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Between a rock and a hard place.
The hybrid character of social enterprises

Dr. Philip Marcel Karré
Valérie Mossel MSc
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Dr. Philip Marcel Karré (philip.karre@inholland.nl)
Valérie Mossel MSc. (valerie.mossel@inholland.nl)

Inholland University of Applied Sciences
Research Group City Dynamics
Room 2.620
Posthumalaan 90
3072 AG Rotterdam
The Netherlands
www.inholland.nl/dynamiekvandestad

Abstract

In this article we focus on the hybridity of social enterprises, on how social entrepreneurs and local government deal with hybridity and what it means for social enterprises' contributions to processes of social innovation. We discuss the results of a study of social enterprises in Rotterdam, The Hague and the Drechtsteden region the Netherlands. In this study, we use document analysis, interviews and a survey to identify what drives social entrepreneurs, how they generate results and deal with the tensions due to hybridity. In our study, we also focus on how local governments as important stakeholders and partners view the efforts of social entrepreneurs and the impact of their actions. Our aim is to understand what is going on within a social enterprise and what it means to be a hybrid by using an inductive approach. We will compare our findings with the literature on the motivations, processes and outcomes of social entrepreneurship. By comparing our results with the experiences and insights of our peers at the conference we together can come to a more nuanced perspective on social innovation and social entrepreneurship based on empirical data.

1. Introduction

In The Netherlands, there is increasing political and media attention for social initiatives at the local level, whereby citizens themselves take responsibility to address social issues (Boer and Lans, 2014; Miazzo and Kee, 2014; Schleijpen and Verheije, 2014; Uitermark, 2012). Urban neighborhoods and communities are seen as important laboratories or breeding grounds for new social and economic practices under the label of social innovation. By this we mean new ideas to deal with social challenges that are "created mainly by networks and joint action in social realms beyond business and government routines [and that], at any given moment, raise the hope and expectations of progress towards something 'better' (a more sustainable/democratic/effective society)" (Brandsen, Evers, et al., 2016: 6–7) In The Netherlands, these practices are commonly described as a new way of 'city making' ('het nieuwe stadsmaken') (Franke et al., 2015), a kind of social innovation characterized by a new culture (in which others than the traditional actors of governments and property developers play a dominant role in urban regeneration and development), a new, civic economy (in which economic and social goals are combined) and a new kind of entrepreneurs (who combine economic and social values).

One kind of social initiative very much in the spotlight are social enterprises, that integrate "economic and social value creation" (Mair and Martí, 2006: 36) and, according to the widely used definition of the international EMES research network[1], share a number of common features (Defourny, 2014: 25–28):

- Their primary goal is to generate social impact rather than profit for the company's owners or shareholders.
- They trade goods and services on the market and do so in an enterprising and innovative manner.
- Profits are mainly used to achieve social goals.
- The organization's management is transparent about its actions and is accountable to its employees, customers and other stakeholders.

Social enterprises are hybrid organizations (Battilana and Lee, 2014a; Pestoff, 2014; Teasdale, 2012a): social entrepreneurs create public value at the interface of government, market and society by engaging in commercial activities (Schulz et al., 2013: 5). That means they try to combine two contradictory logics: the entrepreneurial and social logic, which can be regarded as each other's antonyms.

International research (Doherty et al., 2014) as well as a survey conducted by the Social and Economic Council of the Netherlands (SER), which is the Netherlands' government's main economic advisory council, and exploratory talks we conducted at the outset of our study, show that their hybrid character can be a double-edged sword for social enterprises. Combining an entrepreneurial and social logic creates a number of opportunities: it can foster the kind of synergy and innovation through which social entrepreneurs can really make a difference. Its hybrid character is the essence and the unique selling point of social entrepreneurship.

But hybridity can also lead to a number of risks (eg. mission drift and conflicts between goals and values) and other challenges. Hybrids are always viewed with suspicions ('are you really social or, above all, an entrepreneur?'). The Dutch social entrepreneurs surveyed by the SER felt that, due to their hybrid status, it was difficult to explain what they are doing and why, as it is generally easier to explain what the hybrid *is not* than what it *is*. Because of this, they often felt misunderstood and put down as benevolent amateurs or failed entrepreneurs looking to make a profit from exploiting vulnerable groups. The social entrepreneurs we talked to at the outset of this study echoed this sentiment, as did those spoken to during earlier studies undertaken by our research group (Brabander, 2009; Sterk et al., 2013).

