series of workshops, whilst local representatives were selected and trained to take on the responsibility for running various aspects of the PV plant. Together with local contractors and villagers, the E4D engineers then assembled the solar plant and the micro-grid within one week.

Monitoring and control

With regards to monitoring and control, E4D emphasized the involvement and empowerment of local agents and local elites, and stimulated the independent functioning of local units. The key to ensuring activities were carried out effectively relied on devising roles and responsibilities, but most importantly, effective communication with the team in London. A local “Cooperative society” was formed, comprising management, technical and auditing committees, managed by residents of Kitonyoni. Committee members were described as people that were “quite high up within the community, not necessarily selected based on their skills but their standing”. This tended to be the case more generally as to engage at the community level. It was explained how E4D was required “to talk to the area chief, who will introduce you to the sub area chief and who will introduce you into the community. It kind of works like that it is a high level hierarchy, which you, normally, have to follow”.

Within the community, the management team of the cooperative would be responsible for running the business and the actual solar plant. This was a more technical task and therefore, the E4D engineers would provide separate training when conducting site visits. The employees of the co-operative comprised two women of the community, elected to run the energy company and collect the money, whereas electricians when needed were paid sub-contractors hired by the cooperative.

In terms of communication with the E4D team in Southampton, the lead engineer explained that "in the day to day running we have nothing to do with the system at all". In those instances where they wanted to carry out additional tests or data collection, written communications were preferred over phone calls due to difficulties in understanding English. If there were technical problems that could be fixed remotely, it was much easier to send a list of "instructions" via text message. As one engineer described:

> "I have to say it works really well and the manager is on Skype almost daily so if I ever need data from the pipe room or if they tell me about the name of a business owner that was useful for a report I am doing she can do that really quickly […] most of the time they are helping me with data collection rather than the other way round so they are quite self-sufficient.

Hence, the emphasis of E4D was on a hands-off approach by creating hierarchical distance to the local units. They empowered local actors to make decisions themselves and provided them the opportunity to develop their skills, as the following quote shows:

> "The system is designed that I get remote messages, they are sent to my phone if there is fault, if there is a technical fault on the system I get a message on my phone, right from site, and the system if fully controllable across the internet basically […] We train two ladies in the village who were the energy cooperative operators, basically collecting the money from all the businesses, and we have a laptop out there set up with Skype and so on and trained them how to use Skype, GoogleDrive, upload documents and so on. Even though they have never used a computer before, we are now able to talk to them via Skype. They can take the laptop into the plant room, point the camera at a component if it is not working. So, basically we established a way that locals would be able to provide us with field knowledge to control systems" (Interview with engineer E4D)

Incentives structure

E4D implemented an incentive structure that comprised both financial as well as non-financial incentives to align with the interests of customers, the community and employees. First, with regard to the asset ownership, the plot on which the micro grid had been constructed belonged to the community, whilst the storage building and office construction was funded by E4D. The micro-grid comprising of solar panels and battery cells were also owned by the Energy for Development project but all membership fees and share capital funds were retained by the Co-operative Society. Doing so, E4D aimed to stimulate a sense of pride and ownership in the grid among the community members and customers, as the lead designer of E4D's system described:

> "The main advantage about the cooperative is that you are creating local ownership and pride in the system, and this should, actually, reduce risk of theft, damage, should help with local knowledge of the system and how it works. If you can try and promote pride and ownership that should really help with keeping the system running. In these sort of communities, is my view that if it is just a piece of kit sitting in a corner owned by someone else then the reality is it would flounder much quicker. There is a technical benefit resulting

> from community ownership and pride in the system." (Interview with employee E4D, Patrick)

Second, developing human capital within the community was essential to ensuring the sustainability of the service, especially due to the community ownership model. The E4D team provided capability development and training in the basic technical aspects of running the PV plant, such as how to maximise its potential, bookkeeping in order that the accounts are accurate, how to manage customer relations and administer surveys (needs assessments), how to advertise the product to the local population and teach them how to use it, and finally the concept of the business model and how it could be sustainable. A key part of running the cooperative was book-keeping, which required training: "The manager is responsible for bookkeeping; she recently has been signed up for a new training course in accountancy. The co-operative committee made that decision so she does all the auditing". The local inhabitants who were employed by E4D had the opportunity to learn to use technology and enhance their skills and capabilities, which ultimately had a spill-over effect that reached beyond their job, as the lead engineer described:

> "Skype has been remarkably successful. We were obviously slightly nervous because they hadn't used a computer before, but actually Skype was really successful. The cooperative manager now amazingly has her own facebook account and so on. So they use the laptop for their own things as well, so they do more and more learning, so they are really competent now."

