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**The straw that broke the camel's back:**

**A quantitative study on social enterprises in the UK, and their subsequent risk of mission drift.**

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## **Abstract**

The goal of this study is to understand why some subsets of social enterprises outperform others in regards to social performance and impact, and what underlying factors contribute to this superior performance, resulting in lower risk of mission drift and mission failure. This paper will utilize secondary quantitative data, obtained from Social enterprises UK and their Social Enterprises Advisory Panel (SEAP), an initiative to collect data from social enterprises based in the UK, in a regular and light-hearted manner, with over 300 participants. SPSS will be utilized to run a multinomial logistics regression, observing the decreasing, and increasing odds ratios between the independent variables of annual turnover, number of social missions, impact of the pandemic (binary) and the 7 identified groups of social enterprises, for belonging in different outcome groups among the dependent variable's "growth" and "cashflow". This thesis concludes that as a social enterprise increases its number of social missions, the odds ratio of seeing positive organizational growth and a low cashflow position increases. Further, social enterprises which have been negatively affected by the pandemic faces increasing odds ratios of having a large cashflow position, and stagnant growth, possibly indicating a mission drift. This thesis contributes to the theoretical field of social enterprises through the extensions of the framework presented by Santos, Pache and Moroz (2015), as well as managerial contributions regarding the social and financial performance, and business models of the social enterprises.

### **Keywords:**

Social enterprise, hybrid organization, missions drift, business model, multinomial logistics regression

## **Abstrato**

O objetivo deste estudo é entender por que alguns subconjuntos de empresas sociais superam outras no que diz respeito ao desempenho e impacto social, e quais fatores subjacentes que contribuem para este desempenho superior, resultando em menor risco de desvio da missão e falha da missão. Dados obtidos junto do Social Companies UK e do seu Social Enterprises Advisory Panel (SEAP), uma iniciativa para recolher dados de empresas sociais sediadas no Reino Unido, de forma regular, com mais de 300 participantes. O SPSS será utilizado para executar uma regressão logística multinomial, observando a diminuição e aumento do rácio de probabilidade entre as variáveis independentes: volume de negócios anual, número de missões sociais, impacto da pandemia (binário) e os 7 grupos identificados de empresas sociais, por pertencer em diferentes grupos de resultados entre o “crescimento” e o “fluxo de caixa” da variável dependente. Esta tese conclui que à medida que uma empresa social aumenta seu número de missões sociais, aumenta a possibilidade de ver um crescimento positivo da organização e uma posição de baixo fluxo de caixa. Além disso, as empresas sociais que foram afetadas negativamente pela pandemia enfrentam taxas de probabilidade crescentes de ter uma grande posição de fluxo de caixa e crescimento estagnado, possivelmente indicando um desvio de missão. Esta tese contribui com o campo teórico das empresas sociais por meio das extensões do framework apresentado por Santos, Pache e Moroz (2015), bem como contribuições práticas quanto ao desempenho social e financeiro, e modelos de negócios das empresas sociais.

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## Abbreviations

HO	Hybrid Organization
SE	Social Enterprise
WISE	Work Integrated Social Enterprise
HSS	Health and Social Services
SC	Societal Challenges
WI	Work Integration
DH	Differentiated Hybrid
IH	Integrated Hybrid
WTP	Willingness to Pay
LR	Logistic Regressions
MLR	Multinomial Logistic Regression

## 1. Introduction

Social enterprises (SE's), due to their very nature, faces a challenge of paradoxical value generation (Cherrier et al., 2018; Iain A. Davies & Doherty, 2019; Siegner et al., 2018). Through its pluralistic, or so call hybrid organization (HO) approach (Battilana et al., 2015), SE's strive to achieve financial stability through commercial revenue, while simultaneously delivering their primary social value to society (Battilana & Dorado, 2010; Ebrahim et al., 2014; W. Smith et al., 2013). This pluralistic approach generates tensions, as the creation of social value negatively affect the financial profitability of the organization, and vice versa. These tensions become increasingly strained with the introduction of an external environmental factor, Covid-19. Due to this pandemic, the inherent contributions of SE's become increasingly relevant (Bacq & Lumpkin, 2020). In times of crisis, SE's face a trade-off, to either remain dedicated towards their social value generation, at the cost of financial sustainability, or partake in a mission drift, favouring commercial profitability over social impact (Ebrahim et al., 2014; Gamble et al., 2019; Ometto et al., 2017; Rahman & Rabi, 2016; Siegner et al., 2018). In this paper, I will attempt to answer the question of why some subsets of SE's outperform others, regarding social performance and impact, and what underlying factors contribute to this superior performance, resulting in in lower risk of mission drift and mission failure. This topic was considered due to its relevance to current managerial practices, as well as its contribution to the academical environment. A quantitative analysis will be implemented, running a multinomial logistics regression, where I will attempt to identify a directional relationship between the financial and social performance of the SE's and key contributing factors, such as business models, number of social missions and field of activity. The regression will utilize secondary data obtained from the Social Enterprise UK, the biggest network of SE's in the UK, leading the public policy on SE's in the country for the last 15 years. By providing an extensive literature review, together with an extension of the pre-existing framework presented by Santos, Pache and Birkholz (2015), introducing a fifth quadrant in the framework coined "partial hybrid", combined with quantitative data regarding the performance of SE's during times of crisis and their business models, this thesis will supply both theoretical and managerial contributions to the growing scientific field of SE's.

## 2. Literature Review

### 2.1 Hybrid Organizations (HO)

Battilana & Lee (2014) define the hybrid structure as an organization which is represented in the forms and legal structures of for-profit, non-profit, private and other, engaging in the activity of combining structures, meanings, and organizational forms from distinct fields, resulting in multiple logics taking form inside the organization (Battilana & Lee, 2014; Gamble et al., 2019). The growing global interest in the Hybrid Organizations (HO's) can be attributed to the increased prevalence of pluralistic institutional environments. These pluralistic, complex environments challenge the pre-existing notions of what constitutes legitimate behaviour of an organization, as the growing evidence shows support for the potency of the HO's regarding economic and community development (Austin et al., 2006; Battilana & Lee, 2014; Gamble et al., 2019). Nowadays, organizations are exposed to different institutional logics and taken-for-granted conceptions of what goals are appropriate, and what means are applicable (Austin et al., 2006). By employing synergy from inclusion inside these plural institutional logics, the HO's can perform well in these complex environments by including institutional logics from different sides of a spectrum (Alter, 2007; Gamble et al., 2019; Pache & Santos, 2013). Though, the nature of a HO's is paradoxical in nature (Smith & Lewis, 2011). They follow a shared goal, through a dual identity, addressing long-standing social basic needs, while remaining financially sustainable. These HO's are defined by Battilana & Lee (2014), as pursuing a social mission, while engaging in commercial activities that sustain their operations (Battilana & Dorado, 2010; Hahn & Ince, 2016). This results in rival institutional logics coexisting in the same organization, in the pursuit of social welfare and commercial goals, resulting in conflicting demands, possibly ending in mission drift and finally mission failure (Battilana & Lee, 2014; Gamble et al., 2019; Klein et al., 2021; Santos et al., 2015; Wry & York, 2017).

### 2.2 Organizational Structures: Market, Hierarchy and Hybrid

Organizational structures that are modelled after market style, are dependent on price as a signal to exploit new opportunities within the market, thus they adopt an autonomous governance form with increased levels of coordination to utilize fast adaptation towards the market's ever-changing nature, combined with economics of scale (Macher et al., 2001; Williamson, 1996). Market structures also face incomplete business contracts, which has a variable nature and could increase costs. Though while utilizing technological efficiency, such

as economies to scale, specialisation, and heavy monetary incentives, they will be less costly to run compared to its counterpart. (Leiblein, 2003).

Hierarchy organizational structures are defined through authority, where one actor can direct or control another (Centralization of power), limiting their individual freedom and negatively effecting overall efficiency, implementing a vertical (hierarchical) organization structure. This lack of efficiency is believed to be compensated through their subsequent efficiency in organization of labour and coordination between strategic implementation and investment (Williamson, 1996). The difference between market and hierarchy structures are defined through their trade-off from high levels incentives and organizational autonomous properties of the market, towards increased numbers of safeguards, and centralization of power in areas such as coordination of internal systems and investment of the hierarchy. In-between market and hierarchy organizational structures you will find the hybrid organization. HO's take advantage of the more efficient hierarchy styled governance of management and its efficiency in labour organization, while simultaneously utilizing the superior actor autonomy and adaptive/reactive approach of the market governance style (Williamson, 1996).

### 2.3 Competing Logics

HO's have been under scrutiny since their creation. As HO's are mostly active in fields that have yet to be fully established or are still in transition, while pursuing conflicting goals and logics, they are prone to the fostering of internal conflicts of interest. Thus, they were long believed to be a temporary, or rather, an unstable organizational form (Heimer, 1999; W. W Powell et al., 2014). HO's in their pluralistic nature, seek legitimacy through the process of conforming to an array of different sectors simultaneously (public, private, profit and non-profit (Battilana & Dorado, 2010; Gamble et al., 2019; Santos et al., 2015). Thus, they are serving multiple stakeholders (Hahn & Ince, 2016). As hybrids search for a common identity, it is important to note that the internal opposing identities and logics are not always compatible (Greenwood et al., 2011; Pache & Santos, 2013). Though in recent times, further research emphasising the coexistence of institutional logics and pluralism, and its positive aspects have been produced (Battilana et al., 2015; Battilana & Lee, 2014; Ebrahim et al., 2014; Gamble et al., 2019). Authors such as O'Mahony and Bechky (2008), Reay and Hinings (2009) and Stark (2009) suggest that due to hybrids operating in institutional gaps, the utilization of pluralistic institutional logics could result in the creation of new market opportunities, allowing for



understanding and a convergence on their definitions and boundaries (Hahn & Ince, 2016; Wry & York, 2017). Among this research, there has been a keen focus on the tensions within the SE's, as this type of organization seek to solve social problems through business ventures, combining the efficiency, innovation, and resources of a traditional for-profit firm, with the goal, mission, and passion of a not-for-profit organization. This primary focus on a social impact combined with solving a social problem, is what effectively separates the SE's from the other hybrid types. (Alter, 2007; Doherty et al., 2014; Mair et al., 2012; Young, 2012).

### 2.5.1 Types of Social Enterprises

A variety of different SE's are currently operating, mainly differentiating in in how they deliver their social value. A good example of an active and functioning SE, to name a few, is the organization The Loft Kitchen in Toronto. They operators through business ventures to achieve their social mission (Battilana et al., 2015; Mair & Martí, 2006), as they attempt to advance social welfare through employment of marginalized, or “unemployable” individuals. This type of SE's is known as a Work Integrated Social Enterprises (WISE's), contributing to society through skill development and continues employability of marginalized individuals (Smith et al., 2013; Smith & Lewis, 2011). Additional approaches applied by SE's include a focus on the improvement of environmental welfare through their products, processes, and services. An example would be Cambridge Energy Alliance, as they employ their services to increase energy efficiency (Daily et al., 2003; Low, 2011). Following we have SE's which focuses on fair trade. These SE's focus on the improvements of market conditions in developing countries, through creation of new market opportunities for disadvantaged customer segments, providing their goods and services to previously unreachable consumers in new markets (Prahalad, 2005; Reay & Hinings, 2009; Townsend & Hart, 2008). Further examples of SE's are those who operates within the micro finance sector. These SE's generates social impact by making capital accessible through loans to individuals with limited resources. Other SE's operate by re-design the manufacturing process, serving low-income customers by supplying the bottom of the pyramid with goods and services which were previously out of reach (Smith et al., 2013). SE's have strategically located themselves in the “grey zone” between non-profit and for-profit (Ebrahim et al., 2014; Gamble et al., 2019; Mair et al., 2012; Santos et al., 2015; Young, 2012). Due to this positioning, their very nature is conflicting. Consequentially, if a SE fails to establish a common coherent identity, the organization risks facing a board consistent of stakeholders with conflicting and opposing demands (Wry & York, 2017). The existence of

different identities within the organization has the potential for negotiations, of which intractability can be resolved, resulting in a sustainable organizational harmony (Battilana et al., 2015; Doherty et al., 2014). Though, work which argues against the existence of such a harmony have been produced (Young, 2012).

## 2.6 Tensions

Regardless of the type of HO, they all share a unanimous trait, the existence of a pluralistic institutional nature. These institutional natures generate opposing identities, goals, logics, missions, and practices which resulting in internal tensions. These tensions can be classified in to four different categories: Performing, organizing, belonging, and learning (Jensen, 2002).