In this article we describe the findings of a study we conducted of social enterprises in Rotterdam, The Hague and the Drechtsteden region, with a focus on how their hybrid character manifests itself in practice and to what positive and negative effects this leads. But besides summarizing the results of our research, this article is also a report on a cumbersome research process in which we struggled

[1] This definition is now also used by the European Union and Social Enterprise NL, a Dutch lobby group.

with applying the theoretical notion of social enterprise in practice. We were thwarted in our research by (1) the absence of a clear definition of social entrepreneurship and (2) by a lack of data to at least try to match organizations with the definitions already available (for more about this see section 3 about our research strategy). We still generated interesting insights in the hybridity of social initiatives, but whether all the initiatives we looked at also constitute social enterprises (and under which definition) is less clear. That is why in the remainder of this paper we use the broader terms of social innovator as a way to describe the person and social initiative as a way to describe the type of organization we looked at instead of labelling them all social entrepreneurs and social enterprises (and by doing so run the risk of mislabeling some of them).

In our study we looked at the following four research questions:

1. Who is the social innovator, what are his motives and qualities?
2. Which activities does the social initiative undertake?
3. How is the social initiative organized?
4. What are its relations with other parties, especially local government?

As scholars working at a university of applied sciences, we were mainly interested in establishing how the hybrid character of the social initiative manifests itself *in practice* and how it can be dealt with. We used these insights for a discussion about the benefits and risks of the hybrid orientation of social enterprises with social entrepreneurs themselves and representatives of local government as important stakeholders.[2] Dutch municipalities, among them the four biggest cities of the country: Amsterdam, Rotterdam, Utrecht and The Hague, are exploring ways in which social enterprises could and should play a role as part of the welfare mix (Evers, 1990) of several, public and private organizations, that provide fundamental social services. These discussions have to be seen in the light of fiscal austerity (municipalities are looking at ways to save money) but also in the light of the emergence of new kinds of social innovation described before and the political and media attention they generate.

Outline
We first present a short review of the literature on social innovation and on the hybridity of social enterprises. We then describe our research strategy, followed by a presentation of our findings. We conclude with a summary and discussion of our main conclusions.

2. Literature review

The two main concepts we deal with in this article are *social innovation* and *social enterprise.* In this section, we will look at both of them. With regard to the latter, we will mainly focus on the hybridity of social enterprises, staying clear from the cumbersome discussions about definitions and demarcations described in the introduction.

2.1 Social innovation

Social innovation is a concept now widely used in discussions about the role civil society, self-organizing citizens and new kinds of social movements can play in dealing with urban issues (Brandsen, Cattacin, et al., 2016; URBACT, 2015). Unfortunately also it is a buzz word (Pol and Ville, 2009), used by activists as well as by academics. This makes it hard to get a grip on it and to study its promises and challenges (Brandsen, Evers, et al., 2016: 4).

Social innovation is “primarily aimed at improving social outcomes and creating public value.” (Cels et al., 2012: 4) Its ultimate goals are to develop “new ideas that work to meet pressing unmet needs and improve peoples’ lives” (Mulgan, 2007: 7), and “innovations that are social in both their ends and their means” (Mulgan, 2015: x). A more detailed definition is that by Brandsen, et al. (2016) already mentioned in the introduction.

Social innovation is not only about developing a new kind of *product* or solution to a societal ill but also refers to the *process* that leads to it. The ultimate goal of social innovation is twofold: “[…] finding better ways to meet human needs and […] strengthening bonds of commitment and solidarity.”

[2] This meeting took place at the end of June, well after the deadline for this paper.

(Mulgan, 2015: x) This means that the process leading towards social innovation entails new ways of cooperation and partnership between actors on an equal footing. One example of such a new kind of innovative process are the many so-called living labs or field labs (Bergvall-Kareborn and Stahlbrost, 2009; Dell'Era and Landoni, 2014; Dutilleul et al., 2010) in which citizens, experts, civil servants and entrepreneurs work together in processes of *open innovation* (Chesbrough, 2003) and *crowdsourcing* (Howe, 2008) in addressing urban problems.

Even though social innovation is a modern term and concept, there are many historic examples of other parties than government engaged in the provision of public services. In countries such as the Netherlands it was not the state that started many of what we now see as critical public functions and services like education, health care and public infrastructures, but groups from civil society such as churches, citizens concerned with social issues, as well of course as entrepreneurs who saw business opportunities in building railways or water supplies for sprawling cities (Karré, 2011: 1). There are also many historic examples of self-organisation, e.g. in the cooperative movement. After the Second World War the public sector grew, as many civil society services were nationalised (Jackson, 2003). So while these phenomena might not necessarily be new, the language we use to describe them (social innovation, social enterprise) is (Teasdale, 2012b: 100).

2.2 The hybridity of social enterprise

In the introduction to this article, we already described social enterprises as hybrid organizations. The main strength of social enterprises is that they combine economic and social values and as such mix the characteristics of ideal-typical public, private and Third sector organizations. But this strength also is their main weakness, as this process of mixing creates its own risks and challenges.