In addition, the E4D team took the needs of employees into consideration when interacting with local agents on the ground, giving them time to understand the specifics of tasks and requests, as the lead engineer continued to explain:

> "Sending text messages via Skype is the most useful thing because it gives people time to read the sentence and understand it. We say "can you go and switch on the red socket". If it is sent as a text message it is much better than actually talking. Because people have time to read the text message, understand it and make sure they are certain of the request. It works really well."

In summary, we find that E4D took a more inclusive community-centric approach in developing their governance structure, and considered and incorporated the interests of customers and employees as community members as well. In the sections that follow we outline how the prioritization of different stakeholder categories functions as a mechanism that explains why both ventures differ in their respective approaches to governance.

4.7. How stakeholder prioritization affects governance structures

E4D and Meshpower both have articulate economic and social objectives. As stated in their organizational missions, the ultimate purpose of Meshpower as well as E4D was to set up a commercially viable organization whilst creating social value by improving the well-being of disadvantaged communities through the provision of electrification services. Yet despite a similar organizational purpose and context, the ventures differed in terms of the interaction with their main stakeholder groups. More specifically, they varied in the stakeholder preferences they prioritized on one hand, and in how they approached the different stakeholder groups on the other hand. We find that this explains why both ventures develop a contrasting approach to their governance model.

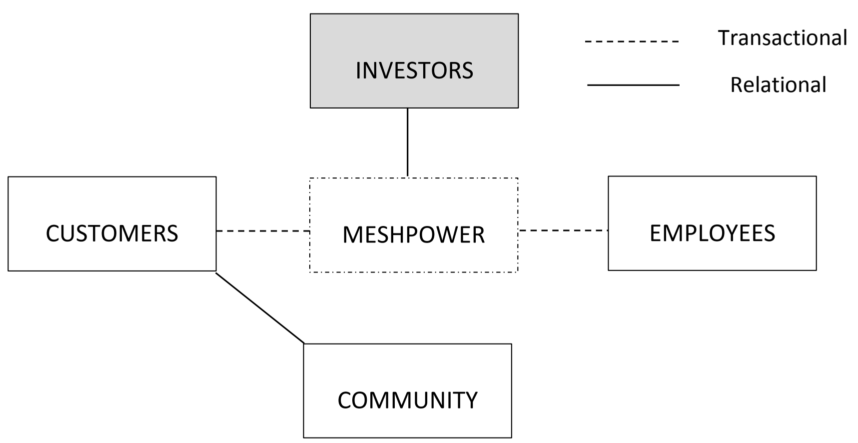
E4D and Meshpower are both considered to be “social ventures” which – in this paper – we define as for-profit ventures that implement innovative solutions to alleviate complex societal problems that are not adequately addressed by charities or the government (Defourny and Nyssens, 2010; Kroeger and Weber, 2013; Santos, 2012; Zahra et al., 2009). The literature on social ventures and social entrepreneurship typically distinguishes between customers - those who pay for the product or service – and the beneficiaries- those who benefit from it according to the social mission (Ebrahim et al., 2014). Social ventures typically combine activities that create economic value for customers, with activities that create social value for their beneficiaries, the environment or society at large (Battilana and Lee, 2014; Santos et al., 2015). In the case of E4D and Meshpower, direct commercial value for customers was created by offering access to electricity using solar technology at a price that matched their willingness to pay. Beyond the direct value created for the customer however, significant value spill-overs were generated for the local communities and the environment. These social benefits came in the form of a reduction in carbon emissions, improved educational outcomes by providing better and longer reading light for children to study, a reliable electricity service for public amenities including health centres and schools, and a general upgrade of the community as the lead engineer of E4D described how “constructions increased, land prices have increased, new businesses are opening, all this stuff is showing a big impact on the village.” Hence, for E4D and Meshpower - and BOP ventures more broadly - the social value was an automatic spill-over effect of the commercial value created for the customer. Customers and beneficiaries typically overlap (Pache et al., 2015) and as a result, the more customers E4D and Meshpower provided electricity access to, the more social impact they generated.