### 2.6.1 Tensions of Performing

Tensions of performing results from organizations striving towards varied and conflicting goals, addressing a vast variety of stakeholders simultaneously. The social mission of an SE focuses on addressing stakeholders which benefit from a societal difference, such as beneficiaries, employees, families, and funding partners (Ebrahim et al., 2014; Tracey et al., 2006). Regarding the evaluation of the social mission, due to its nature of non-standardized metrics, measuring social performance has proved quite challenging (Battilana et al., 2015; Gamble et al., 2019), as the social value varies between organization and dependent on their institutional logics and their corresponding social mission. One could observe the performance of some WISE's, as their social mission extends beyond simply employing, but rather increase the employability of the workers, ranging from their overall knowledge and capabilities within the field, to their health, self-esteem, relations, and their individual well-being. These performances are often subjective, quite abstract, and hard to quantify (Denis et al., 2006; Ebrahim et al., 2014; Tracey et al., 2011). Comparing the quality of performance indicators of the social mission, to that of the commercial sector, one can spot a clear contrast. The performance of the commercial sectors is relatively easy to quantify as it utilizes clear-cut standardized metrics, such as revenue and profitability to gage commercial success while serving a limited group of stakeholders (owners and investors) (Ebrahim et al., 2014; Nutt, 2002). Due to these conflicting, divergent, and hard-to-define performance indicators of the social mission, tension of performances arises. The complexity of the situation becomes abundantly clear, as success in one area can negatively impact the adjacent goal of the SE (Smith & Lewis, 2011) An example of this is presented in the work of Tracy, Philip and Jarvis

(2011), as they demonstrate how the increase in social value performance of a WISE's, occurs at the expense of financial success, as the costs of the organization increases (Tracey et al., 2006). Further sources of tensions result from the sustainable and long-run commitment to multiple conflicting goals, as such situations tend to result in one of the metrics for success being internally favoured (Battilana & Dorado, 2010). The metrics that are most quantifiable, straight forward, and clear cut among the commercial and social missions are often favoured by organizations (Battilana & Dorado, 2010; Levinthal & March, 1993).

### 2.6.2 Tensions of Organizing

Organizing tensions results from the internal commitments to structures, cultures, practices, and processes within the organization (Reay & Hinings, 2009; Smith & Lewis, 2011; Smith, 2010). From this, inconsistencies among the cultures and practices can be observed. These inconsistencies requires that the organization employ different profiles through their recruitment process and raises the question of how to socialize and integrate the different identities within the competing regions of the organizations. Battilana and Dorado (2010) describe the organizational tensions within an SE operating within the microfinance sector. They demonstrate the skills required in the process of selling financial products to disfranchised consumers. Here, interpersonal skills played a key part in breaking the social, emotional, and psychological barriers, which are skills mainly embodied by psychology and social workers. The management of these financial products, however, require the opposing skillset of quantitative orientation with financial and analytical skills, which are skills generally acquired through attending a business school. These opposing skillsets present inherit competing identities and institutional logics, which presents challenges of who to hire as no common pallet can be applied throughout the hiring process (Pharoah et al., 2004). Similar challenges can be spotted among the WISE's and their objectives of increasing employability among marginalized individuals through work experience, while simultaneously generating a sustainable revenue. This results in tensions of hiring, as they must vary between hiring disadvantaged individuals (beneficiaries), and workers with the management and business skills, required for the SE to function and prosper (Battilana et al., 2015; Jeter, 2017).

### 2.6.3 Tension of Belonging

The hybrid nature of SE's inevitably results in complex identity issues (Tracey & Jarvis, 2006). SE's are pluralistic in nature, serving both a social and commercial mission. This sparks the

tensions of belonging within the SE, as these plural mission makes it hard to specify the identity of the organization, or rather, who they are and what they do (Kreiner et al., 2006). Belonging within an organization, as written by Smith and Lewis (2011) consists of the identity and interpersonal relationships between employees within an organization. Thus, belonging revolves around questions regarding identity (Tracey & Jarvis, 2006). As SE's consist of two often competing sectors, the question of identity become increasingly strained. This results in confusion among the employees, as workers from the non-profit sector (social workers) will have issues identifying with workers from a for-profit background (commercial sector), and vice versa, especially as it undermines and jeopardises the financial stability of the organization (Battilana & Lee, 2014; Pratt & Foreman, 2000; Smith & Lewis 2011). Further, issues of identification prove challenging, as a failure in either of the sectors (social or commercial) will be felt throughout the organization. Tracey and Jarvis (2006) describe a situation where a SE in the UK underperformed in the commercial/business sector, resulting in the social sectors core activities being watered down to remain financially sustainable (O'Reilly & Tushman, 2008; Smith & Lewis, 2011). This had consequences for the commitment of the employees in the social sector, as their moral towards the organization decreased, resulting in the two sectors becoming more distant, unable to relate to the venture and identify with the organization (Hoffman et al., 2010). Tensions of belonging (or identity) originate from the challenges that arises between the individuals and the collective, as both entities seek homogeneity and distinction simultaneously, demonstrating the paradoxical relationship between the individual and the group (Smith et al., 2007). On a firm level, conflicting yet coexisting identities among the roles, memberships and value add further empathies to the tensions of belonging (Pratt & Foreman, 2000; Smith et al., 2007)

#### 2.6.4 Tension of Learning

Tensions of learning surface as dynamic systems change, renew, and innovate, resulting in conflicting decisions regarding the choice of either building upon, or destroying the past systems to foster the future (Wry & York, 2017). This is further reflected in the nature of the organization in the pace and engagement of which new ideas are implemented, and whether the organization is participating in radical or incremental innovation / change. Whether these innovations are seen as radical or incremental can be answered by observing the time horizon related to the implementation of the innovation. These different time horizons, long and short horizon, is most visible among the long and short-term objectives. (Reay & Hinings, 2009;

Townsend & Hart, 2008). The issue of time horizon is prevalent among SE's, as the competing sectors target different time horizons. The commercial sectors and their financial objectives of profit, revenue and cost are short term oriented, while the social mission sector work towards long lasting societal changes and improvement such as poverty reduction, increased employability, and wellbeing of marginalized individuals (long term oriented) (Stryker, 1980). Tension of leaning can be observed among WISE's, where the short-term goals inherent in the commercial aspect of the organization, focusing on the delivery of high-quality services / products while serving the consumer (Battilana et al., 2015; Jeter, 2017), have a negative impact on the long-term goals of the WISE, the increased levels of employability for their workers (Rao et al., 2003; Wry & York, 2017).

## 2.7 Mission drift

Mission Drift is one of the potential consequences from the tensions that arises within the SE, as the commercial and social missions are not properly balanced (Gamble et al., 2019; Jeter, 2017). According to Cornforth (2014), mission drift refers to the process of organizational change, of which an organization diverges from its main mission. Since this paper focuses primarily on SE's, and we know that SE's have a primary mission which focuses on social impact / performance, with commercial activities existing for the sole purpose of sustaining the primary activities (Alter, 2007; Battilana & Lee, 2014; Ebrahim et al., 2014; Santos et al., 2015), we can conclude that when mission drift occurs within a SE, this is indicated by a divergence from the main mission of social impact while increasing its organizational focus on commercial performance and activities (Cornforth, 2014). Or in other words, mission drift within a SE occurs as the organization prioritizes profitability and financial objectives at the expense of its social-value creation, thus abandoning or deviating from its original socially oriented mission (Battilana & Dorado, 2010; Ebrahim et al., 2014; Mair et al., 2012).

### 2.7.1 Cause

Several researchers over the years have attempted to identify why mission drifts occur, and how to mitigate it. Some authors have argued that the issue originates from the dualistic nature of the SE's. One of the earlier works touching on this subject is that of Selznick (1957), who usher a warning regarding this type of dualistic structure. He argued that the very culture of administration, which encourages the prioritization of efficiency, would inevitably result in the organization overstressing the commercial means and neglecting the social end (social impact)

(Selznick, 1957). Young (2012) further builds upon this idea of a dual mission and the risks of which it carries. He suggests that SE's may face difficulties giving equal weights to the social and commercial mission, and that in reality, one will always be favoured over the other. Young employs a metaphor of a hill, with two valleys on each of its sides, one representing the social mission, and the other commercial mission. He suggests that a stable equilibrium will more likely occur in one of the valleys, rather than at the top of the hill, and that this will vary, dependent on the needs of the organization (Young, 2012).

### 2.7.2 Sources of mission drift

When addressing the source of the mission drift, the answer is more ambiguous. Some authors attribute mission drift to the issue of assessing, or inadequacy of measuring, social performance of a SE, and the tensions that arise from this issue (tensions of preforming). In the work of Ebrahim, Battilana and Mair (2014), they bring up the issue of social performance tracking, and that no common currency of measurement have been implemented. Further, as SE's have multiple fields of activity, establishing a common standardized measurement which covers all fields, ranging from poverty to healthcare etc, have proven challenging (Ebrahim et al., 2014). There has been some progression done in later years, attempting to quantify the social impact of SE's, such as social return on investment and benefit-cost analysis (The SROI guide, 2016). More recently, the issue of tracking social performance has been addressed through organizations such as the U.S non-profit organization B Lab (B-lab, 2021). They operate as a third-party auditor of social reporting, awarding the designation of "certified B corporations" to organizations that fulfil the B-lab standard, as they attempt to redefine success in a business. They assess the social performance of organizations and provide a B score ranging from 80-200. This B-score is consistent of elements such as environment, workers, community, and governance. By obtaining a B-score, organisations become more capable of assessing their current performance, and more importantly, their own areas of improvement. Further, by obtaining a B-score and becoming a certified B corporation, they can improve the ability to signal their social mission to investors and stakeholders (André, 2012; B-lab, 2021; Gamble et al., 2019). Though, due to the complexity of such measurements, tracking the performance of the enterprises through the well-established, standardized benchmarks utilized in financial performance will always be tempting, further emphasising the warning of utilizing a dual structure (Cornforth, 2014; Ebrahim et al., 2014; Mintzberg, 1979; Young, 2012)

Additional some researchers suggest that the source of funding of the SE, even though it may not be the main deterministic factor, is a contributing source of mission drift (Cornforth, 2014; Jones, 2007; Rahman & Rabi, 2016; Young, 2012). Each SE faces a similar conundrum, of whether to opt for external funding as a main source of revenue or to remain independent. As each source of funding comes with its own unique set of expectation and requirements, this can tempt the SE's to adjust it prioritises and operations towards something more aligned with the interests of the sources of income (Jones, 2007; Young, 2012). For this reason, there exists enterprises who remain independent regarding their source of funding. These enterprises reject the option of external funding, keeping their revenue streams inhouse and independent. This however presents another issue, as the organization will have to delegate more focus, energy and manpower to the economic value generating aspect of the organization. This can result in missions drift, as economic activities become favoured over the social impact (Young, 2012).

## 2.8 Business Models

According to authors such as Paolella & Durand (2016) and Teece (2010), the business model of an organisation helps articulate and specify how value is delivered to the consumer and beneficiary, both economic and social. In other words, it refers to who the company delivers value to, how it is organized in order to deliver such value, and how the organization captures the value it delivers (Paolella & Durand, 2016; Teece, 2010). In recent years, a growing consensus among the academical environment has been that the internal structures of these business models play a deterministic role in mitigating risk of mission drift (Gamble et al., 2019; Rahman & Rabi, 2016; Santos et al., 2015; Scholarworks & Jeter, 2017). Ebrahim, Battilana and Mair (2014) in their work on mission drift in SE's addressed just this topic. They elaborate on the idea presented by Young (2012) and Selznick (1957), that the dual mission carries an inherent risk of mission drift, though they emphasise the idea that how this relationship between the two missions is managed and maintained, regulate the overall risk of mission drift (Ebrahim et al., 2014; Selznick, 1957; Young, 2012). They specify two different internal structures currently utilized by SE's, the integrated and differentiated internal structures. Internal structures, as defined by Mintzberg (1976), refers to how organizational labour is divided in distinct tasks, and how coordination among these tasks is achieved (Mintzberg, 1979). The integrated and differentiated structures were first coined by Lawrence & Lorsch (1967), defining the integrated structure as different tasks being managed by the same organizational unit, and the differentiated structure as different tasks managed through different

organizational units (Lawrence & Lorsch, 1967). The differentiated approach allows for specialization among the different needs of the dual missions. This, however, could result in conflicts between the subgroups. These conflicts could be mended through applying an integrated approach of the overarching goals of the organization, remedying the conflict (Smith et al., 2013).