In theory, organizations operating in the public, private and Third sectors of society are different from each other on a variety of dimensions, as for example summarized by Brandsen & Karré (2011). Social enterprises mix the characteristics of these three ideal types as they combine economic (or market-sector) goals with the social goals more commonly at play in the public and the Third sector. They do this by mixing public funding with private earnings and charitable donations and by combining public, private and Third sector coordination mechanisms. This also means that they have to take care of the core values (ie. organizational cultures) dominant in each of these sectors and that they have to combine conflicting institutional logics, ie. a market or commercial logic and a "social care" logic aimed at creating social value (Pinch and Sunley, 2015).

Table 1: Characteristics of public, private and Third sector organizations (Brandsen and Karré, 2011: 829)

	Public	**Private**	**Third Sector**
Resources	General allocation	Earnings on marketplace	Donations, subsidies and voluntary contributions
Goals	Public good and welfare	Profit maximization	Specific to groups, situation, and environment, contribute to public good and welfare
Coordination mechanisms	Politics and public administration	Competition on the market place	Formal and informal influence of societal stakeholders
Organizational culture and action logics	Hierarchy, legality, equality	Entrepreneurialism, efficiency, effectiveness	Trust

Compared to studies focussed on defining social enterprises there is little research on the hybridity of social enterprises and the effects of hybridity (Doherty et al., 2014: 417; Teasdale, 2012b: 100). Based on some of the available literature on the effects of hybridity for organizations in general (cf. Brandsen and Karré, 2011; Karré, 2011) and on social enterprises specifically (Battilana and Lee, 2014b; Doherty et al., 2014; Ebrahim et al., 2014; Mair et al., 2015; Pinch and Sunley, 2015; Schmitz, 2015; Teasdale, 2012a) and following the classification used by Doherty, Haugh and Lyon (2014), we

assume that hybridity will affect a social enterprise's (1) mission, (2) its financial resources and (3) its human resources. We will discuss these three possible effects of hybridity for a social enterprise in the rest of this section and end with an overview (table 2).

2.2.1 Social enterprise mission

Social enterprises aim to achieve social goals by following an economic approach. This combination of a social and an economic outlook can lead to innovation, e.g. by leading to more efficient or effective work practices or to more socially-minded and ethical business practices.

But combining market and social logics will not always result in an harmonious marriage, as the needs of an organization's clients and the needs of other stakeholders (e.g. investors) can conflict. A combination of social and economic goals can also result in an ambiguous and diffuse mission of the organization, mimicking the ambiguity surrounding social enterprise and social entrepreneurship as theoretical concepts in general.

These challenges make it difficult for social entrepreneurs to communicate a convincing narrative of what they and their organizations are doing or plan to achieve and, for accountability purposes, what they have already achieved. As a result, many social entrepreneurs share a feeling of not being understood and adequately supported by actors they depend upon to make their organization's mission a success, such as local authorities, the financial system, the legal profession and the public at large.

Another possible negative effect of hybridity in social enterprises as in hybrid organizations in general is that of mission drift, when one of the two logics or goals of the organization is starting to dominate or displace the other. This can be the case when for example the organization's social objectives are sacrificed to achieve financial sustainability or when its pursuit of social goods starts to conflict with a managerial rationality prioritizing financial objectives. Mission drift can put the organization's legitimacy with its stakeholders under pressure and put a bomb under the whole identity of the organization as a social enterprise.

2.2.2 Social enterprise and financial resources

As they operate between state, market and civil society, social enterprises have different possible sources for funding. This can be seen as a distinct advantage for social enterprises over their governmental, private sector or civil society counterparts, as it increases the organization's agility and prevents it becoming dependant on only one (type) of investor.

But its ambiguous and diffuse character as a hybrid organization can also make it harder for a social enterprise to acquiesce the funds it needs to operate. It makes it more difficult to describe the organization's goals and activities in terms potential investors react to. Also other characteristics of social enterprises make them less interesting for commercial investors, e.g. that shareholder value is not their first and foremost concern, that they will generate less profit than with full economic costing and that their return on investment can take longer to materialize. Social enterprises are commonly forced to make a trade-off between their commercial and their social priorities. Reconciling them is only possible by transferring these higher costs on the organization's customers and investors.

2.2.3 Social enterprise and human resource mobilization

A final possible source of tensions due to hybridity concerns the human resource strategy of social enterprises. A positive effect of hybridity could be that social enterprises attract people with an array of backgrounds and many different fields of expertise, all connected by a shared vision on making the world a better place. The mission of a social enterprise can pose as a powerful motivation for social and business-minded staff alike.

But hybridity can also lead to tensions with regards to an organization's human resources. One possible source of conflict is that while finding staff with the appropriate skills and competences is a challenge in itself, the logics and values of socially minded and more business-minded employees might grow at odds with each other, resulting in fights for supremacy. And again there is the danger of

mission drift, as the exposure to markets might reorient the organization's staff's shared cultural values away from public benefit and towards competition.