However, despite these similarities in terms of targeted customers and beneficiaries and the link between economic and social value creation, we find that E4D and Meshpower developed distinct approaches in how they prioritized one stakeholder group over the other, and how they interacted with their stakeholders. In terms of interacting with stakeholders, stakeholder theory typically contrasts “relational” approaches to stakeholder management with “transactional” approaches, with the former considered more likely to contribute to social welfare (Bridoux and Stoelhorst, 2016). Comparing E4D and Meshpower however, we observed varying degrees of both interaction approaches. These differences also reflected the divergent emphasis on stakeholder preferences, and had implications for how each venture allocated its tasks and resources, incentivised participants and coordinated information necessary for service delivery.

Our analysis shows how Meshpower emphasized a market focus for winning customers, favouring customer over community preferences, thus reducing its exposure to multiple stakeholders. In doing so, they relied largely on transactional approaches towards their stakeholders. As a (for-profit) social venture, Meshpower developed a low-cost system that could be both affordable and break-even within the required time period, provided they could reach a critical mass of customers in each village – hence a focus on reducing prices to achieve scale and maximize return on investment. Although Meshpower had a clear social objective, it did not explicitly set out who its beneficiaries were to create social value for. Instead, it was assumed that social value would automatically accrue to end-users of the service. Meshpower developed a customer centric approach and treated the customer as the most important and salient stakeholder whose preferences were to be prioritized. As a result, Meshpower built its activities and its governance structure around the customer as the central actor. Meshpower adopted a more transactional approach to the interaction with customers and employees, while E4D invested in building sustainable relations with the main stakeholders.

Figure 5 visualizes how Meshpower conceptualized its main stakeholder groups and how they adopted a transactional versus relational approach in their interaction with the different stakeholders.

Figure 5: Meshpower's approach to stakeholders

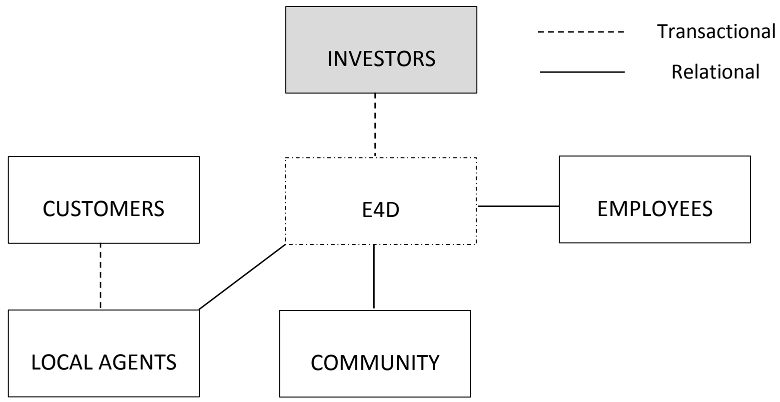


It shows how Meshpower maintained a transactional relationship with both customers and employees, focusing on financial incentives and a centralized governance model. With the investor on the contrary, Meshpower adopted a more relational approach. The main investor was involved in the business and co-determined the direction it would take. Figure 5 also shows how, despite the objective to improve life standards for off-the-grid communities, Meshpower made abstraction of the local community as such. Instead, the community was seen as a pool of potential customers, as the following quote exemplifies:

> "For our purposes we only need those individual customer connections, we don't really care if the village as a whole, we just need 50 customers within the village and all these individual services are independent of one another so just because customer X doesn't pay it doesn't mean Y loses his service." (Interview with CTO Meshpower)