Ebrahim, Battilana and Mair (2014) adds further insight regarding the integrated and differentiated internal structures in the context of a SE. They specify the terms of a differentiated hybrid (DH) and an integrated hybrid (IH). They define these two structures as separating (DH) or combining (IH) the profit generating activities and the social impact delivering activities (Ebrahim et al., 2014; Rahman & Rabi, 2016). In a DH, the profits from their commercial activities serve to finance their social activities, while in an IH, the social and commercial activities are intertwined when working towards their social mission. The authors suggest that when a SE adapts a differentiated hybrid approach, the risk of falling victim to mission drift increases (Gamble et al., 2019; Mair et al., 2012; Rahman & Rabi, 2016; Santos et al., 2015). Even though a differentiated structure (as mentioned earlier) allows of specialisation resulting in greater clarity among the different activities, issues regarding contradiction, prioritization, and ambiguity among the cause-effect relationship between commercial and social outcomes remain prevalent. As stated by Ebrahim, Battilana & Mair (2015, p.89), “In short, the governance challenge in differentiated hybrids lies in monitoring for contradiction or conflict between commercial and social activities...”. This is further supported by the earlier work of Battilana & Dorado (2010) and Besharov, Gonin & Smith (2013), as they argue that sustaining an organization with competing logics, required an internal structure which is integrated to a certain degree. This, as differentiation can lead to intractable conflicts between the two logics, only remedied through an integrated approach (Battilana & Dorado, 2010; Smith et al., 2013). Battilana & Dorado (2010) justify this above statement, using an example of two microfinance organizations with similar institutional environments, as they observed their hiring processes and internal structure. One of the organizations only hired candidates with either a commercial or social work background, to be employed in the two different sectors in the organization. This organization faced intractable conflicts between the two subgroups, as the competing logics within the organization clashed, resulting in employees either supporting the commercial or social mission. In contrast, the other organization hired individuals from neither of the specified fields. Instead, they focused on the socialization within the organization, fostering a common and integrated social mission. This

second group thrived, being able to sustain their dual mission without falling victim to mission drift (Iain Andrew Davies et al., 2019). More recent work from the authors Davies, Haugh and Chambers (2019) formulates the idea that SE's will always face a risk of mission drift, regardless of their internal structure. This as the dual mission of the organization presents questions concerning how the two missions should be prioritized, especially when looking at growth and scaling of the organization (Davies et al., 2019). However, Davis, Haugh and Chambers (2019) conclude that SE's that utilizes the differentiated hybrid structure faces a much larger risk of mission drift, compare to those that employ an integrated structure. This due to the assumption that organizations which uses an integrated model face much fewer issues of prioritization between the commercial and social mission, as these activities are integrated (Battilana et al., 2012; Ebrahim et al., 2014). This aligns with the findings of Santos, Pache and Birkholz (2015), as in her work "Making Hybrids Work", they present a typology of SE's, complete with a matrix presenting four different types of HO's and recommendations of how these should be managed to maintain sustainability and avoid mission drift. They identify the integration between customer and beneficiary as one of the main mitigating factors for the risk of mission drift, which aligns with findings of previous, and more recent works (Battilana & Dorado, 2010; Davies et al., 2019; Ebrahim et al., 2014; Gamble et al., 2019; Santos et al., 2015).

### 2.8.1 The four hybrid Types

In the 2 by 2 matrix presented by Santos, Pache and Birkholz (2015), two different dimensions are utilized to appropriately classify the four different hybrid types: marketing hybrid, blending hybrid, bridging hybrid, and coupling hybrid. The two dimensions utilized in this matrix to achieve such a classification were "contingent value spillover" and "degree of overlap between clients and beneficiaries".

### 2.8.2 Contingent value spillover

Value spillover, as framed by Santos, Pache and Birkholz (2015), refers to the process of increase or decrease in value of agents which are outside the specific transactions. These agents can be both economical and / or social, also referred to as "externalities". For example, a traditional (commercial) firm will focus the majority on its efforts on the transaction partner, rather than then agents outside of the main transaction. This as their main objective is to increase their consumers' willingness to pay (WTP), resulting in increasing profits. SE's on the other hand, focuses on the total value creation of the society, which is the value created for the consumer + the value spilled over to society (Gamble et al., 2019; Santos et al., 2015). This

total value creation is then utilized as a basis for business decisions, as the value spillover has a fundamental importance to the SE's. Value spillover can occur automatically, resulting from simply supplying a product or service to a segment of the market. An example of an automatic spillover effect is that of the company Nuru Energy, a SE which supplies LED based, rechargeable lamps to an area in Rwanda, previously depended on kerosene lamps. By supplying these types of LED lamps, they achieve an automatic positive spillover effect by reducing carbon emissions and decreasing healthcare costs by eliminating the dangerous emissions of the kerosene lamps. Additionally, they positively contribute to the education outcomes of the area, due to better reading lights for children (Barron et al., 2020). In other situations, value spillover does not occur automatically, and required additional efforts from the organization. An example of this is the SE's which work with micro finance. These organizations supply low-income areas with access to finance which were previously inaccessible to them. Thus, they aid local entrepreneurs with accessing finance. Though, supplying the finance itself has little spillover effect. Rather, how the surplus of income is utilized by these entrepreneurs is what produces the greatest positive societal spillover. This spillover, dependent on how the surplus income is used, can be positive over negative. To assure maximum positive spillover effect, further activities need to be taken by the micro finance organisation, such as mentoring activities to help guide and develop successful entrepreneurs. Thus, they have a contingent spillover effect, rather than an automatic effect, and they need to engage in additional social activities or interventions to achieve their social mission (Santos et al., 2015).

### 2.8.3 Degree of overlap between clients and beneficiaries

As mentioned in above section, traditional organizations focus on maximizing profits, by increasing the WTP of the consumer. Though in certain situations the WTP is limited due to lack of funds, where consumers face barrier of consuming for specific goods or services. Traditional commercial organizations will thus avoid serving these segments, as they cannot increase the consumers WTP. SE's, on the other hand, gladly serves these segments through increasing accessibility and/or cross subsidization (Santos et al., 2015). By doing so, SE's can achieve their social mission through transactions / interactions with solely the target beneficiaries, as the beneficiary and the consumer are the same (Gamble et al., 2019; Rahman & Rabi, 2016; Santos et al., 2015). An example of an organization for which the customers have become the beneficiaries are the Eye Hospital in India. They supply quality cataract surgeries at a market price to middle class consumers, while simultaneously utilizing the profits

of this transaction to support the offerings of the same surgery to the low-income areas at a reduced cost. Eye Hospital employ a cross subsidiary model, reaching the low-income areas who cannot afford to pay the market price, while simultaneously lacking access to the public health system (G Natchiar et al., 1994). Contrasting this, we have the SE's which utilize a dual offering. These organizations separate between the paying consumers and the beneficiaries. A good example of these types of organizations are the WISE's. A WISE (work integrated social enterprise) engage with their beneficiaries, who consist of long-term unemployed individuals, while simultaneously engaging in commercial activities through their consumer segments. Thus, they have effectively separated the beneficiaries and the consumer. (Battilana et al., 2015; Gamble et al., 2019; Santos et al., 2015; Smith et al., 2013). And as stated by Santos, Pache and Birkholz (2015, p.44), "In these cases where clients and beneficiaries are different groups, social business hybrids need to serve both groups, which leads to more complex business models that are harder to manage and scale." WISE's, however, faces further complexity as simply employing these long-term unemployed individuals' does not constitute the sought for positive spillover effect. Therefore, they face a contingent spillover situations, as the integration into society and future employability of these workers, rather the simple employment, is the sought for social impact. This requires further actions to be taken, such as support of these beneficiaries in the form of mentoring and coaching to ensure future employability (Battilana et al., 2015; Bode et al., 2006; Santos et al., 2015).

#### 2.8.4 Market, Bridging, Blending and Coupling

As mentioned above, four hybrid types were identified and placed in the 2 by 2 matrix, as can be observed in figure 2. The first, located in the upper-left quadrant of the matrix, is the market hybrid. This hybrid earned its name through its similarities to a traditional organization. These Market hybrids serve a customer segment where the customers are the beneficiaries, while simultaneously having an automatic spillover effect. There exists a direct positive relationship between products sold and social impact of the organization, and no further activities are required by the organization to further their social mission. They are therefore able focus all their efforts on their commercial activities. In other words, scaling their commercial activities results in an increased social impact and performance (Gamble et al., 2019; Santos et al., 2015). These hybrids face a very low risk of mission drift, as their commercial and social missions are intertwined, or rather, integrated (Battilana et al., 2012; Battilana & Dorado, 2010; Ebrahim et al., 2014; Mair et al., 2012). Market hybrids tend to operate in strong social spillover fields, such as water, sanitization, healthcare, communication, and insurance.

## Matrix four hybrid types

Figure 2

Dimensions:	Customer = Beneficiary	Customer $\neq$ Beneficiary
<b>Automatic Spillover</b>	<b>Market Hybrid</b> Risk of Mission Drift: Low	<b>Bridging Hybrid</b> Risk of Mission Drift: Intermediate
<b>Contingent Spillover</b>	<b>Blending Hybrid</b> Risk of Mission Drift: Intermediate	<b>Coupling Hybrid</b> Risk of Mission Drift: High

Following, we have the blending hybrid. These types of hybrid can be found in lower left quadrant of the matrix. Blending hybrids serve the paying customers who are also their beneficiaries. Blending hybrids faces a contingent value spillover, forcing these types of hybrids to engage in additional interventions to achieve the desired social impact. Such additional activities are often oriented towards changing the behaviour of the customers / beneficiaries and required a heavy social-oriented intervention. The blending hybrid face a much higher risk of mission drift (compared to that of the market hybrid) due to this reason, as the additional activities required to achieve their social mission does not contribute to the revenue of the organization, but rather it has a negative impact on economic performance due to its cost. This inverse relationship can lead to a prioritization of commercial activities over social activity, resulting in mission drift as tensions arise between the two sections (Battilana et al., 2015; Ebrahim et al., 2014; Santos et al., 2015; W. Smith et al., 2013). Blending hybrids tend to operate in fields such as microfinance, education, and social inclusion.

Next, in the upper right quadrant of the matrix, we have the bridging hybrid. Bridging hybrids contrast the two aforementioned hybrid types, as they serve customers and beneficiaries from different segments. Additionally, they utilize and automatic spillover effect, meaning they

engage in one single activity which benefits both the customer and the beneficiary. Thus, as hinted by the name, they need to bridge the needs of the two separate groups through a single activity, providing both social and commercial value simultaneously. Bridging hybrids are much more dependent on the match between the beneficiary and profit generating activity, and thus they operate more frequently among disability integration ventures. Santos, Pache and Birkholz (2015) refers to the organization Dialogue in the Dark, who employ blind individuals for a role reversal exhibition, with the objective of changing the perception of such a disability. Further examples of bridging hybrids are that of cross-segment subsidization organisations. These bridging hybrids sell a specific product, while cross subsidizing it and offering the same product at a lower price in specific low-income areas (G Natchiar et al., 1994; Santos et al., 2015). Though due to this separation between beneficiaries and customers, tensions of learning, organizing and performing have become an issue, resulting in an increased risk of mission drift (Battilana et al., 2015; Jeter, 2017; Santos et al., 2015).

Finally, we have the coupling hybrid, which is in the lower right quadrant of the matrix. The coupling hybrid serve customer and beneficiaries from different segments, while engaging in a contingent spillover effect, requiring an additional activity in the form of engagement or intervention to achieve their desired social impact. A good example of a coupling hybrid is the WISE. This SE has a social mission of increasing employability of its beneficiaries (the unemployable members of society), while remaining financially sustainable through commercial activities with the consumer. This is achieved through employment opportunities, though further engagement and intervention with the beneficiaries is required to fulfil the organizations social mission, such as mentoring and personal coaching (Battilana et al., 2015; Ebrahim et al., 2014; Santos et al., 2015). WISE's are therefore complicated in nature, as they must develop a business model that supports a commercial activity, combined with a set of revenue draining supplementary social activities, to achieve their social mission. The risk of mission drift is rather substantial for coupling hybrids such as the WISE, as focusing on customers rather than beneficiaries will be tempting. This, as reducing the focus on the contingent social activities, increases commercial performance of the WISE, as the contingent activities increases the costs of the company and contributes nothing to the economic performance (Santos et al., 2015).

Recently, further work has been conducted focusing on the idea of overlap between consumer and beneficiaries, and how this effect the performance of the organization. The authors Gamble, Parker and Moroz (2019) presented the two dimensions of integration (consumer =

beneficiary) and differentiation (consumer  $\neq$  beneficiary) on a spectrum. In between the two dimensions, they introduced an additional dimension, partial integration. They define the partially integrated hybrid as a hybrid where the S&E (social & environmental) efforts are clearly aligned with the revenue model, but the revenue model is not dependent upon the S&E mission. An example of a partially integrated hybrid is that of The Green Office, an office equipment provider. This organization provides a sustainable production value score, which is based on the aggregated sustainability value for the supply and value chain, for a large variety of its assortment. With these scores they can provide additional value to the products, for specific consumer segment. Though, they also provide products that are not environmentally friendly, with very low sustainable production scores. As stated by Gamble, Parker and Mororz (2019, p.274), “the economic and non-economic value propositions may be aligned to recombine resources and create more value (office furniture seller + ranking of sustainable furniture supply chains); but they are ultimately separable from each other”. Though, just as in the work of Santos, Pache and Birkholz (2015), the aforementioned authors admit that a grey zone exist between the three identified dimensions. Despite this, HO’s will be able to utilize these dimensions to recognize where their organization is currently located (Gamble et al., 2019; Santos et al., 2015).