Another possible source of conflict arises due to the diversity of staff. Most social enterprises only have a small numbers of paid staff and use unpaid volunteers. This not only poses a threat to the continuity of the organization, as volunteers can withdraw their work at any time, but can also lead to jealousy between these two groups.

Also the roles people play within a social enterprise can clash with each other. Because of the organization's hybridity, the distinction between client and beneficiary stakeholder is often blurred, for example in social enterprises that help the long-term unemployed regain a place on the labour market. This means that the very same person is at one time seen as a client (with a focus on personal development) and at another time as an employee (with a focus on performance).

Table 2: Hybridity's positive and negative effects for social enterprises

	Positive effect	*Negative effect*
Mission	Innovation	Ambiguity, Mission drift
Financial resources	Different sources for funding	Constraints in access to finance
Human resources	Diversity	Conflict

3. Research strategy

In the introduction to this paper we already alluded to the complications we faced in our research. We planned to focus on what hybridity means for social enterprises but found the social entrepreneur difficult to track down. In addition to the EMES definition mentioned before, there are many definitions of social entrepreneurship, but they are all rather vague and thus create more ambiguity and discussion than that they clarify what social entrepreneurship is exactly and how it differs from other forms of social initiatives. Mapping social enterprises is far from easy or straightforward; an experience shared by other researchers, including Dart et al. (2010) and Lyon & Sepulveda (2009).

The reason for this is according to Teasdale (2012b: 99) that "social enterprise is a fluid and contested concept constructed by different actors promoting different discourses connected to different organisational forms and drawing upon different academic theories." This means that "[t]he label social enterprise has been applied to a range of phenomena" (Teasdale, 2012b: 100), such as earned income strategies by nonprofits, voluntary organisations delivering public services, democratically controlled organisations blending social and economic goals, profit oriented businesses operating in public welfare fields or having a social conscience, and community enterprises addressing social problems.

Research into social entrepreneurship has a definition problem. This lack of clarity makes it difficult to establish what precisely a social enterprise is. Another complication in researching social enterprises is that the kind of information needed to establish whether an organization mixes social and economic activities and how it does that, is difficult to come by.

We started our research by comprising an overview of social enterprises in Rotterdam. As a starting point for our search, we used the website MAExchange which collects data from social initiatives. The problem with MAExchange is that it does not differentiate between social enterprises and other types of social initiatives. That meant that we had a look at each initiative (using the elements of the EMES definition as 'sensitizing concepts') in order to establish whether we thought that it was a social enterprise or not. This was not only difficult because there are no clear definitions of the term social enterprise, but also because of a lack of information about the initiatives. The information provided on MAExchange, as well as the information we found on the websites of the initiatives, was very limited. Most websites of initiatives are aimed at their target group or at financiers and do not include the kind of information we would have needed to be able to assess their social and their economic activities.

We then had a look at initiatives that met the criteria for being a Public Benefit Organization *(Algemeen Nut Beogende Instelling, ANBI)* laid down by the Dutch Tax and Customs Administration.

These are organizations that mostly focus on social goals, which have to comprise at least 90% of their activities, and because of this receive significant tax benefits. To prove their social focus, Public Benefit Organizations have to provide information on their websites, including their mission statements and annual accounts. This gave us a pretty good idea about the social activities of these organizations, but unfortunately not as much insights into their economic activities about which they do not have to provide the same level of detail.

Based on MAExchange and the list of organizations with ANBI status, we identified several organizations to examine more closely at a later stage in our research, though we were not yet sure whether they were not only social initiatives but also social enterprises. This was one of the questions we planned to answer later on.

We then also looked at organizations that labelled themselves a social enterprise on their website and / or were members of a lobby group, such as Social Enterprise NL (which operates nationwide), Social Club Den Haag (which is aimed at social enterprises active in The Hague) or Makers van Rotterdam (which is aimed at social enterprises in Rotterdam). However, this also proved problematic. Each social entrepreneur seems to have his own definition of what a social enterprise is and what social entrepreneurialism comprises. We encountered organizations (mainly management consultants) that described themselves as social enterprises but did not seem to provide any social services or have any social activities. And we encountered organizations that had a clear social focus but were foundations, depended on subsidies and grants and fit the description of a traditional non-profit organization, lacking an entrepreneurial component. They still seemed to see themselves as social enterprises though, which, perhaps, can be seen as an example of what Andersson and Self (2015) refer to as the social entrepreneurship bias: due to the hype around the concept, more and more traditional non-profits are now also calling themselves social enterprises, even though they do not really fit the definitions of social enterprises brought forward by scholars.