Conversely, in the case of E4D, community preferences were captured and adhered to by adopting a cooperative governance mode. We find how E4D adopted a relational approach to interacting with their main stakeholders. Unlike Meshpower, who treated the customer as the central stakeholder within their operations, the E4D team took a community-centric approach and developed the perception of the local community members being the most salient beneficiary stakeholder group (Mitchell et al., 1997). The E4D team engaged actively with the local community and prioritized the community's preferences and needs. Stakeholder engagement was considered to be vital to ensuring appropriate solutions were developed and financed by investors and the community. E4D had developed a larger, more expensive system, which could service five times as many households but due to additional maintenance costs it required a community ownership model to cover ongoing operation and management costs. Their vision was that when service delivery was coupled with community participation, the benefits would be realised more effectively through a sense of ownership and pride. We find how E4D adopted a relational approach towards the local villages and employees with whom they had direct interaction. In contrast, the customers were served by businesses who acted as local agents for E4D. With regard to the social mission, the community members - which included both customers and employees - were considered the main beneficiaries benefiting from the value spill-over that was created as an automatic result of E4D's commercial activities. The more units sold, the more social value would accrue to the local community. In addition, the attention paid to employees' well-being by developing their competences which enhanced their competitive potential in the labour market exemplifies how the value created by E4D reached beyond the commercial value created. As a result, the governance structure was built around the conceptualization of the local community being the most salient stakeholder group. This was reflected in the centrality and engagement of the local community in terms of the coordination of activities, monitoring and control, and incentivization. Figure 6 represents the main stakeholders of E4D and their interaction with them. It shows how they adopted a relational view in the interaction with employees, the community members and local agents, who in their turn would service the end customers.

Figure 6: E4D's approach to stakeholders



4.8. Discussion

This article reports on a comparative inductive study examining how ventures operating in a BOP context incorporate the heterogeneous interests of diverse stakeholders. Our results first suggest that BOP ventures develop appropriate governance models to align their organizational social and economic objectives with the interests of the main stakeholders. Such governance models are needed to overcome the specific managerial challenges BOP ventures are faced with and to embody the heterogeneous interests of local communities, customers and employees. Our findings further suggest that BOP ventures with social and economic objectives can take a contrasting approach to this, by developing either a customer-centric, or a community-centric governance structure. However, in this paper we do not take a normative stance towards whether one of these two approaches leads to better results. Finally, evidence suggests that it is the perceived salience of stakeholder preferences, and the approach towards the different stakeholder groups, which impacts on how BOP ventures align with the heterogeneous interests of their main stakeholders.

4.9. Contributions

This paper makes several theoretical contributions. First, this study contributes to current efforts to better understand governance issues of organizations and ventures that engage with multiple principal stakeholders and have organizational objectives which go beyond operating profitably (Hollensbe et al., 2014; Tihanyi et al., 2014). Most governance research has traditionally focused on the principal-agent relation for profit-oriented organizations and the governance structures aimed at mitigating conflicting interests between shareholders and managers. Studies on emerging economies have subsequently opened up new perspectives on majority versus minority stakeholders and the so-called ‘principal-principal’ problem. Dual objectives and its effect on stakeholder relations and incentives have been shown to elicit new activities and new possibilities within firm activities, constituting new forms of organizing (Battilana and Lee, 2014). So far however, there have been few attempts to assess the processes by which organizations match multiple organizational objectives to the heterogeneous preferences of multiple stakeholders. Our paper joins this conversation by looking at governance in a BOP setting. We thereby rely on a stakeholder-agency perspective (Buck et al., 1998) introduced by Hill and Jones (1992) who were the first to connect stakeholder theory and agency theory as they opened this up to other stakeholders.

Through a comparison of two social ventures and their coordination of inclusive service delivery in remote communities, our study bridges the literature on ventures with multiple social and economic objectives and the literatures on stakeholder engagement and governance. We concur with the argument proposed by Mitchell et al. (2016) that multi-objective organizations are better able to address the diverse interests of multiple stakeholders as we show how social ventures that aim to generate profit whilst creating social impact are able to embody heterogeneous interests of diverse stakeholders. Both ventures described in this paper operate in a context where there are multiple stakeholders with diverging interests (Mitchell et al., 1997) as they interact with stakeholders who are beneficiaries targeted by their social mission on one hand, and with stakeholders targeted by commercial activities on the other hand. We find that Meshpower and E4D manage to develop an appropriate governance model that has the purpose to align their own organizational interests with the various commercial and non-commercial interests of the customers, the local community and employees and we show how, despite similarities in their organizational objectives and main stakeholders, they develop contrasting approaches to governance. While Meshpower’s governance structure is orientated towards aligning the demands of customers with the organization’s objectives, E4D’s governance structure is built around the needs and preferences of the local community. The two organizations studied here hold different views on the salience of stakeholder preferences and the degree to which they adopt a relational versus transactional approach in the interaction with multiple stakeholder groups varies. These are in fact the underlying mechanisms that explain their opposing takes on governance. Hence, this study shows how governance is designed to incorporate heterogeneous interests of multiple stakeholders, and how the design of an inclusive governance structure depends on the perceived salience of the commercial and social preferences of various stakeholder groups.