Thus, this study hypothesises:

Hypothesis 1: The SE subgroups which employ work integration of the disadvantaged among their social mission (SE subgroups 4,5,6 and 7) have increasing odds ratios of belonging to a negative growth outcome group

Hypothesis 2: The SE subgroups which employ work integration of the disadvantaged among their social mission (SE subgroups 4,5,6 and 7) have increasing odds ratios of belonging to a larger cashflow position outcome group.

Hypothesis 3: The SE’s which have been negatively impacted by the pandemic, will have increasing odds ratios of belonging to a negative growth outcome group, and a low cashflow position outcome group.

Hypothesis 4: Increasing the number (emphasis) of social missions increases the social performance of the SE’s.

### 3. Methodology

This thesis follows a quantitative method exploring SE's in the UK, utilizing secondary survey data. Secondary data was utilized in order to optimize the available time and limited resources, and therefore additional emphasis could be applied to the analysis and discussion of the results in this thesis. The secondary data was provided by the Social Enterprises UK (SEUK). SEUK is the largest network of SE's in the UK, and a strategic partner of 6 government departments, leading the UK's public policy on SE's for the last 15 years. SEUK strive to amplify the voices of its members, and to increase the awareness of SE's among the decision makers across sectors (Social Enterprises UK, 2021). SEUK also conduct leading research in the field of SE's, producing a "State of Social Enterprise Reports" which serves as a definitive guide to the current state of the SE sector in the UK. Further, SEUK gathers survey data through an initiative named "The Social Enterprise Advisory Panel" (SEAP), which are regularly recurring surveys sent out to the members of the SEUK network, gathering data regarding the needs of the SE's, their issues, and social impacts. This thesis will utilize the data gathered in these SEAP surveys, between the periods of July 2020 and January 2021.

#### 3.1 Models and Variables

Four regressions were conducted, using a multinomial logistic regression model (MLR). MLR is an extension of the logistics regression (LR) model, utilizing a likelihood estimation to evaluate the probability of belonging to a specific category. Where MLR differentiates from the LR is in the dependent outcome categories. LR employs dichotomous dependent outcome variables, while MLR allows for multiple dependent outcome categories (more than 2) (Starkweather & Moske, 2011). In the two first MLR's (Model 1 and 2), we were able to identify which of the 7 subgroups of SE's had an increasing or decreasing odds ratio off belonging to a specific outcome group. In Model 3 and 4 respectively, we were able to identify how the impact from the pandemic, and the number of social missions employed by the organization effected the odds ratios of belonging to their respective outcome groups. The dependent outcome variables utilized in these four models were "Growth" (model 1 and 3), and "Cashflow Position" (model 2 and 4). Growth indicates the future growth prospect of the organization, with four possible outcome groups: 0 = We expect to close + We expect income/staff to reduce, 1= Uncertain, 2 = We expect to maintain a similar position to now, 3 = We expect to grow staff and turnover. The second dependent variable of cashflow position, represents the current cashflow position of the organization, also having four possible outcome groups: 0 = We have funds to operate for another week + For about a month, 1 = 2-3 months, 2 = 3-6 months, 3 = 6+ months. Model 1 and 3 both use the growth outcome group 2 (We

expect to maintain a similar position to now) as the base reference group. Model 2 used the cashflow position outcome group 1 (2-3 months) as reference group, while model 4 uses the cashflow position outcome group 0 (less than 1 month) as the reference group. Regarding the predictor variables of these models, models 1 and 2 utilize a primary predictor variable containing categorical data, consisting of 7 identified subgroups among the SE's in the data set. To identify these subgroups, this paper follows the logic presented in the European Commission Synthesis Report (2020). This report utilizes principal activity and its corresponding social mission as justification to establish the three most common groups of SE's in Europe. These groups are as followed, 1; Health and Social Services (HSS), 2; tackling Societal Challenges (SC) and 3; Work Integration of disadvantaged persons (WI) (Comparative Synthesis Report Executive Summary, 2020). Though, as a vast majority of the SE's name more than one social mission / field of activity in the supplied secondary data, further grouping was required. Hence, seven subgroups were created reflecting each possible combination of these three groups: Group 1 = HSS, group 2= SC, group 3 = HSS + SC, group 4 = WI, group 5 = WI + HSS, group 6 = WI + SC, group 7 = WI + HSS + SC. Models 1 and 2 each contain one additional independent variable. In model 1, "annual turnover" was implemented in order to see if size of the organization influenced the odds ratio of belonging to a specific group for "growth". In model 2, a continuous variable was included, representing the number of social missions mentioned in the surveys by the SE. This variable was selected to identify if increasing the emphases on number of social missions influenced the odds of belonging to a specific "cash flow" group. For models 3 and 4, the dependent variables remain the same (growth for model 3, and cash flow for model 4). Though the primary predictor of interest has changed. A dichotomous variable was introduced in both model 3 and 4, representing the impact of the current pandemic on the SE's. This variable had the alternatives of "Negative" (0) and "Positive" (1). The continuous variable representing the number of social missions of the SE's was once again included in both regressions. Table 1 summarizes the 4 models, and the variables used.

### **Summary Regressions**

Table 1

Variable/Model	Model 1	Model 2	Model 3	Model 4
<b>Dependent</b>	Growth	Cashflow Position	Growth	Cashflow Position
<b>Predictors</b>	Groups 1, 2 3, 4, 5, 6 and 7 + Annual Turnover	Groups 1, 2 3, 4, 5, 6 and 7 + Number of Social Missions	Effect of the Pandemic + Number of Social Missions	Effect of the Pandemic + Number of Social Missions
<b>Base reference group</b>	We expect to maintain a similar position to now	2-3 months	We expect to maintain a similar position to now	Less than 1 month

### 3.2 Assumptions

This thesis employs a multinomial logistic regressions (MLR), which is used to predict categorical placement, or rather, the probability of a categorical membership. The use of MLR carries some implications, especially as this regression is conducted in statistical programs such as SPSS. To begin with, the SPSS program lacks any testing alternatives regarding the independence of irrelevant alternatives, such as the Hausman-McFadden independence of sample test. Due to this, the assumption of IIA goes unchecked, which greatly questions the validity of the regression outputs. Though, as stated by Andy Field (2009, p.276), “overdispersion is where the variance is larger than expected from the model. This can be caused by violating the assumption of independence!”. Therefore, the dispersion parameters were produced for each regression, communicating the possibility of overdispersion in the data. These parameters can be found in the bottom of the appendix and were calculated using the Pearson chi-squares from the goodness of fit output, dividing by their corresponding degrees of freedom. Since all four dispersions parameters had a value close to 1, the risk of overdispersion were rather minimum.

Further, the assumption of linearity of the MLR is under much scrutiny. Some authors suggest that linearity, just as the assumptions of normality and homoscedasticity, is voided when employing the MLR. Though, some authors still suggests that the assumption of linearity should be included. As the author of this thesis was unable to locate any tests regarding the linearity of the MLR (as all tests identified in SPSS required a dichotomous outcome variable), this thesis follows the work of authors such as Andy Fields (2009) and assuming that the assumption of linearity is not necessary in the MLR (Abdulhafedh, 2017; El-Habil et al., 2014;

Field, 2009; Hamid et al., 2018; Starkweather & Moske, 2011). Further, the last category among the 7 identified SE subgroups (Group 7) in model 1 and 2, is set to zero, as it is assumed to be redundant, due to the inclusion of the intercept in the models (Grilo et al., 2017; IBM Corporation, 2014, 2016). Lastly, the assumption of multicollinearity was checked, running a collinearity diagnostic for each model, following the work of Field (2009). The VIF scores (which are all close to 1) together with variance proportion can be found in the appendix, showing no visible signs of multicollinearity (Myers, 1990)

### 3.3 Goodness-of-fit (GOF)

#### GOF Model 1

Figure 3

	Chi-Square	df	Sig.
<b>Pearson</b>	33.757	33	.431
<b>Deviance</b>	36.446	33	.311

#### GOF Model 2

Figure 4

	Chi-Square	df	Sig.
<b>Pearson</b>	60.119	60	.471
<b>Deviance</b>	64.326	60	.328

#### GOF Model 3

Figure 5

	Chi-Square	df	Sig.
<b>Pearson</b>	35.031	48	.919
<b>Deviance</b>	39.813	48	.794

#### GOF Model 4

Figure 6

	Chi-Square	df	Sig.
<b>Pearson</b>	36.172	48	.895
<b>Deviance</b>	39.586	48	.801

All four of these goodness-of-fit tests are non-significant, indicating a good fit between the model and the data.

## 4. Results

In this paper we hypothesis that the SE subgroups of 4, 5, 6 and 7, the subgroups of SE's engaging with work integration among their social missions, would have higher odds ratios of belonging in a negative growth outcome group, and a large cashflow position outcome group (simulating the outcome of a mission drift). As we can observe in Table 2, out of the seven subgroup, group number 4 (WI) was the only SE group which had a higher odds ratio of belonging to the growth outcome groups 0 (expect to close + reduced staff and income) and 1 (uncertain growth expectations), relative to the reference growth outcome group 2, (we expect to maintain a similar position to now), at a significance of 0,043 and 0,03. Further, as we can observer in table 3, SE subgroup 4 (WI) had a decreasing odds ratio of belonging to the cashflow position outcome group 2 (3-6 months), relative to the reference outcome group 1 (2-3 months), at a significance of 0,011. Or in other words, SE group 4 face increasing odds of belonging to cashflow position outcome group 1, relative to group 2. Table 3 gives us further interesting findings, as the SE subgroup 6 (WI + SC) have an increasing odds ratio of belonging to the cashflow position outcome group 3 (6+ months), at a significance of 0,024, relative to the same reference group. Through these results, we are able to reject hypothesis 2, as SE group 4 (WI) show increasing odds of belonging to a low cashflow outcome group, though we do not have enough evidence to reject hypothesis 1, as only SE group 4 (WI) had significant results in Model 1, showing increasing odds ratios of belonging to a negative growth outcome group.

### **Regression model 1**

Table 2

Dependent: Expected Growth We expect to close + We expect income to reduce and/or to lose staff Vs. We expect to maintain a similar position to now Growth Group 0	B	Std. Error	Wald	df	Sig.	Exp(B)	95% Confidence Interval for Exp(B)	
							Lower Bound	Upper Bound
Intercept	-.481	.861	.312	1	.577			
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=1] Group 1	-.324	.512	.400	1	.527	.723	.265	1.973
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=2] Group 2	-.617	.518	1.417	1	.234	.540	.195	1.490
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=3] Group 3	-.036	.540	.004	1	.947	.965	.335	2.780
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=4] Group 4	1.555	.770	4.079	1	.043	4.733	1.047	21.395
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=5] Group 5	-.423	1.242	.116	1	.734	.655	.057	7.482
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=6] Group 6	.160	.716	.050	1	.823	1.173	.288	4.777
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=7] Group 7	0 <sup>b</sup>	.	.	0	.	.	.	.
[real_turnover=0]	-.195	.732	.071	1	.790	.823	.196	3.453
[real_turnover=2]	-2.382	1.266	3.539	1	.060	.092	.008	1.105
[real_turnover=3]	-.186	.914	.042	1	.839	.830	.138	4.980
[real_turnover=4]	0 <sup>b</sup>	.	.	0	.	.	.	.
a. The reference category is: We expect to maintain a similar position to now								
b. This parameter is set to zero because it is redundant.								

Dependent: Expected Growth Uncertain - depends on the outcome(s) of pending funding applications/income/contracts Vs. We expect to maintain a similar position to now Growth Group 1	B	Std. Error	Wald	df	Sig.	Exp(B)	95% Confidence Interval for Exp(B)	
							Lower Bound	Upper Bound
Intercept	-.966	.894	1.167	1	.280			
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=1] Group 1	-.316	.379	.696	1	.404	.729	.346	1.533
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=2] Group 2	-.190	.372	.260	1	.610	.827	.399	1.714
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=3] Group 3	.060	.399	.022	1	.881	1.061	.485	2.322
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=4] Group 4	1.420	.654	4.722	1	.030	4.138	1.149	14.896
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=5] Group 5	.627	.758	.686	1	.408	1.873	.424	8.270
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=6] Group 6	-1.436	.740	3.761	1	.052	.238	.056	1.015
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=7] Group 7	0 <sup>b</sup>	.	.	0	.	.	.	.
[real_turnover=0]	1.319	.829	2.534	1	.111	3.740	.737	18.979
[real_turnover=2]	.332	.928	.128	1	.721	1.394	.226	8.597
[real_turnover=3]	-.691	1.135	.370	1	.543	.501	.054	4.639
[real_turnover=4]	0 <sup>b</sup>	.	.	0	.	.	.	.
a. The reference category is: We expect to maintain a similar position to now								
b. This parameter is set to zero because it is redundant.								