As a second step in our research, we contacted several of the organizations we had found and asked whether it was possible to conduct an interview, but most of our requests were turned down. Many of the social innovators we contacted told us that they did not have time for yet another interview: they felt inundated with requests from scholars, students, newspapers but also from policy makers and other parties, which were keen to learn more about the new hot topic of social entrepreneurship. But, the social entrepreneurs felt, they got little or nothing in return from these interviews. They only prevented them to focus on their work and were, as such, a waste of their precious time. We conducted six interviews (semi structured, of about one hour each) which were meant to help us establish whether the organization in question was a social enterprise and how it had to deal with hybridity. See the appendix for an overview of the social initiatives we talked to.

In order to deal with this frustrating situation, we decided to devise a short survey[3] which would generate enough insights for us to go on but would only costs an initiative about ten minutes to fill in. We sent out this survey to all the social entrepreneurs we had found in Rotterdam. Fourteen of them filled in the survey. In the meantime, we had also come into contact with Social Club Den Haag, the lobby organization for social entrepreneurs in The Hague, and were able to post a link to our survey on their website. Eight social entrepreneurs in The Hague took the time to provide us with information. We also were able to send our survey to social innovators in the Dordrecht region. Fourteen took the time to fill it in. See the appendix for an overview of the social initiatives that contributed information to our survey.

We also gathered information for this study by conducting interviews with representatives from several municipalities. See the appendix for an overview of who we talked to.

[3] In this survey, we asked the social innovators to provide us with the following information: (1) what is the name of the initiative?, (2) in which year has it been established?, (3) in which sector(s) is the initiative active?, (4) what was the main reason to establish the initiative?, (5) what are its activities?, (6) what are its sources of income?, (7) how does the initiative make the lives of the target group better?, (8) what is the reach of the initiative?, (9) what was your personal motivation to become active?, (10) is there a tension between social and economic activities, action logics, etc. in the initiative and how do these manifest themselves?, (11) with which other difficult trade-offs do you have to deal?, (12) are you in contact with the municipality and how do you experience this contact?

In summary: it was difficult to find social entrepreneurs to include in this study and it was difficult to get information from them. We still managed to do both but in a less organized way than we would have wished to. Because of this, our findings are obviously not representative for social initiatives and/or social enterprises as a whole. This was also never really our goal. As our main aim always was to generate insights which can be used to start a discussion between social innovators and their stakeholders on the hybridity of social enterprises, we followed an indicative-diagnostic approach.

4. Results

In this section we present our findings concerning our four research questions:

1. Who is the social innovator, what are his motives and qualities?
2. Which activities does the social initiative undertake?
3. How is the social initiative organized?
4. What are its relations with other parties, especially local government?

4.1 The social innovator, his motives and qualities

We first took a closer look at the social innovator, his motivations and qualities. There are different reasons for innovators to start an initiative, but they all are closely connected to personal experiences and life events.

A first sort of life events that can trigger an innovator to start an initiative, are those that take place in his *work context.* Several of the innovators we were talking to, had a background in the sector their initiative was now active in. They used to work for an organization in that sector (often a more traditional welfare organization) but had decided to quit and to start for themselves. The main reason was that they no longer identified with their employers' strategy. They saw themselves increasingly at odds with the orthodoxy within the organization. They also had the idea that so far no other organizations provided their clients with what they really needed and that the more innovative approach, combining a social and an entrepreneurial outlook, which they envisaged would benefit them. One interviewee for example told us how she had become frustrated with her organization mainly focussing on what her clients could no longer do rather on their talents. She wanted to help clients build their self-esteem but found it hard to sustain this 'unorthodox' approach within the organization. So she quit and started her own initiative, which mainly focusses on helping clients to discover and strengthen their talents.

A second sort of life events that can trigger an innovator to become active, are those connected with their private life. Several innovators told us for example that the birth of their children was their trigger to become active, as this made them understand that not all kids had the same opportunities as their own. Other relevant life events in an innovator's life are personal tragedies or the challenges faced by relatives and friends. Also several of the innovators we spoke with became active was because they felt a link with their fellow citizens and wanted to help to make their own neighbourhood and community more vibrant.

The innovators we spoke with not only had a common background but also shared several personal qualities. They first of all were very good at multitasking and at combining several activities. Most of them also had other jobs next to that of being a social innovator and combined other activities with running their initiative. They also were boundary spanners, which means that were very good in linking up with other people who can help them to bring the initiative further, e.g. people with a different set of competencies. One of the innovators we had spoken to had a lot of experience with dealing with disadvantaged youths but no experience in running a business. So he sought out someone else who could help him in this respect. We also observed that most of the social innovators we talked were highly educated. This is in line with results of research on volunteers and on what kind of citizen mostly is active in their neighbourhoods (Igalla and Van Meerkerk, 2015: 45; Musick and Wilson, 2008: 75). But as we did not conduct a study with the aim of drawing a representative picture for all social innovators, it is possible that our data is skewed in that respect.