In addition, we contribute to the literature on social ventures and social entrepreneurship by providing a more fine-grained understanding of the interaction with stakeholders to achieve dual social and economic objectives. While it is commonly understood that the underlying characteristic of social entrepreneurship is to create social value rather than shareholder wealth (Austin, Stevenson and Wei-Skillern, 2006), the supposedly 'equal' importance of both social and commercial objectives leaves a degree of interpretation to the entrepreneur and thus the venture in prioritizing stakeholder preferences and organizational objectives. We explore this choice in the context of the ongoing debate around relational versus transactional approaches (Bridoux and Stoelhorst, 2016), suggesting that both are legitimate choices in the context of social ventures. Although it has been suggested that social ventures build relationships with suppliers, employees and customers based on mutual benefit and sustainable outcomes, and that they hold close relationships with local communities by employing local people and involving them in decision making (Haigh and Hoffman, 2012; Kistruck et al., 2013), this study shows that this can vary across social ventures. We find how there is heterogeneity in the different interactions with multiple stakeholder groups. Although both organizations aim for the creation of social impact and the achievement of financial success simultaneously, Meshpower realizes this through a transactional approach towards the customers and employees, making abstraction of the local community as such, while E4D develops a relational approach towards the local community and employees, and interacts indirectly with customers through local agents. Hence, we show how there is a degree of variation in how social ventures balance and combine the social and commercial value creating activities, which is steered by their perception and interaction with the different relevant stakeholder categories.

4.10. Limitations and future research

Our study has some limitations that provide opportunities for further research. First, this paper is based on a comparison of two cases which provided an ideal research setting due to their similar objectives, organizational context, the stakeholders involved and the challenges faced. Although the comparative analysis of the two ventures in this paper enables us to draw insights about the way in which they develop a governance model, one fruitful area for further research would be to compare a larger set of ventures or organizations with multiple objectives and divergent stakeholder preferences. Second, by adopting a stakeholder-agency perspective, this study provides insight in how ventures make explicit governance choices based on perceived stakeholder preferences. Since both cases studies here are quite small scale, it would be interesting to further examine how these dynamics and mechanisms play out in larger and more established organizations and enterprises. Finally, we investigate two ventures that were launched in the UK and have their headquarters there. A potential area which might be worth investigating is to compare our findings to the way in which ventures and organizations launched in developing countries design governance structure in order to incorporate heterogeneous interests of BOP stakeholders.

4.11. Conclusion

By combining stakeholder theory with perspectives from agency theory and the literature on social ventures, this paper has used a comparative case study of two social ventures to demonstrate how the prioritization of stakeholder preferences and the variation in relational versus transactional approaches influence internal governance arrangements. It supports a growing narrative that emphasises the behavioural elements of corporate governance such that salient preferences can create more complex trade-offs in a context of organizations with multiple social and economic objectives than previously understood. We call for further comparative research across a variety of multi-objective organizations to identify additional trade-offs and their implications for combining multiple social and economic organizational objectives.

CHAPTER 5

Conclusion

5. Conclusion

The broad objective of this dissertation is to investigate how organizations with multiple social and economic objectives reconcile seemingly opposing goals. The common thread connecting my three empirical studies is that I focus on specific organizational processes and activities in the context of social ventures which create social value whilst being self-sustainable at the same time. Each of the three perspectives adopted throughout the chapters highlight different aspects of social ventures.

Chapter 2 complements an emergent literature investigating so-called hybrid organizations. It highlights the distinction between hybrid goals and hybrid means. The combination of insights from an inductive analysis with Qualitative Comparative Analysis of eleven cases provides a fresh perspective on the hybrid nature of social ventures, showing that hybrid goals are not always reflected in hybrid means – or hybrid value creating activities. Chapter 3 investigates the second phase of the imprinting process and looks at how the imprint of a social venture evolves beyond the founding phase. Specifically, it highlights the bottom-up involvement of organizational members and the role of social identity in the imprinting process. The ethnographic study upon which this chapter builds elicits rich and in-depth insights into the evolution and maintenance of a social venture's imprint over time. Chapter 4 uses insights from a comparative case study to shed light on another aspect of organizations with multiple objectives. It uses stakeholder-agency as a theoretical lens to look at social ventures in a BOP context, highlighting different governance approaches to incorporate heterogeneous stakeholder interests. The comparative analysis of two cases shows that there are different ways to align stakeholder preferences of customers, beneficiaries, the local community and employees, with organizational objectives to create social and economic value.