Dependent: Expected Growth We expect to grow staff and turnover Vs. We expect to maintain a similar position to now Growth Group 3	B	Std. Error	Wald	df	Sig.	Exp(B)	95% Confidence Interval for Exp(B)	
							Lower Bound	Upper Bound
Intercept	-.894	.893	1.001	1	.317			
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=1] Group 1	-.394	.381	1.067	1	.302	.675	.320	1.424
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=2] Group 2	-.168	.371	.206	1	.650	.845	.409	1.747
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=3] Group 3	-.023	.399	.003	1	.953	.977	.447	2.135
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=4] Group 4	.418	.710	.346	1	.556	1.518	.378	6.102
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=5] Group 5	.328	.805	.166	1	.684	1.388	.286	6.730
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=6] Group 6	.295	.521	.321	1	.571	1.344	.483	3.734
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=7] Group 7	0 <sup>b</sup>	.	.	0	.	.	.	.
[real_turnover=0]	1.076	.829	1.684	1	.194	2.934	.577	14.912
[real_turnover=2]	1.032	.893	1.335	1	.248	2.806	.488	16.144
[real_turnover=3]	.807	.950	.722	1	.395	2.241	.349	14.414
[real_turnover=4]	0 <sup>b</sup>	.	.	0	.	.	.	.

a. The reference category is: We expect to maintain a similar position to now  
b. This parameter is set to zero because it is redundant.

Note:  $R^2 = .073$  (Cox & Snell),  $.079$  (Nagelkerke), Model  $\chi^2(12) = 60.635$

## Regression model 2

Table 3

Dependent: Cashflow position Have funds to Operate for another week + For About a month Vs. 2-3 months Cashflow position group 0	B	Std. Error	Wald	df	Sig.	Exp(B)	95% Confidence Interval for Exp(B)	
							Lower Bound	Upper Bound
Intercept	-1.335	.677	3.888	1	.049			
Number_social_missions	.064	.110	.335	1	.563	1.066	.859	1.323
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=1] Group 1	.285	.625	.207	1	.649	1.329	.390	4.525
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=2] Group 2	-.101	.599	.029	1	.866	.904	.280	2.921
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=3] Group 3	.271	.515	.277	1	.598	1.311	.478	3.596
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=4] Group 4	.524	.716	.537	1	.464	1.689	.415	6.871
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=5] Group 5	-.786	1.165	.455	1	.500	.456	.046	4.470
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=6] Group 6	1.368	.808	2.869	1	.090	3.929	.807	19.137
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=7] Group 7	0 <sup>b</sup>	.	.	0	.	.	.	.

a. The reference category is: We have funds to operate for another week + For about a month.  
b. This parameter is set to zero because it is redundant.

Dependent: Cashflow position 3-6 months Vs. 2-3 months Cashflow position group 2	B	Std. Error	Wald	df	Sig.	Exp(B)	95% Confidence Interval for Exp(B)	
							Lower Bound	Upper Bound
							Intercept	.365
Number_social_missions	-.125	.099	1.586	1	.208	.883	.727	1.072
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=1] Group 1	.088	.460	.036	1	.849	1.091	.443	2.691
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=2] Group 2	-.183	.438	.175	1	.675	.832	.353	1.964
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=3] Group 3	-.006	.380	.000	1	.987	.994	.472	2.091
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=4] Group 4	-1.798	.704	6.521	1	.011	.166	.042	.658
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=5] Group 5	.227	.605	.141	1	.707	1.255	.383	4.107
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=6] Group 6	1.017	.668	2.315	1	.128	2.764	.746	10.236
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=7] Group 7	0 <sup>b</sup>	.	.	0	.	.	.	.
a. The reference category is: We have funds to operate for another week + For about a month.								
b. This parameter is set to zero because it is redundant.								

Dependent: Cashflow position 6+ months Vs. 2-3 months Cashflow position group 3	B	Std. Error	Wald	df	Sig.	Exp(B)	95% Confidence Interval for Exp(B)	
							Lower Bound	Upper Bound
							Intercept	-.017
Number_social_missions	.072	.077	.863	1	.353	1.074	.924	1.249
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=1] Group 1	.112	.424	.070	1	.791	1.119	.487	2.570
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=2] Group 2	.004	.399	.000	1	.991	1.004	.459	2.197
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=3] Group 3	-.038	.354	.011	1	.915	.963	.481	1.926
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=4] Group 4	-.601	.549	1.196	1	.274	.548	.187	1.609
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=5] Group 5	.177	.582	.093	1	.761	1.194	.381	3.736
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=6] Group 6	1.414	.625	5.117	1	.024	4.111	1.208	13.991
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=7] Group 7	0 <sup>b</sup>	.	.	0	.	.	.	.
a. The reference category is: We have funds to operate for another week + For about a month.								
b. This parameter is set to zero because it is redundant.								

Note:  $R^2 = .042$  (Cox & Snell),  $.046$  (Nagelkerke). Model  $\chi^2(12) = 40.905$

Next, we have model 3, which can be observed in table 4. This model included the binary impact predictor, which conclude that a negative impact from the pandemic (binary impact = 0), results in a decreasing odds ratio of belonging to the growth outcome group 0 (We expect to close + We expect income and staff to reduce), relative to the reference group 2 (We expect to maintain a similar position), at a significance of 0,000. In other words, *ceteris paribus*, having a negative impact from the pandemic, increases the odds of belonging to the growth outcome group 2 (We expect to maintain a similar position), relative to the growth outcome group 0 (We expect to close + We expect income and staff to reduce), which (to some extent) coincides with hypothesis 3. Further, this model showed strong significance regarding the continuous variable representing the number of social missions of the SE, as increasing the number of social missions increased the odds of belonging to the growth outcome group 3 (We expect to increase staff and turnover), at a significance of 0,009. This concurs with hypothesis 4, as by the findings of Ebrahim & Rangan (2014) and Islam (2020), growth within a SE requires scaling of the social impact. Thus, as growth increases, we can draw the conclusion that the social performance has increased. Therefore, we do not have enough evidence to reject hypothesis 4. For the fourth and final model, the output can be seen in table 5. Using the cashflow position outcome group 0 (We have funds to operate for another week + For about a month) as the reference group, with a significance of 0,000 in all three outcome categories, we can observe that having a negative impact from the pandemic, increased the odds of belonging to the cashflow position outcome groups 1, 2 and 3 (2-3 months, 3-6 months and 6+ months) at the significance of 0,000 for all three groups, relative to the reference group 1 (we have funds to operate for another week + for about a month). Thus, we reject hypothesis 3, that a negative impact from the pandemic increases the odds ratio of having negative growth and a decreasing cash flow position. Further, we observe that increasing the number of social missions, decreased the odds of belonging to the cashflow position outcome group 2 (3-6 months), at a significance of 0,017, relative to group 0 (We have funds to operate for another week + For about a month). Or in other words, *ceteris paribus*, increasing the number of social missions, increased the odds of belonging to the cashflow position outcome group 0 (We have funds to operate for another week + For about a month), relative to group 2 (3-6 months).

### Regression model 3

Table 4

Expected Growth, combining the two first negative groups <sup>a</sup>		Parameter Estimates					95% Confidence Interval for Exp(B)		
		B	Std. Error	Wald	df	Sig.	Exp(B)	Lower Bound	Upper Bound
We expect to close + We expect income to reduce and/or to lose staff Vs. We expect to maintain a similar position to now Group 0	Intercept	.838	.307	7.448	1	.006			
	number_social_m	.130	.106	1.509	1	.219	1.139	.926	1.401
	[Impact_binary=0]	-4.587	.444	106.779	1	.000	.010	.004	.024
	[Impact_binary=1]	0 <sup>b</sup>	.	.	0	.	.	.	.
Uncertain - depends on the outcome(s) of pending funding applications/income/contracts Vs. We expect to maintain a similar position to now Group 1	Intercept	.082	.287	.082	1	.775			
	number_social_m	.061	.063	.927	1	.336	1.063	.939	1.203
	[Impact_binary=0]	-.073	.275	.071	1	.791	.930	.542	1.593
	[Impact_binary=1]	0 <sup>b</sup>	.	.	0	.	.	.	.
We expect to grow staff and turnover Vs. We expect to maintain a similar position to now	Intercept	-.218	.293	.557	1	.456			
	number_social_m	.159	.061	6.830	1	.009	1.172	1.041	1.321
	[Impact_binary=0]	-.090	.282	.102	1	.750	.914	.526	1.589
	[Impact_binary=1]	0 <sup>b</sup>	.	.	0	.	.	.	.

a. The reference category is: We expect to maintain a similar position to now.  
b. This parameter is set to zero because it is redundant.

Note:  $R^2 = .258$  (Cox & Snell),  $.279$  (Nagelkerke). Model  $\chi^2(12) = 269.055$

### Regression model 4

Table 5

Cash Flow position, combining the first 2 groups <sup>a</sup>		Parameter Estimates					95% Confidence Interval for Exp(B)		
		B	Std. Error	Wald	df	Sig.	Exp(B)	Lower Bound	Upper Bound
2-3 months Vs. We have funds to operate for another week + For about a month.	Intercept	-.404	.276	2.149	1	.143			
	number_of_SM	-.111	.088	1.594	1	.207	.895	.754	1.063
	[Impact_Binary=0]	3.004	.313	92.388	1	.000	20.173	10.932	37.223
	[Impact_Binary=1]	0 <sup>b</sup>	.	.	0	.	.	.	.
3-6 months Vs. We have funds to operate for another week + For about a month.	Intercept	-.280	.282	.990	1	.320			
	number_of_SM	-.222	.093	5.678	1	.017	.801	.668	.961
	[Impact_Binary=0]	3.165	.317	99.689	1	.000	23.695	12.729	44.106
	[Impact_Binary=1]	0 <sup>b</sup>	.	.	0	.	.	.	.
6+ months Vs. We have funds to operate for another week + For about a month.	Intercept	-.662	.278	5.668	1	.017			
	number_of_SM	-.014	.083	.028	1	.866	.986	.838	1.161
	[Impact_Binary=0]	3.236	.313	106.673	1	.000	25.441	13.766	47.017
	[Impact_Binary=1]	0 <sup>b</sup>	.	.	0	.	.	.	.

a. The reference category is: We have funds to operate for another week + For about a month.  
b. This parameter is set to zero because it is redundant.

Note:  $R^2 = .18$  (Cox & Snell),  $.194$  (Nagelkerke). Model  $\chi^2(12) = 175.505$

To conclude, the SE group 4, the group which employ social missions only concerning work integration of the disadvantaged, have a higher odds ratio of belonging to the growth outcome groups 1 and 2 (we expect to close + we expect income/staff to reduce, and uncertain growth expectations), relative to the reference group 2 (we expect to maintain a similar position to now), while simultaneously having a decreasing odds ratio of belonging to cashflow positions outcome group 3 (3-6 months), relative to outcome group 1 (1-2 months). Further, SE group 6 (WI + SC) had an increasing odds ratio for belonging in the cashflow position group 3 (6+ months) relative to the cashflow reference group 1 (1-2 months).

Following this, findings in models 3 and 4 support that having a negative impact on the organization due to the pandemic, increased the odds of belonging to the cashflow position outcome groups 1, 2 and 3 (2-3 months, 3-6 months, and 6+ months), while simultaneously increasing the odds of belonging to the growth outcome group 2 (We expect to maintain a similar position to now). Model 3 and 4 provided significant results regarding the number of social missions of the SE, as increasing the number of social missions increased the odds of belonging to the growth outcome group 3 (We expect to increase staff and turnover), relative to group 1 (We expect to maintain a similar position to now), while decreasing the odds of belonging to the cashflow position outcome group 2 (3-6 months), relative to group 0 (less than one months).

Thus, the findings of regression model 3 and 4 suggests, that the SE's which have had a negative impact of the corona virus, are currently facing an increasing probability of experiencing mission drift. As previously specified in the literature review, mission drift occurs in an SE as it diverges from its main social mission, or rather, the organization prioritizes commercial activities at the expense of its social value creation, thus abandoning or deviating from its original socially oriented mission (Battilana & Dorado, 2010; Ebrahim et al., 2014; Gamble et al., 2019; Mair et al., 2012). This fits the findings of the regressions, as the organizations which were negatively affected by the pandemic had increasing odds ratios for belonging in any of the higher cashflow groups, while simultaneously having higher odds of belonging to the stagnant growth group (group 2).

Finally, using the impact of the external environmental factor (pandemic) as a basis for reasoning, this paper suggests that SE groups 5 (WI + HSS), 6 (WI + SC) and 7 (WI + HSS + SC) in particular, due to their advanced and complicated structures inherent of the WISE organizations, combined with the restrictions imposed by the government in the UK, are

currently seeing a large increase in the probability of falling victim to a mission drift. Alternatively, these findings could be attributed to groups 5, 6 and 7 currently being in the process of adjusting their business models and prioritise, as a response to the external factors and / or the current needs of the organization. Which of these two explanations is more probable requires further research, as differentiating between mission drift and changes in the business models, is rather challenging, and quite ambiguous (Cornforth, 2014). Further, this thesis suggests that SE group 4 (WI only) is currently facing the consequences of a lasting missions drift, implying that group number 4 have been facing a possible mission drift since before the pandemic. This, as the increasing odds for belonging in a low growth and low cashflow position could be possible indicators of a mission failure. As stated by Ometto, Gegenhubr and Winter (2017), in the worst case, mission drift results in mission failure.