All social innovators we talked to saw the hybrid character of their initiative as an advantage: combining a social and an economic focus created opportunities for more innovative solutions than purely public, private or Third sector organizations. But they also acknowledged hybridity's downsides

and risks. Because they were different than other organizations active in the sector and because they had to combine conflicting goals, the social innovators we talked to often found it hard to explain to others what they were doing. They also often felt misunderstood and under-valued as outsiders did not really seem to grasp what they were doing and what the added value they provided to their clients and society at large really was. This also made accountability more complicated as well as more labour intensive, as initiatives always have different constituencies which all have their own, different ideas about the information they needed to receive in order to judge an organization's performance.

4.2 The activities of the initiative

The second question we asked of all initiatives about their activities. Those were rather diverse and ranged from repairing walking frames for the elderly and infirm to providing learning trajectories for people who had problems finding jobs on the regular labour market. What all of the initiatives had in common, is that they provided made-for-measure solutions for the problems of a certain group (lonely senior citizens, youths with a criminal background, women who did not speak Dutch because they had only recently arrived in the country, etc.). By having the members of that group participate in the commercial activities of the initiative, the social innovator hoped to empower them. This kind of participation was seen as a means to help the initiative's clients but the social innovators are aware of the danger of commercial activities becoming a goal in themselves (mission drift).

4.3 The organization of the social initiative

The third aspect we looked at in our research was how the social initiatives were organized. We also saw quite some diversity here: we found a whole range of initiatives from small start-ups to big organizations spun out of local government. But whatever their organizational structure, all organizations we looked at had in some way or another to deal with their hybrid character as social innovators had to make difficult trade-offs between social and economic values. This process was never easy. Some social entrepreneurs told us that they were very aware that employing clients in their commercial activities (essentially 'free' personnel) could lead distort the market.

Others told us about a different trade-off: they really wanted to help as many people as possible but that they also had to make sure that that was economically viable. When push came to shove, that meant that they were temporarily disbanding their social activities to protect the continuity of the organization. Another difficult trade-off related to us by an innovator, was that she frequently had to defend herself from criticism that her business is working with 'free labour' as this gave her a competitive advantage compared to other organizations.

But the necessity to balance social and economic values also led to positive effects and was for all the innovators we talked with the main reason to become active and to combine social and economic value creation. One of the innovators we interviewed told us for example how it creates opportunities for making new connections and to innovate.

4.4 Relations with other parties, especially local government

We also wanted to know how social innovators experience the relationships they and their initiatives had with other parties, especially local government. One of the challenges often reported by innovators, is that they often feel misunderstood by the outsiders who employ a dichotomous frame to look at the world. In such a perspective, the world is neatly divided: civil society and public organizations provide social services and private sector entrepreneurs conduct commercial activities. The hybrid character of many social initiatives does not fit in such a world view. From a dichotomous view, the results of a hybrid orientation are also hard to convey.

Many of the social innovators we have spoken to not only feel misunderstood by this but also told us that it increases their work load: as many organizations view them from a dichotomous perspective, they also feel obliged to provide accountability information in that way, ie. broken down in different activities for different outside partners (government, banks, etc.) Social innovators always have to prove that they are both, social and entrepreneurial and cannot afford to be seen as being dominated by any one of these logics.

A special relationship and one which we looked at in more detail in our study, is that between social initiatives and local government (municipalities). Local governments and social innovators could potentially be powerful allies in tackling social problems, combining their relevant strengths and competencies. But in reality, the interests of initiatives and that of government can often be at odds with each other. Whereas innovators mainly focus on the interests of their clientele and their organizations, municipalities have to adopt a broader view.

Local government and social innovators do not really understand each other. Municipalities are still deciding what to make of initiatives that mix social and economic goals and are often either pigeonholing them as 'social' or as 'commercial' and fail to see them as the hybrids they are. There is also quite a deal of misunderstanding when it comes to how innovators look at the municipality. They need it to sustain their activities but often fail to grasp how government works and that public expenses have properly to be accounted for. Innovators complain about rules and regulations when working together with municipalities but cannot manage without them. Several of the innovators we have spoken to complained that municipalities did not use them as a preferred customer for goods and services. Others would have liked the municipality to at least act as a so-called 'launching customer'.

A maybe more justifiable reproach concerns local governments, and especially local politicians, misusing social initiatives as window dressing: several innovators told us that politicians like to visit their premises for photo ops and that they are constantly invited for discussions and other public events. They are frustrated by this, as they in their opinion do not get much in reverse. Politicians will tell them how much they value their initiative but do not want to give them a leg up, for example in tendering procedures.