In addition to contributions to the imprinting literature, the literature on hybridity and the theory of stakeholder-agency, there are general conclusions that emerge throughout the three studies included in this thesis. Together, these different perspectives contribute to the existing literature on social ventures and organizations with multiple objectives, and have important managerial implications too.

5.1. Contributions to theory

Organization scholars are becoming increasingly concerned with the question of how firms can address "many" versus "one" objective, and how firms can more actively contribute to social welfare creation (Jones et al., 2016; Kroeger and Weber, 2014). Previously, Walsh, Weber and Margolis (2003) pointed out the "eerie silence" around issues of human welfare in the management literature, and encouraged management scholars to include social welfare back in their research agenda by integrating social and economic objectives. In the years that followed, scholars have started to address this research gap by investigating organizations and ventures with both social and economic objectives, the general assumptions being that these ventures face difficulties in combining a for-profit and non-profit logic (Battilana and Lee, 2014; Greenwood et al., 2011), that social and economic objectives compete with each other for managerial attention (Stevens, Moray, Bruneel and Clarysse, 2015), and that having more than one objective exacerbates complexity in decision making (Jones et al., 2016). Organizational scholars have contributed to the discussion on how ventures and organizations with social and economic objectives combine the multiple institutional logics and objectives by examining the role of organizational identities (Ashforth and Reingen, 2014; Battilana and Dorado, 2010), organizational identification (Besharov, 2014; Foreman and Whetten, 2002), novel organizational templates (Pache and Santos, 2013; Tracey et al., 2011), and organizational designs (Battilana and Lee, 2014).

Hence, social ventures as a context in which to explore organizational processes and activities in the presence of multiple objectives, present opportunities to extend management theory and open new avenues for future research.

My thesis joins this academic conversation. The three studies shed light on the role of different stakeholder categories and adopt an agency-based perspective to multiple objectives, thereby providing insight in the heterogeneity of social ventures. This dissertation demonstrates that economic and social objectives are not imposed on ventures, but that the *how* and *for whom* of economic and social value creation depend on managerial decision making. A core theoretical contribution of this thesis is thus to shift focus from contrasting social ventures with commercial ventures, and highlighting the challenges associated with social and economic objectives as opposed to economic objectives solely, to understanding the variety across social ventures and their organizational specificities.

In doing so, I complement the work by Mitchell and colleagues (2016) who argue that adopting a multi-objective approach to managerial decision making enables managers to adhere to multiple objectives and engage with multiple stakeholders at the same time. As such, the dissertation adds to the conversation about how firms have multiple residual claimants and how managerial decisions have an impact on multiple stakeholders (Klein, Mahoney, McGahan and Pitelis, 2012), a perspective that challenges the principal-agent model which assumes that shareholders are the only residual claimants of firms. The three empirical studies shed light on the relationship between ventures with social and economic objectives and the different stakeholders including customers, employees, and the community, thereby highlighting the role of agency.

Specifically, it looks at the conceptualization of "beneficiaries" of social value, and the organizational implications of the overlap between beneficiaries of social value and other stakeholder categories. The extant body of literature has described the role of beneficiaries, yet most discussions have largely focused on the organizational implications of the overlap between customers and beneficiaries in terms of governance and organization design (Ebrahim et al., 2014; Santos et al., 2015). The empirical studies presented in this dissertation add to this field of management research by showing how the boundaries of the beneficiary stakeholder group are not always clear-cut. This thesis shows how not only the overlap between beneficiaries and customers, but between beneficiaries and employees and the community as well, have implications for how social ventures reconcile social and economic objectives. The study in chapter 2 explicitly examines the impact of the exclusiveness of the beneficiary group and the overlap with customers. In chapter 3, I look at how organizational members are involved in the imprinting of the venture, and how they are empowered to co-define the social character of the venture, i.e. what is the social value the venture seeks to create and for whom. Finally, the study in chapter 4 investigates how two BOP ventures differ in how they include customers, employees and the local community as beneficiaries of the social value they create. As such, these three empirical studies each unpack the concept of beneficiaries and shed light on the organizational processes and implications that come into play.