## 5. Discussion

Four distinct groups were identified which specified work integration among their social missions. Out of these four groups, three groups specified an additional social mission, focused either on social issues and / or societal challenges. As multiple social mission exists among these three groups of WISE's, this allows for new possibilities regarding the business models of these organizations. E.g., by introducing an additional social mission, the WISE's in group 5, 6 and 7 have introduced the possibility that their business models have become integrated to a certain degree, and that the possibility for an overlap between the consumer and beneficiary could exist.

This overlap, as stated by Ebrahim, Battilana & Mair (2014), could be the deterministic factor for establishing a clear causal link between the commercial activity and the social outcome, which is one of the main managerial challenges among WISE's (Battilana et al., 2015; Ebrahim et al., 2014; Gamble et al., 2019; Santos et al., 2015; Smith et al., 2013). It is this clear causal link that makes the market hybrids such a sustainable organization, with low risk of mission drift, relative to hybrids such as the coupling hybrids (Santos et al., 2015). As stated by Santos, Pache & Birkolz (2015), WISE's tend to be a good example of a coupling hybrid. They have a contingent spillover effect, meaning they require an additional activity to achieve their social mission (Battilana et al., 2015; Bode et al., 2006; Smith et al., 2013). They also separate their customer and beneficiaries as the contingent activity do not generate commercial value, but rather require it (Gamble et al., 2019; Santos et al., 2015). Therefore, WISE's face a much more complex and challenging business model, resulting in a higher risk of mission drift compared to the other types of SE's.

If this is true, why don't we observe similar results among the groups 5, 6 and 7 as in group 4, as these WISE's face similar challenges regarding the risk of mission drift, combined with the restrictions put on by the pandemic? What could be theorized, as stated above, is that the high risk for mission drift associated with the coupling hybrid, have been mitigated through the concept of partial integration among the SE groups 5, 6 and 7. This is deemed possible due to the introduction of an additional social mission group (Health and social issues, Societal Challenges), which is further supported by our findings in table 4, showing increasing odds of belonging to the highest growth groups, as the SE add an additional social mission, suggesting that a larger number of social missions, or an increasing emphasis on social missions, increases the growth prospect of the organization. Additionally, increasing the number of social missions increased the odds of belonging to the lowest cashflow group, which could indicate an increased emphasis on the contingent social activity of the organizations. These two findings suggest that the social performance of the organization increases as the number of social missions increases. This thesis suggests two possible explanations for these findings:

1: Increasing number of social missions could serve the function of social validation of the organizations, signalling the emphasis that the organization puts on its social performance to customer, beneficiaries, funders, and government. In the work of Gamble, Parker & Moroz (2019) they discuss such a scenario. In their analysis on certified B-corporation in the US, they noticed that almost all the B - certified HO's in their sample had a differentiated business model. This led the authors to believe, that the B-certificate held a higher value for the differentiated hybrids, relative to the integrated hybrids. This as the B-certificate help the organizations signal their social agenda and validation to customers and funders. Therefore, the certificate holds less value for integrated hybrids, as they had no issues communicating their social agenda through their integrated business model. Thus, increasing the number of social missions can improve growth by improving signalling capabilities to external customers, beneficiaries, funders, and government, which may prove significantly beneficial for differentiated (coupling) hybrids. However, this would imply that the number of social missions have nothing to do with the nature of the business model (integrated vs. differentiated).

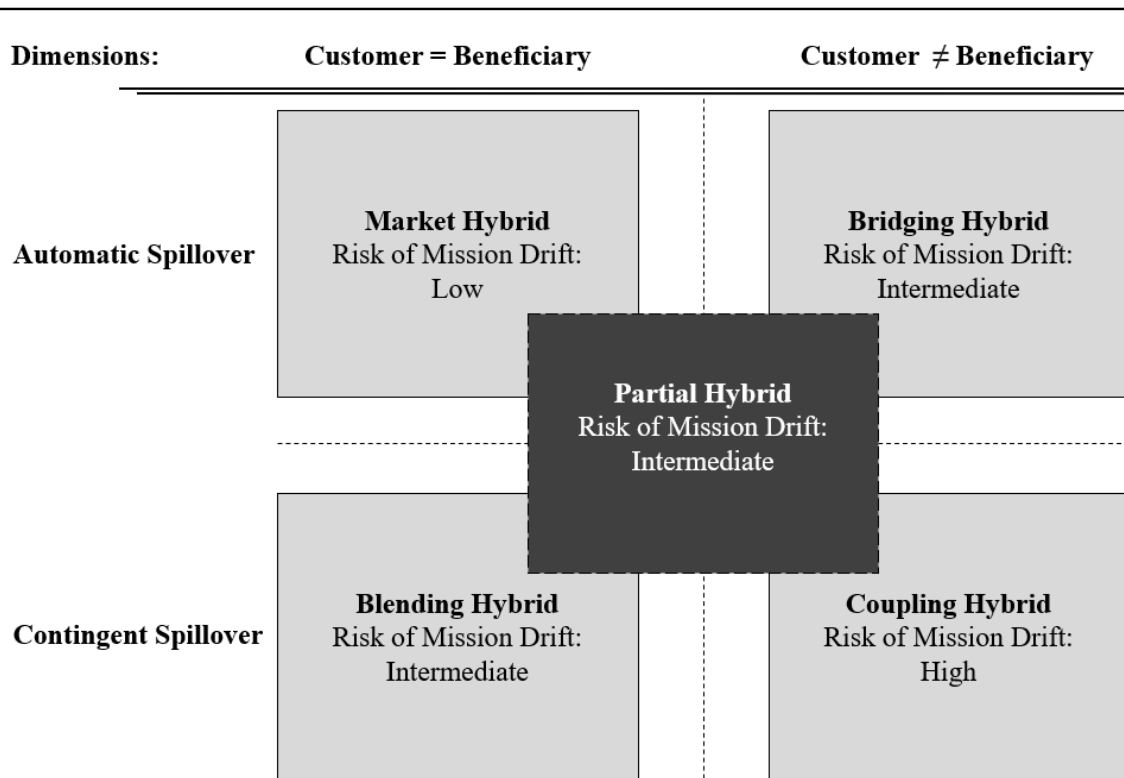
2: Increasing the number of social missions increase the possibility of multiple missions (out of the three established by the European Commission) coexisting in the organization. As mentioned earlier, this invites the possibility for an integration to have occurred to some degree in the business model. This integration could explain the increase of overall performance of

the organization, as according to several authors, integration among the activities improves performance, mitigate the risk of mission drift, and increases sustainability (Davies et al., 2019; Ebrahim et al., 2014; Gamble et al., 2019; Klein et al., 2021; Santos et al., 2015; Smith et al., 2013; Smith et al., 2013) This integration is imperative, and one could suggest that SE's of groups 5, 6 and 7, do not show similar patterns to that of group 4, because their business models are integrated to some extent.

Taking inspiration from the “partial-integration” third dimension, introduced by Gamble, Parker & Moroz (2019), utilizing the framework of Santos Pache & Birkolz (2015), this paper argues for the existence of an additional fifth quadrant - “Partial Hybrid” - within the framework, as seen in figure 7.

### Extended Matrix four hybrid types

Figure 7



This study understands Partial Hybrid as a HO which has a partially automatic spillover effect, while simultaneously having a partial overlap between the customer and the beneficiary. Important note regarding the authors of both works, is that they all agree on the concept of an underlying continuum, and that the outcomes are not absolute. As stated by Santos, Pache and Birkolz (2015, p.45) “... despite our use of discrete outcomes in the matrix, both dimensions

can be measured as continuous outcomes... we discuss these dimensions as low versus high and recognize that there may be a significant grey area.”. Gamble, Parkers and Moroz (2019, p.272), write something similar “The present article extends this work by noting that the two types proposed by Ebrahim et al. (2014) occupy the end points of an underlying continuum of business model integration”. This underlying continuum and “grey-zone” assumption is paramount, as it carries implications for this proposed integration of the WISE’s (group 5, 6 and 7), allowing for a partial integration in both dimensions.

As stated by Ebrahim, Battilana& Mair (2014), integration of the business model refers to the act of combining the profit and social impact activities (Ebrahim et al., 2014). And as established regarding the WISE structure, the beneficiaries are the disadvantaged individuals employed by the organization, and the primary social impact is produced through contingent additional activities with these beneficiaries. Therefore, combining this contingent social impact activity with the profit generating activity present some challenges. However, combining the already profit generating (commercial) activity, with an additional social impact generating activity, would appear more plausible. Thus, one could assume that if a partial integration has occurred in the WISE’s business models, it is more likely that it has occurred in the commercial activity, rather than the contingent social activity. Now, let us observe the two dimensions introduced by Santos, Pache and Birkolz (2015), starting with the degree of overlap between customers and beneficiary. Assuming that the proposed scenario of integration regarding the commercial mission is true, and some degree of overlap between customer and the (as they shall hence forth be referred to as) secondary beneficiaries exists from the additional social mission. Then, this overlap will be limited, and a full integration between all beneficiaries and customer will not be possible as only the secondary beneficiaries become integrated (Gamble et al., 2019). Regarding the second dimension of value spillover, a similar situation can be identified. As we established in above sections regarding WISE’s, these SE’s utilize a contingent value spillover effect through the extra activities required to increase the employability of their beneficiaries (the primary social mission). Though, once again assuming the integration has occurred within the commercial activity of the organization, a degree of automatic spillover value could exist for the secondary beneficiaries (Gamble et al., 2019). This, as the commercial activity now resembles that of the market hybrid. This implies that the commercial activity generates an automatic spillover effect, with an overlap between customer and the secondary beneficiaries, creating a clear cause-effect relationship between the profit and secondary social impact, while the primary social mission still requires additional

activities, and is therefore a contingent value spillover (Santos et al., 2015). Value spillover have thus become partially automatic. By combining the partial integration of the consumer and the beneficiary, with the partially automatic value spillover, the fifth quadrant can be identified in the centre of the framework – Partial Hybrid. Therefore, this thesis suggests that through a partial overlap between customer and beneficiary, combined with a partially automatic spillover effect, the SE groups 5, 6 and 7, have been able to mitigate the risk of mission drift, by moving from the coupling hybrid quadrant to the partial hybrid quadrant in figure 7. Though, as all organizations which were affected negatively by the pandemic faces increasing odds of having a large cash flow and stagnant growth, a big portion of these WISE's (and of the other groups) could be assumed to be facing a higher probability of mission drift, as somewhat indicated by SE group 6 (WI + SC) and the increasing odds of belonging in the largest cash flow outcome category.

As stated by Santos, Pache & Birkolz (2015, p.50), regarding WISE's and mission drift, "The risk of mission drift is high because they may be tempted to prioritize clients over beneficiaries, as well as discard or reduce the focus on additional interventions that consume resources and do not contribute to the financial sustainability of the organization.". This would explain the findings in model 3 (table 4), showing increasing odds ratios for the SE's which had been negatively affected by the pandemic, for belonging in any of the higher cashflow outcome groups 1-3 (1 - 6+ months). This could be the result of a possible mission drift, as the contingent activities of the WISE's are no longer prioritized due to the pandemic. The decreased emphasis and focus on contingent activities would have a positive impact on the commercial position and activities of the organization, as this activity drains revenue and contributes non. The contingent activity is responsible for generating the primary social impact (Santos et al., 2015), and this would in turn explain the stagnation among the growth of these organization. As mentioned in the literature section, growth of a SE is dependent on both commercial and social impact performance, due to the end goal of growth within a SE being the increase of its social impact (the primary mission of the enterprise) (Ebrahim & Rangan, 2014; Islam, 2020; Montgomery et al., 2012). Thus, as cashflow increases and growth stagnates among these negatively impacted organizations, a decrease in contingent social activities could explain the findings. Assuming this is true, and that these organizations face a higher chance of mission drift as a result of the pandemic, then this implies that increasing the number of social missions counteracts the effects imposed by the pandemic. This due to the increasing probability of facing a mission drift (based on the increasing odds ratios of having a large cashflows and

stagnant growth) imposed by the pandemic, will be offset by the increasing odds ratios of belonging to the highest growth group and the lowest cashflow group, resulting from an increase in the number of social missions. Thus, increasing the number of social missions could reflect an increased focus on the social impact, as profits are used to increase the social performance and contingent social activities of the organizations (explaining the low cashflow), as growth increases. (Ebrahim & Rangan, 2014; Islam, 2020; Montgomery et al., 2012). Table 6 will shortly emphasis some key points in this discussion section.