Table 3: Summary of findings

	Opportunities	**Risks**
Innovator	Hybridity of the organization as *conditio sine qua non* for innovation and success.	Ambiguity due to hybridity makes accountability difficult. Social innovators feel misunderstood and undervalued.
Activities	Commercial activities are seen as beneficial for achieving social goals.	Mission drift when one goal of the organization becomes dominant.
Organization	Synergy and innovation by combining social and economic activities. An economic approach ensures the continuity of the social operations.	Combining social and commercial activities lead to difficult trade-offs. In the end, social activities will have to be ceased if that is necessary to guarantee the continuity of the organization. Market distortion can occur when an organization's clients are used as free labour in its commercial activities.
Relations	Working together on tackling societal issues from a variety of perspectives.	Outsiders often use a dichotomous perspective to look at initiatives. From such a perspective, the synergy and innovation created through hybridity are hard to see. Increased accountability pressure Social innovators fail to grasp how government works and vice versa.

		Government and politics misusing social initiatives as window-dressing.

5. Conclusions and discussion

In this article, we looked at social initiatives (among them many social enterprises) from the hybridity perspective. In our research, we found evidence of all the opportunities and risks of hybridity brought forward in the literature concerning an organization's mission, financial resources and human resources.

We encountered the following opportunities:

- *Innovation:* all the innovators we talked with were convinced that the hybrid mission of their organizations led to innovation and synergy. However, they often found it hard to pinpoint what exactly this innovation was. Several told us that it was not yet possible to do so, as the outcome of their enterprises still had to develop. Others told us that traditional forms of performance management failed to do so, as they especially focused on an organizations output. This makes it difficult to assess the claims made by the social innovators.
- *Different sources of funding:* all the initiatives we looked at, combined different sources of funding (donations, subsidies, market revenues, gifts). This helped them in their work and was seen as an added value of their hybrid character.
- *Diversity in personnel:* the initiatives studied also cited their diversity in personnel as an added bonus due to hybridity.

But we also encountered several of the risks of hybridity the literature warns about:

- *Ambiguity:* what a hybrid is and does is never easily explained, as its constituting elements are each other's antonyms. This is also the experience of the social innovators we have spoken to. They often find it hard to communicate a convincing narrative of what they are doing, why and to what effect.
- *Mission drift:* this is a constant danger. The continuation of the organization can only be guaranteed by (at times) letting the economic outlook prevail above the social. This is done in order to be able to sustain the latter in the future, but shifts the focus of the organization, at least temporarily.
- *Limitations in funding:* this risk is linked to the ambiguous character of social entrepreneurship. Because it is often not clear what the organization does and because many outside parties employ a dichotomous perspective to examine them and their actions, funding can be hard to come by. Public and private financiers do not readily see when and how they will be reimbursed for their investments and often also see the social initiative as being too social or too economic to invest in the organization.
- *Conflict:* the literature warns about a possibility of clashing cultures within social enterprises. We did not find evidence of this in the initiatives we looked at but encountered another personnel-related risk. Many social initiatives have their target group participate in their commercial processes. This is seen as a benefit for them (as it gives them the ability to develop important skills, for example) but can also be seen as a form or market distortion, as organizations can keep costs low by using subsidized labour.

The results from our study show that hybridity is an issue for initiatives that combine a social with an economic outlook. It can be beneficial for the organization but social innovators have to try harder to explain how it helps them to generate results (and which ones) and whether society at large also benefits from the initiatives' actions. In this respect, it is a pity that social innovators often find it hard to explain what the innovative character of their initiative is and how precisely it creates synergy.

Hybridity also has several downsides which can (as is always the case with hybrids) be seen as the opposites of its positive effects: hybridity always is a heads and tales issue (Karré, 2011). Ambiguity and mission drift are real dangers, as is market distortion.

This article has also been an account of our attempts to get a grip on the irksome concept of social entrepreneurism and our increasing frustrations with that term. Social entrepreneurship bears certain similarities with another fashionable term of this time, superfood, a marketing term which is used to refer to certain foods that (the claim goes) have extreme nutritional and health benefits. There also now is a hype around that term, fueled by an industry that generates a handy profit from using it. But no one really knows what it is precisely and in how far or at all it is different from other kinds of foods. Often the term superfood is stuck on old-fashioned foods in an attempt to make them seem more sexy and attractive (think of kale or potatoes) or is used to sell new and exotic foods no one has heard of before (Goji berries) or to sell foods that were originally used for other purposes (such as chia seed, which mainly used to be sold as bird food before). The concept of social entrepreneurship is at risk of becoming an equally hip, yet essentially meaningless marketing term than superfoods. We have great respect for social innovators that work hard to make a difference but think that more work has to be done in order to fully understand the essence, benefits and risks of this form of hybridity. We look forward to doing so at the conference.