Hence, throughout this thesis, I adopt an agency-based perspective by claiming that decision makers within social ventures actively decide about who benefits from the social value they create. Rather than the beneficiaries being a separate stakeholder category, the studies show how it is a label to denote the extent to which the social value created accrues to the certain stakeholder group. The conceptualization by social ventures of these different stakeholder categories is central to how their social and economic objectives interrelate, and hence how they go about achieving social and economic value creation simultaneously. As a result of this, the extent to which social and economic objectives oppose each other and lead to organizational and managerial challenges varies across social ventures as this depends on managerial decisions about which stakeholders to create social and economic value for. As such, this thesis nuances the view that social and economic objectives always compete and cause organizational and managerial complexities. Chapter 2 outlines how there are types of social ventures that focus on economic value creating activities solely to achieve social and economic objectives simultaneously. In addition, chapter 4 reveals how social ventures can adopt a customer-centric view and adopt a transactional approach towards their stakeholders. Hence, the thesis adds to the academic conversation by shedding light on the importance to understand the heterogeneity across organizations with multiple objectives, and to look at the role of stakeholders and agency.

5.2. Managerial implications

In addition to contributions to the management literature, this dissertation has implications for practitioners too. The chapters outline potential organizational tenets for guiding entrepreneurship with both social and economic objectives. Specifically, the studies underscore the necessity to think strategically about who to create social value for and how to include other stakeholders in doing so.

Chapter 2 shows how the exclusiveness of beneficiaries and their involvement as customers have implications for the value creating activities with which to achieve social impact and profit at the same time. It unpacks the choices that social entrepreneurs and managers have in terms of the target market for the social value they seek to create. The study suggests that there are three options: first, one can choose to target a specific, exclusive group of beneficiaries - for instance a group of micro-entrepreneurs with limited financial means; second, one can target a broader audience such as the mainstream market which then self-selects to become a beneficiary; and third, one can aim to generate social value for society at large. In addition, the study shows how social entrepreneurs or managers can decide on whether or not to involve beneficiaries as customers in their business, and on how to reflect the social mission or social objective in the product or service offered. The abovementioned strategic decisions have implications for how ventures or organizations shape their value creating activities in order to create social impact whilst being self-sustainable.

Chapter 3 highlights the importance of organizational members as stakeholders. It sheds light on the importance of social identity – or how people define themselves based on the groups they belong to. It shows how ventures and organizations bear an initial stamp established at founding which attracts people based on a perceived overlap with their social identity. Although the study presented in this dissertation is based on an extreme case of a social venture, it unpacks how organizational members have a non-negligible bottom-up influence in organizations "with purpose". The bottom-up mechanism as described in chapter 3 informs practitioners within ventures with a strong purpose on how organizational members relate and identify with organizations.

Finally, to organizations and ventures doing business in a bottom-of-the-pyramid market, chapter 4 underscores viable alternative models for addressing the context-specific interests of customers, employees and local communities. Comparing two enterprises providing electrification to off-the-grid communities in Africa, the study sheds light on two potential governance models to incorporate the heterogeneous preferences of stakeholders whilst achieving the organization's goals to create impact and make profit.

5.3. Future research avenues

This thesis opens up several opportunities for further research. First, the dissertation focuses on social ventures as a context for combining economic and social objectives. While it provides insight in the organizational processes and value creating activities of entrepreneurial ventures, a fruitful area for further research could be to look at multiple objectives in the context of larger, established organizations. As more large corporations become interested in initiatives fostering sustainability, social impact, and "social intrapreneurship", this thesis encourages research that addresses the challenges of combining social and economic objectives in the context of large corporations. Second, the dissertation highlights the integration and differentiation of social and economic value creation. While moving closer to an understanding of various ways to achieve social and economic value simultaneously, there is still much work to be done in this area. Specifically, questions related to *for whom* and *how* value creation occurs deserve further scholarly attention. Third, the study presented in chapter 3 takes time into account to examine the combination of social and economic objectives, albeit to a limited extent. A potential area for research could be to conduct longitudinal studies over a longer period of time, to reveal how the interrelation of social and economic value creation evolves over time. Finally, the approach adopted throughout the three studies is a qualitative, case-based approach. While this approach led to new theoretical insights about social and economic objectives, an avenue for further research could be to use these insights as a basis for conducting quantitative studies about the interrelation between social and economic value creation and the role of stakeholders in this.

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