### **Summary discussion**

Table 6

<b>Summary Discussion</b>	
<b>Object of Interest</b>	<b>Observation / Discussion</b>
<b>WISE</b>	Coupling hybrid – High risk of Mission drift
<b>Integration of Business model</b>	Decreasing risk of mission drift
	Increased Business model sustainability
	Increased performance of organization
	Creates a causal relationship between social and commercial activity
<b>Framework</b>	New Quadrant – Partial Hybrid
	Partial Hybrid – Partial Overlap + Partial automatic spillover value
<b>Groups 5= WI + HSS</b> <b>Group 6 = WI + SC</b> <b>Group 7 = WI + HSS + SC</b>	Possible (partial) integration in the business model
	Move from Coupling Hybrid quadrant, to Partial Hybrid quadrant
	Remedy the high risk of mission drift for WISE's via business model integration
<b>Group 4 = WI</b>	Long lasting mission drift (based on findings) – Mission failure
<b>Pandemic: Negative Impact</b>	Increasing odds of belonging to a higher cash flow position
	Increasing odds of experiencing stagnant growth
	Pandemic = possible cause of mission drift – Low growth, high cash flow, indicating a lack of prioritization on social performance
<b>Increasing the number of social missions</b>	Increasing odds of experiencing a large organizational growth
	Increasing odds of belonging in the lowest cashflow position
	Possible remedy for mission drift – High growth, low cash flow
	Increasing number of missions – increases possibility of an integration in the business model to occur – possible explanation for the findings of increasing number of social missions and high growth
<b>Increasing cashflow and decreasing growth</b>	Growth requires an increase in social and commercial performance
	Negative growth could be the result of decreasing social activity
	WISE – decreasing social activity increases cash flow position, as the contingent social activity drains revenue and contributes non.
<b>Increasing growth and decreasing cashflow</b>	WISE – Possible indicator of increased emphasis on social activities
	Increasing social activities – Revenue draining,
	Increasing social activities – Increases growth possibility if finance remains stable

## 6. Conclusion

The goal of this study was to answer the question of why some subsets of SE's outperform others in regards to social performance and impact, and what underlying factors contribute to this superior performance, resulting in lower risk of mission drift and mission failure. Based on the findings from the four multinomial logistic regression outputs, this thesis concludes that increasing the number of social missions within a social enterprise, results in the odds ratios increasing for belonging in the highest organizational growth outcome category (growth group 3), while simultaneously increasing the odds ratios of belonging to the lowest cashflow position outcome category. Further, the social enterprises which have been negatively affected by the pandemic and its imposed restriction, face an increasing odds ratio in belonging to any of the higher cashflow outcome groups, relative to the cash flow position of less than one month, while simultaneously facing increasing odds of belonging to the stagnant growth group. This is similar to what could be expected as a social enterprise faces mission drift, as prioritization shifts from social to commercial activities. Regarding the 7 identified subgroups of social enterprises, significant findings were identified for group 4 (Work integration) and group 6 (Work integration and Societal Challenges). Group 4 had increasing odds ratios of belonging to the lowest and second to lowest growth outcome groups, and the second to lowest cashflow position group. This is similar to what could be expected of a social enterprise facing mission failure, which is the worst possible outcome of mission drift. Group 6 had increasing odds of belonging to the highest cash flow position. This thesis contributes to the theoretical landscape of SE's by including an extensive literature review, covering the history of HO's and SE's, including an analysis on integrated and differentiated business models, together with an extension of the framework presented by Santos, Pache & Birkolz (2015), introducing the additional quadrant of "partial integration". Further, this thesis includes managerial contributions through a quantitative analysis on the performance of SE's, along with how these SE's can mitigate the risk of mission drift.

### 6.1 Limitations

The first limitation would be the probable bias of the survey response data. This due to the surveys lacking responses for questions which were rather rudimentary and did not jeopardize the confidentiality or integrity of the organization. This gives the impression that the survey respondents were rushed, or rather, did not take the survey seriously. This in turn limited the

number of variables that could be utilized in the regressions, as to many empty datapoints violates a requirement when employing multinomial logistic regression.

Secondly, it is important to once again note that there is no empirical evidence to support that an integrated business model have been implemented in the social enterprise groups 5, 6 and 7. This thesis uses the existence of the additional social mission to introduce this possibility, and suggest that an integration has occurred, as this is one of many possible explanations for the results of the regressions. Given this, further inferences regarding the integration of the commercial activity and the secondary social mission have no empirical evidence. Rather, it is based on theoretical findings by the aforementioned authors in this field, regarding integration and differentiation of the social enterprise's activities. Thus, this is a possible explanation for the difference in findings regarding the SE group 4, relative to groups 5, 6 and 7, and that integration within a social enterprise (in general) have been proven by a vast number of authors to remedy the risk of mission drift.

It is also important to note, that a partial integration could have occurred through the introducing an additional social mission within the same category (WI, HSS and SC), rather than requiring the introduction of an additional social mission group. Though as this thesis focuses on the difference between SE group 4 and SE groups 5, 6 and 7, the introduction of an additional social mission category was of keen interest. Also, due to this thesis substantial word count, this was not further explored.

Lastly, the growth variable in the secondary data defines growth as having an increase / decrease in staff and income. Though, this thesis views this as a more general indicator of organization growth, as this was the only question asked in the surveys regarding growth of the organization. Also, the first outcome group of each depended variables is a combination of the first two outcome groups in the data. This, as keeping them separated resulted in a large number of cells having less the 5 recorded cases, leading to unrealistic  $\exp(b)$  values.

## 6.2 Future research

One of the main assumptions used in this thesis, referred to the relationship between the number of social missions of a social enterprise, and the increased possibility of an integration to have occurred in the business model. Findings of the regression supported this assumption indirectly, as increasing the number of social missions resulting in increasing odds ratios of belonging in a highest growth outcome category, which is similar to what we could expect from an integrated SE. Though, as specified in the discussion part, this increased growth could be attributed to the

increased capability of external signalling for social validity. Thus, it would be interesting to observe some further relationships between the number of missions and the performance of the social enterprise. For example, future research could analyse the relationship between the number of social missions and business models, to observe if increasing the number of social missions actually increase the chance of having an integrated business model. Also, if this research is to implement similar statistical approaches, such as the multinomial logistic regression, this authors recommendation would be to apply a different statistical software, such as R, as SPSS came with a large variety of limitations.

Additionally, future research could attempt to conduct analysis using the four (five if including the partial hybrid) different hybrid types in the applied framework by Santos, Pache and Birkolz, (2015). As these hybrid types comes with very different managerial implications, further empirical evidence regarding the performance and the quadrants subsequent risk of mission drift would be of much interest. (Santos et al., 2015)

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Appendix

**Model 1:**

**Case Processing Summary**

		N	Marginal Percentage
Expected Growth, combining the two first negative groups	We expect to close + We expect income to reduce and/or to lose staff	86	10.8%
	Uncertain - depends on the outcome(s) of pending funding applications/income/contracts	255	32.1%
	We expect to maintain a similar position to now	226	28.4%
	We expect to grow staff and turnover	228	28.7%
7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE	Social Issues	222	27.9%
	societal challenges	269	33.8%
	Social Issues + Societal challenges	152	19.1%
	WISE	37	4.7%
	WISE + Social Issues	17	2.1%
	WISE + Societal challenges	34	4.3%
	WISE + Social Issues + Societal Challenges	64	8.1%
real_turnover	0	711	89.4%
	2	46	5.8%
	3	25	3.1%
	4	13	1.6%
Valid		795	100.0%

Missing	261
Total	1056
Subpopulation	21 <sup>a</sup>

a. The dependent variable has only one value observed in 2 (9,5%) subpopulations.

## **Parameter Estimates**

Expected Growth, combining the two first negative groups <sup>a</sup>		B	Std. Error	Wald	df	Sig.	Exp(B)	95% Confidence Interval for Exp(B)	
								Lower Bound	Upper Bound
We expect to close + We expect income to reduce and/or to lose staff	Intercept	-.481	.861	.312	1	.577			
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=1]	-.324	.512	.400	1	.527	.723	.265	1.973
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=2]	-.617	.518	1.417	1	.234	.540	.195	1.490
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=3]	-.036	.540	.004	1	.947	.965	.335	2.780
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=4]	1.555	.770	4.079	1	.043	4.733	1.047	21.395
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=5]	-.423	1.242	.116	1	.734	.655	.057	7.482
	[7 identified groups from the 3 different sectors: Social Issues, Societal	.160	.716	.050	1	.823	1.173	.288	4.777

	Challenges and WISE=6]								
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=7]	0 <sup>b</sup>	.	.	0	.	.	.	.
	[real_turnover=0]	-.195	.732	.071	1	.790	.823	.196	3.453
	[real_turnover=2]	-2.382	1.266	3.539	1	.060	.092	.008	1.105
	[real_turnover=3]	-.186	.914	.042	1	.839	.830	.138	4.980
	[real_turnover=4]	0 <sup>b</sup>	.	.	0	.	.	.	.
Uncertain - depends on the outcome(s) of pending funding applications/income/contracts	Intercept	-.966	.894	1.167	1	.280			
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=1]	-.316	.379	.696	1	.404	.729	.346	1.533
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=2]	-.190	.372	.260	1	.610	.827	.399	1.714
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=3]	.060	.399	.022	1	.881	1.061	.485	2.322
	[7 identified groups from the 3 different sectors: Social Issues, Societal	1.420	.654	4.722	1	.030	4.138	1.149	14.896

	Challenges and WISE=4]								
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=5]	.627	.758	.686	1	.408	1.873	.424	8.270
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=6]	-1.436	.740	3.761	1	.052	.238	.056	1.015
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=7]	0 <sup>b</sup>	.	.	0	.	.	.	.
	[real_turnover=0]	1.319	.829	2.534	1	.111	3.740	.737	18.979
	[real_turnover=2]	.332	.928	.128	1	.721	1.394	.226	8.597
	[real_turnover=3]	-.691	1.135	.370	1	.543	.501	.054	4.639
	[real_turnover=4]	0 <sup>b</sup>	.	.	0	.	.	.	.
We expect to grow staff and turnover	Intercept	-.894	.893	1.001	1	.317			
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=1]	-.394	.381	1.067	1	.302	.675	.320	1.424
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=2]	-.168	.371	.206	1	.650	.845	.409	1.747

[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=3]	-.023	.399	.003	1	.953	.977	.447	2.135
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=4]	.418	.710	.346	1	.556	1.518	.378	6.102
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=5]	.328	.805	.166	1	.684	1.388	.286	6.730
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=6]	.295	.521	.321	1	.571	1.344	.483	3.734
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=7]	0 <sup>b</sup>	.	.	0	.	.	.	.
[real_turnover=0]	1.076	.829	1.684	1	.194	2.934	.577	14.912
[real_turnover=2]	1.032	.893	1.335	1	.248	2.806	.488	16.144
[real_turnover=3]	.807	.950	.722	1	.395	2.241	.349	14.414
[real_turnover=4]	0 <sup>b</sup>	.	.	0	.	.	.	.

a. The reference category is: We expect to maintain a similar position to now.

b. This parameter is set to zero because it is redundant.

### Model Fitting Information

Model	Model Fitting Criteria			Likelihood Ratio Tests		
	AIC	BIC	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	235.350	249.385	229.350			
Final	228.715	369.065	168.715	60.635	27	.000

b. This parameter is set to zero because it is redundant.

### Goodness-of-Fit

	Chi-Square	df	Sig.
Pearson	33.757	33	.431
Deviance	36.446	33	.311

**Pseudo R-Square**

Cox and Snell	.073
Nagelkerke	.079
McFadden	.029

**Likelihood Ratio Tests**

Effect	Model Fitting Criteria			Likelihood Ratio Tests		
	AIC of Reduced Model	BIC of Reduced Model	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	228.715	369.065	168.715 <sup>a</sup>	.000	0	.
7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE	227.196	283.336	203.196	34.481	18	.011
real turnover	238.748	336.993	196.748	28.033	9	.001

The chi-square statistic is the difference in -2 log-likelihoods between the final model and a reduced model. The reduced model is formed by omitting an effect from the final model. The null hypothesis is that all parameters of that effect are 0.

a. This reduced model is equivalent to the final model because omitting the effect does not increase the degrees of freedom.

**Model 2:**

**Case Processing Summary**

		N	Marginal Percentage
Cash Flow position, combining the first 2 groups	We have funds to operate for another week + For about a month	93	9.9%
	2-3 months	262	27.8%
	3-6 months	274	29.1%
	6+ months	313	33.2%
7 identified groups from the 3 different sectors:	Social Issues	240	25.5%
	societal challenges	323	34.3%

Social Issues, Societal Challenges and WISE	Social Issues + Societal challenges	179	19.0%
	WISE	43	4.6%
	WISE + Social Issues	27	2.9%
	WISE + Societal challenges	40	4.2%
	WISE + Social Issues + Societal Challenges	90	9.6%
Valid		942	100.0%
Missing		114	
Total		1056	
Subpopulation		28 <sup>a</sup>	

a. The dependent variable has only one value observed in 3 (10,7%) subpopulations.