Appendix 1: Overview of social initiatives

Rotterdam and surrounding area (interviews)

		Estbd.	Description
1	Talentfabriek010 (Rotterdam)	2013	Talenfabriek010 helps women to develop their talents by having them participate in craft projects.
2	Heilige Boontjes (Rotterdam)	2014	Coffee bar which provides a job and schooling to youths with a criminal past.
3	Vakbroeders (Rotterdam)	2014	Trains jobless youths to become house painters and decorators.
4	DNA Charlois (Rotterdam)	2012	Provides job opportunities for people with poor job prospects by letting them participate in art projects.
5	BuurCare (Rotterdam)	2016	Helps inhabitants of housing estates to develop the skills to maintain their buildings, which also fosters feelings of community and cohesion.
6	Stroomopwaarts (Maassluis, Vlaardingen en Schiedam)	2015	Provides sheltered workshops for the handicapped and people with poor job prospects.

Rotterdam (survey)

		Estbd.	Description
1	Stichting Rotterdam Kookt	2016	A caterer that employs people with poor job prospects, helping them to develop professional cooking skills.
2	BuurtLAB	2007	Conducts activities aimed at increasing social cohesion and liveability in urban neighbourhoods.
3	Stichting Het Lab Rotterdam	2013	Organizes workshops aimed at teaching children technical skills.
4	Rotterdamse Munt	2013	An urban garden: herbs are grown by people with poor job prospects and sold to the neighbourhood.
5	Oma's Pop-up	2015	A project aimed at combatting loneliness through organizing pop-up restaurants in which the elderly cook and eat together.
6	Leeszaal Rotterdam West	2012	A neighbourhood library run by members of the community.
7	Voedseltuin Rotterdam	2010	An urban vegetable farm providing vegetables to the Rotterdam foodbank while also providing work experience to people with poor job prospects.
8	Stichting Punt 5 kinderatelier	1999	Helps children through workshops to develop their creative skills.
9	Hotspot Hutspot	2012	A community restaurant, in which youths and people with poor job respects cook meals for the neighbourhood.
10	Pluspunt	2005	Conducts activities for the homeless.

11	Stadslandbouw Schiebroek-Zuid	2011	An urban farm.
12	Stichting Lekker Groen	2011	Promotes urban farming.
13	Krachtgroen	2010	Promotes green urban living.
14	De Jonge Krijger	2003	Helps youngsters explore and develop their talents.

The Hague (survey)

		Estbd.	**Description**
1	ZorgMies Nederland Regio Den Haag	2015	Matches customers and providers of health services.
2	FlexStagiair	2016	Helps students find work experience places.
3	Buitenplaats Ockenburgh	2015	Aims to strengthen social cohesion through restoring a historic building.
4	School4Helden	2016	Triggers parents to organize skills workshops.
5	Happy Tosti	2015	A restaurant employing handicapped people.
6	Team is Key	2015	Projects for the long-term unemployed.
7	Alles AnderZ	2001	A management consultancy that wants to make commercial companies more aware of the societal impact of their actions.
8	Stichting Colours of Impact	2013	Empowerment for people with poor job prospects.

Drechtsteden region (survey)

		Estbd.	**Description**
1	Resto van Harte	2002	A restaurant where members of a community cook and eat together.
2	Stichting Herbouw	2012	Helps people with poor job prospects develop the skills of the building trade.
3	Stichting Philadephia / Den Witten Haen	2005	A restaurant run by handicapped people.
4	Erica Events	2016	Helps handicapped women to become event organizers.
5	SDZ-hergebruik Zorghulpmiddelen	2016	Recycles care devices, such as walking frames.
6	Stichting ANDERS	2015	A network of socially committed entrepreneurs.
7	Werkbankdrechtsteden	2015	Helps people with poor job prospects develop their skills in order to find a job.
8	De Eikenhof	2016	An urban farm.
9	Stichting Groeituinen Dordrecht	2013	Urban gardens where people with poor job prospects can develop their skills.
10	Stichting E-Wheels	2015	Provides passenger traffic with electric vehicles, mainly aimed at the elderly.

11	Do in Dordt	2014	City blog about Dordrecht.
12	Intermezzo Wereldwijven	2010	A catering company where women from different countries cook together.
13	Steunpunt Drechtstadsboer	2014	Helps urban farms with expertise and support.
14	Stichting Wijk voor Wijk	2007	Provides sheltered workshops for people with poor job prospects.

Appendix 2: Interviews

- *Rotterdam:* Angelique Boel and Klaas Folkerts (policy advisors municipality, authors of action plan social entrepreneurship)
- *The Hague:* Matthijs de Jong and Gert-Willem van Mourik (policy advisors municipality, authors of action plan social entrepreneurship), Fransje de Gelder & Monique den Haring (coordinators Social Club)
- *Drechtsteden region:* Hans Leijs (Research Centre Drechtsteden), Ingrid Al, Jos Lucasse & Tijl Valk (policy advisors), Mark Rothuizen (strategic advisor social services)
- *Ministry of the Interior:* Saniye Çelik, Anne-Linde van Gameren

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