### Model Fitting Information

Model	Model Fitting Criteria			Likelihood Ratio Tests		
	AIC	BIC	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	284.509	299.053	278.509			
Final	285.604	401.956	237.604	40.905	21	.006

### Goodness-of-Fit

	Chi-Square	df	Sig.
Pearson	60.119	60	.471
Deviance	64.326	60	.328

**Parameter Estimates**

		B	Std. Error	Wald	df	Sig.	Exp(B)	95% Confidence Interval for Exp(B)	
Cash Flow position, combining the first 2 groups <sup>a</sup>								Lower Bound	Upper Bound
We have funds to operate for another week + For about a month	Intercept	-1.335	.677	3.888	1	.049			
	number_social_m	.064	.110	.335	1	.563	1.066	.859	1.323
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challanges and WISE=1]	.285	.625	.207	1	.649	1.329	.390	4.525
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challanges and WISE=2]	-.101	.599	.029	1	.866	.904	.280	2.921
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challanges and WISE=3]	.271	.515	.277	1	.598	1.311	.478	3.596
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challanges and WISE=4]	.524	.716	.537	1	.464	1.689	.415	6.871
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challanges and WISE=5]	-.786	1.165	.455	1	.500	.456	.046	4.470
	[7 identified groups from the 3 different sectors: Social Issues, Societal	1.368	.808	2.869	1	.090	3.929	.807	19.137

	Challenges and WISE=6]								
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=7]	0 <sup>b</sup>	.	.	0	.	.	.	.
3-6 months	Intercept	.365	.517	.498	1	.480			
	number social m	-.125	.099	1.586	1	.208	.883	.727	1.072
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=1]	.088	.460	.036	1	.849	1.091	.443	2.691
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=2]	-.183	.438	.175	1	.675	.832	.353	1.964
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=3]	-.006	.380	.000	1	.987	.994	.472	2.091
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=4]	-1.798	.704	6.521	1	.011	.166	.042	.658
	[7 identified groups from the 3 different sectors:	.227	.605	.141	1	.707	1.255	.383	4.107

	Social Issues, Societal Challenges and WISE=5]								
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=6]	1.017	.668	2.315	1	.128	2.764	.746	10.236
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=7]	0 <sup>b</sup>	.	.	0	.	.	.	.
6+ months	Intercept	-.017	.458	.001	1	.970			
	number_social_m	.072	.077	.863	1	.353	1.074	.924	1.249
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=1]	.112	.424	.070	1	.791	1.119	.487	2.570
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=2]	.004	.399	.000	1	.991	1.004	.459	2.197
	[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=3]	-.038	.354	.011	1	.915	.963	.481	1.926

[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=4]	-.601	.549	1.196	1	.274	.548	.187	1.609
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=5]	.177	.582	.093	1	.761	1.194	.381	3.736
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=6]	1.414	.625	5.117	1	.024	4.111	1.208	13.991
[7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE=7]	0 <sup>b</sup>	.	.	0	.	.	.	.

a. The reference category is: 2-3 months.

b. This parameter is set to zero because it is redundant.

**Pseudo R-Square**

Cox and Snell	.042
Nagelkerke	.046
McFadden	.017

<b>Likelihood Ratio Tests</b>						
Effect	Model Fitting Criteria			Likelihood Ratio Tests		
	AIC of Reduced Model	BIC of Reduced Model	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	285.604	401.956	237.604 <sup>a</sup>	.000	0	.
number_social_m	284.958	386.766	242.958	5.354	3	.148
7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE	281.753	310.841	269.753	32.149	18	.021

The chi-square statistic is the difference in -2 log-likelihoods between the final model and a reduced model. The reduced model is formed by omitting an effect from the final model. The null hypothesis is that all parameters of that effect are 0.

a. This reduced model is equivalent to the final model because omitting the effect does not increase the degrees of freedom.

### Model 3:

#### Case Processing Summary

		N	Marginal Percentage
Expected Growth, combining the two first negative groups	We expect to close + We expect income to reduce and/or to lose staff	88	9.8%
	Uncertain - depends on the outcome(s) of pending funding applications/income/contracts	293	32.6%
	We expect to maintain a similar position to now	256	28.4%
	We expect to grow staff and turnover	263	29.2%
	Impact_binary	0	729
	1	171	19.0%
Valid		900	100.0%

Missing	156
Total	1056
Subpopulation	19 <sup>a</sup>

a. The dependent variable has only one value observed in 2 (10.5%) subpopulations.

### Model Fitting Information

Model	Model Fitting Criteria			Likelihood Ratio Tests		
	AIC	BIC	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	411.976	426.383	405.976			
Final	154.922	198.143	136.922	269.055	6	.000

### Goodness-of-Fit

	Chi-Square	df	Sig.
Pearson	35.031	48	.919
Deviance	39.813	48	.794

### Pseudo R-Square

Cox and Snell	.258
Nagelkerke	.279
McFadden	.114

### Parameter Estimates

		B	Std. Error	Wald	df	Sig.	Exp(B)	95% Confidence Interval for Exp(B)	
							( )	Lower Bound	Upper Bound
Expected Growth, combining the two first negative groups <sup>a</sup>									
We expect to close + We expect income to reduce and/or to lose staff	Intercept	.838	.307	7.448	1	.006			
	number_social_m	.130	.106	1.509	1	.219	1.139	.926	1.401
	[Impact_binary=0]	-4.587	.444	106.779	1	.000	.010	.004	.024
	[Impact_binary=1]	0 <sup>b</sup>	.	.	0	.	.	.	.
Uncertain - depends on the	Intercept	.082	.287	.082	1	.775			
	number_social_m	.061	.063	.927	1	.336	1.063	.939	1.203

outcome(s) of pending funding applications/income/contracts	[Impact_binary=0]	-.073	.275	.071	1	.791	.930	.542	1.593
	[Impact_binary=1]	0 <sup>b</sup>	.	.	0	.	.	.	.
We expect to grow staff and turnover	Intercept	-.218	.293	.557	1	.456			
	number_social_m	.159	.061	6.830	1	.009	1.172	1.041	1.321
	[Impact_binary=0]	-.090	.282	.102	1	.750	.914	.526	1.589
	[Impact_binary=1]	0 <sup>b</sup>	.	.	0	.	.	.	.

a. The reference category is: We expect to maintain a similar position to now.

b. This parameter is set to zero because it is redundant.

Effect	Model Fitting Criteria			Likelihood Ratio Tests		
	AIC of Reduced Model	BIC of Reduced Model	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	154.922	198.143	136.922 <sup>a</sup>	.000	0	.
number_social_m	157.108	185.922	145.108	8.186	3	.042
Impact_binary	409.590	438.405	397.590	260.669	3	.000

The chi-square statistic is the difference in -2 log-likelihoods between the final model and a reduced model. The reduced model is formed by omitting an effect from the final model. The null hypothesis is that all parameters of that effect are 0.

a. This reduced model is equivalent to the final model because omitting the effect does not increase the degrees of freedom.

## Model 4

### Case Processing Summary

		N	Marginal Percentage
Cash Flow position, combining the first 2 groups	We have funds to operate for another week + For about a month	88	9.9%
	2-3 months	248	28.0%
	3-6 months	261	29.5%
	6+ months	288	32.5%
Impact_Binary	0	714	80.7%
	1	171	19.3%
Valid		885	100.0%
Missing		171	
Total		1056	
Subpopulation		19 <sup>a</sup>	

a. The dependent variable has only one value observed in 2 (10,5%) subpopulations.

### Model Fitting Information

Model	Model Fitting Criteria			Likelihood Ratio Tests		
	AIC	BIC	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	322.989	337.346	316.989			
Final	159.484	202.554	141.484	175.505	6	.000

### Goodness-of-Fit

	Chi-Square	df	Sig.
Pearson	36.172	48	.895
Deviance	39.586	48	.801

### Pseudo R-Square

Cox and Snell	.180
Nagelkerke	.194
McFadden	.076

### Likelihood Ratio Tests

Effect	Model Fitting Criteria			Likelihood Ratio Tests		
	AIC of Reduced Model	BIC of Reduced Model	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	159.484	202.554	141.484 <sup>a</sup>	.000	0	.
number_of_SM	167.188	195.902	155.188	13.704	3	.003
Impact_Binary	315.283	343.997	303.283	161.799	3	.000

The chi-square statistic is the difference in -2 log-likelihoods between the final model and a reduced model. The reduced model is formed by omitting an effect from the final model. The null hypothesis is that all parameters of that effect are 0.

a. This reduced model is equivalent to the final model because omitting the effect does not increase the degrees of freedom.

### Parameter Estimates

Cash Flow position, combining the first 2 groups <sup>a</sup>		B	Std. Error	Wald	df	Sig.	Exp(B)	95% Confidence Interval for Exp(B)	
								Lower Bound	Upper Bound
2-3 months	Intercept	-.404	.276	2.149	1	.143			
	number_of_SM	-.111	.088	1.594	1	.207	.895	.754	1.063
	[Impact_Binary=0]	3.004	.313	92.388	1	.000	20.173	10.932	37.223
	[Impact_Binary=1]	0 <sup>b</sup>	.	.	0	.	.	.	.
3-6 months	Intercept	-.280	.282	.990	1	.320			
	number_of_SM	-.222	.093	5.678	1	.017	.801	.668	.961
	[Impact_Binary=0]	3.165	.317	99.689	1	.000	23.695	12.729	44.106
	[Impact_Binary=1]	0 <sup>b</sup>	.	.	0	.	.	.	.
6+ months	Intercept	-.662	.278	5.668	1	.017			

number_of_SM	-.014	.083	.028	1	.866	.986	.838	1.161
[Impact_Binary=0 ]	3.236	.313	106.67 3	1	.000	25.441	13.766	47.017
[Impact_Binary=1 ]	0 <sup>b</sup>	.	.	0	.	.	.	.

- a. The reference category is: We have funds to operate for another week + For about a month.  
b. This parameter is set to zero because it is redundant.

**Goodness-of-fit Models 1 – 4 and Dispersion Parameters**

<b>Model 1</b>	<b>Chi-Square</b>	<b>df</b>	<b>Sig.</b>	<b>Dispersion Parameter</b>
<b>Pearson</b>	33.757	33	.431	1.023
<b>Deviance</b>	36.446	33	.311	1.104
<b>Model 2</b>	<b>Chi-Square</b>	<b>df</b>	<b>Sig.</b>	
<b>Pearson</b>	60.119	60	.471	1.002
<b>Deviance</b>	64.326	60	.328	1.07
<b>Model 3</b>	<b>Chi-Square</b>	<b>df</b>	<b>Sig.</b>	
<b>Pearson</b>	35.031	48	.919	0.729
<b>Deviance</b>	39.813	48	.794	0.829
<b>Model 4</b>	<b>Chi-Square</b>	<b>df</b>	<b>Sig.</b>	
<b>Pearson</b>	36.172	48	.895	0.753
<b>Deviance</b>	39.586	48	.801	0.825

**Test Multicollinearity:  
Model 1**

Model		Collinearity Statistics	
		Tolerance	VIF
1	7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE	.996	1.004
	real_turnover	.996	1.004

a. Dependent Variable: Expected Growth, combining the two first negative groups

**Collinearity Diagnostics<sup>a</sup>**

Model	Dimension	Eigenvalue	Condition Index	(Constant)	Variance Proportions	
					7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE	real_turnover
1	1	2.013	1.000	.06	.06	.07
	2	.818	1.568	.03	.03	.93
	3	.169	3.452	.91	.90	.00

a. Dependent Variable: Expected Growth, combining the two first negative groups

**Model 2**

Model		Collinearity Statistics	
		Tolerance	VIF
1	7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE	.596	1.678
	number_social_m	.596	1.678

a. Dependent Variable: Cash Flow position, combining the first 2 groups

**Collinearity Diagnostics<sup>a</sup>**

Model	Dimension	Eigenvalue	Condition Index	(Constant)	Variance Proportions	
					7 identified groups from the 3 different sectors: Social Issues, Societal Challenges and WISE	number_social_m
1	1	2.671	1.000	.03	.02	.03
	2	.210	3.562	.87	.04	.32
	3	.119	4.741	.09	.93	.65

a. Dependent Variable: Cash Flow position, combining the first 2 groups

### Model 3

Model		Collinearity Statistics	
		Tolerance	VIF
1	number_social_m	1.000	1.000
	Impact_binary	1.000	1.000

a. Dependent Variable: Expected Growth, combining the two first negative groups

#### Collinearity Diagnostics<sup>a</sup>

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions		
				(Constant)	number_social_m	Impact_binary
1	1	2.085	1.000	.07	.07	.08
	2	.719	1.703	.03	.08	.88
	3	.196	3.263	.90	.86	.04

a. Dependent Variable: Expected Growth, combining the two first negative groups

### Model 4

Model		Collinearity Statistics	
		Tolerance	VIF
1	number_social_m	1.000	1.000
	Impact_binary	1.000	1.000

a. Dependent Variable: Cash Flow position, combining the first 2 groups

#### Collinearity Diagnostics<sup>a</sup>

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions		
				(Constant)	number_social_m	Impact_binary
1	1	2.088	1.000	.07	.07	.08
	2	.716	1.708	.03	.08	.88
	3	.196	3.263	.91	.85	.04

a. Dependent Variable: Cash Flow position, combining the first 2 groups